



SHANGRI-LA

HOTELS *and* RESORTS



Annual Registration Statement/
Annual Report 2022
(Form 56-1 One Report)

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Vice Chairman's Statement

On behalf of the Board of Directors, I am pleased to present the Annual Registration Statement/ Annual Report 2022 (Form 56-1 One Report) of Shangri-La Hotel Public Company Limited.

Overall

The hotel business is directly connected to the wider tourism sector, of which it forms an important part. In terms of its contribution to the Thai economy, over 2017-2019, short-term accommodation services accounted for 2.5% of Thai gross domestic product (GDP), but the outbreak of COVID-19 was a severe body blow to the industry and its contribution to GDP slumped to 1.0% of the total in 2020 and then to just 0.6% in 2021. Naturally, hotel revenue comes mainly from room charges, and these account for approximately 65-70% of all hotel income. A further 25% comes from sales of food and beverages, though the percentage varies with the type of hotel, four-star and five-star hotels will typically derive a greater portion of their income from food and beverages than will smaller hotels. Income from other sources, such as providing laundry services and collecting rents from shops operating on hotel premises, will usually contribute an additional 5-10% to total receipts.

In response to these difficulties, businesses were forced to overhaul their operations by cutting room rates, revising their service operations, slashing their overheads, and developing alternative income streams. Thus, many hotels began to offer 'work from hotel' packages to meet the sudden uptick in working from home, and to work with food delivery apps to develop their ability to sell food prepared in their own kitchens, though this was largely restricted to four-star and five-star hotels. In addition, many hotels in the Bangkok Metropolitan Region partnered with clinics and hospitals to offer 'alternative state quarantine' (ASQ) services, while hotels in Phuket, Suratthani (i.e., Samui Island), Chonburi (i.e., Pattaya), Prachinburi, Buriram, Chiang Mai, and Phang-nga moved to set up 'alternative local state quarantine' (ALSQ) services. Both the ASQ and ALSQ services were targeted at foreign travelers coming to Thailand who were required by law to quarantine on arrival. Unfortunately, many smaller and medium-sized businesses were not able to adapt in these ways and faced with unprecedented difficulties, a significant number were left with no option but to shut their operations.

The hotel business started to improve its recovery level but remain only sluggish through 2022. After the border reopening in July 2022 followed by the ease of restriction in October 2022, Thailand recorded 11.8 million international tourist arrivals which is more than was previously expected at 10.4 million arrivals. Although this would be a sharp improvement on 2021's total, it is still be significantly below the pre-COVID norm. This is due to the limited number of tourist arrivals, and the continuing depressed state of the Chinese market, where the government is still strictly implementing Zero-COVID policy. In addition, the global economy is facing significant headwinds as a result of the outbreak of Russia-Ukraine war, and this too is weighing the industry.

- Shangri-La Hotel, Bangkok

Due to the global travel restrictions continue into 2022, the hotel's operation and revenue target were inevitably affected. However, the recovery level has significantly improved in second half of 2022 due to the following factors:

- The full reopening of Thailand on 1 July 2022, clearly helped to boost tourist arrivals, and this was especially noticeable in the main tourist destinations of Bangkok, Pattaya, and Phuket;

- The successful rollout of vaccination programs has meant that most countries have now relaxed controls on international travel, and this has then rebuilt confidence in the tourism sector;

- The government is continuing to use policy tools to stimulate the tourism sector by, for example, creating a travel bubble linking Thailand with major markets such as China and India, and running roadshows targeting new high-end markets, including in Saudi Arabia; and

- Thailand's unique charms continue to support high levels of interest among travelers and to maintain the country's position on the world stage as a widely admired tourism destination. The most recent Visa Global Travel Intentions study found that Thailand was the world's fourth most attractive tourist destination, coming after only the US, the UK and India, while the Tourism Authority of Thailand (TAT) Newsroom (May 2022) reports that Bangkok, Phuket, Chiang Mai, and Hua Hin are among the world's most googled travel destinations.

Nonetheless hotel's main strategy continues to focus on domestic market, mainly driven by staycation packages and food and beverages. With the various marketing efforts and contingent strategies to cope with the soft demand in the first half of 2022, the hotel was able to secure a fair revenue which helped to minimize the financial impact of drastic loss. However, since the reopening of Thailand in July 2022, we shifted our focus to capture the international travelling demand for business, leisure and MICE.

Year 2022 total operating revenue was Baht 939.9 million. The hotel closed the year with occupancy of 35.3% as compared to 8.2% in 2021.

- Shangri-La Hotel, Chiang Mai

Shangri-La Hotel, Chiang Mai celebrated its 15th year of Excellence on 22 December 2022. Year 2022 total operating revenue was Baht 236.0 million. The hotel closed the year with occupancy of 40.4% as compared to 16.8% in 2021.

Results

The consolidated loss before corporate income tax for the financial year ended 31 December 2022 was Baht 68.2 million as against a loss before corporate income tax of Baht 582.5 million during the same period in 2021. The consolidated net loss attributable to the equity holders of the Company for the year was Baht 80.2 million as against a net loss of Baht 492.8 million in 2021. This resulted in loss per share of Baht 0.62 in 2022 as against loss per share of Baht 3.79 in 2021.

As per details provided in the Management Discussion and Analysis section, the hotel performances were as follows:

- Shangri-La Hotel, Bangkok

Comparing to the previous year, the hotel's total operating revenues increased by Baht 681.9 million or 264.3%. Occupancy increased by 27.1 percentage points. The Average Daily Rate ("ADR") increased by Baht 1,564.3 or 50.1%. Food and Beverage revenues increased by Baht 258.0 million or 234.9% and formed 39.1% of the hotel's total operating revenues.

- Shangri-La Hotel, Chiang Mai

Comparing to the previous year, the hotel's total operating revenues increased by Baht 159.5 million or 208.4%. Occupancy was higher by 23.6 percentage points. The ADR increased by Baht 1,638.4 or 102.2%. Food and Beverage revenues increased by 101.7% and formed 38.4% of the hotel's total operating revenues.

Hotel Operations

- Shangri-La Hotel, Bangkok

Shangri-La Hotel, Bangkok started the year 2022 with 547 colleagues and ended with 624 colleagues. All colleagues were trained and pushed through in maximizing productivity which we could optimize the ratio of Temporary Colleagues versus Permanent Colleagues in line with steady business volumes. There was a total of 672 Full Time Equivalent ("FTE") in 2022 compared to 622 FTE in 2021, with an increase of 8.0%.

The labour cost percentage to gross operating revenue ("GOR") was at 32.3% compared to last year of 85.9%.

- Shangri-La Hotel, Chiang Mai

Shangri-La Hotel, Chiang Mai started the year 2022 with 177 colleagues and ended with 178 colleagues. During the year, colleagues were trained and redeployed to different Departments, wherever required, with the objective of maximizing productivity and eliminating the need for casual and contract staff. There was a total of 240 FTE in 2022 compared to 203 FTE in 2021.

The labor cost percentage to GOR was at 37.6% compared to last year of 88.2%.

Capital Improvement

- Shangri-La Hotel, Bangkok

During the year, the hotel invested in replacement of carpet for Main Wing guest rooms and removal of planter boxes from the facade of Krungthep Wing Building and repainting the wall. In addition, there structure walls of Krungthep Wing and Chao Phraya Tower were repaired for safety purpose.

- Shangri-La Hotel, Chiang Mai

During the year, the hotel continued with its second phase of replacing guestroom carpets with teak wood parquet flooring for 30 rooms to not only provide an upgrade to the overall product, but to also convey a better perception of sanitation and cleanliness.

Investment

- Traders Yangon Company Limited

Traders Yangon Company Limited ("TYCL"), the 23.53% associated company held through Apizaco Limited and Zukerman Limited, operates Sule Shangri-La Hotel (formerly known as Traders Hotel). TYCL recorded gross revenue of USD 0.4 million in 2022, which represents an

increase of USD 0.1 million or an increase of 37.8% from previous year. There was no room revenue in 2022 as the Hotel closed effective 1 February 2021, Food and Beverage revenue also recorded USD 0.2 million or an increase of USD 0.1 million compared to year 2021. TYCL recorded net loss of USD 6.9 million.

Long Term Loan of USD 50 million was finally disbursed by International Finance Corporation (IFC) to TYCL in November 2014, which was fully utilized to repay Interest free and Interest bearing Shareholders Loan. The IFC loan repayment starts in 2016 with half yearly installments starting from March 2016 of USD 3.8 million each and the rate of interest as per loan agreement is 2.1% plus 6 month LIBOR rate, which currently is USD 2.9 million each at 5.937% p.a.. Outstanding IFC Loan payable as at 31 December 2022 was USD 11.5 million.

- Shangri-La Yangon Company Limited

Shangri-La Yangon Company Limited ("SYCL"), the 22.22% associated company held through Apizaco Limited and Zukerman Limited, operates 2 towers of serviced apartment - Shangri-La Residences, Yangon. Both Tower 1 and 2 became fully operational on 21 October 2014 with an inventory of 240 apartments. The Serviced Apartments closed the year 2022 with an occupancy of 45.2% (Last Year 53.6%) at an average monthly rental rate of USD 4,769 (Last Year USD 5,460), contributed to a total revenue of USD 6.3 million in 2022 (Last Year USD 8.6 million), decrease of 26.7% and gross operation profit of USD 3.9 million (Last Year USD 5.4 million), decrease of 27.8%. SYCL recorded net loss of USD 2.2 million.

Long Term Loan of USD 30 million was finally disbursed by International Finance Corporation (IFC) to SYCL in November 2014, which was fully utilized to repay Interest free and Interest bearing Shareholders Loan. The IFC loan repayment starts in 2016 with half yearly instalments starting from March 2016 of USD 2.3 million each and the rate of interest as per loan agreement is 2.1% plus 6 month LIBOR rate, IFC Loan payment has completed in March 2022.

- Traders Square Company Limited

Traders Square Company Limited ("TSCL"), the 23.56% associated company held through Apizaco Limited and Zukerman Limited, operates Sule Square commercial complex, which commenced commercial business effective 1 December 2016. The Commercial Complex closed the year 2022 with office occupancy of 63.0% at an average rent of USD 25.7 per square meter, contributed to a total revenue of USD 6.5 million and retail occupancy of 68.5% at an average rent of USD 15.1 per square meter, contributed to a total revenue of USD 0.9 million. Gross operation profit of 56.5% (USD 4.2 million) with the office leasable area of 29,706 square meter and retail leasable area of 5,247 square meter. TSCL recorded net loss of USD 3.0 million.

TSCL has signed Facility Agreement dated 5 May 2017 for Long Term Loan of USD 55 million (Facility A : USD 25 million and Facility B : USD 30 million) from Bangkok Bank and OCBC Bank, Yangon at an Interest rate of 3 Month Libor +2.25% per annum. The repayment of this loan will be in 7 years with 1st year grace period from signing the Facility Agreement. Facility A of USD 18.4 million was disbursed by Bangkok Bank to TSCL during August to December 2017. Outstanding Loan payable as at 31 December 2022 was USD 4.4 million.

Future Prospects

The hotel industry will see an accelerating rate of recovery over 2022 to 2024 as it emerges from two years of deeply depressed conditions. The domestic segment is rebounding more rapidly, helped in part by the effect of ongoing government stimulus packages from the Thai government. Operators of larger chains are also expected to move forward with their investment plans, though progress may be slower than initially imagined. Thus, the significant oversupply of accommodation seen in all parts of the country will combine with the slow recovery in arrivals to impose a tight limit on how much space operators will have to raise room rates. Given this, the national occupancy rate is expected to reach an average of 55% in 2023 and 65% in 2024.

The TAT has announced the marketing plan for 2023 that will continue to revitalise and transform Thai tourism, while placing greater emphasis on the recovery of the tourism sector towards stronger and sustainable, more responsible, more digital and more inclusive tourism growth.

TAT will continue to use the “Visit Thailand Year 2022-2023: Amazing New Chapters” as the communication strategies for the international market. Thailand will continue to be promoted as a world-class destination that offers something for everyone under the ‘From A-Z: Amazing Thailand Has It All’ concept. This will be showcased alongside the kingdom’s 5F, 4M soft-power foundations; namely, Food, Film, Fashion, Festival, Fight, Music, Museum, Master, and Meta.

In alignment with the Government’s marketing plan, a ‘new normal’ for the hotel industry is being established that will emphasize the maintenance of social distancing and reduced physical interactions. Because of this, returning to earlier ways of operating may not be sufficient to fully meet changing consumer needs, and operators in the tourism and hotel industries are thus moving their businesses onto a more sustainable long-term footing by making the following changes.

- A greater utilization of modern technology will allow operators to respond better to varied and diverse consumer needs. This might include making life easier for visitors by allowing them to use technology to remotely control equipment and fittings in their room, for example by using internet-enabled devices that could be manipulated via a smartphone. This would be attractive to many, especially those in younger generations who use their smartphone as a central tool for interacting with the world.
- The development of ‘green hotels’ is being spurred on by greater consumer concern with environmental issues. This includes cutting back on energy use, ensuring that services and products offered in the hotel are all environmentally friendly, and reducing the amount of waste that is generated by the business.
- Operators will need to pay greater attention to matters relating to health and hygiene, and even as the COVID-19 pandemic fades, tourists will remain concerned about the possibility of contracting a disease and how hotels and tourist attractions address these concerns. In the process, this will also strengthen their corporate brand and image.

Awards and Certificates

In 2022, the hotel received several awards and recognition as follows:

- Shangri-La Hotel, Bangkok

- Forbes Travel Guide Award, 2022, one of the finest properties in the world by Forbes Travel Guide, US. (February 2022)
- G-Green (Green Hotel with Gold Level) Award, 2022, Department of Environmental Quality Promotion, Ministry of Natural Resources and Environment, Thailand (June 2022)
- TripAdvisor Travelers' Choice Award Winner 2022 (September 2022)
- "Best Business Hotel in Bangkok", Readers' Poll Travel Awards 2022 by Business Traveller Asia-Pacific Magazine (October 2022)
- AMCHAM Corporate Social Responsibility (CSR) Recognition Award for a "good governance and sustainable business practices reflecting the best traditions of business" for nine consecutive years, by The American Chamber of Commerce in Thailand (22 November 2022)

- Shangri-La Hotel, Chiang Mai

- ASEAN MICE Venue Standard (Meeting Room) Certified (AMVS) 2022-2024 by Thailand Convention and Exhibition Bureau (January 2022)
- Thailand MICE Venue Standard Certified (TMVS) 2022- 2023by Thailand Convention and Exhibition Bureau (January 2022)
- TripAdvisor Travelers' Choice Award 2022 (January 2022)
- Agoda's Customer Review Award, 2022 by Agoda.com (July 2022)
- A Michelin-Recommended Restaurant 2022 (November 2022)

Appreciation

On behalf of the Company's Board of Directors, I would like to express my sincere thanks and appreciation of the hard work, diligence, loyalty and dedication of the management and the staff.



Mr. Maris Pakdeetaveevivat
Vice Chairman and Managing Director
20 February, 2023

Business Operation and Operating Results

Organizational Structure and Operation of the Group of Companies

Background

1981

Shangri-La Hotel Public Company Limited (“Company”) was established to operate a five-star hotel in Bangkok with the collaboration of Thai Roong Ruang Sugar Group and a Hong Kong investor, Mr. Kuok Hock Nien.

1986

Partial operations started in March 1986 and fully operated in August of the same year.

1988

Additional land of 5 rai-2 ngan-75 square wa which was adjacent to the hotel parking building was purchased to construct a new tower called “Krungthep Wing”.

A plot of land of 17 rai-1 ngan-69 3/10 square wa in Chiang Mai Province was also purchased with the intention to build another 5-star hotel.

1991

The Krungthep Wing was opened in August 1991.

2003

The construction of Shangri-La Hotel, Chiang Mai started at the end of 2003.

2007

Shangri-La Hotel, Chiang Mai has been operated since December 2007.

Policy and Business Overview

The Company determines the policy and direction for operations, including business development models, in a continuous manner, to build stable growth and sustain the profitable generation, to be beneficial for shareholders in the long run. The Company always recognize the importance of shareholders’ transparency and accountability. It is the belief of the Board of Directors of the Company that shareholders can maximize their benefits from good corporate governance.

Business Overview

The Company’s principal activities are those of a hotelier which provide lodging, food and beverage services, facilities for conferences and functions and others services and facilities in connection with hotel business and investment holding. The Company has two hotels as follows:

1. Shangri - La Hotel, Bangkok (“SLBK”); and
2. Shangri - La Hotel, Chiang Mai (“SLCM”)

- Subsidiaries

Town Development Co., Ltd. ("TDL"), a wholly-owned subsidiary of the Company, was incorporated in Thailand. TDL has no business other than investments in the various companies as follows:

1) Apizaco Limited ("Apizaco"), a wholly-owned subsidiary of TDL, was incorporated in Hong Kong. Apizaco has no business other than investment in other companies as follows:

1.1) Holding 10,501,055 shares in Shangri - La Asia Limited ("SA"), representing 0.29% of the total issued and paid-up capital of SA; and

1.2) Holding 100% interest in Zukerman Limited ("Zukerman") which was incorporated in British Virgin Island. Zukerman has no business other than investments in 3 companies in Myanmar as follows:

1.2.1) Holding 23.53% interest in Traders Yangon Company Limited;

1.2.2) Holding 22.22% interest in Shangri-La Yangon Company Limited; and

1.2.3) Holding 23.56% interest in Traders Square Company Limited.

2) Hasfield Holdings Pte. Ltd. ("HHL"), a wholly-owned subsidiary of TDL, was incorporated in Singapore. HHL now has no business.

3) TRR-Kerry Development Co., Ltd. ("TRR-Kerry"), a subsidiary in which TDL has a 57.33% interest, was incorporated in Thailand. It does not engage in any other business other than investment in Don Muang Tollway Public Company Limited. The shareholding as at 31 December 2022 was 0.29% shares. The value of investments at cost is approximately Baht 34.11 million.

4) Traders Hotel and Resort Limited ("THRL"), a wholly-owned subsidiary of TDL, was incorporated in Thailand. THRL now has no business.

- Associated Companies

The Company's associated companies are as follows:

1) Traders Yangon Company Limited developed and operates Sule Shangri-La Hotel, an international 5-star hotel in Yangon, Myanmar for residential, food and beverage services, facilities for conferences and functions and others services and facilities in connection with the hotel business. Sule Shangri-La Hotel was formerly known as Traders Hotel Yangon (an international 4-star hotel) that was operated since November 1996. The Traders Hotel was re-branded as an international 5-star hotel and renamed to Sule Shangri-La Hotel, Yangon on 28 April 2014. The hotel has a direct walk-way to the Sule Square office and retail mall.

2) Shangri-La Yangon Company Limited developed and operates 2 towers of serviced apartments - Shangri-La Residences, Yangon located in Yangon, Myanmar. Shangri-La Residences, Yangon (Tower 1) was opened to operate on 21 November 2013 and Tower 2 was opened to operate on 21 October 2014. Total inventory of the two towers is 240 units.

3) Traders Square Company Limited developed a retail center and office tower complex in Yangon, Myanmar. Sule Square. The project commenced construction on 24 March 2014 and was opened to operate on 1 December 2016. The project comprises of shopping mall, office spaces and a car park.

Our Vision

To be the best-loved hospitality group, pioneering new horizons and setting new benchmarks.

Our Purpose

We host people to the colorful joys of life in a sustainable manner.

Our Business

Inspired by our Asian heritage, we enable people to live, work, play, eat, and rest well through the environments we create and the memorable experiences we deliver.

Major changes and developments

During the year 2022, the Board of Directors' Meeting No. 1/2022, which was held on 24 January 2022, resolved to approve the re-appointment of the members of the Audit Committee of the Company for another term of 2 years with effect from 15 November 2021. The Scope of Work of the Audit Committee remains unchanged.

The Audit Committee consists of:

1. Chairman of the Audit Committee: Mr. Kovit Poshyananda
2. Member of the Audit Committee: Mr. Jayavadh Bunnag
3. Member of the Audit Committee: Mr. Kledchai Benjaathonsirikul
- Secretary to the Audit Committee: Ms. Pasthanee Theerajittiwong

Moreover, Board of Directors' Meeting No. 5/2022, which was held on 14 November 2022, resolved that the appointment of Mr. Supot Singhasaneh as an Independent Director of the Company in place of Mr. Chor.nun Petpaisit be approved with effect from 14 November 2022. Mr. Chor.nun Petpaisit resigned from the directorship of the Company with effect from 14 November, 2022.

Following the appointment of a new director replacing a resigned director, the total number of directors remain the same as last year which is 11 directors. Among the 11 directors, 4 of them are independent directors.

List of Board of Directors are as follows:

1. Mr. Maris Pakdeetaveevivat (Vice Chairman and Managing Director)
2. Mr. Chan Kong Leong
3. Mr. Lee Hui Yeow
4. Mrs. Chanida Asdathorn
5. Mr. Somkiat Asadathorn

6. Mr. Surin Asdathorn
7. Mrs. Pavinee Meensuk
8. Mr. Kovit Poshyananda (Independent Director)
9. Mr. Jayavadh Bunnag (Independent Director)
10. Mr. Kledchai Benjaathonsirikul (Independent Director)
11. Mr. Supot Singhasaneh (Independent Director)

Subsequent to the purchase of land for developing a new four-star hotel under the brand “Hotel Jen” (the “New Hotel Project”) in January 2020, the Company has taken various factors including the economic status, political situation, the hospitality industry and consumer behaviors into consideration and will further decide on how to proceed with the Project plan and timeline as COVID-19 situation develops. In case the Company decides to further proceed on the development of the New Hotel Project, the Company will disclose the updated status.

There was no significant change in nature of business of the Company during the year.

Corporate Information

Name

Shangri-La Hotel Public Company Limited

Registration Number

0107537001773

Registered Office

Head Office

89 Soi Wat Suan Plu, New Road, Bangrak, Bangkok 10500

Telephone : 0 2236 7777 Facsimile : 0 2236 8579

E-mail : bangkok@shangri-la.com

Website : www.shangri-la.com/bangkok

Branch Office

89/8 Chang Klan Road, Muang District, Chiang Mai Province 50100

Telephone : 053-253-888 Facsimile : 053-253-800

E-mail : chiangmai@shangri-la.com

Website : www.shangri-la.com/chiangmai

Corporate website

www.shangri-la.com/group/investors/public-disclosures-thailand

Registered and Issued Capital

Registered and Issued Capital is Baht 1,300 million, divided into 130 million ordinary shares, at a par value of Baht 10 each, fully paid-up.

Share Registrar

Thailand Securities Depository Co., Ltd.

14th Floor, 93, Ratchadaphisek Road, Din Daeng, Bangkok 10400

Telephone : 0 2009 9000 Facsimile : 0 2009 9992

Auditors

EY Office Limited

33rd Floor, Lake Rajada Office Complex, 193/136-137 Rajadapisek Road, Klongtoey, Bangkok 10110

Telephone : 0 2264 0777 Facsimile : 0 2264 0789-90

Legal Adviser

Baker & McKenzie Co., Ltd.

22-26/F., Abdulrahim Building, 990 Rama IV Road, Bangkok 10500

Telephone : 0 2636 2222 Facsimile : 0 2636 2000

Consultant Under the Licence Agreement and the Marketing and Promotion Agreement

Shangri-La International Hotel Management Pte. Ltd.

1 Kim Seng Promenade, #07-01 Great World City, 237994, Singapore

Telephone : (65) 69185660

Financial Highlights

Three-Year Overview

(Bath Million)

Consolidated	2022	2021	2020
Total Assets	7,809.04	7,577.45	7,678.67
Total Liabilities	516.41	326.29	297.67
Shareholders' Equity	7,177.05	7,137.52	7,318.65
Revenues from Hotel Operations	1,175.90	334.51	651.66
Total Revenues	1,201.01	355.87	663.32
Gross Profit	727.79	82.67	256.66
Profit (Loss) before Income Tax	(68.17)	(582.53)	(1,058.13)
Net Profit (Loss) after Income Tax	(80.19)	(492.81)	(983.11)
Gross Profit Margin	61.89%	24.71%	39.39%
Net Profit (Loss) Margin	(6.68%)	(138.48%)	(148.21%)
Return on Equity	(1.12%)	(6.82%)	(12.37%)
Return on Assets	(1.04%)	(6.46%)	(11.60%)
Assets Turnover (Times)	0.16	0.05	0.08
Book value per share (Baht)	55.21	54.90	56.30
Earnings/(Loss) Per Share (Baht)	(0.62)	(3.79)	(7.56)
Dividend per share (Baht)	0.00	0.00	0.00

Revenue Structure

The comparison of revenues for three years is as follows:-

Main	Operated by	Equity Interest (%)	2022		2021		2020	
			Revenue		Revenue		Revenue	
			Million Baht	%	Million Baht	%	Million Baht	%
Hotel and restaurant	Shangri-La Hotel Public Company Limited :-	100%						
	- Revenue from hotel operations							
	- Room Revenue		620.89	51.70	110.53	31.06	314.70	47.43
	- Food & Beverage Revenue		458.42	38.17	154.77	43.50	255.23	38.48
	- Departmental Revenue		96.59	8.04	69.21	19.44	81.74	12.33
	- Other income		25.12	2.09	21.36	6.00	11.66	1.76
Grand Total Revenue			1,201.02	100.00	355.87	100.00	663.33	100.00

Product / Service information

- Shangri-La Hotel Public Company Limited and Traders Yangon Company Limited

Both mentioned companies operate hotel and hotel service companies which can be divided into 3 main parts:

1. Accommodation Service
2. Food and Beverage Service
3. Other services i.e. laundry, business center, health center, banquet, and seminars

Most of the Company's customers are international tourists visiting Thailand and domestic and international business travelers.

- Shangri-La Yangon Company Limited

Shangri-La Yangon Company Limited is a company operating Shangri-La Residences, Yangon project. It is a serviced apartment in Yangon, Myanmar. Shangri-La Residences has 2 Towers, Tower 1 opened on November 21, 2013 and Tower 2 opened on October 21, 2014. There are 240 rooms in total.

- Traders Square Company Limited

Traders Square Company Limited is a company engaged in rental business for shopping centers and office space, named Sule Square Mall & Offices, Yangon in Yangon, Myanmar. The project started construction on March 24, 2014 and Tower for service on December 1, 2016. The project consists of rental space for shopping centers and offices.

- Town Development Company Limited, TRR-Kerry Development Company Limited, Apizaco Limited and Zukerman Limited

Investment Holding.

- Hasfield Holdings Pte. Ltd. and Traders Hotel and Resort Company Limited

Dormant.

Innovation management

As the Company engages in hotel business, various business components are required in order for the Company to maintain our leading position in the industry. Besides our high-experienced staffs who are regularly trained in accordance with the Shangri-La Group's standard, equipment and facilities used for providing services to our hotel guests are carefully selected and maintained to ensure highest satisfactory of the guests.

The Company's management realizes the importance of the continued development of services and thus encourages employees in all departments and functions to participate in the "Your Voice" Program. The employees at all different levels and functions will be able to share ideas and experiences in providing highest standard to our guests. With our anticipation to continue to grow and improve our services, we are always eager to create a more innovative way of work such as implementing our own e-commerce website for takeaways and e-shop to promote hotel products and increase distribution channel and reducing paper usage by scanning and saving daily log report in soft files. The advantage is to save paper and save the environment. The benefit of digitalizing data's is that the records can be saved for many years. It also saves storing space and data can be extracted easily. This improves the way of work and cost-saving at the same time.

Industry Situation and Business Competition

As a result of the continued easing of travel restrictions globally, the number of inbound foreign arrivals to Bangkok increased from just over 160,000 to circa 2.2 million year on year, and consequently an upsurge in demand for hotel accommodation during the first half of 2022. This is a considerable improvement and could represent the beginning of a much needed rebound in the number of foreign visitors towards pre-pandemic levels. However, the number of international arrivals is still only 12% of that in the pre-COVID.

In March 2022, the Thai government announced a four-phase plan to fully reopen its borders in July with entertainment venues and tourist attractions allowed to eliminate pandemic-related restrictions. As soon as the number of daily infections is stabilized, the vaccination coverage is high, and the disease symptoms are not severe. Chinese tourists represented circa one of every three foreign tourists in the pre-pandemic period. As such, hoteliers are concerned over the absence of tourists from China due to mobility restrictions imposed by the Chinese government as many regions in the country battle outbreaks of the Omicron variant. In the first half of 2022, 39% of the total number of international visitors were from East Asia, led by visitors from Malaysia, and Singapore. Visitors from Europe represented 30%, mainly from the UK, Germany, France, and Russia. Indian visitors represented 11%.

- Shangri-La Hotel, Bangkok

Bangkok's luxury hotel performance had a significant improvement in the first half of 2022 with an average occupancy rate of 33%, +13 p.p. year on year, likely on the back of partly relaxed international travel restrictions. The occupancy rate has gradually increased from the lowest at 26% in January 2022 to just over 40% in May and June 2022. The effect of the low season in the latter months of the first half of the year was offset by the relaxed travel restrictions from May 2022 with the elimination of mandatory RT-PCR tests, quarantine-free, Thailand has slowly reopened to international visitors since November 2021, after circa two years. Yet, the number of foreign arrivals has not increased rapidly because of complex and costly travel requirements such as mandatory quarantine, insurance, and RT-PCR test. In the first half of 2022, despite the increase in the number of foreign visitors year on year, it only represented 12% of pre-pandemic levels, nevertheless the situation was accelerated during the second half of the year with the beginning of the fourth and last phase of the country's reopening called 'post-pandemic', allowing tourists to enter Thailand without restrictions regardless of their vaccination status putting an end to the two years stringent border controls introduced to contain the pandemic travel as well as the reduction of health insurance coverage for vaccinated travelers, resulting in a steady growth in hotel occupancy rates. The total number of luxury hotel rooms slightly increased to 20,709 with the addition of 154 keys in 2022. Consequently, we expect a sustained increase in international arrivals supported by the government's commitment to accelerate tourism and the hotel industry's recovery with an expansion in travel with more flights. The gradual recovery of the hotel's revenue per available room (RevPAR) was led by ADR, with higher but still weak occupancy levels. The lack of Chinese outbound travelers, the main market feeder before the pandemic, due to China's travel restrictions has caused disruptions to the tourism industry in Bangkok and other destinations in Thailand this year and will likely to continue in 2023. Thus, domestic tourism will continue to play an important role as it did during the pandemic. New hotel openings were concentrated in the Early Sukhumvit area with 34%, followed by the Lumpini area (24%), the Riverside area (17%), and Silom/Sathorn area (15%).

After the border reopening in July 2022 followed by the ease of restriction in October 2022, Thailand recorded 11.8 million international tourist arrivals and the number is expected to reach 20 million in 2023. A rebound in foreign tourist arrivals into Thailand is pushing up the country's hotel occupancy rate from a record low during the COVID-19 pandemic. The average room occupancy at Thai hotels was 48% in August, up from 46% a month earlier, according to a joint survey of 106 hotels by the Bank of Thailand (BOT) and the Thai Hotels Association (THA).

As Thailand's tourism industry makes a strong recovery following the lifting of travel restrictions and reopening of borders, business operators are finding themselves with a new challenge -- a shortage of staff to meet the surge in demand. The tourism industry and related businesses are saddled with labor shortage as many workers forced to leave the industry during the COVID-19 pandemic have not returned. Front desk staff, food and beverage service workers and spa massage therapist are among those who are most sought after. This is expected to be a continuous challenge in 2023.

- Shangri-La Hotel, Chiang Mai

The beginning of 2022, business continued to be disrupted by COVID-19 pandemic outbreaks and impact was still reflected on overall hotel revenue. However, it was a positive momentum of international travelers started to travel to Thailand and Chiang Mai because we had several direct flights from Singapore, Korea and Malaysia which was stimulate international demand both group and individual travelers. Furthermore, local Thai residents also traveled to Chiang Mai during winter and festive periods i.e. Songkran and Loy Krathong and they utilized "We Travel Together" or RTDG campaign.

The customer markets changed from China market to new customers like India and Middle Eastern market such as Saudi Arabia which is complete new market because Thailand was the normalization of relations with Saudi Arabia, ending three decades of coldness. This affected tourism business due to more Saudi Arabia guests travel to Thailand and we also able to capture this market.

Arrivals have been picking up steadily since midyear, as almost all COVID-19 related restrictions have been lifted, giving a boost to the economy. The largest cluster of APEC senior officials' meetings this year was held in Chiang Mai, as Thailand hosted the APEC Third Senior Officials' Meeting (SOM3) and Related Meetings in physical format on 16-31 August 2022 and the Shangri-La Hotel, Chiang Mai was appointed to be the main venue for this important event. SOM3 consisted of a total of sixty seven meetings involving 28 APEC sub-fora and additional meetings specially organised to move forward APEC 2022's priorities. In addition, four sectoral Ministerial Meetings were also held during this period, namely, tourism, health, food security and forestry. Over 1,800 APEC delegates participated in SOM3, the majority of which traveled to Chiang Mai while the rest would participate in Bangkok and via online.

In December, the country had already recorded 11.8 million foreign arrivals through 2022. The top markets this year have been Malaysia, India, Laos, Cambodia, Singapore and a year-end visitor from Europe and the United States trade.

- Traders Yangon Company Limited (Sule Shangri-La Yangon)

The hotel has been temporarily closed since 1 February 2021. This is primarily due to the unstable political situation.

The hotels in our competitor set are listed below. With the exception of Pullman, all the hotels are currently open although with reduced services.

- 1) Park Royal Yangon - 342 rooms
- 2) Chatrium Hotel Royal Lake Yangon – 300 rooms
- 3) Pan Pacific Yangon – 331 rooms
- 4) Pullman Yangon Centre Point - 289 rooms closed

In 2022, the hotel supply grew by 1.47% (54 rooms per day) vs year 2021 due to reopening of some hotels. However, The Sule Shangri-La, Sedona, Pullman Yangon, Rosewood, The Strand, Savoy Hotel and Yangon Excelsior hotel remain closed. Pullman is expected to open in Q2 2023. The Sheraton, Sule Square by Marriott and the Rosewood hotels have all been officially de-flagged. Apart from these hotels, all other hotels in our Primary and Secondary Competitive set are open. These are Pan Pacific, Park Royal, Chatrium, Lotte, Melia, Novotel and Wyndham. Albeit with limited services. Yangon occupancy is around 20% and an average room rate is estimated at USD 60. The main revenue source for room business is oil and gas crew business, long stays and CEO clients with prior investments in Myanmar.

- Shangri-La Yangon Company Limited (Shangri-La Serviced Apartments)

Shangri-La Serviced Apartments, Yangon are operational with an inventory of 240 apartments. Top supporters are predominantly the embassies and multinational corporate companies.

The Shangri-La Serviced Apartments, Yangon competitor set is made up of the following 6 properties:

Golden Hill Tower Serviced Apartments	Primary competitor for Japanese market, This is a Japanese managed product	210 Rooms
Lotte Serviced Apartments	Key Competitor	315 Rooms
Mercure Yangon Kaba Aye	Mid-range Apartments	183 Rooms
Marina Residence	Locally Owned, Mid-range	128 Rooms
Sakura Residence	Mid-range, Japanese Managed	262 Rooms
Kantharyar Serviced Apartments	Mid-range Apartments	171 Rooms

- Traders Square Company Limited (Sule Square, Yangon)

Traders Square Company Limited branded the commercial complex as “Sule Square” and opened for commercial business on 1 December 2016. As at 31 December 2022, the total available leasable area for offices is 29,706 sqm and Retail is 5,247 sqm.

Economy and Political Situation

According to the TAT, the overall economy in Thailand as of third quarter 2022 continued to recover, owing to increasing economic activities, the reopening of economies, government stimulus packages and benefit from global shortage of food supplies. However, the weakening purchasing power and rising production cost still hinder the recovery of businesses. Reopening and relaxation of control measures resulting in tourism business and services improved together. The export production business continued to expand well according to foreign demand especially the United States and Europe, causing the overall labor market to gradually recovery, however, energy prices, production costs and higher cost of living, continued to be main factor pressure on the overall business recovery.

Tourism and Service businesses grew from the same period last year and previous quarter from the relaxation of restrictions on continuously travel domestically and internationally together with several long holidays many provinces in the Northern region plus there were many activities to attract tourists. The consumption of alcoholic beverages were allowed within the shop as a result, the service business began to come back to normal situation by most customers are Thais, while foreigners have begun to enter the country. However, there are still a small proportion of the direct flights to Chiang Mai such as from Singapore and Malaysia. Spending power of tourists has decreased from energy prices and cost of living increased. Therefore, tourists were cautious about their spending but, the organize seminars and exhibitions had increased.

Employment improved from the same period last year and the previous quarter according to the expansion of the production capacity of the parts manufacturing business electronics and jewelry. Tourism began gradually calling employees back to work by some hotels change their employment from monthly to daily or hire temporary staff during the period when the number of customers comes to stay increase or have a seminar while employment in business real estate and trading business remained stable. Most of them have a policy to increase efficiency for employees to perform their duties multiple skills instead of adding more staff. In addition, in some areas found a shortage of skilled workers such as professionals electronics experienced engineer and builders who have exquisite craftsmanship, etc.

The Myanmar Economy & Political Situation

The military implemented a coup in February 2021 and since then the country has been under the control of the Security Administrative Council (SAC).

Amid persistent domestic challenges the economy is projected to only recover modestly in FY2022 following an estimated 18 percent contraction in FY2021. GDP is projected to increase by 3 percent in the year to September 2022. This is indicative of the severe supply and demand constraints that continue to impact economic activity. The manufacturing and construction sectors are driving most of the growth expected this year, with services sector activity constrained by weak demand. Agricultural production has been hampered by higher input prices, logistics constraints, and conflict. Inflation is projected to remain elevated given persistent impacts from kyat depreciation. CPI inflation is projected to average 15 percent in FY22.

Yangon's level of economic activity appears to have strengthened relative to last year despite the difficulties in banking and imports.

Myanmar eased COVID related restrictions and from December 2022 fully vaccinated travelers only need to show their vaccination certificate. The Ministry of Immigration has relaxed visa restrictions for ASEAN countries except Malaysia. International passport holders require Visa's to enter the country the processing of entry visas takes approximately 8 weeks.

Myanmar opened for tourism and e-Visa applications on 20 May 2022 and commercial flights for business travelers were resumed on 17 April 2022. Tour groups are permitted, however they are required to submit a passenger list at least 7 days prior to arrival via an approved Tour Operators and have to provide detailed travel plans to obtain permission to travel around Myanmar.

Total airlines flying into Myanmar are now 15 (Myanmar National Airlines X2, and International Airlines x13). The average flights per day as of December 2022 is 16 flights. Arrival mix for the year 2022 comprised of Myanmar Nationals making up of 78% and Foreigners only contributing 22% of flight loads. Tourist visa arrivals make up 15% of total international arrivals.

Marketing Strategies

- Shangri-La Hotel, Bangkok

The number of international visitors and business activities in Bangkok have slightly increased after Thailand has reopened the borders to vaccinated travelers under the No Quarantine program with some requirements on 1 July 2022 and fully opened for all visitors with all vaccination statuses on 1 October 2022, both fully vaccinated and non-vaccinated travelers are able to enter Thailand without having to quarantine.

Prior to borders reopening, the hotel participated in “We Travel Together”, the Thai Government initiative to stimulate domestic market, with up to 40% subsidy covering 11 million room nights combined for third and fourth phase combined. The hotel rolled out Shangri-La's Staycation Offer and flexed the Package offerings as well as Best Available Rate (BAR) for Individual (FIT) segment. Pricing and conditions for group meeting, incentive and catering were dynamically flexible for each requirement to ensure high conversion rate.

After the official country's decision to downgrade COVID-19 to endemic status in July 2022, the hotel had been actively introducing a few room packages that combine local experiences and must-see attractions to welcome the international tourist simultaneously with food and beverage offers, spa treatment promotion as well as tailor-made wedding packages. The hotel had been actively collaborating with leading lifestyle shopping malls to promote luxury hotel to international market. The hotel also focused on social media platforms as marketing tools to amplify incremental demand such as Facebook Live sales, LINE shop flash sales and Instagram's post activities allowing the hotel to drive more engagement with the followers.

Alongside with the ease of restriction on group gatherings, the hotel had actively secured few major official visits and meeting conferences while adhering to Thai public health's regulation by further featuring “Shangri-La Care” highlighting customer's health and well-being is the main priority to assure the customers' confidence.

Targeting Customers

The primary focus for hotel in the first half year of 2022 was to continue to boost demand among domestic market which was mainly holidaymakers residing in Bangkok and nearby municipalities. They were either those who frequently seek for value-of-money offers when choosing hotel's products or those who searched for new trial experience as they were unable

to travel abroad. Expatriates and family living in Thailand were among the main target with their high tendency in more spending for vacation or family gathering. The hotel had seen a spike in demand mostly over the weekend as well as public holidays.

The hotel continues to focus on dry catering group and wedding business where majority were small to medium which were impacted by the pandemic. The hotel has received postponement of events in 2021 was under restrictions in holding events due to the pandemic and restriction in holding events. There was postponement of MICE group in 2021 to 2022 and only small local corporate groups were holding events.

However, since the reopening of Thailand in July 2022, we shifted our focus to capture the international travelling demand for business, leisure and MICE. The 2023 top three targeted customers are Saudi Arabia, South Korea and India.

Digital Marketing

COVID-19 pandemic has made people spend more time online than ever before and Digital Marketing became important for marketing products and services.

Shangri-La Hotel, Bangkok launched the hotel's e-Shop (www.shangrila-eshop-bangkok.com) in December 2021 as the hotel's Online Distribution Channels to engage the guests on promotions updates and attract guests to purchase e-vouchers and products for take-away and delivery.

The hotel has utilized multiple online channels including Organic social media channels, Paid social media and Paid media channels to drive more traffic and increase more revenues to the hotel's official website (Shangri-la.com) and the hotel's e-Shop (www.shangrila-eshop-bangkok.com).

To distribute the performance on the online room reservations, restaurants and Chi, The Spa, Health Club e-Vouchers, and Products, we have implemented call-to-action message on all the Facebook and Instagram posts with tracking link. In addition to social media posts, we have actively monitored Paid media channels including SEM (Search Engine Marketing), Metasearch, and Display Retargeting closely with our Regional Digital Marketing team to increase the online booking traffic from targeted countries.

The number of fans on Facebook was relatively strong compared to the market with over 100K fans at the end of 2022, showing a growth of 3% from 2021. Number of Instagram followers in 2022 reached 18K or grew by 16% compared to the previous year. The hotel's official Facebook and Instagram pages are continuing to be the primary online channel for engaging customers with latest and upcoming promotions and to remind our social media's followers about the hotel's products and services.

Pricing Policy - Tier Pricing and Yield Management

First half year of 2022, pricing strategy remained the spotlight as Domestic market was highly competitive resulting in aggressive competition. Domestic travelers were also keen to travel by taking advantage of promotional campaigns and had become price-conscious consumers when venturing out for holidays or Staycation. Thai travelers, decision making factors heavily involved values and more flexibility due to the uncertain circumstance.

Shangri-La Hotel, Bangkok adjusted the Best Available Rate (BAR) as well as online offers to remain flat and allow more flexibility to be made including free cancellation or postponement. The Staycation Package which had been revamped a few times over the year offered great values with several perks especially when applying the government

campaign “We Travel Together” as guests would need to pay merely 60% of the total accommodation rate. As a result, the package had been contributing to a substantial outcome.

However, as the border reopened in July 2022, the demand has substantially improved. With travel restrictions being lifted out, major conferences and business events revived tremendously. This factor enables hotels to optimized yield management to gain higher profitability after almost 2 years in price cutting situation.

Distribution and Sales Channels

From overall room revenue production, Hotel Direct platform remained the majority distribution channel representing 48% which came from booking made directly with the hotel by guests and for hotel’s official website (Shangri-la.com). Another 48% made through online intermediary channels followed by 4% contributed from Global Distribution System and Offline intermediary channel including tour operators and travel agencies.

In addition to the traditional distribution channel, the hotel utilizes the official Facebook and Instagram pages as a tool to engage with potential guests by developing an awareness by using call-to-action message to book a room on the hotel’s official website (Shangri-la.com). The hotel has also planned and managed paid social media channels to drive more traffic from international markets.

In 2022, we also remain to broadcast our monthly Facebook Live in last week of the month to gain domestic public attention and help drive more revenues on our Shangri-La Pay Day Sale with special deals on food & beverage, Chi, the Spa, Health Club and other hotel’s promotions.

The hotel also ventured on various new partnerships with credit card providers, commercial banks as well as other luxury lifestyle brands; aiming to promote exclusive promotional offers and enhance brand awareness among domestic customers.

Number of Competitors

Despite Thailand’s tourism industry suffering a huge blow due to COVID19, Bangkok’s hotel market remains resilient. This year only two new luxury hotels are slated to open in Bangkok, the 155-room Standard Bangkok Mahanakhon and 582-room Chatrium Grand Bangkok. Both of them unavoidably, our new competitors.

According to Colliers Thailand, a real estate and investment consulting firm, there are a total of 3,725 new rooms from 13 luxury hotels scheduled to open in Bangkok in 2023-2025. Some 1,122 units are scheduled to open in 2023, followed by 1,934 in 2024 and 669 in 2025.

Riverside locations on Charoen Krung Road and the Sathon-Rama IV area have become the hot zones in Bangkok where many new luxury hotel rooms are projected to open in 2023-2025, according to Colliers Thailand. Locations along the Chao Phraya River on Charoen Krung Road would have the largest number of new luxury hotel rooms, with 1,841 keys from five hotels opening in the next few years. The second-largest new supply of luxury hotel rooms will be in the Sathon-Rama IV area, with a total of 1,161 rooms from three hotels. One of them is the Grand Nikko Bangkok Sathorn Hotel, a joint venture between Japanese contractor Nishimatsu Construction, Japanese leasing firm Fuyo General Lease, and the Japan Overseas Infrastructure. Third for new luxury hotel supply is the Sukhumvit area with 669 rooms.

Bangkok's most anticipated openings – 2022 & 2023

- Chatrium Grand Bangkok (582 rooms) opened its doors in November 2022
- The Standard Bangkok Mahanakhon (155 rooms) opened its doors in July 2022
- Grand Hotel Phayathai Bangkok (521 rooms) will open its doors in Q2 2023, as part of a larger mixed-use development.
- The Langham, Bangkok at Chao Phraya River (250 rooms) will launch down by the river in early 2023.

Major Issues Affecting Competitiveness

In the first half of the year, hotel business was forced to overhaul their operations by cutting room rates, revising their service operations, slashing their overheads, and developing alternative income streams. Thus, many hotels began to offer 'work from hotel' packages to meet the sudden uptick in working from home, and to work with food delivery apps to develop their ability to sell food prepared in their own kitchens, though this was largely restricted to 4- and 5-star hotels. In addition, many hotels in the Bangkok Metropolitan Region partnered with clinics and hospitals to offer 'alternative state quarantine' (ASQ) services. The ASQ services were targeted at foreign travelers coming to Thailand who were required by law to quarantine on arrival. Unfortunately, many smaller and medium-sized businesses were not able to adapt in these ways and faced with unprecedented difficulties, a significant number were left with no option but to shut their operations.

The situation has improved in the second half of 2022, and signs of recovery are becoming increasingly evident in the tourism sector. However, despite this broadly positive outlook, the outbreak of war in Ukraine in February has severely restricted the Russian market, and instead of the 7% share of all arrivals seen in 2021, Russians accounted for just 2% of foreign tourists coming to Thailand over YTD September 2022. Likewise, China's continuing pursuit of its Zero-COVID policy means that the 28% share attributable to the Chinese market in 2019 had shrunk to just 3% by YTD September 2022.

As Thailand's tourism industry makes a strong recovery following the lifting of travel restrictions and reopening of borders, business operators are finding themselves with a new challenge -- a shortage of staff to meet the surge in demand. The tourism industry and related businesses are saddled with labor shortage as many workers forced to leave the industry during the COVID-19 pandemic have not returned. Front desk staff, food and beverage service workers and spa massage therapist are among those who are most sought after. This is expected to be a continuous challenge in 2023.

Ability to Compete

Nestled along the large riverfront setting resides Shangri-La Hotel, Bangkok, an enchanting riverside retreat in the heart of a vibrant city. Here, guests are hosted with friendly and thoughtful service, entertained by innovative dining experiences and immersed with ease in the authentic Bangkok surrounds. With direct access to the Skytrain, public ferries terminal and buses, the hotel is a lovely gateway to explore and discover Bangkok. Being the largest urban-resort hotel in the riverside area with full functionalities, prime location and accessibility to all modes of transport including variety choices of food and beverage that strengthens the hotel as one of the leading hotels in Bangkok.

Started during COVID-19 pandemic has emphasized the necessity of precautionary health & safety measures. Recent research found that their hygiene and safety are the top concern as well as the key decision factor. Thus, Shangri-La Group then promptly introduced our 'Shangri-La Cares' program which highlighted in the enhanced protocols to ensure guest's well-being as the utmost priority among all. This implementation will of course help to gain our guest's confidence and offer them a peace of mind when staying in the hotel or using our services.

- Shangri-La Hotel, Chiang Mai

The hotel's strategies post COVID-19 in 2022 has changed from previous year because the country reopened gradually which the beginning of the year the hotel was still driven towards cashflow from the domestic market and to gain market share from competitive set by driving direct bookings from flash sales or voucher sales through various channels.

Social media and online platforms including OTAs were extremely important and made an impact to stimulate revenue. Furthermore, we emphasis on SEO and SEM in the specific market searches as this will stimulate and help guest reach.

Focus was placed on Retails segments (Public, Wholesale Online and Package segments) and group meetings to drive room nights business for the hotel. The group business was the main base of this year due to high demand on conference and meeting especially international meeting from regional.

Furthermore, food & beverages outlet was one of the key players to drive cashflow while room had soft demand, we had new avenue by opened croissant shops in the shopping malls and participated in various events in town for opening booth. Furthermore, we opened the new shop in the residential area called "Mee Choke" to expand our products and services. This year local catering performed better than 2021 due to various big international conferences. Social segment continued to be a focus for the hotel to drive all year functions and social events utilizing the outdoor terrace with competitive pricing.

Targeting Customers

Due to COVID-19 pandemic outbreak we shifted the target customers to the domestic market including local Thais in the Northern region, local Thais in other provinces and expatriates. The main feeder market was Bangkok both for FITs and group meetings. However, in the second half of 2022 we focus more potential international market which concentrated those countries relaxing the COVID-19 measurements with direct flight to Thailand and Chiang Mai such as India, USA, Europe, Singapore, Malaysia, Middle Eastern, Australia and Korea.

The goal for 2023 is to maintain and capture all domestic markets for all segments. However, with international market started active so we will focus on short haul market like Korea, Singapore, Taiwan, China, India and Japan will be concentrate for USA, UK, Middle East and Europe will be focus for long haul market.

Pricing Policy – Tier Pricing and Yield Management

The 2022 pricing was still extremely sensitive, reflected by an overall slightly increase of Average Daily Rate (ADR) (19.8%) due to the pandemic outbreaks still continue, after which we have been driving domestic market with competitive pricing both FITs and groups. In addition, since the core segment for Shangri-La Hotel, Chiang Mai is Groups meeting, it was crucial to adopt flexible pricing especially for government business. However, international

was stimulate to increase ADR for festive period by yielding the rate while the competitors was also going for the same direction this year.

Food and beverage prices decrease average check by (-11.8%) because of business mix which are not enough a-la-carte guest and China Kitchen was not able to open in the evening due to soft demand during pandemic. Prices for catering remain the same due to price sensitive and competitive.

Distribution and Sales Channels

Due to COVID-19 outbreaks, the hotel bookings mainly came from Hotel Direct 29.4%, Wholesale Online 33.7% and E- direct 34.5%. Furthermore, the flash sales, voucher sales and online e-commerce were the additional channel for hotel to stimulate the cashflow both room and food & beverage.

Number of Competitors – 2022

Competitive set for 2022 has changed from Movenpick Surawong to Malia Hotel due to Movenpick Surawong was closed. Overall Chiang Mai number of competitors, according to Booking.com data only 63% of registered hotels in Chiang Mai are open in 2022 because the rest remain closed due to COVID-19.

Major Issues Affecting Competitiveness

Major issues affective Shangri-La Chiang Mai is competitors have renovated their hotel such as Le Meridien will be re-branded into a Marriott with new accommodation, function rooms extension, enlarge all-day dining restaurant and build new Chinese restaurant. Intercontinental will complete rebranding from Imperial Mae Ping by Q2 or Q3 of 2023 instead of Q4 of 2022, 248 rooms for main building and the rest will be low-rise buildings and villas, total 310 rooms. Renovation of the whole Convention Hall and positioning as MICE hotel. New hotel; Melia fully open on their rooms, restaurant i.e. Thai restaurant -Silk, lobby lounge and rooftop bar which impact our hotel in term of leisure customers especially wholesale segment. Holiday Inn Hotel rebranded to Centara Riverside Hotel (belong to Centara Hotel Group) on 1st April 2022 which compete with us in term of government and convention business. Movenpick Surawong was closed during COVID-19 for 2 years and reopened the hotel in Q4 2022 which less available rooms in the market.

Ability to Compete

Shangri-La Hotel, Chiang Mai is the city's only five-star hotel that caters for families, with a family concierge that ensures a fuss free, and fun filled stay, and the city's largest free form swimming pool, so we will enhance on the Family market. The hotel will continue to remain in its position as one of the leading MICE hotels, and top wedding venues in Chiang Mai as there is a good chance that the demand may surpass the Hotel's supply in the city. Opportunity to explore wellness aficionados' emerging' markets for leisure travelers and local domestic will remain our core customers until the international resume in the future. Furthermore, F&B is known as "Social Hotspot" because we have created various activities i.e. pool party, Michelin guest chef or Celebrity chef. Furthermore, especially croissant is continue successful for our hotel in 2022 therefore, this will bring the hotel to popularity among local community for bakery shop and leverage on China Kitchen as Michelin Recommend Listed.

- Traders Yangon Company Limited (Sule Shangri-La Yangon)

- Hotel is budgeted to remain closed for 2023.

F&B Outlets

- The F&B outlets (Gallery Bar, Room Service and Peacock Lounge) are budgeted to remain closed in 2023. Café Sule and Banqueting are opened for pre-booked events.
- **Gourmet Shop:** This venue operates as a “pop-up” outlet on the Sule Square Mall lobby.
- **Café Sule:** Regular themed buffet dining options promotions are promoted once a month. The Café operation is carefully monitored ensuring the viability of such events.

- Shangri-La Yangon Company Limited (Shangri-La Residences, Yangon)

Particulars	2022	2021
Occupancy %	45.2%	53.6%
Monthly Average Rate (MAR)	4,769	5,460
GOR (USD)	6,326,195	8,582,961

- An improvement in occupancy has been achieved compared to last year. Demand has mostly been from foreign investors to update themselves on their Myanmar business operations. NGOs and other Humanitarian Aid agencies are returning.
- The trend is for expats to return for short-term assignments being one to three months. We expect more permanent stays as the situation stabilizes however further clarity and direction will be defined by the first half of 2023.
- Citywide average monthly rents have fallen and rates are expected to drop further due to short-term rentals and local apartment options becoming available. Most apartments have been accepting Myanmar Kyat for payment and rates are being impacted by the currency fluctuations.
- The total supply continues to remain as per last year. Projects that have been suspended are The Peninsula, Pegu Club, Somerset Serviced apartments and Gonyi towers. GEMS apartments has been completed and is now open.
- Overall rental rates have gradually declined since the coup following the repatriation of most foreigners. We will make an effort to increase rents slightly considering high inflation and Genset usage due to frequent power cuts.

Strategy

- For 2023, new business secured was predominantly from the Embassy segment and UN agencies. In 2023, our focus will continue to be on the Embassies that we do not currently have.
- The team will continue the success of shifting tenants from Sakura, Golden Hills, Kantharyar and Lotte seeking safer and better facilities.
- The sales team will strive to grow Transient short-term business and develop co-sharing.
- Companies being targeted are from FMCG Coca Cola and Unilever.

- Booking.com has been activated for short-term stays
- Since our one and two bedrooms are sold out, the strategy will be to upgrade long-stays or our loyal customers to three-bedroom apartments making smaller units available for free selling.

Retention

- We made sure we did not lose any tenants staying at Shangri-La Residences, Yangon to other service apartments except when they did not renew or they had to leave the country.
- Since there was not much new business coming into the country extensive sales calling and networking in the local market was conducted to secure new business.
- The team regularly attend networking events such as AMCham, Euro Cham, Britcham. IMCC and the Singapore chamber.
- We will continue to target expatriates staying in stand-alone villas especially, as the possibility for them to move to serviced apartments is higher due to ongoing safety and electricity concerns.

- Traders Square Company Limited (Sule Square, Yangon)

Market Situation

Given the current market situation, companies continue to adopt conservative approaches to taking out new leases. There is low demand for offices, business centers and co-working spaces.

- For 2023, there are two new office towers being added to the supply. One is the Maha Nawarat office tower on 50th Street which has 27 floors.
- M Tower in Hllededen will open that has 25 Levels and offers 32,000 square meters. It is a Grade A office tower. This will result in increased vacant capacity and competition.
- In 2022 citywide average rent rate dropped by 17% to end at USD20 per square meter.
- Sule Square average office rent is USD 25 sqm.
- Occupancy levels remained at an all-time low of around 50% at the end of 2022. SQMO YE occupancy was 63%. Foreign inbound demand for offices is low and only a few local banks and SME's are looking for office space. New comers are looking for rates between to USD 10-18 per square meter.

Strategy for Office

- Flexible payment options – We have to accept Kyat payments from offices as per the new government regulations.
- Pricing remains competitive and related to market demand and supply.
- Our location is in the main CBD of Yangon with proximity to ports, government tax offices, custom office and banks. Therefore, our focus remains on segments such as logistics & shipping, legal, consultancy, financial services and trading.
- There are B-Grade office buildings within 3-5km radius from Sule Square presenting us with an opportunity to shift some of their clients from products such as Sakura Tower Strand Square and Center Point.

Retention

- We maintain a high level of engagement across the levels with current tenants proactively, to address their concerns before they advance their internal discussion on any potential departure.
- We are a member of key Chamber of Commerce Associations and maintain a strong relationship to identify new business opportunities and market developments.

- Sule Square Retail

Market Situation

- Retailing activities continue to show moderate trends.
- Dining out for entertainment has declined however local priced food venues are popular.
- Retail supply grew in 2022 with the completion of Terminal M (35,000 sqm) by Mottama Holdings in Mingalardon Township.
- The citywide average rental continues to decline and is around USD 15-18 per sqm per month. People are gearing towards well managed centrally located malls. Rental rates are likely to remain very competitive in the near future as retailers continue to cope with the market challenges.

Strategy for Retail

- To drive and maximize occupancy with flexible pricing.
- The team is focused on identifying viable food & beverage operators that can attract footfall with locally priced meals.

Retention

- As a result of the COVID-19 pandemic and coup in 2021, we have provided rental rebates to our retail tenants in a staggered manner in 2022, which was lesser than 2021. For 2023 as well, we would continue to offer similar rebates up to 50% and as may be required to support and retain our clients to tie over this period of low demand year. We will monitor the market dynamics and fine tune to this approach and deploy it on need basis.
- We would undertake all seasonal festive marketing activations such as Chinese New Year in January, Thingyan Festival in April, Thadingyut Festival in October and Christmas decoration & promotion activities in December.
- We will have regular shopper promotions and giveaways planned for 2023.

Rights or Restrictions on Doing Business

The Company's major rights and restrictions on doing business are prescribed under two agreements which are the Marketing and Promotion Agreement ("Marketing and Promotion Agreement") and the Licence Agreement ("Licence Agreement"). Details are as follows:

1) Marketing and Promotion Agreement

The Company has entered into the Marketing and Promotion Agreement dated 1 January 1986 and as amended by an Addendum dated 1 June 2007 with Shangri-La International Hotel Management Limited ("SLIM"). The said Marketing and Promotion Agreement may be terminated with effect from the end of any calendar year by either party giving to the other a minimum of four months' notice in writing.

Later in 2019, the Company has entered into the deeds of novation ("Deed") for the Marketing and Promotion Agreement. As a result of entering into the Deed, the party to the Marketing and Promotion Agreement has been novated from SLIM to Shangri-La International Hotel Management Pte Ltd. ("SLIM SG") which is a fellow subsidiary of SLIM (SLIM is a wholly-owned subsidiary of Shangri-La Asia Limited ("SA")) with effect from 1 January 2020. All commercial terms and conditions of the Marketing and Promotion Agreement shall remain unchanged. SLIM SG shall assume the benefits, rights, duties and obligations of SLIM under the Marketing and Promotion Agreement with effect from 1 January 2020.

SLIM SG has provided the Company with marketing and promotion services such that Shangri-La Hotel, Bangkok ("SLBK") and Shangri-La Hotel, Chiang Mai ("SLCM") be portrayed as part of the Shangri-La Group of Hotels with effect from 1 January 2020.

2) Licence Agreement

The Company has entered into the Licence Agreement dated 1 January 1990 as supplemented and amended by addendums dated 1 June 2007 and 24 September 2009 with Shangri-La International Hotel Management B.V. ("SLIM BV") ("Licence Agreement"). The said Licence Agreement shall expire on 31 December 2029 and the Company has an option to renew the Agreement on substantially the terms and conditions for a further period of 20 years.

Later in 2019, the Company has entered into the deeds of novation ("Deed") for the Licence Agreement. As a result of entering into the Deed, the party to the Licence Agreement has been novated from SLIM BV to SLIM SG which is a fellow subsidiary of SLIM (SLIM is a wholly-owned subsidiary of SA) and SLIM BV is a wholly-owned subsidiaries of SA with effect from 1 January 2020. All commercial terms and conditions of the Licence Agreement shall remain unchanged. SLIM SG shall assume the benefits, rights, duties and obligations of SLIM BV under the Licence Agreement with effect from 1 January 2020.

With effect from 1 January 2020, SLIM SG is the Licensor granting the Company a non-exclusive licence to use the copyrights, trademarks, know-how and other rights subsisting in the Shangri-La System for operating SLBK and SLCM within the specified districts in Thailand.

Assets Used in Operations

From the consolidated financial statements as at 31 December 2022, the Company's property, plant and equipment were Baht 3,280.29 million representing 42.01% of total assets which are mainly consist of:

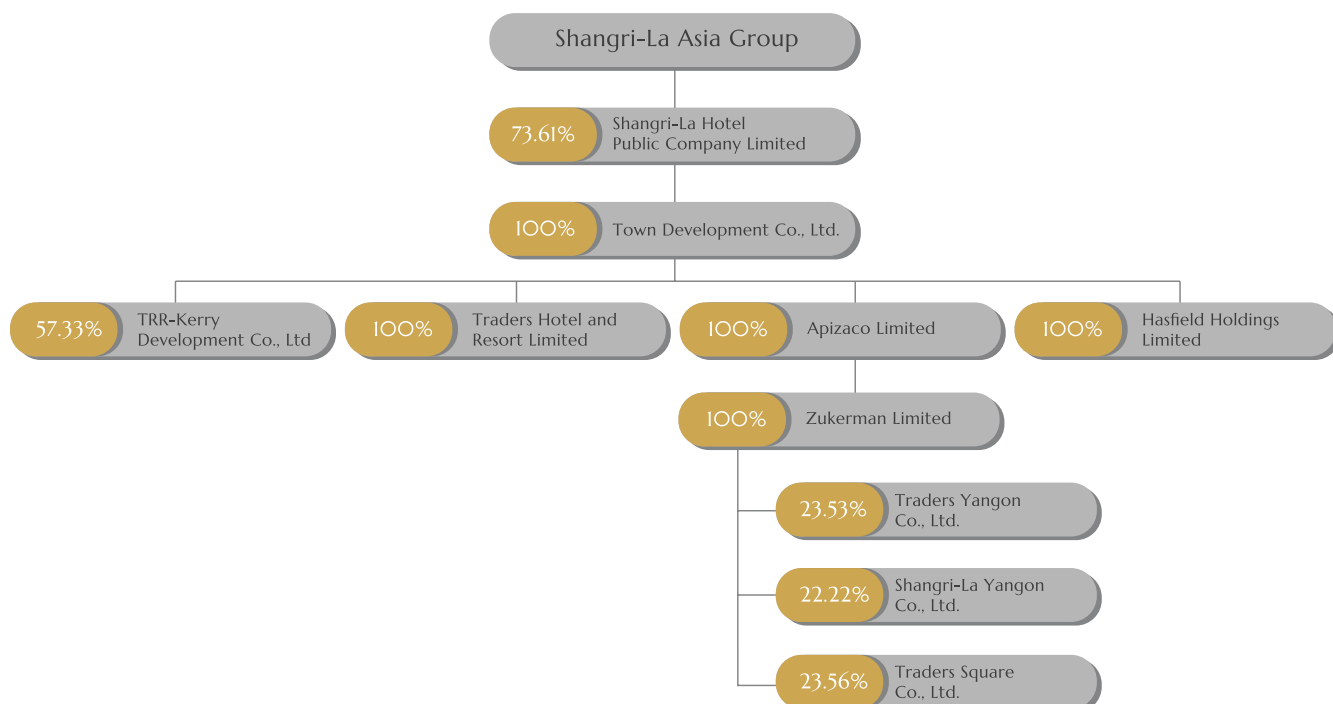
Assets	Ownership	Obligation	Book Value as of 31 December 2022
1 Land for operations of Shangri-La Hotel, Bangkok, area of 17 rai, 5 ngan, 23 square wah, located at Soi Wat Suan Plu, New Road, Bangrak, Bangkok	Company owned	No obligation	Baht 385.95 million
2 Land for the New Hotel Project consists of area 657.50 square wah, located at Soi Sukhumvit 55, Watthana, Bangkok, and area of 48 square wa, located on Sukhumvit 57 Road, Phra Khanong, Bangkok	Company owned	No obligation	Baht 2,033.41 million
3 Land for operations of Shangri-La Hotel, Chiang Mai, area of 17 rai, 2 ngan, 5.3 square wah, located at Changkhan Road, Muang District, Chiang Mai	Company owned	No obligation	Baht 107.56 million
4 Buildings located at Soi Wat Suan Plu, New Road, Bangrak, Bangkok, consists of 2 hotel buildings, 1 building for office rental and 2 parking buildings	Company owned	No obligation	Baht 216.02 million
5 Building located at Changkhan Road, Muang District, Chiang Mai	Company owned	No obligation	Baht 304.39 million
6 Machinery and building equipment of Shangri-La Hotel, Bangkok	Company owned	No obligation	Baht 99.11 million
7 Machinery and building equipment of Shangri-La Hotel, Chiang Mai	Company owned	No obligation	Baht 5.03 million
8 Furniture, fixtures, equipment and computer of Shangri-La Hotel, Bangkok	Company owned	No obligation	Baht 37.24 million
9 Furniture, fixtures, equipment and computer of Shangri-La Hotel, Chiang Mai	Company owned	No obligation	Baht 18.42 million

Intangible Assets

Intangible assets consist of computer programs. The book value of Intangible assets as of 31 December, 2022 of Shangri-La Hotel, Bangkok and Shangri-La Hotel, Chiang Mai are Baht 0.09 million and Baht 0.22 million, respectively.

Shareholding Structure

Shareholding structure of the group of companies



Name	Issued and Paid up Capital	Business Type
1. Town Development Co., Ltd. No. 89 Soi Wat Suan Plu, New Road, Bangrak, Bangkok, Thailand Telephone : (66) 2236 7777	Baht 1,300 Million	Investment Holdings
2. TRR-Kerry Development Co., Ltd. No. 89 Chao Phya Tower, 9th Floor, Room no. 901-903, Soi Was Suan Plu, New Road, Bangkok, Bangkok, Thailand Telephone : (66) 2237 3737	Baht 231 Million	Investment Holdings
3. Traders Hotel and Resort Limited No. 89 Chao Phya Tower, 9th Floor, Room no. 903, Soi Was Suan Plu, Telephone : (66) 2236 7777	Baht 0.2 million	Dormant
4. Apizaco Limited No. 683, Kerry Center, 28th Floor, King's Road, Quarry Bay, Hong Kong Telephone : (852) 2525 7211	HK\$ 206.46 Million	Investment Holdings
5. Hasfield Holdings Pte., Ltd. No. 1, Kim Send Promenade, Great World City #06-02, Singapore Telephone : (65) 6733 3600	S\$ 34.22 Million	Dormant
6. Zukerman Limited No. 683, Kerry Center, 28th Floor, King's Road, Quarry Bay, Hong Kong Telephone : (852) 2525 7211	US\$1	Investment Holdings
7. Traders Yangon Co., Ltd. 223 Sule Pagoda Road, Yangon, Myanmar Telephone : (951) 242828	Kyat 21.60 Million	Hotel Operation
8. Shangri-La Yangon Co., Ltd. 223 Sule Pagoda Road, Yangon, Myanmar Telephone : (951) 242828	Kyat 11.88 Million	Service Apartment
9. Trader Square Co., Ltd. 223 Sule Pagoda Road, Yangon, Myanmar Telephone : (951) 242828	Kyat 0.52 Million	Commercial Complex

Shareholders

Top ten major shareholders as of 15 March, 2022 (which was the latest record date on which shareholders have the right to attend and vote at the Annual General Meeting No.1/2022) were as follows:

Name of Shareholders	No. of shares	Percentage (%)
1. Shangri-La Asia Group	95,694,648	73.61
2. Mr. Surin Asdathorn	3,473,200	2.67
3. Mr. Chana Asdathorn	3,055,500	2.35
4. Bangkok Bank Public Company Limited	2,832,600	2.18
5. Mr. Somkiat Asdathorn and spouse	1,879,100	1.45
6. Mr. Ekaratana Tejavej	1,550,000	1.19
7. Ms. Srisuda Sintavanarong	1,544,400	1.19
8. Mr. Boon Sintavanarong	1,518,800	1.17
9. Mr. Utai Asdathorn	945,700	0.73
10. Mr. Thitikorn Asdathorn	788,750	0.61

Other types of share such as preferred share whose rights or terms differ from those of ordinary share, identify the key different characteristics.

None

Convertible securities as an underlying securities for issuance of investment units of mutual funds for foreign investors (Thai Trust Fund) and the Non-Voting Depository Receipts (NVDR)

None

Issuance of other securities

None

Person with a potential conflict of interest holds shares of a subsidiary or associated company at an amount exceeding 10 percent of the voting shares of such company

None

Relationship with major shareholders' business

Shangri-La Asia Group is a major shareholder, holding of shares in the Company through its subsidiaries including Siam Suite Holding Limited which is a company duly registered in Thailand. Shangri-La Asia Limited is a holding company listed in the Stock Exchange of Hong Kong Limited with a secondary listing on the Singapore Exchange Securities Trading Limited.

Dividend policy

Dividend payment policy of the Company is to pay dividend not less than 30% of its net profit.

Due to the Company had a net profit of Baht 25,583,448 for the year ended 31 December, 2022, Board of Directors' Meeting No. 1/2023, which was held on 20 February, 2023 resolved that the omission of the annual dividend payment for the operation of the Company from 1 January to 31 December, 2022 be recommended to the Shareholders for approval at the Annual General Meeting of Shareholders scheduled to be held on 27 April, 2023.

The comparison of dividend payment for year 2021, 2020 and 2019 are as follows:

Particulars	Financial Year		
	2021	2020	2019
Net profit (loss) in the separate financial statements (Baht)	(361,245,022)	(295,457,992)	681,905,773
Number of issued shares (Shares)	130,000,000	130,000,000	130,000,000
Dividend per share (Baht/Share)	-	-	2.25
Total dividend payment (Baht)	-	-	292,500,000
Dividend payment as percentage to net profit (%)	-	-	42.89%

The dividend payment policy of the subsidiaries is not defined, it depends on the operating performance of the subsidiaries.

Risk Management

Risk Management Policy and Plan

A high standard of corporate governance is crucial in safeguarding our long-term shareholder value. The Board of Directors believes that a sound and effective risk management and internal control system is the cornerstone for good corporate governance. Since 2019, the Company has aligned with the wider Shangri-La Group on an Integrated Assurance Framework that integrated the risk management, internal control and audit practices into three lines of defence with focus on the assessment and assurance on adequacy and effectiveness of the Company's key risks and key controls.

The Board has overall responsibility for risk management and the effectiveness of internal controls in the Company's business and has appointed the Audit Committee as independent directors to oversee the Company's risk management and audit process; assess the adequacy and effectiveness of the Company's risk management system including the reliability of financial reports and internal control system.

The Company adopts the established Shangri-La Group's key corporate policies, manuals, procedural guidelines, and delegation of authority covering all areas of operation specifying transactions/ activities and their required level of approval/authorization. All manuals are subjected to regular reviews and updates to reflect the changing business risks and to resolve any operational deficiencies. In the face of the COVID-19 pandemic, the Shangri-La Group had launched the Shangri-La Cares Commitment programme to ensure the highest standards of health, safety and cleanliness throughout the Group hotels so that employees and guests feel safe and protected. The Company also has been granted the SHA Plus Certificate or Amazing Thailand Safety & Health Administration and awarded the Safeguard Hygiene Excellence and Safety Label by Bureau Veritas Certification (Thailand) Ltd., the World's leading testing and inspection agency. In parallel, employees were required to undergo updated training and learning on COVID-19 preparatory and prevention measures in order to safeguard the health and safety of guests and their own personal wellbeing.

Futhermore, to safeguard against similar instances like SARS, H1N1 etc, the Company, including both Shangri-La Hotel, Bangkok and Shangri-La Hotel, Chiang Mai, has a stringent hygiene policy and strictly follows its Food Safety and Hygiene Management System as laid down for the whole Group. Adequate fallback measures are in place should such or similar instances occur. The Shangri-La Hotel, Bangkok is also HACCP (Hazard Analysis and Critical Point System) certified, ISO 14001 certified for an international environment, management standard and ISO 45001 certified for an occupational health and safety management. The Group has well-established policies in place to safeguard the safety and security of our guests, including Engineering audit, Fire life safety, Security assurance and privacy and data protection.

Risk factors on business operation

Thailand was tipped to be the first South East Asia and Australia (SEAA) market to recover from the COVID-19 pandemic, but the reality has been disappointing. Based on Asian Development Outlook, released in July 2022, the Asian Development Bank projected Thailand's economy to grow by just 2.9 percent in 2022, the slowest rate of the six largest ASEAN economies, and by 4.2 percent next year.

Prior to the pandemic, the country was heavily reliant on visitors from China. In 2019, Thailand welcomed 11 million Chinese tourists, more than a quarter of the total for that year. However, the Chinese government's "zero-COVID" policy has choked off outbound tourism, and despite the loosening of travel restrictions in certain cities, the immediate outlook is unclear. According to the Bangkok Post, Thailand received just 36,246 Chinese visitors in the first five months of this year, but Thai officials have expressed some confidence that this could rise to 500,000 by the end of 2022. These are still anemic figures, compared to the pre-pandemic period. Domestic demand has been low in our hotels, which have started seeing international markets coming back but numbers are far from recovery.

Bangkok is also anticipating a rapid pace of high-end hotel openings. According to Germany's Tophotelnews, 28 four-star and 13 five-star hotels will launch in the Thai capital from 2021 to 2024.

The major risk of hospitality industry is uncertainty of the COVID-19 situation. It is evaluated that Thailand's tourism industry will take at least three years to bounce back to pre-pandemic levels even as it prepares to ease restrictions on vaccinated travelers.

Operational risk associated with the Company or the group of companies

Risk on price fluctuation on raw material and supplier, due to COVID-19 situation which widely impacted to most of the business sector resulted in shortage of some product, delay in transportation & logistic, this risk can be a significant impact on the Company's operations. The Company has planned to mitigate such risk by monitoring and planning the purchase of material in advance according to the forecast of business level and combine volume of both hotels with an aim of increasing the purchase quantity and bargaining power in price.

Business Sustainability Development

Driving Business for Sustainability

The Company is committed to operating business under the concept of “Sustainable Business” with consideration of economy, social responsibility, environment, and corporate governance, along with keeping balances of the interests of shareholders. The Company strives to be a leading organization with social responsibility and initiative to create strategic relationships with shareholders, investors, employees, business partners, customers, government authorities, and communities in contributing to the development of the environment and maintenance of health and safety under the framework of sustainable development.

In managing the sustainable organization, the management team of Shangri-La Hotel, Bangkok and Shangri-La Hotel, Chiang Mai, comprising General Manager, Area Financial Controller, Director of Sales and Marketing, Director of Food and Beverage, Director of Engineering, Director of Human Resources and Director of Rooms, will work together on sustainability in accordance with the set policies, goals, strategies and practices to ensure the response of needs and expectations of all groups of stakeholders.

In addition, the Company has policies and management approach, including integrated practice according to the way of the Shangri-La Group, i.e., “Shangri-La Care”, “Shangri-La Academy Online”, “Shangri-La’s Global Privacy and Data Protection Policy”. Additionally, the Company adheres to the international standards of sustainability and social responsibility, i.e., International Organization for Standardization (ISO) as follows:

- Hazard Analysis Critical Control Point (HACCP) and Good Manufacturing Practice (GMP)
- ISO 14001 International Environment Management Standard
- ISO 45001 Occupational Health and Safety Management System Standard
- SHA Extra Plus (Amazing Thailand Safety & Health Administration)
- SafeGuard by Bureau Veritas
- GDPR (General Data Protection Regulation) as required by EU law

This is to ensure that the Company will achieve the goals of sustainable business operation.

Sustainability Management Policy and Goals

The Company prepared and analyzed material sustainability issues related to business operations. There was a process of selecting material issues from the needs and expectations of each stakeholder group, including issues affecting the Company, from the business operation information related to sustainability. The internal data about the operating patterns and directions of the Company and affiliates are analyzed. For the external data, the sustainability issues of the companies in the hotel industry both domestically and internationally, trends in sustainability issues in Thailand and abroad, Corporate Social Responsibility Guidelines from The Stock Exchange of Thailand and sustainability topics from the GRI Sustainability Reporting Standards (Global Reporting Initiative : GRI Standards 2021), including the United Nations Sustainable Development Goals (SDGs). Subsequently, the Company formulated strategies, policies, and methods to respond to the selected material sustainability issues. The material sustainability issues are divided into 3 areas as follows:

Governance and Economy

- Economics performance
- Anti-corruption
- Market presence
- Indirect Economic Impacts
- Procurement Practices

Environment

- Energy management
- Water and effluents management
- Climate Change and Greenhouse gas management
- Waste management
- Supplier environmental assessment

People

- Employment
- Human capital development
- Occupational health and safety
- Diversity and equal opportunity
- Non-discrimination
- Participation in local community & social development
- Supplier social assessment
- Customer health and safety
- Customer privacy

The Company's policy commitments for responsible business conduct, including the policy commitment to respect human rights, and how the commitments are embedded throughout the organization's activities and business relationships.

The Company has been committed to responding to the Sustainable Development Goals (SDGs)

that are relevant to and consistent with business operations as follows:

- SDG 3 Good health and well-being
- SDG 6 Clean water and sanitation
- SDG 7 Affordable and clean energy
- SDG 8 Decent work and economic growth
- SDG 11 Sustainable cities and communities
- SDG 12 Responsible consumption and production
- SDG 13 Climate action
- SDG 16 Peace, justice and strong institutions

Managing Impact on Stakeholders in the Business Value Chain

Business Value Chain

The Company is a hotel business operator. The Company's value chain has reflected the work processes and stakeholders involved in the operations. The Company considers the groups of stakeholders affected by business operations, as well as manages and implements on sustainability activities throughout the business value chain.

The process is as follows:

1. Procurement process for the acquisition of raw materials, supply, equipment, and fixed assets used in the business;
2. Operational process relevant to the administration and in-house management for delivering services or products;
3. Service and product delivery process that the hotel provides for different customer groups;
4. Sales and marketing process with the objective to reach a wide range of customers with different needs and ability to access marketing media;
5. Service process which indicates that the quality of service depends on the service of the staff, apart from the hotel building, rooms, facilities, and price value.

Stakeholders Analysis in Business Value Chain

The Company realizes the importance of building cooperation with stakeholders for maximum benefit to all parties. Our business operation is implemented under the principles of corporate governance and efficient operation with the consideration of rights-respecting, fair and equal treatment of stakeholders, business transparency, ethics, and compliance with the Code of Conduct and values of the Company.

The Company has adopted the AA1000 Stakeholder Engagement Standards (AA1000SES) for identifying stakeholder groups, analyzing engagement in the value chain, analyzing needs and expectations, assessing and prioritizing using impact criteria, and clarifying the influence of stakeholders on the Company's operations. The results were used to develop practical guidelines that meet the needs and expectations of each stakeholder group through effective communication channels and create maximum satisfaction.

The AA1000SES places importance on the participation of stakeholders in expressing opinions. Consequently, the Company can respond to their needs and can make use of information as a guideline for operation in order of priority.

The Company has divided its stakeholders into six groups including shareholders and investors, employees, customers, business partners, government authorities and local community. The Company has conducted assessment on the needs and expectations of the stakeholders on the Company's business operation and occasionally established relationship with the stakeholders.

Remarks: Additional information on sustainability is available at:
www.shangri-la.com/group/investors/public-disclosures-thailand

CSR Activities in 2022

- Shangri-La Hotel, Bangkok (SLBK)

One Child One Gift

SLBK celebrated Children Day 2022 with our community as our 1st CSR activity of the year. We brought 230 gifts from colleagues under “One Child One Gift Campaign” 170 pieces presented to Wat Suanplu School and 60 pieces presented to Lerdsin Hospital. As the pandemic situation is not permitted, we did not join them for the Children’s Day activity, but they continue to have their internal distribution.

Soap Donation

We delivered 39 boxes of the soap to Klang Hospital on January 27, 2022. They will use as the sanitary kit for the patient who need the home isolation.

Old Desktop Calendar

We delivered 75 KG of old desk calendar to the Foundation for The Blind in Thailand under the Royal Patronage of H.M. the Queen on Feb 03, 2022 that can be made into the braille book.

Klong Sung Cleaning

SLBK’s colleagues participated in a worthy cause with our Bangrak District’s officers to clean Klong Sung (a canal near the hotel). Our common goal was to sustain and restore the natural environment in our area. The activities included cleaning up litter in the canal to reduce pollution and increase the performance of water drainage. Together we scooped out the mud and trash in the canal and the mud will be used to help fertilize the trees. This is a part of our supportive project to our community, SLBK’s colleagues and Bangrak District’s officers were all enjoyed ourselves and had a good time working together for the improvement of our environment.



Home Grown Planting

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Earth Day across the world to pledge support for environmental protection. SLBK created the activity that all colleagues can do with Home-Grown Thai Basil or Kra-Prow planting project in order to make use for our in-house product as home cook food for colleagues with creating green zone in the hotel.



Garage Sale & Online Garage Sale

Online garage sales period 7- 11 March 2022, we can raise fund for support Operation Smile Fund at Baht 15,340.

Garage Sale on 31 May 2022, after deducted the expenses. We have the balance for Operation Smile Fund at Baht 49,174.



Aluminum Donation

We already donated to the Prostheses Foundation of HRH Princess Maha Chakri Sirindhorn, and the total amount was 50 KG which is 30 KG higher than our target. The donated aluminum will be used to develop prosthetic devices for the disabled and the elderly.



Street Cleaning

Shangri-La Hotel, Bangkok in cooperation with Bangrak District, Bangkok River Partners, BNH and our neighbors, Wat Suanplu School, Robinson Bangrak , Bossotel and Centre Point, joined the “Street Cleaning Day”, a community based environmental campaign, on 22 September 2022. Total 228 participants have joined with this activity to improve the cleanliness of our community area.



Virtual Run

Under the concept - can do activities anywhere, according to the scheduled time, accumulate activity, complete, submit the results for the prize. To create a healthy of our colleague, totally w 132 participants encourage with this activity.

- Shangri-La Hotel, Chiang Mai (SLCM)

In 2022, SLCM committed to the “Embraced Project” with Wat Lantong School

Wat Lantong School is located in Sankhampeang District, Chiang Mai Province. There are 170 students who live in Sankhampeang and nearby areas. They are taken care of by 25 teachers.

In 2022, The COVID-19 situation in Thailand showed steady signs of improvement. After restrictions began to ease, many businesses, including schools, gradually recovered.



In May 2022, SLCM’s CSR committee arranged “Back to School” activities and donated stationery to students as gifts and welcomed them back after the school was closed for 2 years.



In October 2022, SLCM’s CSR committee recieved support from a group of our guests called “Rockwell” to donate numbers of light bulbs to the school. Moreover, the group helped paint the school’s walls, played sports with students, and provided a language class. Rockwell Group also provided lunch for students.



SLCM and the school are always connected. We visit the school regularly and students are invited to join the hotel's events on several occasions.

Recently, they were invited to join the "Loy Krathong Night" in November 2022. During the event, students performed a traditional Thai dance, impressing the hotel's guests very much. Loy Krathong Night is one of the best activities that SLCM organizes for its guests every year.

In 2022, SLCM committed the Bio Char Project with Warm Heart Foundation

In previous years, the Annual seasonal haze in Chiang Mai strongly affecting the health of the communities living in the Northern Thai region and their businesses. Most smoke comes from burning crop waste. Behind the burning lies a single problem. SLCM was dedicated to finding relevant solutions to support and enable isolated Hill Tribe and Thai villages in becoming socially and economically sustainable communities.

Warm Heart is a non-profit Community Development Organization based in rural Phrao, Thailand. Its 'Environmental Program' has been adopted in Malawi, Kenya, and Ghana, where communities are working towards clean air and sustainable food security.

Furthermore, In June 2022 SLCM joined Chiang Mai Beat the Haze Charity Run, Chiang Mai Beat the Haze charity Run aimed to encourage the runners and Chiang Mai people to aware about the effects of air pollution (P.M. 2.5) and how to reduce the impact of climate change.



The usage of Bio char in hotel

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The gardener used bio char in our garden as an organic compost and the chef team uses bio char bricks to replace the charcoal for BBQ at the kitchen.



Shangri-La Hotel Chiang Mai and Community

In 2022, SLCM participated in many activities with the community to build relationships between colleagues and people in the community as well helping to maintain spiritual, good environmental condition and sharing kindness.

In February 2022, SLCM organized an activity for health and wellbeing. Wai Pha Kao Wat was an activity that aimed for good spiritual and good health. The participants had to walk to 9 temples in the old town. It was also a part of colleagues' engagement program called "Spiritual"



In October 2022, SLCM team donated money from the sale of Pinktober croissants during the month of October to Suandok Breast Cancer Network at Maharaj Hospital. This was a part of our CSR activities to increase attention and support for the awareness of breast cancer.



Moreover, A team of Shangri-La Chiang Mai, led by our GM, Gabriele Lombardo and Warm Heart foundation, joined together in the special activity for Social and Community Support Project at Charoen Prathet public park, by donating 500 kilograms of biochar to be used as a tree fertilizer in the park.



In December 2022, SLCM celebrated the joyful ceremony with Christmas tree lighting. We invited the kids from Agape orphanage house to join the ceremony. Toys and beautiful dinner were provided for those kids.



Operating Performance

Overview

The COVID-19 outbreak, started by the year end 2019 and became the global pandemic throughout the following year, brought the world to a standstill until early 2022. Global economic activity is experiencing a broad-based and sharper-than-expected slowdown, with inflation higher than seen in several decades. The cost-of-living crisis, tightening financial conditions in most regions, Russia's invasion of Ukraine, and the lingering COVID-19 pandemic all weigh heavily on the outlook. Global growth is forecast to slow from 6.0 percent in 2021 to 3.2 percent in 2022 and 2.7 percent in 2023. This is the weakest growth profile since 2001 except for the global financial crisis and the acute phase of the COVID-19 pandemic.

Hospitality sector is one of the hardest hit economic sectors, mainly due to the introduction of travel restrictions. With those restrictions easing worldwide in 2022, Thailand's travel numbers have begun a steady recovery. By end of 2022, Thailand welcomed 11.8 million foreign visitors, beating the government's target for the year and suggesting that the recovery of its tourism sector is set to continue into year 2023. This was still far short of the 40 million-odd international arrivals that the country registered in 2019, prior to the onset of the COVID-19 pandemic. But it marks a sharp improvement on the 428,000 visitors that the country recorded in 2021, when access to the country was complicated by the host of pandemic-related travel restrictions. Somewhat surprisingly, the country's top three source markets in 2022 were Malaysia, India, and Singapore, according to Tourism Ministry data. This is obviously good news for Thailand, whose economy is the second largest in the Association of Southeast Asian Nations (ASEAN) but which is also unusually dependent on tourism. While the country managed to contain COVID-19 with relative success during 2020, the shutdowns and collapse in international travel brought international tourism to a virtual halt. This contributed to the country experiencing the second-worst recession of the 10 ASEAN nations that year, with the Asian Development Bank (ADB) reporting that its economy contracted by 6.1 percent.

The primary focus for Shangri-La Hotel, Bangkok in 2022 was to continue to be proactive in boosting demand among domestic market which was mainly holidaymakers residing in Bangkok and nearby municipalities with the various marketing efforts and contingent strategies to cope with the soft demand in the first half of 2022, the hotel was able to secure a fair revenue which helped to minimize the financial impact of drastic loss. They were either those who frequently seek for value-of-money offers when choosing hotel's products or those who searched for new trial experience as they were unable to travel abroad. Expatriates and family living in Thailand were among the main target with their high tendency in more spending for vacation or family gathering. The hotel had seen a spike in demand mostly over the weekend as well as public holidays. However, since the reopening of Thailand in July 2022, we shifted our focus to capture the international travelling demand for business, leisure and MICE.

- Shangri-La Hotel, Bangkok

Occupancy was higher by 27.1 percentage points from last year. ADR was higher than last year by Baht 1,564.3 while revenue per available Room (Revpar) was higher than last year by Baht 1,396.7. Overall revenue from rooms increased by Baht 403.6 million or 485.3%.

Higher occupancy has impacted the number of F&B covers, which increased by 299,173 or 231.3% from last year. Average check was higher by Baht 127.7 or 19.9%. Overall Food and Beverage revenues increased by Baht 258.0 million or 234.9% from the previous year. Total F&B departmental profit for the year was Baht 138.2 million higher than last year by Baht 150.5 million or 1,228.5%.

Minor Operating Department ("MOD") revenues increased by Baht 20.4 million or 31.4% resulting from higher occupancy.

- Shangri-La Hotel, Chiang Mai

Room Revenue increased by Baht 106.8 million. ADR for the year closed below the Bangkok property by 30.8%, which was in line with the rate differential between the two cities. Room profitability was lower than the Bangkok hotel by 2.0 percentage points due to higher room cost.

Food and Beverage revenues in the hotel were encouraging and formed 38.4% of total hotel operating revenues. Food and Beverage Department showed a profit increased of Baht 27.3 million (431.8%) over the previous year, while profitability was at 37.1% which was higher than last year 23.0 percentage points. Food and Beverage profitability was lower than Bangkok hotel by 0.5 percentage points.

Consolidated

In the overall results of the two hotels, there was increased in operating revenues by Baht 841.4 million or 251.5% compared to year 2021. Cost of sales increased by 196.3 Baht million or 77.9%. As a result, gross profit increased by Baht 645.1 million or 780.4% from the previous year.

Investment review

- Apizaco Limited

The Company, through its 100% subsidiary based in Hong Kong called Apizaco Limited holds 10,501,055 shares of Shangri-La Asia Limited. As on December 31, 2022, the market value of the balance shares was HKD 67.2 million against the cost of HKD 83.7 million, thus creating an unrealized loss as reflected in the accounts.

- Hasfield Holdings Pte. Ltd.

Hasfield Holdings Pte. Ltd. is currently dormant.

- Traders Hotel and Resort Limited

On 28 August 2015, the Board of Directors' meeting of Town Development Company Limited approved a resolution to acquire shares of Traders Hotel and Resort Limited, for a total consideration of Baht 60,000 (2,000 ordinary shares at the par value of Baht 100 each), which is equivalent to the net book value as at 31 July 2015 (representing 100 percent of investment in that company). The shares were transferred to the subsidiary on 28 August 2015.

- Traders Yangon Company Limited

Traders Yangon Company Limited ("TYCL"), the 23.53% associated company held through Apizaco Limited and Zukerman Limited, operates Sule Shangri-La Hotel (formerly known as Traders Hotel). TYCL recorded gross revenue of USD 0.4 million in 2022, which represents an increase of USD 0.1 million or an increase of 37.8% from previous year. There was no room revenue in 2022 as the Hotel closed effective 1 February 2021, Food and Beverage revenue also recorded USD 0.2 million or an increase of USD 0.1 million compared to year 2021. The hotel recorded net loss of USD 6.9 million.

Long Term Loan of USD 50 million was finally disbursed by International Finance Corporation (IFC) to TYCL in November 2014, which was fully utilized to repay Interest free and Interest bearing Shareholders Loan. The IFC loan repayment starts in 2016 with half yearly installments starting from March 2016 of USD 3.8 million each and the rate of interest as per loan agreement is 2.1% plus 6 month LIBOR rate, which currently is USD 2.9 million each at 5.937% p.a.. Outstanding IFC Loan payable as at 31 December 2022 was USD 11.5 million.

- Shangri-La Yangon Company Limited

Shangri-La Yangon Company Limited ("SYCL"), the 22.22% associated company held through Apizaco Limited and Zukerman Limited, operates 2 towers of serviced apartment - Shangri-La Residences, Yangon. Both Tower 1 and 2 became fully operational on 21 October 2014 with an inventory of 240 apartments. The Serviced Apartments closed the year 2022 with an occupancy of 45.2% (Last Year 53.6%) at an average monthly rental rate of USD 4,769 (Last Year USD 5,460), contributed to a total revenue of USD 6.3 million in 2022 (Last Year USD 8.6 million), decrease of 26.7% and gross operation profit of USD 3.9 million (Last Year USD 5.4 million), decrease of 27.8%. SYCL recorded net loss of USD 2.2 million.

Long Term Loan of USD 30 million was finally disbursed by International Finance Corporation (IFC) to SYCL in November 2014, which was fully utilized to repay Interest free and Interest bearing Shareholders Loan. The IFC loan repayment starts in 2016 with half yearly instalments starting from March 2016 of USD 2.3 million each and the rate of interest as per loan agreement is 2.1% plus 6 month LIBOR rate, IFC Loan payment have completed in Mar'22.

- Traders Square Company Limited

Traders Square Company Limited ("TSCL"), the 23.56% associated company held through Apizaco Limited and Zukerman Limited, operates Sule Square commercial complex, which commenced commercial business effective 1 December 2016. The Commercial Complex closed the year 2022 with office occupancy of 63.0% at an average rent of USD 25.7 per sqm, contributed to a total revenue of USD 6.4 million and retail occupancy of 68.5% at an average rent of USD 15.1 per sqm, contributed to a total revenue of USD 0.9 million. Gross operation profit of 56.5% (USD 4.2 million) with the office leasable area of 29,706 sqm and retail leasable area of 5,247 sqm. TSCL recorded net loss of USD 3.0 million.

TSCL has signed Facility Agreement dated 5 May 2017 for Long Term Loan of US\$ 55 million (Facility A : USD 25 million and Facility B : USD 30 million) from Bangkok Bank and OCBC Bank, Yangon at an Interest rate of 3 Month Libor +2.25% per annum. The repayment of this loan will be in 7 years with 1st year grace period from signing the Facility Agreement. Facility A of USD 18.4 million was disbursed by Bangkok Bank to TSCL during August to December 2017. Outstanding Loan payable as at 31 December 2022 was USD 4.4 million.

Contingent Liabilities / Commitments

The Company has guaranteed loans of its two associated companies, Traders Yangon Company Limited and Shangri-La Yangon Company Limited, amounting to USD 11.8 million and USD 6.7 million, respectively.

Since the year 2013, the Company has signed up a short-term loan agreement with a subsidiary company, Hasfield Holdings Pte. Ltd. The amount of loan is USD 15 million or Baht 521.0 million without security, interest free and payable upon demand.

Capital commitments at the end of the year stood at Baht 80 million, relating to structure wall repair and removal planter boxes as well as carpet replacement in guestrooms of Shangri-la Hotel Bangkok and capital improvement of replacing wooden floor in guestrooms of Shangri-la Hotel Chiangmai.

Financial Review

The consolidated balance sheet of the Company consists primarily of fixed assets of the hotel, cash and cash equivalents and investments as mentioned above in addition to borrowing from a related company. Liquid assets consisting of cash and bank deposits represent 35.2% (previous year 30.5%) of total assets.

Assets

As at December 31, 2022, the Group's total assets amounted to Baht 7,809 million, a increase of 3.1% over the assets at the end of 2021. These were comprised as follows:

	2022		Increase/ (Decrease)	2021	
	Baht ('000)	% to Total Assets		Baht ('000)	% to Total Assets
Cash and cash equivalents	2,745,216	35.15%	1,393,023	1,352,193	17.85%
Fixed deposits with financial institutions	60,000	0.77%	(897,600)	957,600	12.64%
Trade and other receivables - net	88,569	1.13%	59,672	28,897	0.38%
Inventories - net	24,184	0.31%	3,887	20,297	0.27%
Other current assets	27,058	0.35%	8,716	18,342	0.24%
Other non-current financial assets	335,177	4.29%	(130,926)	466,103	6.15%
Long-term loans to and interest receivables					
from related parties	1,038,189	13.29%	(75,441)	1,113,630	14.70%
Property, plant and equipment - net	3,280,291	42.01%	(136,291)	3,416,582	45.09%
Intangible assets - net	313	0.01%	(437)	750	0.01%
Deferred tax assets - net	203,274	2.60%	3,613	199,661	2.63%
Other non-current assets	6,771	0.09%	3,375	3,396	0.04%
Total	7,809,042	100.00%	231,591	7,577,451	100.00%

Liabilities and Shareholders' Equity

The Company's authorized capital of Baht 1,300 million has been fully paid up and it has a share premium account of Baht 1,590.4 million. Statutory reserves amounted to Baht 130 million as at the end of the year. The Company has a short-term loan of USD 15 million or Baht 521 million from a related party since year 2013.

The Current ratio decreased to 7.5 against 12.1 in the previous year as a result of increase in trade payable.

Cash flows

The cash flow statement highlights the changes in cash flows in operating, investment and financing activities during the year. The ending balance of cash and cash equivalents as 31 December, 2022 was Baht 2,745.2 million, a increase of Baht 1,393.0 million from the previous year. Fixed deposit with financial institutions decreased of Baht 897.6 million from previous year with ending balance as 31 December, 2022 was Baht 60.0 million caused by renewal long term fixed deposits to 3-month fixed deposits due to the greater increase in interest rate. Long-term loans to and interest receivables from related parties ending balance as 31 December, 2022 was Baht 1,038.1 million, a decrease of Baht 75.4 million from previous year due to the impairment losses on financial assets in Yangon properties.

Performance

The Company's consolidated revenues from hotel operations increased by Baht 841.4 million for the year 2022 or a increase of 251.5 percentage point from the previous year. The increase in revenues was a result of increase in occupancies in Shangri-La Hotel, Bangkok by 27.1 percentage points. Whereas occupancy levels in Shangri-La Hotel, Chiang Mai was increased by 23.6 percentage points. ADR of Shangri-La Hotel, Bangkok increased by 50.1 percentage point and ADR of Shangri-La Hotel, Chiang Mai increased by 102.2 percentage point. Food and Beverage revenues increased in totality by 196.2 percentage point mainly from high F&B covers than prior year resulting from cancellation of Thailand Pass requirements for all travelers in July 2022.

The consolidated loss before corporate income tax for the year ended 31 December, 2022 decreased by Baht 514.4 million from the previous year. The decrease in consolidated loss before corporate income tax was due to the decrease in the Company's loss before corporate income tax of Baht 487.7 million and the increase in profit of subsidiaries of Baht 26.7 million. The increase in profit of subsidiaries was largely due to the increase in exchange gain from loan to a related company.

In line with increase in revenues, selling expenses increased by Baht 46.1 million or 92.6 percentage point, administrative expenses increased by Baht 181.7 million or 71.8 percentage point. Depreciation decreased by Baht 27.8 million or 13.8%. Consequently, the total loss before corporate income tax was at Baht 68.2 million. The corporate income tax for this year was Baht 5.7 million. The non-controlling interest of the subsidiary for this year was Baht 6.3 million. As a result, the Company recorded a net loss after tax of Baht 80.2 million for the year ended 31 December, 2022 (decreased by 83.7%).

Loss per share in 2022 was Baht 0.62 whereas loss per share in 2021 was Baht 3.79.

Significant Financial Information

Shangri-La Hotel Public Company Limited and its subsidiaries

Consolidated Statement of financial position

As at 31 December 2022, 2021 and 2020

(Unit: Baht)

	2022	2021	2020
Assets			
Current assets			
Cash and cash equivalents	2,745,215,645	1,352,193,219	1,162,612,500
Fixed deposits with financial institutions	60,000,000	957,600,000	1,152,600,000
Trade and other receivables	88,569,223	28,896,803	17,978,578
Inventories	24,184,428	20,296,652	24,834,594
Other current assets	27,057,758	18,341,991	21,999,625
Total current assets	2,945,027,054	2,377,328,665	2,380,025,297
Non-current assets			
Other non-current financial assets	335,176,818	466,102,864	412,351,240
Investments in subsidiaries	-	-	-
Investments in associates	-	-	-
Long-term loans to and interest receivables from related parties	1,038,189,490	1,113,630,436	1,157,478,202
Property, plant and equipment	3,280,290,507	3,416,582,286	3,600,867,111
Intangible assets	313,157	750,015	3,211,141
Deferred tax assets	203,273,648	199,660,874	120,445,358
Other non-current assets	6,771,358	3,395,990	4,294,714
Total non-current assets	4,864,014,978	5,200,122,465	5,298,647,766
Total assets	7,809,042,032	7,577,451,130	7,678,673,063

Shangri-La Hotel Public Company Limited and its subsidiaries

Consolidated Statement of financial position (continued)

As at 31 December 2022, 2021 and 2020

(Unit: Baht)

	2022	2021	2020
Liabilities and shareholders' equity			
Current liabilities			
Trade and other payables	192,481,498	99,652,227	97,713,021
Short-term loans from related party	-	-	-
Income tax payable	3,000,337	2,184,886	2,111,302
Advance from customers	170,702,461	67,738,858	21,189,042
Other current liabilities	28,483,457	27,641,409	67,906,855
Total current liabilities	394,667,753	197,217,380	188,920,220
Non-current liabilities			
Provision for long-term employee benefits	88,069,909	96,325,905	79,586,749
Deferred tax liabilities	12,221,713	8,603,948	7,571,029
Other non-current liabilities	21,451,702	24,137,768	21,589,261
Total non-current liabilities	121,743,324	129,067,621	108,747,039
Total liabilities	516,411,077	326,285,001	297,667,259
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
Share premium	1,590,400,000	1,590,400,000	1,590,400,000
Retained earnings	-	-	-
Appropriated-statutory reserve	130,000,000	130,000,000	130,000,000
Unappropriated	3,312,921,119	3,362,751,288	3,842,243,175
Other components of shareholders' equity	843,732,546	754,369,021	456,001,836
Equity attributable to owners of the Company	7,177,053,665	7,137,520,309	7,318,645,011
Non-controlling interests of the subsidiary	115,577,290	113,645,820	62,360,793
Total shareholders' equity	7,292,630,955	7,251,166,129	7,381,005,804
Total liabilities and shareholders' equity	7,809,042,032	7,577,451,130	7,678,673,063

Significant Financial Information

Shangri-La Hotel Public Company Limited and its subsidiaries

Consolidated Statement of comprehensive income

For the year ended 31 December 2022, 2021 and 2020

(Unit: Baht)

	2022	2021	2020
Profit or loss:			
Revenues			
Revenues from hotel operations	1,175,897,405	334,507,828	651,656,818
Other income	25,114,450	21,366,005	11,665,795
Total revenues	1,201,011,855	355,873,833	663,322,613
Expenses			
Cost of hotel operations	448,111,024	251,838,632	394,992,441
Selling expenses	95,896,872	49,803,533	90,385,364
Administrative expenses	434,816,493	253,094,036	349,552,885
Depreciation and amortisation expenses	173,677,732	201,520,425	223,017,004
Exchange losses	29,177,019	26,239,356	21,813,295
Allowance for expected credit losses of trade receivables (reversal)	(544,469)	(837,824)	4,305,782
Impairment losses on financial assets	93,119,140	158,071,360	469,290,118
Total expenses	1,274,253,811	939,729,518	1,553,356,889
Operating profit (loss)	(73,241,956)	(583,855,685)	(890,034,276)
Share of losses from investments in associates	(41,349,337)	(27,711,562)	(218,480,703)
Finance income	46,418,014	29,034,062	50,582,470
Finance cost	-	-	(197,573)
Profit (loss) before income tax	(68,173,279)	(582,533,185)	(1,058,130,082)
Income tax benefits (expenses)	(5,720,349)	96,169,233	76,238,646
Profit (loss) for the year	(73,893,628)	(486,363,952)	(981,891,436)

Shangri-La Hotel Public Company Limited and its subsidiaries

Consolidated Statement of comprehensive income (continued)

For the year ended 31 December 2022, 2021 and 2020

(Unit: Baht)

	2022	2021	2020
Other comprehensive income:			
Other comprehensive income to be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of financial statements in foreign currency	124,748,957	285,519,747	64,052,872
Other comprehensive income to be reclassified to profit or loss in subsequent periods	124,748,957	285,519,747	64,052,872
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:			
Actuarial gain (loss) - net of income tax	6,391,239	(9,663,666)	-
Gain (loss) on changes in value of equity investments designated at fair value through other comprehensive income - net of income tax	(15,781,742)	80,668,196	(50,050,779)
Other comprehensive income not to be reclassified to profit or loss in subsequent periods - net of income tax	(9,390,503)	71,004,530	(50,050,779)
Total other comprehensive income for the year	115,358,454	356,524,277	14,002,093
Total comprehensive income for the year	41,464,826	(129,839,675)	(967,889,343)
Profit (loss) attributable to:			
Equity holders of the Company	(80,191,154)	(492,809,632)	(983,113,874)
Non-controlling interests of the subsidiary	6,297,526	6,445,680	1,222,438
	(73,893,628)	(486,363,952)	(981,891,436)
Total comprehensive income attributable to:			
Equity holders of the Company	39,533,356	(181,124,702)	(969,111,781)
Non-controlling interests of the subsidiary	1,931,470	51,285,027	1,222,438
	41,464,826	(129,839,674)	(967,889,343)
Earnings per share			
Basic earnings (loss) per share			
Profit (loss) attributable to equity holders of the Company	(0.62)	(3.79)	(7.56)

Significant Financial Information

Shangri-La Hotel Public Company Limited and its subsidiaries

Consolidated Cash flow statement

For the year ended 31 December 2022, 2021 and 2020

(Unit: Baht)

	2022	2021	2020
Cash flows from operating activities			
Profit (loss) before tax	(68,173,279)	(582,533,185)	(1,058,130,082)
Adjustments to reconcile loss before tax to net cash provided by (paid from) operating activities:			
Depreciation and amortisation expenses	173,677,732	201,520,425	223,017,004
Allowance for expected credit loss of trade receivables (reversal)	(544,469)	(837,824)	4,305,782
Reduction of inventory to net realisable value (reversal)	(278,201)	298,737	(81,335)
Impairment losses on financial assets	93,119,140	158,071,360	469,290,118
Share of losses from investments in associates	41,349,337	27,711,562	218,480,703
Gain on disposals/write-off of building, machinery, equipment and motor vehicle	(8,275,050)	(277,632)	(327,286)
Gain from termination of lease contract	-	-	(145,261)
Provision for long-term employee benefits	6,797,197	7,409,471	7,047,345
Unrealised loss on exchange	-	-	-
Dividend income	(6,268,880)	(11,721,760)	(3,197,460)
Finance income	(46,418,014)	(29,034,062)	(50,582,470)
Finance cost	-	-	197,573
Profit (loss) from operating activities before changes in operating assets and liabilities	184,985,513	(229,392,908)	(190,125,369)
Operating assets (increase) decrease			
Trade and other receivables	(59,127,951)	(10,323,451)	119,189,925
Inventories	(3,609,575)	4,239,205	1,832,828
Other current assets	(4,945,070)	5,904,206	(355,071)
Other non-current assets	(3,375,368)	898,724	4,516,495
Operating liabilities increase (decrease)			
Trade and other payables	85,894,339	1,709,941	(170,796,492)
Other current liabilities	103,805,651	6,284,370	(79,232,885)
Provision for long-term employee benefits	(7,064,144)	(2,749,897)	(17,074,107)
Other non-current liabilities	(2,686,066)	2,548,507	(654,226)
Cash flows from (used in) operating activities	293,877,329	(220,881,303)	(332,698,902)
Cash paid for corporate income tax	(8,091,022)	(8,746,608)	(88,743,408)
Net cash flows from (used in) operating activities	285,786,307	(229,627,911)	(421,442,310)

Shangri-La Hotel Public Company Limited and its subsidiaries

Consolidated Cash flow statement (continued)

For the year ended 31 December 2022, 2021 and 2020

(Unit: Baht)

	2022	2021	2020
Cash flows from investing activities			
Decrease in fixed deposits with financial institutions	897,600,000	195,000,000	600,248,106
Cash received from interest income	27,099,811	10,177,284	35,572,700
Dividend income	6,268,880	11,721,760	3,197,460
Proceeds from sales of other non-current financial assets	124,755,290	87,778,060	-
Acquisitions of property, plant and equipment	(29,887,421)	(14,458,075)	(198,015,691)
Acquisitions of intangible assets	(351,721)	(98,100)	(144,200)
Proceeds from disposals of building, machinery, equipment and motor vehicle	8,500,029	288,598	1,557,336
Net cash flows from investing activities	1,033,984,868	290,409,527	442,415,711
Cash flows from financing activities			
Cash paid for lease liability	-	-	(3,599,105)
Interest paid	-	-	(197,573)
Dividend paid	-	-	(292,500,000)
Net cash flows used in financing activities	-	-	(296,296,678)
Increase in translation adjustments	25,599,739	29,078,534	19,105,380
Net increase (decrease) in cash and cash equivalents	1,345,370,914	89,860,150	(256,217,897)
Effects of exchange rate changes on cash and cash equivalents	47,651,512	99,720,569	16,077,466
Cash and cash equivalents at beginning of year	1,352,193,219	1,162,612,500	1,402,752,931
Cash and cash equivalents at end of year	2,745,215,645	1,352,193,219	1,162,612,500
Supplemental cash flows information			
Non-cash item			
Purchase of machinery and equipment for which no cash has been paid	6,934,932	-	-

Financial Ratio

Ratio		Consolidated Financial Statements		
		2022	2021	2020
<u>Liquidity Ratios</u>				
Current Ratio	(Times)	7.46	12.05	12.60
Quick Ratio	(Times)	7.33	11.86	12.35
Operating Cash Flow to Current Liabilities	(Times)	0.97	(1.19)	(1.18)
Account Receivable Turnover	(Times)	26.27	16.76	8.82
Average Collection Period	(Days)	13.70	21.49	40.82
Inventory Turnover	(Times)	20.15	11.16	15.36
Average Inventory Period	(Days)	17.87	32.26	23.43
Account Payable Turnover	(Times)	11.15	9.21	8.99
Average Payment Period	(Days)	32.29	39.08	40.05
Cash Cycle	(Days)	(0.72)	14.67	24.20
<u>Profitability Ratios</u>				
Gross Profit Margin	(%)	61.89	24.71	39.39
Net Profit Margin	(%)	(6.68)	(138.48)	(148.21)
Return on Equity	(%)	(1.12)	(6.82)	(12.37)
<u>Efficiency Ratio</u>				
Return on Assets	(%)	(1.04)	(6.46)	(11.60)
Fixed Asset Turnover	(%)	2.79	(8.30)	(21.09)
Total Asset Turnover	(Times)	0.16	0.05	0.08
<u>Financial Policy Ratio</u>				
Debt to Equity Ratio	(Times)	0.07	0.04	0.04
Interest Coverage	(Times)	-	-	-
Debt Service Coverage - cash basis	(Times)	9.45	(15.78)	(0.86)
Dividend Ratio	(%)	-	-	-

Other information that may influence the decision making of investors

None

The restrictions of foreign shareholders in the case where the Company has a policy to seek a resolution of the shareholders' meeting for offering of capital shares or issuance of transferable subscription right (TSR) to offer to shareholders according to the shareholding proportion without issuance and offering to shareholders in such a way that would oblige the Company to have a duty under foreign law

None

Legal disputes

As at December 31, 2022, there was no material legal disputes other than small recovery suits.

Secondary market

None

Corporate Governance

Corporate Governance Policy

The Company has always recognized the importance of shareholders' transparency and accountability. It is the belief of the Board of Directors of the Company (the "Board") that shareholders can maximize their benefits from good corporate governance. The Board has complied with the 8 principles of Corporate Governance Code for listed companies 2017, or the Corporate Governance Code (CG Code) recommended by the Securities and Exchange Commission (SEC) and understanding of their responsibilities and leadership role in driving good corporate governance.

Principle 1 Establish Clear Leadership Role and Responsibilities of the Board

The Board recognizes their roles and responsibilities in establishing business strategies and policies with accountability, prudence, and integrity in the best interest of the Company on the basis of social and environmental responsibility. The Board is responsible for the leadership and control of the Company and approving financial performance, operating and capital expenditure budgets, including any other significant matters that affect the operation of the Company.

The Board is responsible for the preparation of the financial statements. In preparing the financial statements, the generally accepted accounting standards in Thailand have been adopted, appropriate accounting policies have been used and applied consistently and reasonably. The external auditor has primary responsibility for auditing and reporting on the financial statements and the Auditors' Report to the Shareholders is included in this report.

It is deemed essential duty of directors to attend the Board of Directors' Meeting on a consistent basis so as to acknowledge the results of operations and various problems arising, to expressing their opinions and to make decisions on these matters of the Company. The Board is scheduled to meet at least four times a year at quarterly intervals and meets more frequently as and when required. The Board Meeting dates for a financial year are agreed in the final Board Meeting of the preceding year in order that all directors can arrange their time for the meetings efficiently. Every director attends every Board Meeting, except with reasonable excuses. The Board's Meeting minutes contain all important information and are kept properly by the Company Secretary. Furthermore, the Company proposes the Board Meeting to certify such Minutes thereof

Principle 2 Define Objectives that Promote Sustainable Value Creation

The Board participates in considering and approving operational plans and budgets of the Company, as well as supervises Management to ensure that the operational plans are effectively implemented to meet budget plans. Furthermore, the Board considers direction to do business for sustainable growth and its ability to compete.

Principle 3 Strengthen Board Effectiveness

The Board is responsible for determining and reviewing the Board structure, number of directors, proportion of Independent Director as well as diversity and qualifications including knowledge, expertise, experience, and specializations to align with the Company's business operations. The Board also appoints the Audit Committee to assist and to support the Board's discharge of duties.

Nomination and Appointment of Directors and Independent Directors

The Company has not established a nomination committee. New directors are sought mainly through referrals or internal promotion. In evaluating whether an appointee is suitable to act as a Director of the Company, the Board will review the independence, experience, skills, and knowledge of the appointee including integrity of the appointee.

The Company mandates that at least 1/3 of the total number of directors be Independent Directors. Currently, the Board of Directors consists of four Independent Directors as follows:

1. Mr. Kovit Poshyananda
2. Mr. Jayavadh Bunnag
3. Mr. Kledchai Benjaathonsirikul
4. Mr. Supot Singhasaneh

Principle 4 Ensure Effective CEO and People Management

The Company has put in place a proper and transparent nomination process for key management positions at every level in order to ensure that all of our top executives are professionals who perform their duties independently from the major shareholder and other shareholders. The Company also encourages the top executives to attend seminar and courses beneficial to the fulfillment of their duties as well as exchange ideas with the executives of different organizations.

The Company has the policy to develop personnel by setting up a Learning and Development department with the objective to increase knowledge and develop working skills for both operational employees and office staff. Training was organized both inside and outside the premises. In addition, training was provided on a regular basis with close follow-up. This is to ensure that employees are able to provide the highest standards of service and create customer satisfaction.

Principle 5 Nurture Innovation and Responsible Business

The Board values and supports to support the creating of innovation through the Company's Management which will create value for the Company and its stakeholders in a sustainable manner. Various policies have been set and implemented into the business operations with concern for safety, hygiene, social and environmental responsibility and development of employees.

Role of the Stakeholders

The Company is conscious of the rights of various stakeholders involved in operations such as shareholders, customers, business partners, employees, community, and environment. The rights have been fairly appropriated to all stakeholders in order to strengthen cooperation between those and the Company and to create the highest mutual benefits on Good Corporate Governance basis.

The Company has issued a Code of Conduct and Ethics for employees (based on the Shangri-La Group guidelines) as ethical principles to follow in the workplace day to day operations. It also has in place clear channels of communication for whistleblowers in line with the Shangri-La Group whistle-blowing guidelines. At Shangri-La, we believe that treating people fairly, honestly and with respect is not only part of our culture but the key to our business success. In dealing with guests, colleagues, business partners, shareholders, or suppliers, we are committed to certain core values that define our reputation and brand: integrity, fairness, respect, ethical business conduct, and excellence in service.

- Shareholders

The Company determines the policy and direction for operations, inclusive of business development models, in a continuous manner, to build stable growth and sustain the profitable generation, to be beneficial for shareholders in the long run.

- Customers

The Company gives importance to customers by taking into consideration the goods and services qualities as provided for customers. The employees shall render services to and treat customers in excellent and equal manners. In this regard, the Company successively improves the services so rendered by providing training on a variety of aspects to build maximum benefit to its customers and to cause impression to its customers for using its services on a regular basis.

- Suppliers / Business Partners

The Company treats its suppliers / service providers in the equal and fair manners by letting every of the suppliers / service providers take part in goods and price quotation, including letting the suppliers / business partners to attend bidding for goods provision of goods or services to the Company and supervising the compliance with trade and contractual conditions as agreed, for the maximum benefit of the Company based upon just remuneration given to every party.

- Employees

The employees are the most valuable resource for operations, thus, the Company gives an importance to and aims to provide the employees good welfares in operations and treat every employee in the equal and fair manners, including oversees the operational welfares and safety at all times and lets the employees to express their opinions, render their recommendations, and give their complaints, by providing recommendation and complaint boxes, the data in which shall be sent to the General Manager of the hotel for consideration and taking further actions. Additionally, the Company provides training on a variety of aspects to develop knowledge and abilities of the employees in a continual manner to give the employees the advanced operational skills and capabilities.

- Community and Environment

The Company gives importance to cohabitation with community by arranging activities beneficial for community, including keeping cleanliness and safety of the community in a continuous manner, such as providing training to the employees to be informed of fire prevention, fire distinguishing practice, and cleansing of surrounding areas. Various CSR activities are established and implemented in corresponding to the community's need. In addition, the Company aims to support the employees to have a concern about environment to conserve natural resources and to take care of environment, as a policy on management which has been observed by the Company. Shangri-La Hotel is the first hotel in Thailand to achieve ISO 14001 Certification. Moreover, Shangri-La Hotel, Bangkok also achieved HACCP (Hazard Analysis and Critical Point System) certification.

Principle 6 Effective Risk Management and Internal Control

The Board has responsibility to review and ensure effective risk management systems and internal control together with reviewing and assessing the systems periodically and in the wake of a change in risk levels.

The Board has established the Audit Committee to review the financial reporting and accounting system to meet international standards, and review internal control, internal auditing, and risk management systems to ensure their prudence, suitability, and efficiency. The Audit Committee can act and exercise independent judgement in the interest of the Company and the Shareholders.

The Board realizes the importance of building internal control systems for operations and compliance. The Board also monitors its internal financial control system through management reviews and a program of internal audits. There is an internal audit office to review and monitor the Company's compliance with the established systems. The internal audit team reviews the major operational and financial systems on a continuing basis and aims to cover all major operations within every division on a rotational basis. The internal audit function reports directly to the Audit Committee.

Principle 7 Ensure Disclosure and Financial Integrity

The Board is responsible for overseeing and monitoring to ensure that the preparation of financial statements and disclosure of material information are accurate, sufficient, timely and complying with the relevant regulations and guidelines. The Board also realizes the importance of information disclosure and distribution to investors and shareholders; hence, the Board assigns the Company Secretary to supervise financial information and crucial information disclosure, inclusive of other information which may affect the decision-making of investors and shareholders, in the correct, complete, and punctual manners as prescribed by laws and in accordance with the rules set out by the Stock Exchange of Thailand and the Office of the SEC, and also enables shareholders and investors or the public to inquire the information as to the Company via the Company Secretary.

The Board realizes the importance of accurate and reliable financial statements, and thus produces a report of the Board of Directors' Responsibilities for financial statements which includes all the main issues as prescribed in the SET's guidelines.

The Company has a policy to prevent Board of Directors and Executive Management from using inside information or information obtained from their duties for their own benefits by imposing a requirement for reporting on the shareholding by the Board and Executive Management at every Board of Directors' Meeting and every time upon change in their securities holding to prevent the directors and management from using internal information to the extent that may cause damage to overall shareholders.

Principle 8 Ensure Engagement and Communication with Shareholder

The Company has always recognized the importance of transparent and equal treatment for shareholders by taking into account basic rights under laws to be given to the shareholders, such as knowledge of correct and sufficient information of the Company; right to dividend allocation; share trade and transfer; and participation in shareholders' meeting to appoint or remove directors, to determine director remuneration, and to appoint the auditor and determine audit fee; including to do any act affecting the Company, by holding the shareholders' meeting at least once a year to enable the shareholders to know a variety of information of the Company and to consider and approve various matters.

Due to the continuous of COVID-19 pandemic in Thailand in 2022 where the preventive measures has not been completely lifted, the holding of the Annual General Meeting of Shareholders were held via electronic media (e-AGM). The notice of AGM including the Annual Registration Statement / Annual Report (Form 56-1 One Report) were distributed to shareholders 14 days prior to the commencements of the meeting. The shareholders acknowledged the agenda, the results of operations, financial reports, and various information in an equal manner. In the case where the Shareholder could not attend the meeting by him/herself, such shareholder could give a proxy to the Audit Committee members who were independent directors, or any person to attend the meeting by using any form of the proxies enclosed together with notice of shareholders' meeting to attend the meeting and the shareholder could indicate his/her opinion on voting therein.

At the meeting, shareholders can raise any questions and comments on the performance and future direction of the Company with the Directors. The directors are present at the Annual General Meeting of Shareholders to answer questions raised by shareholders or other parties. The Chairman of Audit Committee is also present to answer questions at any general meeting concerning approval of connected transactions or any other transactions that are subject to shareholders' approval.

The Chairman of the meeting also presented all types of the directors' remunerations which are remunerations of Directors and Audit Committee members to the shareholders to consider and approve every year.

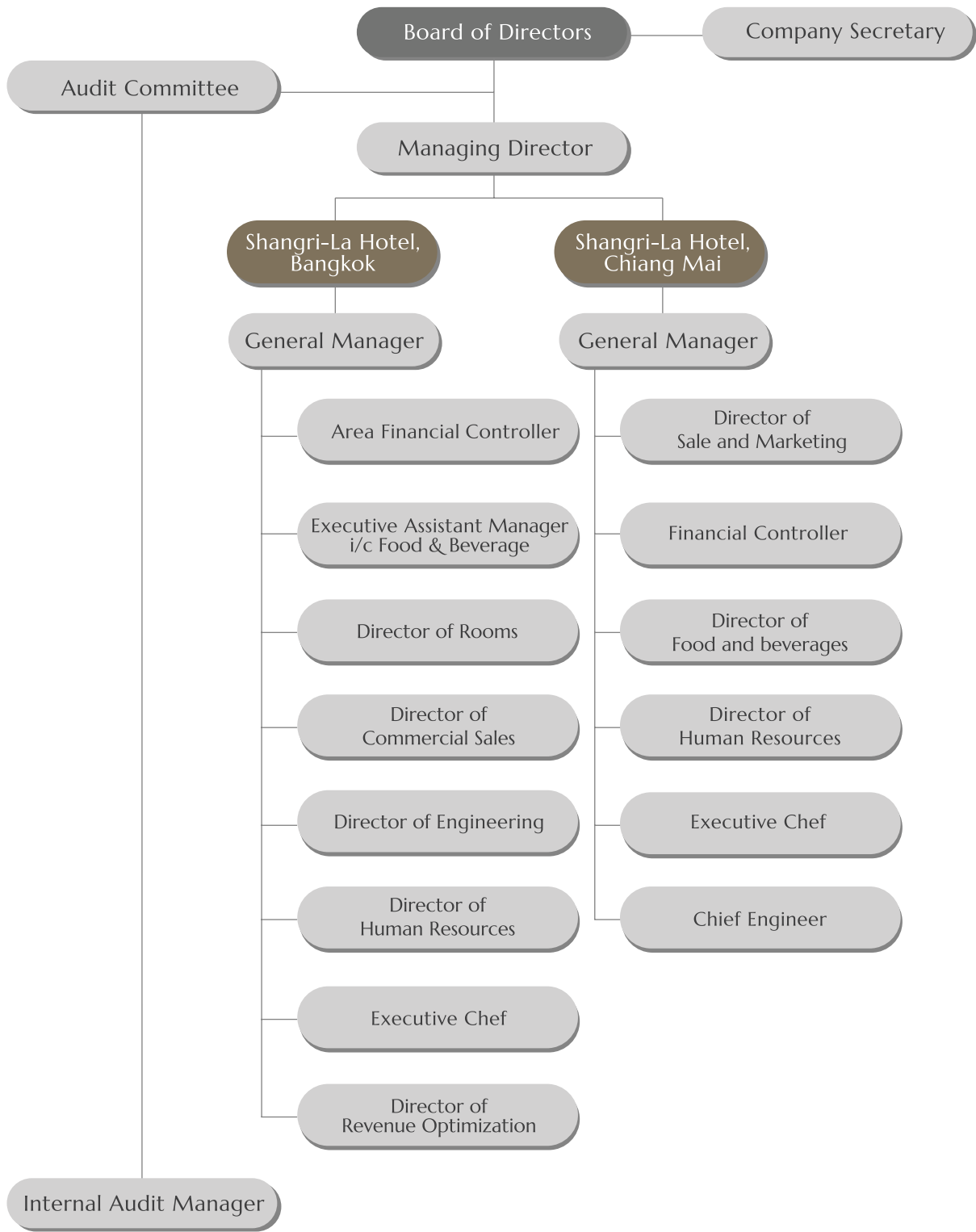
With respect to voting, the right to vote in the meeting shall be in accordance with the number of shares held by the shareholder, on a one-share one-vote basis.

For election of director, the shareholders have the right to vote for individual director by nominating the name list of directors to the shareholders to vote one by one.

After the meeting, the Company notified the resolutions passed at the shareholder meeting via notification of the Stock Exchange of Thailand within the same day and thereafter submitted the minutes of the shareholders meeting containing the resolution of each agenda, inclusive of questions asked by the shareholders to the Stock Exchange of Thailand within 14 days as from the date of the meeting.

Corporate Governance Structure

Shangri-La Hotel Public Company Limited
Organization Chart



Information on the Board of Directors

The Composition of the Board of Directors

To ensure appropriate segregation of policy issuing from regular managerial responsibilities, the Chairman of the Board is an independent and not one of the Management except for the period that Chairman position, who is an independent director, is vacant. The Board also comprises another four independent directors who bring independent judgement, knowledge, and experience to the Board's deliberation. As of December 31, 2022, the Company's Board of Directors comprised 11 members including 4 independent directors.

Name of Directors	Title
1. Mr. Maris Pakdeetaveevivat	Vice Chairman and Managing Director
2. Mr. Chan Kong Leong	Director
3. Mr. Lee Hui Yeow	Director
4. Mrs. Chanida Asdathorn	Director
5. Mr. Somkiat Asadathorn	Director
6. Mr. Surin Asdathorn	Director
7. Mrs. Pavinee Meensuk	Director
8. Mr. Kovit Poshyananda	Independent Director
9. Mr. Jayavadh Bunnag	Independent Director
10. Mr. Kledchai Benjaathonsirikul	Independent Director
11. Mr. Supot Singhasaneh (Appointed on 14/11/2022)	Independent Director

Authorized Signatory

The Directors who are authorised to sign documents in binding the Company are as follows: "Any two of Mr. Maris Pakdeetaveevivat and/or Mr. Chan Kong Leong and/or Mr. Lee Hui Yeow and/or Mrs. Chanida Asdathorn and/or Mr. Somkiat Asadathorn and/or Mr. Surin Asdathorn and/or Mrs. Pavinee Meensuk to sign jointly and affix the Company's seal".

Controlling person

None

Roles and Duties of the Board of Directors

The Board is responsible for leading and controlling of the Company, approving financial performance, operating and capital expenditure budgets, including any other significant matters that affect the operation of the Company.

The Board is responsible for the preparation of the financial statements. In preparing the financial statements, the generally accepted accounting standards in Thailand have been adopted, appropriate accounting policies have been used and applied consistently and reasonably. The external auditor has primary responsibility for auditing and reporting on the financial statements and the Auditors' Report to the shareholders is included in this Form 56-1 One Report.

It is deemed essential duty of directors to attend the Board of Directors' Meeting on a consistent basis so as to acknowledge the results of operations and various problems arising, to join expressing their opinions and making their decisions in the problem-solving for operations of the Company. The Board is scheduled to meet at least four times a year at quarterly intervals and meets more frequently as and when required. The Board Meeting dates for a financial year are pre-scheduled in the final Board Meeting of the preceding year in order that all directors can arrange their time for the meetings efficiently. Every director attends every Board meeting, except with reasonable excuses. The Board's meeting minutes contains all important information and are kept properly by the Company Secretary. Furthermore, the Company proposes the Board Meeting to certify such Minutes thereof as proposed in the first agenda of the following Board Meeting.

In addition, in order to support the performance of duty of the Board of Directors to meet the goals set forth, the Company provides the Company Secretary to render recommendationson rules, regulations, laws, and criteria, in relation to the businesses of the Company, and to oversee and coordinate a variety of activities of the Board of Directors and the management done in compliance with the resolutions of the Board and the resolutions of shareholders.

The Company has not established a nomination committee. New directors are sought mainly through referrals or internal promotion. In evaluating whether an appointee is suitable to act as a Director of the Company, the Board will review the independence, experience, skills, and knowledge of the appointee including integrity of the appointee.

Aggregation or Segregation

The Company emphasizes on transparent business. To ensure appropriate segregation of policy issuing from regular managerial responsibilities, the Chairman of the Board is normally an independent director. The Board also comprises another four independent directors who bring independent judgment, knowledge, and experience to the Board's deliberation.

Leadership and vision

The Board of Directors participates in considering and approving operational plans and budgets of the Company, as well as supervises Management to ensure that the operational plans are effectively implemented to meet budget plans. Furthermore, the Board considers direction to do business for sustainable growth and its ability to compete.

Remuneration for Directors and Management

The Company discloses the remuneration information in this Form 56-1 One Report. The remuneration for directors and management is appropriate and comparable to the general practice in the same industry. Remuneration for directors is approved by the shareholders.

Conflict of Interests

To avoid any conflict of interests, all directors of the Company are required to follow rules and regulations of the Stock Exchange of Thailand regarding Connected Transaction and relevant laws including obvious disclosure of related party transactions. Moreover, the Company has policies to prevent directors, management, or related parties from appropriating the internal information for their own benefits.

Business Code of Conduct

Business Ethics

To achieve good corporate governance as well as to promote ethical business practices, the employee manual is produced and distributed to all employees. The Board of Directors has complied with the Code of Best Practice for Directors of Listed Companies in accordance with the Stock Exchange of Thailand's guidelines.

Information on subcommittees

- Audit Committee

The Audit Committee was established on November 15, 1999, and currently comprises three independent directors. The scope of work of the Audit Committee are as follows:

1. To review the financial reporting process of the Company to ensure accurate and adequate disclosure;
2. To review the Company's internal control system and internal audit system to ensure that they are suitable and efficient;
3. To ensure the Company is in compliance with the Securities and Exchange Acts, the regulations of the Stock Exchange of Thailand, and any other laws governing the Company's business;
4. To determine the independence of the internal audit department, as well as to approve the appointment, transmission, and dismissal of the internal audit manager;
5. To consider, select and nominate an independent person to act as an external auditor of the Company, to recommend his/her remuneration, and to attend the non-management meeting with the external auditor at least once a year;
6. To review and ensure that connected transactions or the transactions that may lead to potential conflict of interest are conducted in compliance with the laws and regulations of the Stock Exchange of Thailand so as to ascertain such transactions are for the best interests of the Company
7. To prepare and disclose the Report of the Audit Committee in the Form 56-1 One Report of the Company. The Report of the Audit Committee must be signed by the Chairman of the Audit Committee and contains the following details:
 - a) The opinion of the Audit Committee regarding the accuracy, completeness, reliability of the financial statements of the Company;
 - b) The opinion of the Audit Committee regarding the adequacy of the internal control system of the Company;
 - c) The opinion of the Audit Committee regarding the compliance with the Securities and Exchange Acts, the regulations of the Stock Exchange of Thailand, and any other laws governing the Company's business;
 - d) The opinion of the Audit Committee regarding the suitability of the external auditor of the Company;
 - e) The opinion of the Audit Committee regarding the transactions that may lead to potential conflict of interest;

f) The number of the meeting of the Audit Committee held during the year and individual attendance of each member;

g) Any other opinions or remarks received by the Audit Committee, when performing its duty in accordance with the Charter of the Audit Committee; and

h) Other issues deemed necessary to be disclosed to the shareholders and the investors under the roles and responsibilities authorized by the Board.

8. In performing the duty of the Audit Committee, when the following transactions or actions that may materially affect the financial status or operational performance of the Company are found or suspected, the Audit Committee must report the finding of the said event to the Board for corrective actions within a proper period as fixed by the Audit Committee:

a) Transaction with conflict of interest;

b) Fraud, irregularity, or material defect in the internal control system; and

c) Violation of the Securities and Exchange Acts, the regulations of the Stock Exchange of Thailand, and any other laws governing the Company's business.

In the case that the Board or the management fails to make rectification within the specified period, any one of the Audit Committee members may report such transactions or actions to the Securities and Exchange Commission or the Stock Exchange of Thailand

9. To review and ensure efficiency of the risk management system of the Company;

10. To review and amend the Charter of the Audit Committee, subject to the approval of the Board; and

11. To perform any other tasks as assigned by the Board and agreed by the Audit Committee.

- Nomination Committee

The Company has not established a nomination committee. New directors are sought mainly through referrals or internal promotion. In evaluating whether an appointee is suitable to act as a Director of the Company, the Board will review the independence, experience, skills, and knowledge of the appointee including integrity of the appointee.

Names of subcommittee

Audit Committee

The Audit Committee comprises three independent directors as follows:

Name of Audit Committee	Title
1. Mr. Kovit Poshyananda	Chairman of the Audit Committee and Independent Director with expertise in finance and accounting
2. Mr. Jayavadh Bunnag	Member of the Audit Committee and Independent Director
3. Mr. Kledchai Benjaathonsirikul	Member of the Audit Committee and Independent Director

Information on Executives

Executives are as follows:

- Shangri-La Hotel, Bangkok

1. Mrs. Yue Toy Hang	General Manager
2. Ms. Nipa Smanot	Area Financial Controller
3. Mr. Golden Wessel Whitehead	Executive Assistant Manager i/c Food & Beverage
4. Mr. Sambhangi Raja Phani Madhav	Director of Rooms
5. Ms. Puey Kee Lim	Director of Commercial Sales
6. Mr. Chee Hoong Lee	Director of Engineering
7. Ms. Paphun Chotigasupa	Director of Human Resources
8. Mr. Phillip Trevor Taylor	Executive Chef
9. Mr. Jeremiah Timothy Stefan	Director of Revenue Optimization

- Shangri-La Hotel, Chiang Mai

1. Mr. Gabriele Lombardo	General Manager
2. Ms. Wiyada Sornprapha	Director of Sales and Marketing
3. Mr. Eshank Sharma	Financial Controller
4. Ms. Sukanya Jittanan	Director of Human Resources
5. Mr. Gian Yosuke Sommerau	Director of Food and Beverages
6. Mr. Carlo di Nunzio	Executive Chef
7. Mr. Chalerm Proka	Chief Engineer

Remuneration Policy for Executive Directors and Executives

To maintain the Company's world-class service standard which is recognized internationally and create morale for the management team who have devoted all their strength and experience that has been accumulated for a long time to create sustainability for the Company's business. Therefore, it is necessary to set appropriate remuneration policies for directors and executives, both in terms of professional standards and in accordance with the situation and overall performance of the Company.

Remuneration of Directors and Executive Management

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The remuneration paid to the Company's Board of Directors and Executive Management for the year ended December 31, 2022 are as follows:

- Board of Directors

Name	Remuneration (Baht)		
	Board	Audit Committee	Total
1. Mr. Kovit Poshyananda	180,000	400,000	580,000
2. Mr. Jayavadh Bunnag	180,000	300,000	480,000
3. Mr. Kledchai Benjaathonsirikul	180,000	300,000	480,000
4. Mr. Chor.nun Petpaisit (resigned on 14/11/2022)	156,329	-	156,329
5. Mr. Supot Singhasaneh (Appointed on 14/11/2022 and be registered with the Department of Business Development on 15/11/2022)	23,178	-	23,178
Total	719,507	1,000,000	1,719,507

Remarks: The Annual General Meeting of Shareholders, which was held on 28 April, 2022, resolved to approve the payment of annual remuneration of the Board of Directors and the Audit Committee for the year 2022 at rates specified in the table below:

Position	Remuneration per annum for each position (Baht)
Chairman of the Board of Directors	500,000
Director	180,000
Chairman of the Audit Committee	400,000
Member of the Audit Committee	300,000

However, due to the COVID-19 pandemic which started in 2020 and still persists, the Company's performance has been impacted and not met the target. Therefore, the directors have declared their intention not to receive remuneration for the years 2020, 2021 and 2022 and proposed to the Board of Directors at its meeting held on 21 February 2022 to consider. The Board of Directors' Meeting considered and resolved to pay the remuneration to the Independent Directors and the Audit Committee as per details specified in the above mentioned.

- Executive Management

In the year 2022, the Company paid salary and bonus including provident fund contribution to the Company's Executive Management in a total amount of Baht 56.30 million.

- Employees

As of December 31, 2022, the Company has a total of 802 full-time employees, comprising 624 employees of Shangri-La Hotel, Bangkok and 178 employees of Shangri-La Hotel, Chiang Mai, which can be divided as follows:

Type of Staff	Shangri-La Hotel, Bangkok	Shangri-La Hotel, Chiang Mai
- Operational staff	545	140
- Office staff	79	38
Total	624	178

The Company has the policy to develop personnel by setting up a Learning and Development department with the objective to increase knowledge and develop working skills for both operational employees and office staff. Trainings were organized both inside and outside the premises. In addition, in-house trainings were provided on a monthly basis with close follow-up. This is to ensure that employees are able to provide the highest standards of service and create customer satisfaction. In 2022, the Company has employee expenses in the amount of Baht 394.36 million.

Other significant information

None

Company Secretary

The Company Secretary, Miss Nongthanus Tansavatdi, is responsible for giving advice on rules, regulations, laws, and regulations related to the company's business; and supervising and coordinating the activities of the Board of Directors and Executive Management to comply with the resolutions of the Board of Directors and shareholders' resolutions. The responsibilities also include the disclosure of financial reports, important information, as well as other information that may affect the decision of investors and shareholders with accuracy, completeness, and timeliness as required by laws and criteria set by the Stock Exchange of Thailand ("SET") and the Office of Securities and Exchange Commission ("SEC"). The profile of the Company Secretary is shown in Attachment 1.

Person assigned the highest responsibility in Accounting and Finance

The person who has been assigned the highest responsibility in the Company's accounting and finance department is Miss Nipa Samanote, who is the Area Financial Controller, appear in Attachment 1.

Person holding the position of Internal Audit of the Company

According to the Licence Agreement between the Company and Shangri-La International Hotel Management Pte. Ltd. (SLIM SG), SLIM SG has an established framework of procedures and internal controls which the management of each operating business unit is required to comply. In addition, SLIM SG is responsible for reviewing and providing assurance of the effectiveness, adequacy and integrity of Shangri-La Group's system of risk and control management, compliance with Shangri-La Group policies and procedures, and recommends improvements. The Company appointed its Internal Audit Manager to follow up results of Internal Audit report, cooperate with SLIM SG's internal audit and local operation team in conducting the internal audit and internal control and directly report to the Audit Committees to ensure its independence.

Person holding the position of Head of Compliance Unit

The Company was not officially appointed the Head of the Compliance Unit; however, the Board of Directors has assigned the Company Secretary to give advice on rules, regulations, laws, and regulations related to the company's business. The Company Secretary also has duties to supervise and coordinate the activities of the Board of Directors and executives to comply with the resolutions of the Board of Directors and shareholders' resolutions and to ensure that the disclosure of financial reports, important information, and other information that may affect the decision of investors and shareholders is accurate, complete, and in a timely manner as required by law and in accordance with the criteria set by the SET and the SEC. There is also a general manager to supervise the administration and operations in accordance with the policies received from the Board in order to achieve the Company's objectives.

The Remunerations of the Auditor

Audit fee

The following auditors of EY Office Limited, Mrs. Chonlaros Suntiasvaraporn (Certified Public Accountant (Thailand) No. 4523 and/or Ms. Siraporn Ouaanunkun Certified Public Accountant (Thailand) No. 3844 and/or Mr. Chatchai Kasemsrithanawat Certified Public Accountant (Thailand) No. 5813, were appointed as the Company's auditors for the fiscal year ended December 31, 2022 with the remuneration of Baht 1,480,000 (2021: Baht 1,440,000).

Non-Audit fee

There was no transaction for non-audit fee paid during the year 2022.

Report on Key Operating Results related to Corporate Governance

Summary of duty performance of the Board of Directors in the past year

During the financial year ended 31 December 2022, six Board of Directors' Meetings were held to consider various business matters including the results of operations and other problems, to express their opinions and make their decisions relating to the operations of the Company. The Board has reviewed and approved the financial statements, operating and capital expenditure budgets. Moreover, any other significant matters that affect the operation of the Company has been proposed and approved by the Board.

Every director attends every Board meeting, except with reasonable excuses. The attendance record is set out in the table below:

Name of Director	Meeting attended / Eligible to attend	%
1. Mr. Maris Pakdeetaveevivat	6/6	100%
2. Mr. Chan Kong Leong	6/6	100%
3. Mr. Lee Hui Yeow	6/6	100%
4. Mrs. Chanida Asadathorn	4/6	67%
5. Mr. Somkiat Asadathorn	6/6	100%
6. Mr. Surin Asdathorn	5/6	83%
7. Mrs. Pavinee Meensuk	6/6	100%
8. Mr. Kovit Poshyananda	6/6	100%
9. Mr. Jayavadh Bunnag	6/6	100%
10. Mr. Kledchai Benjaathonsirikul	6/6	100%
11. Mr. Supot Singhasaneh***	1/1	100%

*** Mr. Supot Singhasaneh has been appointed as the new director by the Board of Directors at its Meeting on 14/11/2022 and be registered with the Department of Business Development on 15/11/2022.

Supervision of subsidiaries and associated companies

The Board of Directors supervises its subsidiaries and associates on their corporate governance for all operations. The appointment of directors and executives of subsidiaries/associates has been carried out with due consideration to ensure that the appointed persons are qualified and knowledgeable and possess work ethics, a sense of responsibility, and leadership qualities, all of which will enable them to manage the subsidiaries/associates efficiently, create long-term returns and add value for shareholders, as well as to inspire confidence in all stakeholders and promote proper auditing and the system of check and balance in the subsidiaries/associates.

The Company also oversees disclosure of financial information and operating results; connected transactions between subsidiaries/associates and related parties; disposal or acquisition of assets; or material transactions to completely and accurately comply with the rules and procedures stipulated by the announcement of the Office of SEC and/or the SET.

Conflict of Interests

To avoid any conflict of interests, all directors of the Company are required to follow rules and regulations of the Stock Exchange of Thailand regarding Connected Transaction and relevant laws including obvious disclosure of related party transaction. Moreover, the Company has policies to prevent directors, management or related parties from appropriating the internal information for their own benefits.

Use of inside information to seek benefits

The Company has a policy to prevent Board of Directors and Executive Management from using inside information or information obtained from their duties for their own benefits by imposing a requirement for reporting on the holding of shares by Board of Directors and Executive Management at every Board of Directors' Meeting.

Anti-corruption action

Guidelines for disclosure of results of anti-corruption measures

The Board of Directors put a lot of focus on corporate governance for all operations within the Company and its subsidiaries and affiliates. In addition, the Company has issued a Code of Conduct and Ethics for employees (based on the Shangri-La Group guidelines) as ethical principles to follow in the workplace day to day operations. It also has in place clear channels of communication for whistleblowers in line with the Shangri-La Group whistle-blowing guidelines and whistle-blowing protection policy. At Shangri-La we believe that treating people fairly, honestly and with respect is not only part of our culture but key to our business success. In dealing with guests, colleagues, business partner, shareholders or suppliers, we are committed to certain core values that define our reputation and brand: integrity, fairness, respect, ethical business conduct and excellence in service.

In addition to the Code of Conducts & Ethics, to ensure that the Company has a proper policy determining responsibility, guideline and regulation as a tool to prevent corruption from all business transactions, it has developed a guideline in order to prudently make a decision on any course of action that could possibly lead to corruption and to serve as an apparent guideline in performing business and effectively developing to sustainability organization.

The Board at its meeting held on February 26, 2018 also approved for the Company to participate in the "Thai Private Sector Collective Action Coalition against-Corruption" in order to corroborate the Company's standpoint and emphasize on every Anti-Corruption case.

The Company has planned to continue working on the anti-corruption assessment and development of policies and guidelines in order to obtain a Collective Action Coalition against-Corruption Certificate.

Whistleblowing

The Company has notices and requirements regarding the Code of Conduct and Ethics for Employees which are in accordance with the Shangri-La Group's policy as the principle of ethical conduct. communication with the organization so that employees can report fraud clues, suspicious incidents and wrongdoings, quickly and transparency.

Because the Company believes that treating everyone with fairness, honesty and dignity is not only part of corporate culture but also essential to making any business successful. The Company is committed to adhering to the corporate values such as adherence to moral principles, honesty, equal treatment with mutual respect and conducting business with ethical principles and providing excellent service to reflect the reputation and good image of the organization.

Shangri-La Group has developed a Code of Conduct and Ethics as a guideline for all employees at all levels. This Code of Conduct and Ethics covers the aspect human right issues, treating each other with respect accept diversity and differences, promoting career growth without discrimination of gender, religion, ethnicity, status, family status, etc., and do not support harassment of any kind in the workplace or outside of the workplace. or any actions that cause the party being acted to feel embarrassed or uncomfortable. Shangri-La Hotel Group has organized training courses on operational guidelines for all employees as well as opens a channel for complaints and a policy called Whistle-Blowing. It is a tool for receiving complaints from employees for reporting human rights violations or other wrongdoings related to corruption.

Report of the Board of Directors' responsibilities to the Financial Statements

The Board of Directors is responsible for the Company's consolidated financial statements and financial information presented in this Report. The aforementioned financial statements which reviewed by the Audit Committee have been prepared in accordance with the Thai Financial Reporting Standards where an appropriate accounting policy has been selected and implemented on a regular basis.

The Board of Directors is of the opinion that the financial statements of the Company and its subsidiaries as of 31 December 2022 are complete, accurate and reliable.

Report on the results of duty performance of the Audit Committee

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The Audit Committee performed activities within the scope of its Charter as assigned by the Board of Directors for the year 2022 as follows:

1. The Audit Committee checked the reliability of financial reports by reviewing the quarterly and annual financial statements. The Audit Committee invited external auditors and the management to attend the meetings to consider that financial reporting was in conformity with the auditing standards, the accounting standards and financial reporting standards to ensure all financial reports were presented fairly in all respects. In one of the meetings, the Audit Committee also took the liberty of meeting with external auditors without the Company representatives. The external auditors confirmed that they performed the engagements objectively and independently, with good cooperation of the management.

2. The Audit Committee checked the reliability of Internal Control, conformance to tax laws and business operations were in line with their objectives.

3. The Audit Committee received and approved the Internal Audit Summary Report for the year 2022 and follow-up reports on corrective actions taken. In reviewing the Company's system of internal control, the Audit Committee discussed the matter with the Financial Controller and Internal Audit Manager. The Committee has come to the conclusion that the Company has an adequate and appropriate internal control system.

4. The Audit Committee assessed the independence of the Company's external auditor prior to recommending to the Board of Directors the appointment and remuneration of the external auditor for the coming year.

On 20 February, 2023, the Audit Committee also reviewed the financial statements of the Company for the year ended 31 December 2022 prior to recommending them to the Board of Directors for approval.

The Audit Committee's meetings and the attendance of each member

The Audit Committee met four times during the financial year ended 31 December, 2022 and the attendance record is set out in the table below:-

Name of Audit Committee	Title	Meeting attended / Eligible to attend	%
1. Mr. Kovit Poshyananda	Chairman and Independent Director of the Audit Committee with expertise in finance and accounting	4/4	100%
2. Mr. Jayavadh Bunnag	Member of the Audit Committee and Independent Director	4/4	100%
3. Mr. Kledchai Benjaathonsirikul	Member of the Audit Committee and Independent Director	4/4	100%

Internal Control and Related Party Transactions

Internal control

Controlling System and Internal Audit

The Board realizes the importance of building internal control systems for operations and compliance. The Board also monitors its internal financial control system through management reviews and a program of internal audits. There is an internal audit team to review and monitor the Company's compliance with the established systems. The internal audit team reviews the major operational and financial systems on a continuing basis and aims to cover all major operations within every division on a rotational basis. The internal audit function reports directly to the Audit Committee.

At the Board of Directors' Meeting no. 1/2023 held on 20 February 2023 with directors in attendance, three of whom were members of the Audit Committee, the Board of Directors reviewed the Management's Summary of Internal Control of the Company for all five components: Control Environment, Risk Assessment, Control Activities, Information and Communications System, and Monitoring System.

The Board concurred that the internal control system of the Company was adequate and appropriate, and the Board found no significant insufficiencies.

Use of Inside Information to Seek Benefits

The Company has a policy to prevent Board of Directors and Executive Management from using inside information or information obtained from their duties for their own benefits by imposing a requirement for reporting on the securities holding of Board of Directors and Executive Management at every Board of Directors' Meeting.

Related party transactions

To ensure the Company's best interests and in accordance with the rules and regulations as prescribed by law for consideration of granting of approval for connected transactions, related transactions or transactions with potential conflict of interest, the Directors and Management shall disclose to the Company in advance whether they hold any stakes involving potential conflict of interest. The Company, in turn, shall consider the appropriateness of any transaction, and in cases where such transactions need approval in accordance with the regulations and procedures prescribed by law, the management shall propose such matters to the Board of Directors or at the Shareholders' Meeting, and shall disclose the information to investors in a transparent manner. Under no circumstances shall the Directors or Management concerned be allowed to participate in the process of considering approval of those transactions.

During the year 2022, the Company has entered into connected transactions with related parties as per details which were disclosed to the Stock Exchange of Thailand as set out below:

- Execution of HR Training Services Agreement

The Company's Board of Director's meeting resolved at its meeting No. 3/2022 held on May 9, 2022, approving the Company to execute HR Training Services Agreement (Shangri-La Academy Online) (the "Agreement") with Shangri-La International Hotel Management Pte. Ltd. (the "Service Provider") for a period of 1 year and 6 months starting from July 1, 2022 – December 31, 2023.

As the Company operates two hotels under the brand Shangri-La Group, the Company is required to ensure that all colleagues are trained on a standard of service and product knowledge to be able to provide services to guests with the Shangri-La Standard at all time.

By entering into this Agreement with the Service Provider who develops all courses and have them available online that all colleagues of Shangri-La Hotel, Bangkok ("SLBK") and Shangri-La Hotel, Chiang Mai ("SLCM") can learn anywhere and anytime. This online platform will also use for administration, tracking and delivery of e-learning courses.

The service fees which the Company agrees to pay the Service Provider will be 1.0% of the actual monthly basic pay incurred by each of SLBK and SLCM in respect of its employee headcount.

The estimated service fees for July 1, 2022 – December 31, 2023 is Baht 4.21 million representing approximately 0.06% of the Company's Net Tangible Asset Value ("NTA") as at December 31, 2021 (the NTA of the Company as at December 31, 2021 was Baht 6,937.11 million). The Company has entered into the similar agreement with the Service Provider to engage the service of the Service Provider for the past six months as follows:

- During the period of January 1, 2022 to June 30, 2022 with the service fees of Baht 1.25 million representing approximately 0.02% of the Company's NTA as at December 31, 2021.

Therefore, the total value of the connected transaction approved by the Management in the last six months period including the connected transaction of this Agreement will be Baht 5.46 million which represents approximately 0.08% of the Company's NTA as at December 31, 2021 which is more than 0.03% but lower than 3% of the Company's NTA. Accordingly, the Company obtained an approval from the Audit Committee's Meeting and Board of Directors' Meeting and disclosed the transaction to the Stock Exchange of Thailand.

The Company is a 73.61% indirectly owned subsidiary of Shangri-La Asia Limited ("SA") through its subsidiaries. The Service Provider is an indirect wholly-owned subsidiary of SA through its subsidiaries and is therefore a connected person of the Company. Furthermore, Mr. Chan Kong Leong and Mr. Lee Hui Yeow, who are directors of the Service Provider, are also directors of the Company.

The following directors of the Company have not participated in voting for the approval of the said transaction:

1. Mr. Chan Kong Leong (a common director of the Company and the Service Provider)
2. Mr. Lee Hui Yeow (a common director of the Company and the Service Provider)

- Entering into the proportionate Shareholders' Loan Agreement

The Company's Board of Directors meeting resolved at its meeting No. 6/2022 held on 8 December 2022, approving Zukerman Limited ("Zukerman"), a wholly-owned subsidiary of the Company through holding of shares by Apizaco Limited ("Apizaco"), a Company's wholly-owned subsidiary, to enter into a Shareholders' Loan Agreement with Traders Yangon Company Limited ("THYN") granting a proportionate shareholders' loan to THYN.

The proportionate shareholders' loan granted to THYN is for the purpose of meeting its funding requirements for loan repayments and working capital.

Zukerman holds a 23.53% interest in THYN. The total amount of the loan in proportion to Zukerman's shareholding interest in THYN is USD 3.51 million which is equivalent to approximately Baht 131.63 million and represents approximately 1.86% of the Company's Net Tangible Asset Value as at 30 September, 2022 (the Net Tangible Asset Value of the Company as at 30 September, 2022 was Baht 7,060.08 million). The said loan will be called by THYN from time to time and will carry interest at the rate of 5.5% per annum, which is the same rate applied to all Lenders who are the shareholders of the Borrower, calculated from the Drawdown Date up to the Repayment Date. The Repayment Date shall in no case be no longer than 5 years from the relevant Drawdown Date, provided that THYN shall use its best effort to find other financing alternatives to repay the loan to all shareholders as soon as practicable.

There is no collateral provided by the Borrower for this Loan Agreement because this Loan is granted in proportion with the Lender's percentage shareholding interest in the Borrower and on a pari passu basis. There will not be any cost of fund incurred to the Company as the source of fund will be derived from the Company's Internal Cash Flow. Therefore, it has been forecasted that this transaction would not affect the Company's cash flow and liquidity. Furthermore, the Borrower expects that it will be able to repay the loan within 5 years through its own internal cashflow.

The Company has not entered into the similar agreement with THYN for the past six months, therefore, the total value of the connected transaction is equivalent to approximately 1.86% of the Company's NTA as at 30 September, 2022. The mentioned transaction constitutes a connected transaction of the Company pursuant to the "Notification of the Capital Market Supervisory Board No. TorChor. 21/2008 Re: Rules on Connected Transactions" and "Notification of the Board of Governors of the Stock Exchange of Thailand Re: Disclosure of Information and Other Acts of Listed Companies Concerning the Connected Transactions, A.D. 2003" in the category of granting proportionate financial assistance transaction. Accordingly, the Company is required to seek approval from Board of Directors and disclose the transaction to the Stock Exchange of Thailand, but exempted from requesting for an approval from the Shareholders' Meeting for that transaction as long as the Loan is granted in proportion with the Lender's percentage shareholding interest in the Borrower and the terms are justified as normal trading conditions.

The Company is a 73.61% indirectly owned subsidiary of Shangri-La Asia Limited ("SA") through its subsidiaries. Shangri-La Hotels (Malaysia) Berhad ("SLM") which is a 52.78% indirectly owned subsidiary of SA, holds a shareholding interest of 23.53% in THYN through its wholly-owned subsidiary and is therefore connected persons of the Company according to the "Notification of the Capital Market Supervisory Board No. TorChor. 21/2008 Re: Rules on Connected Transactions" and "Notification of the Board of Governors of the Stock Exchange of Thailand Re: Disclosure of Information and Other Acts of Listed Companies Concerning the Connected Transactions, A.D. 2003".

Furthermore, Mr. Maris Pakdeetaveevivat, who is a director of the Company, is also a director of Apizaco. Mr. Chan Kong Leong, who is a director of the Company, is also a director of SLM, Apizaco, Zukerman and THYN. Mr. Lee Hui Yeow, who is a director of the Company, is also a director of Zukerman and THYN.

Even though the following directors of the Company have not left the meeting room during the discussion, they did not participate in the voting for the approval of the said transaction:

1. Mr. Maris Pakdeetaveevivat (a common director of the Company and Apizaco);
2. Mr. Chan Kong Leong (a common director of the Company, SLM, Apizaco, Zukerman, and THYN);
3. Mr. Lee Hui Yeow (a common director of the Company, Zukerman and THYN).

The Company's Audit Committee meeting and the Board of Directors meeting including the independent directors have considered the matter and are of the view that the terms and conditions of the Shareholders' Loan Agreement including interest rate of the loan are justified as normal trading conditions and would be of the interest of the Company and its shareholders as a whole due to the Borrower requires the cashflow to service its debts and working capital. In addition, as the deposit interest rate tends to continue to be lower than the loan interest rate, it would be more beneficial to the Company by gaining more interest from the Borrower than depositing with the banks and the Borrower would have save on paying interest to other external banks at the same time.

Moreover, during the year 2022, the Company and its subsidiaries had significant business transactions with related parties. Such transactions were concluded on terms and bases agreed upon between the Company and those related parties with the general trading conditions as per details appeared in Note 6 of Notes to Consolidated Financial Statements.

Financial Statements

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 2022, 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 2022, 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 including Independence Standards* issued by the Federation of Accounting Professions (Code of Ethics for Professional Accountants) that are relevant to my audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with the Code of Ethics for Professional Accountants. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key Audit Matters

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

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

Key audit matters and how audit procedures respond for the matter is described below.

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

As disclosed in Note 6 to financial statements, as of 31 December 2022 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: 20 February 2023

Statement of financial position

Shangri-La Hotel Public Company Limited and its subsidiaries

As at 31 December 2022

(Unit: Baht)

		<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>Note</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Assets					
Current assets					
Cash and cash equivalents	7	2,745,215,645	1,352,193,219	1,246,628,962	52,947,131
Fixed deposits with financial institutions		60,000,000	957,600,000	60,000,000	935,000,000
Trade and other receivables	6, 8	88,569,223	28,896,803	74,871,269	28,210,454
Inventories	9	24,184,428	20,296,652	24,184,428	20,296,652
Other current assets		27,057,758	18,341,991	25,839,586	18,341,815
Total current assets		<u>2,945,027,054</u>	<u>2,377,328,665</u>	<u>1,431,524,245</u>	<u>1,054,796,052</u>
Non-current assets					
Other non-current financial assets	10	335,176,818	466,102,864	-	-
Investments in subsidiaries	11	-	-	1,303,000,000	1,303,000,000
Investments in associates	12	-	-	-	-
Long-term loans to and interest receivables					
from related parties	6, 12	1,038,189,490	1,113,630,436	-	-
Property, plant and equipment	13	3,280,290,507	3,416,582,286	3,278,436,893	3,414,728,672
Intangible assets		313,157	750,015	313,157	750,015
Deferred tax assets	19	203,273,648	199,660,874	190,109,856	199,507,649
Other non-current assets		6,771,358	3,395,990	6,771,358	3,395,990
Total non-current assets		<u>4,864,014,978</u>	<u>5,200,122,465</u>	<u>4,778,631,264</u>	<u>4,921,382,326</u>
Total assets		<u>7,809,042,032</u>	<u>7,577,451,130</u>	<u>6,210,155,509</u>	<u>5,976,178,378</u>

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

Statement of financial position (continued)

Shangri-La Hotel Public Company Limited and its subsidiaries

As at 31 December 2022

(Unit: Baht)					
		<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>Note</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Liabilities and shareholders' equity					
Current liabilities					
Trade and other payables	6, 14	192,481,498	99,652,227	190,645,556	98,613,189
Short-term loans from related party	6	-	-	521,002,500	503,893,500
Income tax payable		3,000,337	2,184,886	-	-
Advance from customers		170,702,461	67,738,858	170,702,461	67,738,858
Other current liabilities		28,483,457	27,641,409	28,480,855	27,641,319
Total current liabilities		394,667,753	197,217,380	910,831,372	697,886,866
Non-current liabilities					
Provision for long-term employee benefits	15	88,069,909	96,325,905	88,069,909	96,325,905
Deferred tax liabilities	19	12,221,713	8,603,948	-	-
Other non-current liabilities		21,451,702	24,137,768	21,451,702	24,137,768
Total non-current liabilities		121,743,324	129,067,621	109,521,611	120,463,673
Total liabilities		516,411,077	326,285,001	1,020,352,983	818,350,539
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	16	130,000,000	130,000,000	130,000,000	130,000,000
Unappropriated		3,312,921,119	3,362,751,288	2,169,402,526	2,137,427,839
Other components of shareholders' equity		843,732,546	754,369,021	-	-
Equity attributable to owners of the Company		7,177,053,665	7,137,520,309	5,189,802,526	5,157,827,839
Non-controlling interests of the subsidiary	11	115,577,290	113,645,820	-	-
Total shareholders' equity		7,292,630,955	7,251,166,129	5,189,802,526	5,157,827,839
Total liabilities and shareholders' equity		7,809,042,032	7,577,451,130	6,210,155,509	5,976,178,378

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

Statement of comprehensive income

Shangri-La Hotel Public Company Limited and its subsidiaries

For the year ended 31 December 2022

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2022	2021	2022	2021
Profit or loss:					
Revenues					
Revenues from hotel operations		1,175,897,405	334,507,828	1,175,897,405	334,507,828
Other income		25,114,450	21,366,005	18,845,570	9,644,245
Total revenues		1,201,011,855	355,873,833	1,194,742,975	344,152,073
Expenses					
Cost of hotel operations		448,111,024	251,838,632	448,111,024	251,838,632
Selling expenses		95,896,872	49,803,533	95,896,872	49,803,533
Administrative expenses		434,816,493	253,094,036	433,148,630	251,747,669
Depreciation and amortisation expenses		173,677,732	201,520,425	173,677,732	201,520,425
Exchange losses		29,177,019	26,239,356	-	-
Reversal allowance for expected credit losses of					
trade receivables	8	(544,469)	(837,824)	(544,469)	(837,824)
Impairment losses on financial assets	6, 12	93,119,140	158,071,360	-	-
Total expenses		1,274,253,811	939,729,518	1,150,289,789	754,072,435
Operating profit (loss)		(73,241,956)	(583,855,685)	44,453,186	(409,920,362)
Share of losses from investments in associates	6, 12	(41,349,337)	(27,711,562)	-	-
Finance income	17	46,418,014	29,034,062	6,039,245	6,417,784
Finance cost	17	-	-	(17,109,000)	(50,791,500)
Profit (loss) before income tax		(68,173,279)	(582,533,185)	33,383,431	(454,294,078)
Income tax benefits (expenses)	19	(5,720,349)	96,169,233	(7,799,983)	93,049,056
Profit (loss) for the year		(73,893,628)	(486,363,952)	25,583,448	(361,245,022)

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

Statement of comprehensive income (continued)

Shangri-La Hotel Public Company Limited and its subsidiaries

For the year ended 31 December 2022

(Unit: Baht)					
		<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>Note</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</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		124,748,957	285,519,747	-	-
Other comprehensive income to be reclassified					
to profit or loss in subsequent periods		124,748,957	285,519,747	-	-
<i>Other comprehensive income not to be reclassified</i>					
<i>to profit or loss in subsequent periods:</i>					
Actuarial gain (loss) - net of income tax		6,391,239	(9,663,666)	6,391,239	(9,663,666)
Gain (loss) on changes in value of					
equity investments designated at fair value					
through other comprehensive income - net of income tax	10	(15,781,742)	80,668,196	-	-
Other comprehensive income not to be reclassified					
to profit or loss in subsequent periods - net of income tax		(9,390,503)	71,004,530	6,391,239	(9,663,666)
Total other comprehensive income for the year		115,358,454	356,524,277	6,391,239	(9,663,666)
Total comprehensive income for the year		41,464,826	(129,839,675)	31,974,687	(370,908,688)
Profit (loss) attributable to:					
Equity holders of the Company		(80,191,154)	(492,809,632)	25,583,448	(361,245,022)
Non-controlling interests of the subsidiary	11	6,297,526	6,445,680		
		(73,893,628)	(486,363,952)		
Total comprehensive income attributable to:					
Equity holders of the Company		39,533,356	(181,124,702)	31,974,687	(370,908,688)
Non-controlling interests of the subsidiary	11	1,931,470	51,285,027		
		41,464,826	(129,839,675)		
Earnings per share					
Basic earnings (loss) per share	20				

Statement of changes in shareholders' equity

Shangri-La Hotel Public Company Limited and its subsidiaries

For the year ended 31 December 2022

(Unit: Baht)

	Consolidated financial statements									
	Equity attributable to owners of the Company									
	Other components of shareholders' equity									
	Other comprehensive income									
	Exchange differences on translation of financial statements in foreign currency									
Issued and fully paid-up share capital	Share premium	Retained earnings		Fair value reserve - net of income tax		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	
		Appropriated	Unappropriated							
Balance as at 1 January 2021	1,300,000,000	1,590,400,000	130,000,000	3,842,243,175	499,138,258	(43,136,422)	456,001,836	7,318,645,011	62,360,793	7,381,005,804
Profit or loss for the year	-	-	-	(492,809,632)	-	-	-	(492,809,632)	6,445,680	(486,363,952)
Other comprehensive income for the year	-	-	-	(9,663,666)	285,519,747	35,828,849	321,348,596	311,684,930	44,839,347	356,524,277
Total comprehensive income for the year	-	-	-	(502,473,298)	285,519,747	35,828,849	321,348,596	(181,124,702)	51,285,027	(129,839,675)
Transfer gain on changes in fair value of equity instruments sold to retained earnings	-	-	-	22,981,411	-	(22,981,411)	(22,981,411)	-	-	-
Balance as at 31 December 2021	1,300,000,000	1,590,400,000	130,000,000	3,362,751,288	784,658,005	(30,288,984)	754,369,021	7,137,520,309	113,645,820	7,251,166,129
Balance as at 1 January 2022	1,300,000,000	1,590,400,000	130,000,000	3,362,751,288	784,658,005	(30,288,984)	754,369,021	7,137,520,309	113,645,820	7,251,166,129
Profit or loss for the year	-	-	-	(80,191,154)	-	-	-	(80,191,154)	6,297,526	(73,893,628)
Other comprehensive income for the year	-	-	-	6,391,239	124,748,957	(11,415,686)	113,333,271	119,724,510	(4,366,056)	115,358,454
Total comprehensive income for the year	-	-	-	(73,799,915)	124,748,957	(11,415,686)	113,333,271	39,533,356	1,931,470	41,464,826
Transfer gain on changes in fair value of equity instruments sold to retained earnings	-	-	-	23,969,746	-	(23,969,746)	(23,969,746)	-	-	-
Balance as at 31 December 2022	1,300,000,000	1,590,400,000	130,000,000	3,312,921,119	909,406,962	(65,674,416)	843,732,546	7,177,053,665	115,577,290	7,292,630,955

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

Statement of changes in shareholders' equity (continued)

Shangri-La Hotel Public Company Limited and its subsidiaries

For the year ended 31 December 2022

	Separate financial statements				(Unit: Baht)
	Issued and fully paid-up share capital	Share premium	Retained earnings		Total shareholders' equity
			Appropriated	Unappropriated	
Balance as at 1 January 2021	1,300,000,000	1,590,400,000	130,000,000	2,508,336,527	5,528,736,527
Loss for the year	-	-	-	(361,245,022)	(361,245,022)
Other comprehensive income for the year	-	-	-	(9,663,666)	(9,663,666)
Total comprehensive income for the year	-	-	-	(370,908,688)	(370,908,688)
Balance as at 31 December 2021	<u>1,300,000,000</u>	<u>1,590,400,000</u>	<u>130,000,000</u>	<u>2,137,427,839</u>	<u>5,157,827,839</u>
Balance as at 1 January 2022	1,300,000,000	1,590,400,000	130,000,000	2,137,427,839	5,157,827,839
Profit for the year	-	-	-	25,583,448	25,583,448
Other comprehensive income for the year	-	-	-	6,391,239	6,391,239
Total comprehensive income for the year	-	-	-	31,974,687	31,974,687
Balance as at 31 December 2022	<u>1,300,000,000</u>	<u>1,590,400,000</u>	<u>130,000,000</u>	<u>2,169,402,526</u>	<u>5,189,802,526</u>

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

Cash flow statement

Shangri-La Hotel Public Company Limited and its subsidiaries

For the year ended 31 December 2022

(Unit: Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Cash flows from operating activities				
Profit (loss) before tax	(68,173,279)	(582,533,185)	33,383,431	(454,294,078)
Adjustments to reconcile profit (loss) before tax to				
net cash provided by (paid from) operating activities:				
Depreciation and amortisation expenses	173,677,732	201,520,425	173,677,732	201,520,425
Reversal allowance for expected credit loss of trade receivables	(544,469)	(837,824)	(544,469)	(837,824)
Reduction of inventory to net realisable value (reversal)	(278,201)	298,737	(278,201)	298,737
Impairment losses on financial assets	93,119,140	158,071,360	-	-
Share of losses from investments in associates	41,349,337	27,711,562	-	-
Gain on disposals/write-off of building, machinery and equipment	(8,275,050)	(277,632)	(8,275,050)	(277,632)
Provision for long-term employee benefits	6,797,197	7,409,471	6,797,197	7,409,471
Unrealised loss on exchange	-	-	17,109,000	50,791,500
Dividend income	(6,268,880)	(11,721,760)	-	-
Finance income	(46,418,014)	(29,034,062)	(6,039,245)	(6,417,784)
Profit (loss) from operating activities before				
changes in operating assets and liabilities	184,985,513	(229,392,908)	215,830,395	(201,807,185)
Operating assets (increase) decrease				
Trade and other receivables	(59,127,951)	(10,323,451)	(46,141,150)	(10,323,451)
Inventories	(3,609,575)	4,239,205	(3,609,575)	4,239,205
Other current assets	(4,945,070)	5,904,206	(4,931,589)	5,891,115
Other non-current assets	(3,375,368)	898,724	(3,375,368)	898,724
Operating liabilities increase (decrease)				
Trade and other payables	85,894,339	1,709,941	85,097,435	2,599,857
Other current liabilities	103,805,651	6,284,370	103,803,139	6,284,280
Provision for long-term employee benefits	(7,064,144)	(2,749,897)	(7,064,144)	(2,749,897)
Other non-current liabilities	(2,686,066)	2,548,507	(2,686,066)	2,548,507
Cash flows from (used in) operating activities	293,877,329	(220,881,303)	336,923,077	(192,418,845)
Cash paid for corporate income tax	(8,091,022)	(8,746,608)	(2,566,182)	(2,246,572)
Net cash flows from (used in) operating activities	285,786,307	(229,627,911)	334,356,895	(194,665,417)

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

Cash flow statement (continued)

Shangri-La Hotel Public Company Limited and its subsidiaries

For the year ended 31 December 2022

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2022	2021	2022	2021
Cash flows from investing activities				
Decrease in fixed deposits with financial institutions	897,600,000	195,000,000	875,000,000	195,000,000
Cash received from interest income	27,099,811	10,177,284	6,064,049	7,149,395
Dividend income	6,268,880	11,721,760	-	-
Proceeds from sales of other non-current financial assets	124,755,290	87,778,060	-	-
Acquisitions of property, plant and equipment	(29,887,421)	(14,458,075)	(29,887,421)	(14,458,075)
Acquisitions of intangible assets	(351,721)	(98,100)	(351,721)	(98,100)
Proceeds from disposals of building, machinery and equipment	8,500,029	288,598	8,500,029	288,598
Net cash flows from investing activities	1,033,984,868	290,409,527	859,324,936	187,881,818
Increase in translation adjustments	25,599,739	29,078,534	-	-
Net increase (decrease) in cash and cash equivalents	1,345,370,914	89,860,150	1,193,681,831	(6,783,599)
Effects of exchange rate changes on cash and cash equivalents	47,651,512	99,720,569	-	-
Cash and cash equivalents at beginning of year	1,352,193,219	1,162,612,500	52,947,131	59,730,730
Cash and cash equivalents at end of year	2,745,215,645	1,352,193,219	1,246,628,962	52,947,131
Supplemental cash flows information				
Non-cash item				
Purchase of machinery and equipment for which no cash has been paid	6,934,932	-	6,934,932	-

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

Notes to consolidated financial statements

Shangri-La Hotel Public Company Limited and its subsidiaries

For the year ended 31 December 2022

1. General information

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, Bangkok, Bangkok.

2. Basis of preparation

- 2.1 The financial statements have been prepared in accordance with Thai Financial Reporting Standards enunciated under the Accounting Professions Act B.E. 2547 and their presentation has been made in compliance with the stipulations of the Notification of the Department of Business Development, 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>2022</u>	<u>2021</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

3.1 Financial reporting standards that became effective in the current year

During the year, the Group has adopted the revised financial reporting standards and interpretations which are effective for fiscal years beginning on or after 1 January 2022. 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.

3.2 Financial reporting standards that will become effective for fiscal years beginning on or after 1 January 2023

The Federation of Accounting Professions issued a number of revised financial reporting standards, which are effective for fiscal years beginning on or after 1 January 2023. 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, for some standards, providing temporary reliefs or temporary exemptions for users.

The management of the Group believes that adoption of these amendments will not have any significant impact on the Group's financial statements.

4. Significant accounting policies

4.1 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.

4.2 Cash and cash equivalents

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

4.3 Inventories

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

4.4 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.

4.5 Investments in subsidiaries

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

4.6 Property, plant and equipment/Depreciation

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

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

Buildings	-	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.

4.7 Intangible assets

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

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

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

4.8 Related party transactions

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

They also include associates 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.

4.9 Foreign currencies

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

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

Gains and losses on exchange are included in determining income.

4.10 Impairment of non-financial assets

At the end of each reporting period, the Group performs impairment reviews in respect of the property, plant and equipment, 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.

4.11 Employee benefits

Short-term employee benefits

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

Post-employment benefits and other long-term employee benefits

Defined contribution plans

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

Defined benefit plans and other long-term employee benefits

The 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.

4.12 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.

4.13 Income tax

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

Current tax

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

Deferred tax

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

The 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.

4.14 Financial instruments

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.

Regular way purchases and sales of financial assets

Regular way purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace are recognised on the trade date, i.e., the date on which the Group commits to purchase or sell the asset.

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 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 as credit impaired or 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.

ECLs are calculated 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.

4.15 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.

5. Significant accounting judgements and estimates

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

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.

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.

6. Related party transactions

During the years, the Group had significant business transactions with related parties. Such transactions, which are summarized 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		
	2022	2021	2022	2021	
<u>Transactions with associated companies</u>					
Interest income	19	19	-	-	USD LIBOR and 0.92 to 2.05 percent per annum
<u>Transactions with related companies</u>					
Revenue from hotel operations	43	41	43	41	Normal business price
Management fees	43	18	43	18	Contract price
Marketing and promotion fees	3	2	3	2	Contract price
Advertising and reservation fees	14	9	14	9	Contract price
Training fees	3	2	3	2	Contract price

The balances of the accounts between the Company and these related companies as at 31 December 2022 and 2021 are as follows:

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2022	2021	2022	2021
<u>Trade receivables - related parties (Note 8)</u>				
Directors				
Directors	110	-	110	-
Related companies				
Others	5,397	1,079	5,397	1,079
Total trade receivables - related parties	5,507	1,079	5,507	1,079
<u>Other receivables - related parties (Note 8)</u>				
Associated company				
Traders Yangon Company Limited	-	34	-	34
Related companies				
Shangri-La International Hotel Management Pte., Ltd.	4,483	4,562	4,483	4,562
Others	902	810	902	810
Total other receivables - related parties	5,385	5,406	5,385	5,406

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
<u>Long-term loans to and interest receivables</u>				
<u>from related parties</u>				
Associated companies				
Non-interest bearing				
Traders Square Company Limited	46,850	45,301	-	-
	46,850	45,301	-	-
Interest bearing				
Traders Yangon Company Limited	562,473	543,879	-	-
Shangri-La Yangon Company Limited	841,430	803,512	-	-
Traders Square Company Limited	867,275	830,296	-	-
	2,271,178	2,177,687	-	-
Total	2,318,028	2,222,988	-	-
Less: Allowance for impairment losses on				
financial assets (Note 12)	(967,824)	(847,071)	-	-
Total	1,350,204	1,375,917	-	-
Less: Share of losses from investments in				
associates (Note 12)	(312,015)	(262,287)	-	-
Total long-term loans to and interest receivables				
from related parties - net	1,038,189	1,113,630	-	-

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 financial statements		Separate financial statements	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Other payables - related parties (Note 14)				
Related companies				
Shangri-La International Hotel Management Pte., Ltd.	38,331	22,182	38,248	22,103
Shangri-La International Hotel Management Limited	13	2,739	13	2,739
Others	1,148	92	338	92
Total other payables - related parties	<u>39,492</u>	<u>25,013</u>	<u>38,599</u>	<u>24,934</u>

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

Hasfield Holdings Pte., Ltd.	-	-	521,003	503,894
Total short-term loans from related party	<u>-</u>	<u>-</u>	<u>521,003</u>	<u>503,894</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 as at 1 January 2022	Increase during the year	Decrease during the year	Balance as at 31 December 2022
Long-term loans to and interest receivables from related parties				
Associated companies				
Non-interest bearing				
Traders Square Company Limited	45,301	-	-	46,850
Interest bearing				
Traders Yangon Company Limited	543,879	-	-	562,473
Shangri-La Yangon Company Limited	803,512	10,600	-	841,430
Traders Square Company Limited	830,296	8,718	-	867,275
Total	<u>2,222,988</u>	<u>19,318</u>	<u>-</u>	<u>2,318,028</u>
Less: Allowance for impairment losses on financial assets	<u>(847,071)</u>	<u>(93,119)</u>	<u>-</u>	<u>(967,824)</u>
Total	<u>1,375,917</u>	<u>(73,801)</u>	<u>-</u>	<u>1,350,204</u>
Less: Share of losses from investments in associates (Note 12)	<u>(262,287)</u>	<u>(41,349)</u>	<u>-</u>	<u>(312,015)</u>
Total long-term loans to and interest receivables from related parties - net	<u>1,113,630</u>	<u>(115,150)</u>	<u>-</u>	<u>1,038,189</u>

The significant increase of Baht 93 million in the allowance for impairment losses on loans to and interest receivable from related parties in 2022 was mainly due to impacts of the political uncertainty in Myanmar, 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 as at 1 January 2022	Increase during the year	Decrease during the year	Balance as at 31 December 2022
<u>Short-term loans from related party</u>				
<u>Subsidiary</u>				
Hasfield Holdings Pte., Ltd.	503,894	-	-	521,003
Total short-term loans from related party	503,894	-	-	521,003

Directors and management's benefits

During the years ended 31 December 2022 and 2021, the Group had employee benefit expenses to their directors and management as detailed below.

(Unit: Thousand Baht)

	Consolidated financial statements/ Separate financial statements	
	<u>2022</u>	<u>2021</u>
Short-term employee benefits	55,470	32,301
Post-employment benefits	2,548	2,316
Total	58,018	34,617

Guarantee obligations with related parties

The Company has outstanding guarantee obligations with its related parties, as described in Note 23.2 to the financial statements.

7. Cash and cash equivalents

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Cash	3,135	1,768	3,122	1,755
Bank deposits	2,742,081	1,350,425	1,243,507	51,192
Total	<u>2,745,216</u>	<u>1,352,193</u>	<u>1,246,629</u>	<u>52,947</u>

As at 31 December 2022, the Group has bank deposits in saving accounts and fixed deposits carried interests between 0.20 and 4.25 percent per annum (2021: between 0.13 and 0.40 percent per annum) (the Company only: between 0.20 and 0.85 percent per annum, 2021: between 0.13 and 0.30 percent per annum).

8. Trade and other receivables

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
<u>Trade receivables - related parties</u> (Note 6)				
Age on the basis of invoice date				
Less than 120 days	5,507	1,079	5,507	1,079
Total trade receivables - related parties	<u>5,507</u>	<u>1,079</u>	<u>5,507</u>	<u>1,079</u>
<u>Trade receivables - unrelated parties</u>				
Age on the basis of invoice date				
Less than 120 days	62,215	20,327	62,215	20,327
120 - 180 days	387	-	387	-
Over 180 days	3,117	3,479	3,117	3,479
Total	<u>65,719</u>	<u>23,806</u>	<u>65,719</u>	<u>23,806</u>
Less: Allowance for expected credit losses	<u>(2,935)</u>	<u>(3,479)</u>	<u>(2,935)</u>	<u>(3,479)</u>
Total trade receivables - unrelated parties, net	<u>62,784</u>	<u>20,327</u>	<u>62,784</u>	<u>20,327</u>
Total trade receivables - net	<u>68,291</u>	<u>21,406</u>	<u>68,291</u>	<u>21,406</u>
<u>Other receivables</u>				
Other receivables - related parties (Note 6)	5,385	5,406	5,385	5,406
Other receivables - unrelated parties	6,630	247	68	247
Interest receivables	8,263	1,838	1,127	1,151
Total other receivables	<u>20,278</u>	<u>7,491</u>	<u>6,580</u>	<u>6,804</u>
Total trade and other receivables - net	<u>88,569</u>	<u>28,897</u>	<u>74,871</u>	<u>28,210</u>

9. Inventories

(Unit: Thousand Baht)

	Consolidated financial statements/Separate financial statements					
	Cost		Reduce cost to net realisable value		Inventories - net	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Food and beverages	10,872	7,820	-	-	10,872	7,820
General supplies	10,082	8,972	-	-	10,082	8,972
Engineering tools, spare parts and supplies	4,148	4,701	(918)	(1,196)	3,230	3,505
Total	25,102	21,493	(918)	(1,196)	24,184	20,297

During the current year, the Company reversed the write-down of cost of inventories Baht 0.3 million to reflect the net realisable value (2021: reduced cost of inventories by Baht 0.3 million).

10. Other non-current financial assets

(Unit: Thousand Baht)

	Consolidated financial statements	
	<u>2022</u>	<u>2021</u>
<u>Equity instruments designated at FVOCI</u>		
Listed equity instruments		
Shangri-La Asia Limited - related party	297,994	291,375
Don Muang Tollway Public Company Limited	37,183	174,728
Total equity instruments designated at FVOCI	335,177	466,103

Equity instruments designated at FVOCI of listed equity instruments which the Group considers these instruments to be strategic in nature.

Movements of the equity instruments designated at FVOCI for the years ended 31 December 2022 and 2021 are summarised below.

(Unit: Thousand Baht)

	Consolidated financial statements					
	Shangri-La Asia Limited		Don Muang Tollway Public Company Limited		Total	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Fair value as at 1 January	291,375	281,200	174,728	131,151	466,103	412,351
Gain (loss) recognised into other						
comprehensive income	(5,550)	(24,416)	(12,790)	131,355	(18,340)	106,939
Disposed during the year	-	-	(124,755)	(87,778)	(124,755)	(87,778)
Translation adjustment	12,169	34,591	-	-	12,169	34,591
Fair value as at 31 December	<u>297,994</u>	<u>291,375</u>	<u>37,183</u>	<u>174,728</u>	<u>335,177</u>	<u>466,103</u>

For the year 2022 the subsidiary sold some parts of its equity interest in Don Muang Tollway Public Company Limited which have the fair value on the date of sales of Baht 124.8 million. The accumulated gain recognised in other comprehensive income of Baht 41.8 million net of income tax, was transferred to the Company's retained earnings of Baht 24.0 million and non-controlling interests of the subsidiary of Baht 17.8 million.

During the current year the subsidiary received dividends in the amount of Baht 6.3 million (2021: Baht 11.7 million) from Don Muang Tollway Public Company Limited.

Equity instruments were measured at fair value with hierarchy level 1 and there were no transfers within the fair value hierarchy during the current period.

11. Investments in subsidiaries

11.1 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	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</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					<u>1,303,000</u>	<u>1,303,000</u>

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>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</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>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	(Percent)	(Percent)				
TRR-Kerry Development Company Limited	42.67	42.67	115,577	113,646	6,298	6,446

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>2022</u>	<u>2021</u>
Current assets	236,993	109,979
Non-current assets	37,182	174,881
Current liabilities	73	2,120

Summarised information about comprehensive income

	(Unit: Thousand Baht)	
	For the years ended 31 December	
	<u>2022</u>	<u>2021</u>
Revenue	6,751	11,824
Profit	14,759	15,034
Total comprehensive income	47,901	80,032

Summarised information about cash flow

	(Unit: Thousand Baht)	
	For the years ended 31 December	
	<u>2022</u>	<u>2021</u>
Cash flow used in operating activities	(12,346)	(4,684)
Cash flow from investing activities	131,506	99,602
Net increase in cash and cash equivalents	119,160	94,918

12. Investments in associates**12.1 Details of associates:**

(Unit: Thousand Baht)										
Company's name	Nature of business	Country of incorporation	Paid-up capital		Consolidated financial statements					
					Shareholding		Cost		Carrying amounts	
			as at 31 December		percentage				based on equity method	
			2022	2021	2022	2021	2022	2021	2022	2021
					(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	30,902	29,880	-	-
Shangri-La Yangon Company Limited	Serviced apartments	Myanmar	USD 2.0 million	USD 2.0 million	22.22	22.22	18,273	17,669	-	-
Traders Square Company Limited	Commercial complex and office for rent	Myanmar	USD 0.1 million	USD 0.1 million	23.56	23.56	729	705	-	-
Total							49,904	48,254	-	-

12.2 Summarised financial information of associates

The financial information of these associated companies for the years ended 31 December 2022 and 2021, 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		Shangri-La Yangon		Traders Square	
	Company Limited		Company Limited		Company Limited	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Total assets	1,171,332	1,216,455	3,332,823	3,304,132	3,570,983	3,603,087
Total liabilities	(3,971,463)	(3,686,739)	(3,980,762)	(3,858,175)	(4,364,891)	(4,271,816)
Net (liabilities)/assets	(2,800,131)	(2,470,284)	(647,939)	(554,043)	(793,908)	(668,729)

(Unit: Thousand Baht)

	For the years ended 31 December					
	Traders Yangon		Shangri-La Yangon		Traders Square	
	Company Limited		Company Limited		Company Limited	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Total revenue	14,231	9,418	221,805	274,458	263,238	271,744
Loss	(241,927)	(211,921)	(76,037)	(11,734)	(103,794)	(106,555)

12.3 The reconciliation of interests in associates

Since 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, 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 2022			
	Traders Yangon Company Limited	Shangri-La Yangon Company Limited	Traders Square Company Limited	Total
Interests in associates				
Net assets/ (liabilities) of associates	(2,800,131)	(647,939)	(793,908)	(4,241,978)
Shareholding percentage (Percent)	23.53%	22.22%	23.56%	
The Group's interests in associates	(658,871)	(143,972)	(187,045)	(989,888)
Investments in associates				
Ordinary shares, at cost	30,902	18,273	729	49,904
Less: Cumulative share of losses from investments in associates	(30,902)	(18,273)	(729)	(49,904)
Total	-	-	-	-
Long-term loans to and interest receivables from related parties (Note 6)				
Long-term loans to and interest receivables from related parties	562,473	841,430	914,125	2,318,028
Less: Impairment losses on financial assets	(562,473)	(125,402)	(279,949)	(967,824)
Total - net	-	716,028	634,176	1,350,204
Less: Cumulative share of losses from investments in associates	-	(125,699)	(186,316)	(312,015)
Total long-term loans to and interest receivables from related parties - net	-	590,329	447,860	1,038,189
Unrecognised cumulative share of losses from investments in associates	(627,969)	-	-	(627,969)

(Unit: Thousand Baht)

	Consolidated financial statements			
	As at 31 December 2021			
	Traders Yangon Company Limited	Shangri-La Yangon Company Limited	Traders Square Company Limited	Total
<u>Interests in associates</u>				
Net assets/ (liabilities) of associates	(2,470,284)	(554,043)	(668,729)	(3,693,056)
Shareholding percentage (Percent)	23.53%	22.22%	23.56%	
The Group's interests in associates	(581,258)	(123,108)	(157,553)	(861,919)
<u>Investments in associates</u>				
Ordinary shares, at cost	29,880	17,669	705	48,254
Less: Cumulative share of losses from investments in associates	(29,880)	(17,669)	(705)	(48,254)
Total	-	-	-	-
<u>Long-term loans to and interest receivables from related parties (Note 6)</u>				
Long-term loans to and interest receivables from related parties	543,879	803,512	875,597	2,222,988
Less: Impairment losses on financial assets	(543,879)	(46,921)	(256,271)	(847,071)
Total - net	-	756,591	619,326	1,375,917
Less: Cumulative share of losses from investments in associates	-	(105,439)	(156,848)	(262,287)
Total long-term loans to and interest receivables from related parties - net	-	651,152	462,478	1,113,630
Unrecognised cumulative share of losses from investments in associates	(551,378)	-	-	(551,378)

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
							Total
Cost:							
1 January 2021	2,528,775	3,400,221	1,303,086	3,871,952	98,695	7,698	11,248,881
Additions	-	-	2,742	1,559	-	-	14,687
Disposals/write-off	-	-	-	(97)	-	(1,465)	(1,568)
Transfers in (out)	-	-	-	3,710	-	-	-
31 December 2021	2,528,775	3,400,221	1,305,828	3,877,124	98,695	6,233	11,262,000
Additions	-	-	2,010	8,758	-	-	36,823
Disposals/write-off	-	(7,790)	(599)	(15,731)	-	-	(24,120)
31 December 2022	2,528,775	3,392,431	1,307,239	3,870,151	98,695	6,233	11,274,703
Accumulated depreciation:							
1 January 2021	-	2,670,593	1,152,488	3,720,254	98,409	6,270	7,648,014
Depreciation for the year	-	104,556	27,123	66,338	223	720	198,960
Depreciation on disposals/write-off	-	-	-	(92)	-	(1,465)	(1,557)
31 December 2021	-	2,775,149	1,179,611	3,786,500	98,632	5,525	7,845,417
Depreciation for the year	-	104,446	24,080	43,720	54	590	172,890
Depreciation on disposals/write-off	-	(7,567)	(599)	(15,729)	-	-	(23,895)
31 December 2022	-	2,872,028	1,203,092	3,814,491	98,686	6,115	7,994,412
Net book value:							
31 December 2021	2,528,775	625,072	126,217	90,624	63	708	3,416,583
31 December 2022	2,528,775	520,403	104,147	55,660	9	118	3,280,291

(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
Cost:							Total
1 January 2021	2,526,921	3,400,221	1,303,086	3,871,952	98,695	7,698	11,247,027
Additions	-	-	2,742	1,559	-	-	14,687
Disposals/write-off	-	-	-	(97)	-	(1,465)	(1,568)
Transfers in (out)	-	-	-	3,710	-	-	-
31 December 2021	2,526,921	3,400,221	1,305,828	3,877,124	98,695	6,233	11,260,146
Additions	-	-	2,010	8,758	-	-	36,823
Disposals/write-off	-	(7,790)	(599)	(15,731)	-	-	(24,120)
31 December 2022	2,526,921	3,392,431	1,307,239	3,870,151	98,695	6,233	11,272,849
Accumulated depreciation:							
1 January 2021	-	2,670,593	1,152,488	3,720,254	98,409	6,270	7,648,014
Depreciation for the year	-	104,556	27,123	66,338	223	720	198,960
Depreciation on disposals/write-off	-	-	-	(92)	-	(1,465)	(1,557)
31 December 2021	-	2,775,149	1,179,611	3,786,500	98,632	5,525	7,845,417
Depreciation for the year	-	104,446	24,080	43,720	54	590	172,890
Depreciation on disposals/write-off	-	(7,567)	(599)	(15,729)	-	-	(23,895)
31 December 2022	-	2,872,028	1,203,092	3,814,491	98,686	6,115	7,994,412
Net book value:							
31 December 2021	2,526,921	625,072	126,217	90,624	63	708	3,414,729
31 December 2022	2,526,921	520,403	104,147	55,660	9	118	3,278,437

As at 31 December 2022, certain items of plant, equipment and vehicles were fully depreciated but are still in use. The gross carrying amount before deducting accumulated of those assets amounted to approximately Baht 5,742 million (2021: Baht 5,626 million).

14. Trade and other payables

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Trade payables - unrelated parties	52,078	28,320	52,078	28,320
Other payables - related parties (Note 6)	39,492	25,013	38,599	24,934
Other payables - unrelated parties	14,858	7,402	14,801	7,362
Payables for purchase of assets	9,551	2,616	9,551	2,616
Retention payables	2,467	1,798	2,467	1,798
Accrued expenses	74,035	34,503	73,150	33,583
Total trade and other payables	192,481	99,652	190,646	98,613

15. Provision for long-term employee benefits

Provision for long-term employee benefits as at 31 December 2022 and 2021, 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		employee benefits plan			
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Defined benefit obligation at beginning of year	89,346	72,357	6,980	7,230	96,326	79,587
<i>Included in profit or loss:</i>						
Current service cost	5,816	5,214	578	652	6,394	5,866
Interest cost	1,757	1,702	125	163	1,882	1,865
Past service costs and gains or losses on settlement	-	-	(1,479)	(322)	(1,479)	(322)
<i>Included in other comprehensive income:</i>						
Actuarial (gain) loss arising from						
Demographic assumptions changes	-	(735)	-	-	-	(735)
Financial assumptions changes	(3,512)	5,495	-	-	(3,512)	5,495
Experience adjustments	(4,477)	7,320	-	-	(4,477)	7,320
<i>Benefits paid during the year</i>	<i>(5,999)</i>	<i>(2,007)</i>	<i>(1,065)</i>	<i>(743)</i>	<i>(7,064)</i>	<i>(2,750)</i>
Defined benefit obligation at end of year	82,931	89,346	5,139	6,980	88,070	96,326

The Company expects to pay Baht 19.4 million of long-term employee benefits during the next year.

As at 31 December 2022, the weighted average duration of the liabilities for long-term employee benefit is 11 and 15 years (2021: 12 and 17 years).

Key actuarial assumptions used for the valuation are as follows:

	Consolidated financial statements/ Separate financial statements	
	<u>2022</u>	<u>2021</u>
	(% per annum)	(% per annum)
Discount rate	2.84, 3.33	2.22, 2.83
Future salary increase rate	5.00	5.00
Turnover rate	2.39 - 28.65	2.39 - 28.65

The result of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligation as at 31 December 2022 and 2021 are summarised below:

(Unit: Million Baht)

	Consolidated financial statements/Separate financial statements			
	As at 31 December 2022		As at 31 December 2021	
	<u>Increase 0.5%</u>	<u>Decrease 0.5%</u>	<u>Increase 0.5%</u>	<u>Decrease 0.5%</u>
Discount rate	(3)	3	(4)	4
	<u>Increase 1%</u>	<u>Decrease 1%</u>	<u>Increase 1%</u>	<u>Decrease 1%</u>
Salary increase rate	6	(6)	8	(7)
	<u>Increase 20%</u>	<u>Decrease 20%</u>	<u>Increase 20%</u>	<u>Decrease 20%</u>
Turnover rate	(4)	5	(5)	6

16. 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.

17. Finance income/Finance cost

Finance income/Finance cost for the years ended 31 December 2022 and 2021 are summarised below:

			(Unit: Thousand Baht)	
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Finance income				
Interest income	46,418	29,034	6,039	6,418
Total	46,418	29,034	6,039	6,418
Finance cost				
Unrealised loss on exchange rate of				
short-term loan from related party (Note 6)	-	-	(17,109)	(50,792)
Total	-	-	(17,109)	(50,792)

18. Expenses by nature

Significant expenses classified by nature are as follows:

			(Unit: Thousand Baht)	
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Salaries and wages and other employee benefits	394,357	293,932	394,357	293,932
Depreciation and amortisation expenses	173,678	201,520	173,678	201,520
Direct cost of food and beverage	142,613	63,831	142,613	63,831
Other direct cost of hotel operations	119,459	43,734	119,459	43,734
Utilities expenses	119,367	69,329	119,367	69,329
Management fees	42,810	18,375	42,810	18,375
Advertising and promotion expenses	36,782	12,495	36,782	12,495
Maintenance expenses	43,104	21,666	43,104	21,666

19. Income tax

Income tax for the years ended 31 December 2022 and 2021 are made up as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Current income tax:				
Current corporate income tax charge	5,136	6,574	-	-
Deferred tax:				
Relating to origination and reversal of temporary differences	584	(102,743)	7,800	(93,049)
Income tax benefits reported in the statements of comprehensive income	<u>5,720</u>	<u>(96,169)</u>	<u>7,800</u>	<u>(93,049)</u>

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2022 and 2021 are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Deferred tax on gain from the changes in value of investment in equity investments designated at FVOCI	(2,558)	16,249	-	-
Deferred tax on actuarial gains and losses	1,598	(2,416)	1,598	(2,416)
	<u>(960)</u>	<u>13,833</u>	<u>1,598</u>	<u>(2,416)</u>

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

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Accounting profit (loss) before tax	(68,173)	(582,533)	33,383	(454,294)
Applicable tax rate	0, 17, 20%	0, 17, 20%	20%	20%
Accounting profit (loss) before tax multiplied by				
income tax rate	(20,557)	(123,240)	6,677	(90,859)
Unrecognised deferred tax assets on temporary				
differences	26,894	37,157	-	-
Effects of:				
Exemption of income	(627)	(6,367)	-	-
Non-deductible expenses	3,591	94	1,330	80
Additional expense deductions allowed	(1,735)	(2,609)	(1,712)	(2,609)
Others	(1,846)	(1,204)	1,505	339
Total	(617)	(10,086)	1,123	(2,190)
Income tax benefits reported in the statement of				
comprehensive income	5,720	(96,169)	7,800	(93,049)

The tax rate enacted at the end of the reporting period of the subsidiaries in overseas countries are 0 percent to 17 percent.

The components of deferred tax assets are as follows:

	(Unit: Thousand Baht)			
	Statements of financial position			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Deferred tax assets				
Allowance for expected credit losses of trade receivables	587	696	587	696
Allowance for diminution in value of inventories	184	239	184	239
Unrealised fair value loss on investment	13,164	153	-	-
Provision for long-term employee benefits	17,614	19,265	17,614	19,265
Provisions and other accruals	601	125	601	125
Unused tax losses	171,124	179,183	171,124	179,183
Total	<u>203,274</u>	<u>199,661</u>	<u>190,110</u>	<u>199,508</u>
Deferred tax liabilities				
Undued tax remitted	12,222	8,604	-	-
Total	<u>12,222</u>	<u>8,604</u>	<u>-</u>	<u>-</u>
Net balance	<u>191,052</u>	<u>191,057</u>	<u>190,110</u>	<u>199,508</u>
Presented as				
Deferred tax assets	203,274	199,661	190,110	199,508
Deferred tax liabilities	12,222	8,604	-	-
Total	<u>191,052</u>	<u>191,057</u>	<u>190,110</u>	<u>199,508</u>

As at 31 December 2022, the Group has deductible temporary differences totalling Baht 1,008 million (2021: Baht 873 million), 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 856 million (2021: Baht 896 million) which will expire by 2025 and 2026, respectively.

20. 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>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Profit (Loss) for the year (Thousand Baht)	(80,191)	(492,810)	25,583	(361,245)
Weighted average number of ordinary shares				
(Thousand shares)	130,000	130,000	130,000	130,000
Profit (Loss) per share (Baht per share)	(0.62)	(3.79)	0.20	(2.78)

21. 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.

(Unit: Million Baht)

7,577

Major customers

For the years 2022 and 2021, the Group have no major customer with revenue of 10 percent or more of an entity's revenues.

22. 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 2022, the Company contributed Baht 11 million (2021: Baht 10 million) to the fund.

23. Commitments and contingent liabilities

23.1 Capital commitments

As at 31 December 2022, the Company had capital commitments of approximately Baht 80 million (2021: Baht 51 million), relating to the construction and renovation of the hotel building and acquisition of machinery.

23.2 Guarantees

- (1) As at 31 December 2022, there were outstanding bank guarantees of approximately Baht 11 million (2021: Baht 11 million) issued by a bank on behalf of the Company in respect of electricity usage.
- (2) As at 31 December 2022, the Company has the Counter Indemnity Agreement with the parent company to indemnify the contingent liability relating to loan facilities of its associated company, Traders Yangon Company Limited, in proportion to the subsidiary's shareholding not exceeding USD 11.77 million. (31 December 2021: the Company has the Counter Indemnity Agreement with the parent company to indemnify the contingent liability relating to loan facilities of its two associated companies, i.e. Traders Yangon Company Limited and Shangri-La Yangon Company Limited, in proportion to the subsidiary's shareholding not exceeding USD 11.77 million and USD 6.67 million, respectively.)

24. Financial instruments

24.1 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 foreign 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>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	(Million)	(Million)	(Million)	(Million)	(Baht per 1 foreign currency unit)	
US dollar	37	38	-	-	34.5624	33.4199

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>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	(Million)	(Million)	(Million)	(Million)	(Baht per 1 foreign currency unit)	
US dollar	-	-	15	15	34.5624	33.4199

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 2022 and 2021.

(Unit: Thousand Baht)				
	Consolidated financial statements		Separate financial statements	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Impact to profit before tax				
THB against USD				
- Increase 5 %	63,720	63,476	(26,050)	(25,195)
- Decrease 5 %	(63,720)	(63,476)	26,050	25,195

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 2022 and 2021, 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 2022							
	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	2,585	-	-	85	75	2,745	0.20 - 4.25
Fixed deposits with financial institutions	60	-	-	-	-	60	0.60
Trade and other receivables	-	-	-	-	89	89	-
Long-term loans to and interest receivables from related parties	-	-	795	-	243	1,038	USD LIBOR and 0.92 to 2.05
	2,646	-	795	85	407	3,933	
Financial liabilities							
Trade and other payables	-	-	-	-	192	192	-
	-	-	-	-	192	192	

(Unit: Million Baht)

Consolidated financial statements							
As at 31 December 2021							
	Fixed interest rates			Floating	Non-		Effective
	Within	1-5 years	Over	interest	interest	Total	interest rate
	1 year		5 years	rate	bearing		(% per annum)
Financial assets							
Cash and cash equivalents	1,305	-	-	13	34	1,352	0.13 - 0.40
Fixed deposits with financial institutions	958	-	-	-	-	958	0.45 - 0.70
Trade and other receivables	-	-	-	-	29	29	-
Long-term loans to and interest receivables from related parties	-	-	895	-	219	1,114	USD LIBOR and 0.92 to 2.05
	2,263	-	895	13	282	3,453	
Financial liabilities							
Trade and other payables	-	-	-	-	100	100	-
	-	-	-	-	100	100	

(Unit: Million Baht)

Separate financial statements							
As at 31 December 2022							
	Fixed interest rates			Floating	Non-		Effective
	Within	1-5 years	Over 5	interest	interest	Total	interest rate
	1 year		years	rate	bearing		(% per annum)
Financial assets							
Cash and cash equivalents	1,140	-	-	85	22	1,247	0.20 - 0.85
Fixed deposits with financial institutions	60	-	-	-	-	60	0.60
Trade and other receivables	-	-	-	-	75	75	-
	1,200	-	-	85	97	1,382	
Financial liabilities							
Trade and other payables	-	-	-	-	191	191	-
Short-term loan from related party	-	-	-	-	521	521	-
	-	-	-	-	712	712	

(Unit: Million Baht)

Separate financial statements							
As at 31 December 2021							
	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	25	-	-	13	15	53	0.13 - 0.30
Fixed deposits with financial institutions	935	-	-	-	-	935	0.45 - 0.70
Trade and other receivables	-	-	-	-	28	28	-
	960	-	-	13	43	1,016	
Financial liabilities							
Trade and other payables	-	-	-	-	99	99	-
Short-term loan from related party	-	-	-	-	504	504	-
	-	-	-	-	603	603	

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 2022 and 2021 based on contractual undiscounted cash flows:

(Unit: Million Baht)

	Consolidated financial statements				
	As at 31 December 2022				
	On demand	Less than 1 year	1-5 years	Over 5 years	Total
Non-derivatives					
Trade and other payables	-	192	-	-	192
Total non-derivatives	-	192	-	-	192

(Unit: Million Baht)

	Separate financial statements				
	As at 31 December 2022				
	On demand	Less than 1 year	1-5 years	Over 5 years	Total
Non-derivatives					
Trade and other payables	-	191	-	-	191
Short-term loans from related party	521	-	-	-	521
Total non-derivatives	521	191	-	-	712

(Unit: Million Baht)

	Consolidated financial statements				
	As at 31 December 2021				
	On demand	Less than 1 year	1-5 years	Over 5 years	Total
Non-derivatives					
Trade and other payables	-	100	-	-	100
Total non-derivatives	-	100	-	-	100

(Unit: Million Baht)

	Separate financial statements				
	As at 31 December 2021				
	On demand	Less than 1 year	1-5 years	Over 5 years	Total
Non-derivatives					
Trade and other payables	-	99	-	-	99
Short-term loans from related party	504	-	-	-	504
Total non-derivatives	504	99	-	-	603

24.2 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.

25. 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 2022, the Group's debt-to-equity ratio was 0.07:1 (2021: 0.05:1) and the Company's was 0.20:1 (2021: 0.16:1).

26. Events after the reporting period

On 9 December 2022, a subsidiary entered into the loan agreements with an associated company, Traders Yangon Company Limited to provide the loan of USD 3.51 million as in proportion to the subsidiary's shareholding in the associated, carrying an interest rate of 5.5% per annum. The loan is to be repaid no longer than 5 years from the relevant drawdown date. The loan is subordinated loan and unsecured.

On 20 January 2023, the subsidiary granted loans to the associated company amounting to USD 0.9 million.

27. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 20 February 2023.

Attachment I

Information of Directors, Executives, the Person assigned to take the highest responsibility in Accounting and Finance and Company Secretary

- Board of Directors

Name of Director	Age (Years)	% of shareholding in the Company**	Family relationship between Director and Management	Education / Training	Current position in other company		Skill and Expertise
					Period, Position and Company		
1. Mr. Maris Pakdeetaveevivat	79	-	None	- Technical College, Hong Kong	- Nov 1991 - Present Director Kerry Trading Company Limited - Sep 2008 - Present Director Kerry Mining (Hong Kong) Limited	- Engineering - Leadership - Governance/ Compliance	
2. Mr. Chan Kong Leong	50	-	None	- First-Class Honours in Bachelor of Science in Building, National University of Singapore - Charter holder – Chartered Financial Analyst	- Jan 2019 - Present Regional Chief Executive Officer, Southeast Asia & Australasia (SEAA), Middle East, Europe, India & Americas (MEIA), Hong Kong and Japan of Shangri-La Group	- Economics - Banking - Finance & Securities - Construction Services - Property Fund & REITs - Property Development - Accounting - Finance - Fund Management - Negotiation - Project Management - Corporate Management - Leadership - Strategic Management - Internal Control - Budgeting - Governance/ Compliance	
3. Mr. Lee Hui Yeow	49	-	None	- First-Class Honours in Bachelor of Accounting, University of Wales College of Cardiff, United Kingdom - Fellow member of Association of Chartered Certified Accountants	- Sep 2018 - Present Senior Vice President, Finance, Southeast Asia & Australasia of Shangri-La Group	- Economics - Banking - Finance & Securities - Accounting - Finance - Leadership - Internal Control - Budgeting - Governance/ Compliance	

- Board of Directors (Continued)

Name of Director	Age (Years)	% of shareholding in the Company**	Family relationship between Director and Management	Education / Training	Current position in other company		Skill and Expertise
					Period, Position and Company		
4. Mrs. Chanida Asdathorn	82	0.23%	Sister in law to Mr. Somkiat Asadathorn and Mr. Surin Asdathorn	<ul style="list-style-type: none">- Bachelor's Degree in Business Administration, Pasadana College, California, U.S.A- Directors Accreditation Program (DAP) (March 2006).- Thai Institute of Directors Association	<ul style="list-style-type: none">- 1984 – Present Managing Director Siam Sugar Export Corporation Ltd.- 1988 – Jul 2017 and Dec 2018 –Present Director Fine Metal Technologies Public Company Limited	<ul style="list-style-type: none">- Economics- Agribusiness- Food & Beverage- Banking- Property Fund & REITs- Commerce- Health Care Services- Tourism & Leisure- Transportation & Logistics- Marketing- Finance- Corporate Social Responsibility- Sustainability- Procurement- Data Analysis- Negotiation- Change Management- Leadership- Strategic Management- Risk Management	
5. Mr. Somkiat Asadathorn	89	1.45%	Mr. Surin's brother	<ul style="list-style-type: none">- High School- Directors Accreditation Program (DAP) (April 2007).- Thai Institute of Directors Association	<ul style="list-style-type: none">- Present President Baanrai Sugar Industry Co., Ltd.	<ul style="list-style-type: none">- Agribusiness- Finance- Negotiation- Corporate Management- Leadership- Strategic Management	
6. Mr. Surin Asdathorn	81	2.67%	Mr. Somkiat's brother	<ul style="list-style-type: none">- Bachelor of Art Degree in Political Science, Ramkhamhaeng University	<ul style="list-style-type: none">- Present Chief Executive Officer Thai Roong Ruang Sugar Group	<ul style="list-style-type: none">- Agribusiness- Food & Beverage- Industrial Materials & Machinery- Steel- Construction Materials- Energy & Utilities- Transportation & Logistics- Corporate Social Responsibility- Human Resource Management- Leadership	

- Board of Directors (Continued)

Name of Director	Age (Years)	% of shareholding in the Company**	Family relationship between Director and Management	Education / Training	Current position in other company		Skill and Expertise
					Period, Position and Company		
7. Mrs. Pavinee Meensuk	65	-	None	- Bachelor's Degree in Accounting, Thammasat University - Bachelor's Degree in Law, Thammasat University - Directors Accreditation Program (DAP) (December 2004), Thai Institute of Directors Association	- 2005 - Present General Manager Kerry (Thailand) Co., Ltd. - 1990 - Present Director Kerry Siam Seaport Limited	- Transportation & Logistics - Law - Accounting - Finance - Human Resource Management - Data Analysis - Corporate Management - Change Management - Budgeting	
8. Mr. Kovit Poshyananda	88	-	None	- B.A. (Honours), Cambridge University - M.A. (Economics), Cornell University - Ph.D. (Economics), Cornell University - Doctor of Philosophy (honoris causa), Chulalongkorn University - Directors Accreditation Program (DAP) (2003), Thai Institute of Directors Association	- Present Honorary Chairman Sansiri Public Company Limited - Present Independent Director and Chairman of the Nomination and Remuneration Committee Bangkok Bank Public Company Limited	- Economics - Banking - Finance & Securities - Property Development - Finance - Data Analysis - Statistics - Governance/ Compliance	
9. Mr. Jayavadh Bunnag	79	-	None	- LL.B., Chulalongkorn University - LL.M., Harvard Law School - Fellow of the Chartered Institute of Arbitrators (U.K.), Chartered Arbitrator - Adjunct Professor of Commercial Law, Thammasat University - Directors Accreditation Program (DAP) (2006), Thai Institute of Directors Association	- 1987 - Present Managing Director ILCT Ltd.	- Law - Governance/ Compliance	

- Board of Directors (Continued)

Name of Director	Age (Years)	% of shareholding in the Company**	Family relationship between Director and Management	Education / Training	Current position in other company		Skill and Expertise
					Period, Position and Company		
10. Mr. Kledchai Benjaathonsirkul	68	0.001%	None	<ul style="list-style-type: none">- Bachelor’s Degree in Law, University of Birmingham, England- Directors Accreditation Program (DAP) (May 2006), Thai Institute of Directors Association	<ul style="list-style-type: none">- 2000 – Present Director Kerry Siam Seaport Limited- 2019 - Present Chairman Kerry Express (Thailand) Public Company Limited	<ul style="list-style-type: none">- Transportation & Logistics- Law- Leadership- Strategic Management- Risk Management- Audit- Internal Control- Budgeting- Governance/ Compliance	
11. Mr. Supot Singhasaneh	74	-	None	<ul style="list-style-type: none">- Bachelor’s Degree in Accounting Thammasat University- Master of Finance, University of Michigan, USA- Certified Public Accountant- Ph.D. (Hon.) in Accounting Thammasat University- Ph.D. (Hon.) of Arts in Accounting Sripatum University- ASEAN Chartered Professional Accountant – Registration No.000048- Director Certification Program, Class 90/2007, Thai Institute of Directors Association- Role of the Chairman Program, Class 18/2008, Thai Institute of Directors Association- Successful Formulation & Execution of Strategy Program Class 4/2009, Thai Institute of Directors Association	<ul style="list-style-type: none">- 2018 - Present Chairman of the Audit Committee TPI Polene Public Company Limited- 2019 – Present Chairman of the Board of Directors and Chairman of the Audit Committee Saksiam Leasing Public Company Limited- 2018 – Present Chairman of the Board of Directors and Chairman of the Audit Committee Samart Aviation Solutions Public Company Limited- 2017 - Present Chairman of the Audit Committee Social Security Fund- 2018 - Present Member of the Audit Committee Thammasat University- 2020 - Present Director and Secretary General Thailand Federation of Accounting Professions Under The Royal Patronage of His Majesty The King- 2022 - Present Appointed Member of Krirk University Council KRIRK University	<ul style="list-style-type: none">- Accounting- Finance	

Remarks :

** Including the shareholding of the spouse and minor children.

- Executives

- Shangri-La Hotel, Bangkok

Name	Age (Years)	% of shareholding in the Company**	Family relationship between Director and Management	Education Background	Working Experience		Skill and Expertise
					Position and Company name		
1. Mrs. Yue Toy Hang General Manager	59	-	-	- Diploma of Civil Engineering, Federal Institute of Technology, Malaysia	Sep 2015 – Oct 2021 General Manager Shangri-La Rasa Sayang Resort & Spa, Penang & Golden Sands Resort, Penang Nov 2011 – Aug 2015 General Manager Shangri-La Rasa Sayang Resort & Spa, Penang	<ul style="list-style-type: none">- Tourism & Leisure- Finance- Corporate Social Responsibility- Human Resource Management- Sustainability- Procurement- Fund Management- Data Management- Data Analysis- Negotiation- Corporate Management- Change Management- Leadership- Strategic Management- Risk Management- Audit- Internal Control- Budgeting- Governance/ Compliance	
2. Ms. Nipa Smanote Area Financial Controller (The person who has been assigned the responsibility in the Company's accounting and finance department)	64	-	-	- Bachelor's Degree in Accounting, University of The Thai Chamber of Commerce, Thailand	Jun 2005 – May 2012 Financial Controller Shangri-La Bangkok, Thailand	<ul style="list-style-type: none">- Finance & Securities- Tourism & Leisure- Marketing- Accounting- Finance- Corporate Social Responsibility- Human Resource Management- Sustainability- Procurement- Fund Management- Data Management- Data Analysis- Negotiation- Corporate Management- Change Management- Leadership- Strategic Management- Risk Management- Audit- Internal Control- Budgeting- Governance/ Compliance	

- Executives (Continued)
- Shangri-La Hotel, Bangkok

Name	Age (Years)	% of shareholding in the Company**	Family relationship between Director and Management	Education Background	Working Experience		Skill and Expertise
					Position and Company name		
3. Mr. Golden Wessel Whitehead Executive Assistant Manager i/c Food & Beverage	45	-	-	<ul style="list-style-type: none">- Certificate in Financial Management Cornell University- Master in Hospitality Management Cornell University	<p>May 2019 – May 2022 Regional General Manager QLD & WA – MINOR Hotels Head Office, Australia</p> <p>July 2017 - May 2019 Vice President Food and Beverage- Pan Pacific Hotels Group Head Office Singapore</p>	<ul style="list-style-type: none">- Food & Beverage- Tourism & Leisure- Finance- Corporate Social Responsibility- Sustainability- Procurement- Fund Management- IT Management- Data Management- Data Analysis- Negotiation- Corporate Management- Change Management- Leadership- Strategic Management- Risk Management- Audit- Internal Control- Budgeting- Governance/ Compliance	
4. Mr.Raja Phani Madhav Sambhangji Director of Rooms	44	-	-	<ul style="list-style-type: none">- Bachelor of Arts from Delhi University- Diploma E-commerce in Computers from NIIT, New Delhi	<p>Oct 2017 – May 2018 Director of Rooms Four Seasons Hotel Mumbai, India</p> <p>Dec 2015 – Oct 2017 Director of Rooms Shangri-La Hotel, Bengaluru, India</p>	<ul style="list-style-type: none">- Tourism & Leisure- Finance- Corporate Social Responsibility- Data Analysis- Change Management- Leadership- Strategic Management- Risk Management- Audit- Internal Control- Budgeting- Governance/ Compliance	

- Executives (Continued)
- Shangri-La Hotel, Bangkok

Name	Age (Years)	% of shareholding in the Company**	Family relationship between Director and Management	Education Background	Working Experience		Skill and Expertise
					Position and Company name		
5. Ms. Puey Kee Lim Director of Commercial Sales	46	-	-	- Diploma in Secretarial Educational, Rima College, Malaysia	Apr 2015 – Jun 2022 Director of Sales Director of Events Management Shangri-La Hotel, Bangkok, Thailand	- Tourism & Leisure - Marketing - Finance - Corporate Social Responsibility - Data Analysis - Digital Marketing - Change Management - Leadership - Strategic Management - Risk Management - Audit - Internal Control - Budgeting - Governance/ Compliance	
6. Mr. Chee Hoong Lee Director of Engineering	64	-	-	- Master of Business Administrative, University of Otago, New Zealand - Bachelor of Engineering (Electrical), University of Canterbury, New Zealand	Jun – Nov 2020 Director, Facilities - MEP Systems and Landscape, Marina Bay Sands Resort, Singapore May 2019 – Mar 2020 Director of Engineering – Projects Shangri-La Hotel, Kowloon, Hong Kong Aug 2014 – Aug 2017 Cluster Chief Engineer The Mulia, Mulia Resort & Villas, Bali, Indonesia	- Energy & Utilities - Tourism & Leisure - Corporate Social Responsibility - Project Management - Engineering - Architecture - Design - Change Management - Leadership - Strategic Management - Risk Management - Audit - Internal Control - Budgeting - Governance/ Compliance	

- Executives (Continued)
- Shangri-La Hotel, Bangkok

Name	Age (Years)	% of shareholding in the Company**	Family relationship between Director and Management	Education Background	Working Experience		Skill and Expertise
					Position and Company name		
7. Ms. Paphun Chotigasupa Director of Human Resources	60	-	-	- Master of Science in Educational, Emporia University, USA	Jul 2015 – Sep 2017 Director of Human Resources / Area Training Manager Shangri-La Hotel, Bangkok, Thailand Jan 2011 – Jun 2015 Area Director of Training & Quality Improvement Shangri-La Hotel, Bangkok, Thailand	- Tourism & Leisure - Corporate Social Responsibility - Human Resource Management - Sustainability - Change Management - Leadership - Strategic Management - Risk Management - Audit - Internal Control - Budgeting - Governance/ Compliance	
8. Mr. Phillip Trevor Taylor Executive Chef	37	-	-	- Commercial Cookery Level 3, William Angliss Institute, Melbourne	Jan 2019 – Mar 2022 Executive Chef Four Seasons Resort Jimbaran & Sayan, Bali, Indonesia Jun 2017 – Jan 2019 Executive Sous Chef Shangri-La Bangkok, Thailand	- Food & Beverage - Tourism & Leisure - Corporate Social Responsibility - Change Management - Leadership - Strategic Management - Risk Management - Audit - Internal Control - Budgeting - Governance/ Compliance	

- Executives (Continued)
- Shangri-La Hotel, Bangkok

Name	Age (Years)	% of shareholding in the Company**	Family relationship between Director and Management	Education Background	Working Experience		Skill and Expertise
					Position and Company name		
9. Mr. Jeremiah Timothy Stefan Director of Revenue Optimization	41	-	-	- Bachelor of Economics, Wijaya Putra University, Surabaya	May – Dec 2022 Market Director of Revenue Strategy Marriott International, Kuala Lumpur Mar 2021 – Apr 2022 Cluster Director of Revenue Strategy Marriott International, Kuala Lumpur Nov 2018 – Feb 2021 Director of Revenue Strategy The Westin Kuala Lumpur	- Tourism & Leisure - Information & Communication Technology - Finance - Corporate Social Responsibility - IT Management - Data Analysis - Statistics - Digital Marketing - Brand Management - Change Management - Leadership - Strategic Management - Risk Management - Audit - Internal Control - Budgeting - Governance/ Compliance	

Remarks :

** Including the shareholding of the spouse and minor children.

- Executives
- Shangri-La Hotel, Chiang Mai

Name	Age (Years)	% of shareholding in the Company**	Family relationship between Director and Management	Education Background	Working Experience		Skill and Expertise
					Position and Company name		
1. Mr. Gabriele Lombardo General Manager	51	-	-	- Bachelor Degree in Hospitality Sciences, Ecole Hoteliere de Lausanne, Switzerland	May 2015 – Feb 2017 General Manager Shangri-La's Le Touessrok Resort & Spa, Mauritius Jan 2015 – May 2015 Secondment to Corporate Office on special Project assignment Shangri-La International Hotel Management Limited Oct 2014 – Jan 2015 Secondment to Shangri-La's Villingli Resort & Spa, Maldives as Stand-in General Manager Shangri-La's Villingli Resort & Spa, Maldives	- Economics - Food & Beverage - Fashion - Home & Office Products - Automotive - Tourism & Leisure - Marketing - Corporate Social Responsibility - Human Resource Management - Sustainability - Digital Marketing - Project Management - Corporate Management - Design - Change Management - Leadership - Strategic Management - Risk Management - Audit - Internal Control - Budgeting - Governance/ Compliance	
2. Ms. Wiyada Sornprapha Director of Sales and Marketing	54	-	-	- Master of Business Administration – Marketing, University of New Haven, United States of America	Jul 2013 – Dec 2013 Director of Sales Shangri La Hotel, Chiang Mai, Thailand Dec 2011 – Jun 2013 Director of Conventions & Incentive Sales Thailand Shangri La Hotel, Bangkok, Thailand	- Commerce - Professional Services - Tourism & Leisure - Marketing - Data Analysis - Digital Marketing - Brand Management - Negotiation - Project Management - Corporate Management - Leadership - Strategic Management - Budgeting	
3. Mr. Eshank Sharma Financial Controller	36	-	-	- Chartered Accountancy Institute of Chartered Accountants of India	Jul 2017 - Jul 2019 Assistant Financial Controller Shangri La Hotel, Jakarta, Indonesia Apr 2016 – Jul 2017 Assistant Financial Controller Shangri La Hotel, Chiang Mai, Thailand	- Finance & Securities - Insurance - Commerce - Accounting - Finance - Fund Management - Data Analysis - Statistics - Leadership - Risk Management - Internal Control - Budgeting	

- Executives (Continued)
- Shangri-La Hotel, Chiang Mai

Name	Age (Years)	% of shareholding in the Company**	Family relationship between Director and Management	Education Background	Working Experience		Skill and Expertise
					Position and Company name		
4. Ms. Sukanya Jittanan Director of Human Resources	46	-	-	- Bachelor of Laws Chiang Mai University	Jan 2016 – Jun 2019 Director of Human Resources Park Hyatt, Bangkok, Thailand Apr 2011 – Jan 2016 Human Resources Manager Four Seasons Resort, Chiang Mai, Thailand	- Home & Office Products - Tourism & Leisure - Law - Corporate Social Responsibility - Human Resource Management - Sustainability - Data Management - Leadership - Strategic Management - Budgeting - Governance/ Compliance	
5. Mr. Gian Yosuke Sommerau Director of Food and Beverages	38	-	-	- Bachelor in Business Admin (BBA) in Hospitality Management, Gilon	Nov 2020 – Jan 2022 Assistant Director of Food and Beverages Shangri-La Hotel, Chiang Mai, Thailand Jul 2019 – Nov 2020 Food and Beverages Manager Shangri-La Hotel, Bangkok, Thailand	- Food & Beverage - Tourism & Leisure - Marketing - Corporate Social Responsibility - Human Resource Management - Statistics - Digital Marketing - Negotiation - Change Management - Leadership - Budgeting	
6. Mr. Carlo di Nunzio Executive Chef	49	-	-	- Diploma in Culinary Hospitality art in Istituto Scolastico Pattario, Italy	Dec 2020 – Dec 2021 Executive Chef, Hideaway Beach Resort Maldives Dec 2017 – Oct 2019 Executive Chef, Hotel Concorde el Salam, Cairo	- Food & Beverage - Leadership	
7. Mr. Chalerm Proka Chief Engineer	55	-	-	- Bachelor of Engineering, Rajamangala University of Technology	Aug 2017 – Nov 2019 Chief Engineer 137 Pillar House, Chiang Mai, Thailand Mar 2015 – Aug 2017 Chief Engineer Anantara Resort, Chiang Mai, Thailand	- Industrial Materials & Machinery - Construction Materials - Energy & Utilities - Engineering - Architecture - Leadership	

Remarks :

** Including the shareholding of the spouse and minor children.

- Company Secretary

Name	Age (Years)	% of shareholding in the Company**	Family relationship between Director and Management	Education Background	Working Experience
					Position and Company name
1. Ms. Nongthanus Tansavatdi	47	-	-	<ul style="list-style-type: none">- Bachelor of Law Chulalongkorn University- Master of Science Human Resources Management Chapman University, USA- Master of Comparative Law Indiana University, Bloomington, USA- Master of Law (LLM) Indiana University, Bloomington, USA	Apr 2015 – Jan 2020 Vice President Head of Contracts and Commercial Department Total Access Communication Public Company Limited

Remarks :

** Including the shareholding of the spouse and minor children.

Attachment 2

Details of the directors of Subsidiaries Directorship of the Board of Director in Subsidiaries and Associated Companies

Name of Director	Company	Subsidiaries Companies							Associated Companies		
		Town Development Co., Ltd.	Apizaco Limited	Zukerman Limited	Hasfield Holdings Pte.Ltd.	Traders Hotel and Resort Limited	TRR-Kerry Development Co., Ltd.	Traders Yangon Company Limited	Shangri-La Yangon Company Limited	Trader Squares Company Limited	
1. Mr. Maris Pakdeetaveevivat	//	/	/		/	/					
2. Mr. Chan Kong Leong	/	/	/	/	/			/	/	/	
3. Mr. Lee Hui Yeow	/			/	/			/	/	/	
4. Mrs. Chanida Asdathorn	/	/				/					
5. Mr. Somkiat Asadathorn	/	/									
6. Mr. Surin Asdathorn	/										
7. Mrs. Pavinee Meensuk	/	/			/	/					
8. Mr. Kovit Poshyananda	/										
9. Mr. Jayavadh Bunnag	/										
10. Mr. Kledchai Benjaathonsirikul	/										
11. Mr. Supot Singhasaneh	/										

Remarks :

/ = Director

// = Executive Director

X = Chairman

Attachment 3

Details of the Internal Audit and Compliance Units

Name	Age (Years)	% of shareholding in the Company	Family relationship between Director and Management	Educational History	Working Experience		Attending Internal Audit training program
					Period	Company and Position	
Ms. Pasthatee Theerajittiwong (Internal Audit Manager)	29	-	-	- Bachelor of Accounting, Thammasat University	- May 2015 - June 2018 - Sep 2018 - Jan 2022	- Senior Assurance EY Company Limited - Corporate Account Supervisor Shangri-La Hotel Public Company Limited	-

According to the Licence Agreement (previously known as a Management Agreement) between the Company and Shangri-La International Hotel Management Pte. Ltd. (SLIM SG), SLIM SG has an established framework of procedures and internal controls which the management of each operating business unit is required to comply. In addition, SLIM SG is responsible for reviewing and providing assurance of the effectiveness, adequacy and integrity of Shangri-La Group's system of risk and control management, compliance with Shangri-La Group policies and procedures, and recommends improvements. The Company appoint its Internal Audit Manager to follow up results of Internal Audit report, cooperate with SLIM SG and local operation team in conducting the internal control and directly report to the Audit Committees to ensure its independence.

The Company does not have the Head of the Compliance Unit; however, the Board of Directors has assigned the Company Secretary to give advice on rules, regulations, laws, and regulations related to the company's business. The Secretary also has duties to supervise and coordinate the activities of the Board of Directors and Executives to comply with the resolutions of the Board of Directors and shareholders' resolutions and to ensure that the disclosure of financial reports, important information, and other information that may affect the decision of investors and shareholders is accurate, complete, and in a timely manner as required by law and in accordance with the criteria set by the Stock Exchange of Thailand and the SEC Office. There is also a General Manager to supervise the administration in accordance with the policies received from the Board in order to achieve the Company's objectives

Assets used in Business Operations and Detail of Asset Appraisal

- Assets used in business operations

The Company has assets used in business operations as per details appeared in this report under the section “Assets Used in Business Operations”.

- Asset Appraisal

None

Attachment 5

Unabridged policy and Guidelines on Corporate Governance and Unabridged Code of Business Conduct prepared by the Company

CORPORATE GOVERNANCE POLICY

The Company firmly recognizes and upholds the importance of good corporate governance principles, with the conviction that the compliance with good corporate governance principles will ensure the success and achievement of the Company's objectives, resulting in long-term sustainable growth of the Company. In addition, good corporate governance will create confidence among investors, financial institutions, business partners, and all stakeholders. The Board of Directors has, therefore, considered implementing the Principle of Good Corporate Governance for Listed Companies 2017 or the Corporate Governance Code (CG Code) issued by the Office of Securities and Exchange Commission (SEC), by considering and realizing its role as a leader of the organization (Governing Board) as well as deliberately contemplating and acknowledging the advantage and significance of CG Code compliance, which focuses on the integration and corporate governance used to create value for the business for sustainable development. The appropriate definition of structure, qualification, and scope of authority of the Board of Directors will benefit the operational efficiency. Likewise, the person to be appointed as a director of the Company shall have knowledge, ability, experience, vision, and honesty as well as devote time to the Company in order to fully perform as a director of the Company, and have an independence towards decision making for the best interests of the Company and its shareholders as a whole.

Scope of Responsibility of the Board of Directors

The Board of Directors is responsible for the operation of the Company as well as directing the Company's conduct in compliance with the objectives and guidelines to maintain the highest interests of the Company with fairness to all stakeholders. The Board of Directors shall also direct the Company's operation in compliance with the laws, objectives, Articles of Association, resolutions of the Board of Directors' Meeting and resolutions of Shareholders' Meetings in good faith and with care, prudence, integrity, and be consistently responsible to shareholders. The Board of Directors also has the following duties:

Take responsibility as the leaders who sustainably bring value to the Company's business

1. Directing the Company's visions, missions, and business strategies, and operational policies as well as allocating key resources to achieve the objectives and goals of the Company's business operations, creating value for the entire Company, customers, stakeholders, and society as a whole in a sustainable manner.
2. Following up and supervising the results of operations to be reported to the Board of Directors on a regular basis as well as evaluating and improving the efficiency of business operations.
3. Overseeing good corporate governance policy and Code of Conducts and Ethics including ensuring communication with all directors, executives, and employees for their acknowledgment, understanding, and practical implementation, as well as monitoring performance and regularly reviewing policies and practices.

4. Overseeing to ascertain the directors and executives performing their duties with responsibility, caution, and honesty to the organization as well as ensuring that the operation is performed in accordance with the laws, regulations, and resolutions of the shareholders' meetings.

5. Establishing a process for approving important operations such as investments and other important matters which have high risks and impact the Company.

Defining key objectives and business goals that promote sustainable value creation

6. Directing or ensuring the Company's objectives and goals can create value to the Company, stakeholders, and society as a whole, taking into account the environment and changes on various factors as well as opportunities and acceptable risks, needs of customers and stakeholders, readiness, expertise, competitiveness of the business including the appropriate use of innovation and technology.

7. Overseeing to ascertain the transmission of objectives and goals through strategies and plans across the organization, ensuring appropriate resource allocation and operational control as well as monitoring the implementation of strategies and annual plans.

Strengthening Board effectiveness

8. Defining and reviewing the structure of the Board of Directors, number of directors, proportion of independent directors as well as Board diversity and director qualifications, including knowledge, expertise, experience, specializations, gender, and age to align with the Company's business operations and achieve the objectives and main goals of the organization; and appointing the chairman and members of sub-committees to assist and support the Board's discharge of duties.

9. Selecting and nominating a person suitable to be a director; and ensuring that the composition and operation of the Board facilitate independent decision-making.

10. Overseeing the selection and nomination process of a director to ensure that it is carried out transparently and the remunerations for directors and Sub-committee members are determined appropriately and in line with their responsibilities to provide both short-term and long-term incentives.

11. Devoting sufficient time to perform their duties, attending all meetings of the Board of Directors and Shareholders' Meetings, except in unavoidable circumstances. The directors who are unable to attend a meeting must notify the Chairman or the Company Secretary in advance of the meeting.

12. Developing their knowledge and competency related to their duties through courses or curricula related to directorial duties or seminars that enhance their knowledge; and ensuring the newly appointed directors receive advice and useful information for performing their duties.

13. Overseeing to ascertain a framework and mechanism to oversee and monitor the policies and operations of subsidiaries and other businesses in which the Company has significantly invested appropriately for each business, including the appointment of persons to be directors, executives, or authorized persons.

Nominating executives and developing their skills and knowledge and managing the Company personnel

14. Overseeing to ascertain the nomination of managing director and executive management and providing development and training for managing director and executive management to have knowledge, skills, experiences and qualifications necessary for the work; and ensuring the effective performance assessment of top executives on an annual basis as well as determining appropriate remuneration in line with their responsibilities and operating results to provide both short-term and long-term incentives.

15. Overseeing and monitoring the management and development of personnel to have appropriate quantity, knowledge, skills, experience, motivation, and fair treatment; and encouraging employees to have knowledge and understanding of money management, investment suitable to the age, and risk level as well as ensuring the provident funds or other mechanisms are established to ascertain that employees have sufficient savings for retirement.

Promoting innovation and business responsibility

16. Overseeing and supporting the creation of innovations causing value for the Company along with benefits for all stakeholders based on ethics; and being responsible for the society and environment as well as ensuring the efficient and effective management and allocation of resources in order to sustainably achieve the objectives and main goals.

17. Overseeing and monitoring IT management to be in line with the business needs; and increasing business opportunities as well as having the implementation of the IT security system, taking into account the risks involved.

Monitoring the implementation of effective risk management and internal control systems

18. Overseeing to ensure effective risk management systems pursuant to internal control of Shangri-La Group together with reviewing and assessing the systems periodically and in the wake of a change in risk levels.

19. Establishing the Audit Committee that can perform their duty effectively, which consists of not less than three directors all of whom are independent directors; and providing mechanisms or tools that allow the Audit Committee to access information necessary for their operation.

20. Selecting an independent person or internal audit office to be responsible for developing and reviewing the efficiency of risk management and internal control systems as well as reporting to the Audit Committee and disclosing the review report in the annual report.

21. Monitoring and managing any potential conflicts of interest between the Company, the Management, the Board of Directors, or shareholders as well as ensuring that there are guidelines and procedures ascertaining such processes are in accordance with the procedures and disclosures required by law, and that they are mainly for the benefit of the Company and shareholders as a whole without stakeholders' participation in decision-making; and overseeing the prevention of the inappropriate use of the Company's assets and information as well as preventing inappropriate transactions with related parties.

22. Encouraging staff at all levels to be conscious of ethics and morality and to comply with the Code of Conduct; providing anti-corruption guidelines as well as supporting activities that promote and instill in all employees to comply with the applicable laws and regulations.

23. Overseeing and monitoring to ensure that there are mechanisms and channels that are convenient for receiving complaints, management processes (recording, auditing, tracking progress, resolving problems, reporting), and appropriate protection measures for whistleblowers.

Maintaining accountability of disclosure of information and financial integrity

24. Overseeing and monitoring to ensure that the preparation of financial statements and disclosure of material information are accurate, sufficient, and timely and are in compliance with the relevant regulations, standards, and guidelines.

25. Overseeing and monitoring the Company's liquidity and debt service coverage together with emergency plans and mechanisms in case of problems arising.

26. Ensuring an annual sustainability report is prepared in accordance with the international reporting framework.

27. Ensuring the establishment of a dedicated function responsible for regular, effective, and fair communication with shareholders and other stakeholders (such as analysts and potential investors).

28. Encouraging the current, accurate, and timely disclosure of information in both Thai and English.

Ensuring engagement and communication with shareholders

29. Ensuring that shareholders have the opportunity to participate effectively in decision-making involving the Company's significant matters, and that the shareholders' meetings are held as scheduled, and conducted properly, with transparency and efficiency as well as ascertaining inclusive and equitable treatment of all shareholders and their ability to exercise their rights as appropriate; and ensuring accurate, timely and complete disclosure of shareholder resolutions and preparation of the minutes of the shareholders' meetings.

Role and Responsibilities of the Chairman of the Board of Directors

The Chairman of the Board of Directors has the following roles and responsibilities:

1. Setting Board meeting agenda in consultation with the managing director and ensuring that Board members receive accurate, complete, timely, and clear information prior to the meeting to assist in their decision making process.

2. Leading and directing the Board of Directors and chairs meetings of the Board.

2.1 Conducting a Board meeting according to the agendas, the Company's Articles of Association, and applicable laws.

2.2 Encouraging and allocating sufficient time to each Board member to discuss and express their free and frank opinion with due circumspection and concern for all stakeholders.

2.3 Summing up the Board meeting resolutions and the actions to take clearly.

2.4 Setting up a Board meeting without the presence of the Executive Director.

3. Chairing meetings of shareholders according to the agendas, the Company's Articles of Association, and applicable laws by allocating time appropriately along with providing opportunities for shareholders to express their opinions equitably and ensuring that shareholders' inquiries are responded to appropriately and transparently.

4. Supporting and being a role model in compliance with the principles of good corporate governance and the Company's Code of Conduct.

5. Fostering a positive working relationship between the Board of Directors and the Management and supports the performance of the duties of the managing director and the Management in accordance with the Company's policy.

6. Overseeing to ensure the transparent disclosure of information and management in the event of conflicts of interest.

7. Overseeing to ensure the Board of Directors has appropriate structure and composition.

8. Overseeing that the Board of Directors as a whole, Sub-committee members, and each individual director perform their duties effectively and efficiently.

9. Performing any other duties as required by law.

Composition of the Board of Directors

The composition of the Board of Directors is as follows:

1. The Board of Directors consists of not less than five members, each of whom shall be appointed and removed by shareholders' meeting. In order for the Company to perform its duties efficiently, not less than half of the directors shall be residents of Thailand.

2. The Board of Directors consists of at least one-third but not less than three persons or has the proportion of independent directors according to the law or the Office of the Securities and Exchange Commission (SEC), being independent directors.

3. The Board of Directors shall elect one of their members to be the Chairman of the Board.

Qualifications of Directors

The directors of the Company shall have the following qualifications:

Directors

1. Being duly qualified and have no prohibited characteristics pursuant to the Public Limited Company Act, requirements of the Securities and Exchange Commission, and requirements of the Stock Exchange of Thailand.

2. Being an expert with knowledge, capability and experience that is beneficial to the Company's operations. Being able to devote sufficient time fully to perform his/her duty. Being an ethical and integrity filled leader as well as possessing good background experience.

3. Performing duties and using discretion independently in making decisions on various matters both from the management and majority shareholders. Each director has the duty and freedom to ask questions, express opinions, visions, or objections in case of conflicts in order to manage the Company's operations to be a sustainable business; and being a business leader who will bring the utmost benefit to the Company, shareholders, and stakeholders.

4. Being able to have their profiles disclosed and verified.

1. Shall hold no more than one percent of all the voting shares of the Company, parent company, subsidiaries, affiliates, major shareholders or controller persons. An independent director's shares must include those held by any person related to that independent director.

2. Shall not be nor ever have been a director who is involved with management, an employee, a salaried adviser, or a controlling person of the Company, or any of its subsidiaries, affiliates, major shareholders or controlling person. An exception is made in the case of a candidate who used to hold one of the positions mentioned above but left it at least two years prior to the date of appointment.

3. Shall not have familial (bloodties or legal) relations to individuals, other directors, an executive, a major Shareholder, a controlling person, or a person who is about to be nominated as a Director, an executive or a controlling person of the Company or any of its subsidiaries.

4. Shall not have nor ever had a business relationship with the Company, parent company, or any of its subsidiaries, affiliates, major shareholders, or controlling person in a manner that might obstruct their independent use of discretion. In addition, they must not be nor have ever been a significant shareholder or a controlling person of an entity having a business relationship with the Company, or any of its subsidiaries, affiliates, major shareholders or the Company controlling person. An exception is made in the case of a candidate who used to have such a relationship or hold one of the positions mentioned above but ended it or left it at least two years prior to the date of appointment.

5. Shall not be nor ever have been an auditor of the Company, parent company, or any of its subsidiaries, affiliates, major shareholders or controlling individuals/entities. In addition, he/she shall not be a significant shareholder, a controlling individual or a partner of the audit firm where the auditors of the Company, parent company, or any of its subsidiaries, affiliates, major shareholders or controlling person work. An exception is made in the case of a candidate who used to hold any of the positions mentioned above but left it at least two years prior to the date of appointment.

6. Shall not be nor ever have been a provider of any professional service (including services as a legal or financial adviser) who receives remuneration to the amount of over two million baht per year from the Company, parent company, or any of its subsidiaries, affiliates, major shareholders or controlling person. In addition, he/she shall not be a significant shareholder, a controlling person or a partner of a provider of such professional services. An exception is made in the case of a candidate who used to hold any of the positions mentioned above but left it at least two years prior to the date of appointment.

7. Shall not be appointed as an agent of the Company's director, a Company's major shareholder, or a Company's shareholder connected with a Company's major shareholder.

8. Shall not own businesses that are in the same industry and be in significant competition to the business of the Company or any of its subsidiaries. He/she shall not be significant partners in a limited partnership or directors who are involved in management, employees, and salaried advisers or own more than one percent of all voting shares of another firm that runs a business that is in the same industry as and is in significant competition with the business of the Company or any of its subsidiaries.

9. Shall not have any other characteristics that might hinder the independence of their opinions about the Company's operations.

10. Shall be able to protect the interests of all shareholders equally.

11. Shall be able to prevent conflicts of interest.

Director Nomination

The Board of Directors considers the nomination of the Company's directors from a list of names proposed by the Company's directors, shareholders, or as compiled from reliable sources; and considers selecting persons with qualifications, knowledge, ability and relevant work experience, including the composition, age, gender, diversity in professional skills, specialization skills that are still lacking as criteria for considering the nomination of the Company's directors as well as the qualifications of a director or independent director set forth pursuant to the Public Limited Company Act, Securities and Exchange Act, and other relevant laws and regulations of the Company as stipulated. The Board of Directors subsequently presents to the shareholders' meeting for further approval.

Term of Office

At the annual general meeting (AGM) of shareholders, one-third of the directors, or if their number is not in multiples of three, the number nearest one-third, shall retire from the office. The directors to be retired shall be considered from the directors who have been in office the longest. A director has a term in office for not more than nine consecutive years. The director who retires by rotation is eligible to be nominated to the shareholders' meeting for re-appointment. In addition, any independent director being suitable to continue holding the position after the expiration of the term may be considered by the Board of Directors for independence, suitability, and efficiency in performing duty. The Board of Directors thereby clarifies the reasons and performance of duties to the shareholders in order to consider and select such an independent director who has been an independent director for more than nine consecutive years to continue being an independent director of the Company.

In case of vacancy on the Board of Directors for any reasons other than the retire by rotation, the Board of Directors shall appoint a person who is fully qualified and not prohibited by law to be the substitute director. If the remaining term of office of the said director is less than two months, the substitute director shall hold office only for the remaining term of office of the director whom he/she replaces. In this regard, such appointment shall be approved by the Board of Directors with a vote of not less than three-fourths of the number of remaining directors.

Meeting of the Board of Directors

The Board of Directors has stipulated that there shall be ordinary meetings on a quarterly basis. In addition, extraordinary meetings can be held as necessary. The meetings are scheduled in advance throughout the year according to the laws and the Company's Articles of Association.

In order to promote the regular attendance of the Board of Directors' meeting, the Company has allowed the meetings to be attended in person and through electronic means to enable discussions and exchange of opinions among directors who may not be in the same location.

Authority of Directors

The Board of Directors has authority to approve various matters in accordance with the scope of authority stipulated by laws, the Company's Articles of Association, and the shareholders' meeting resolution. Such matters include the delegation of authority, defining and reviewing corporate vision, mission, operating strategies, operating plans, annual

budget and business plans, and medium-range business plans. Added to this is the defining of the target operating results, following up and assessing the operating results to ensure they are consistent with the plan, and overseeing capital expenditure, material connected transactions, merger and acquisition, corporate spin-off, and joint venture deals.

Monitoring and Assessment

The Board of Directors stipulates that management shall regularly report on the Company's performance by comparing what actually happened with the set goals, along with financial reports and progress of operations in various areas of the Company in order to achieve business goals; otherwise, the Board of Directors will ensure the improvement and oversee the management to correct the situation along with the continuous development of that matter.

The Directors and Executives Remuneration

The Board of Directors considers and determines remuneration for the Company's directors under appropriate and verifiable processes before presenting to the shareholders for further consideration and approval of the Company's director remuneration. Regarding the determination of the remuneration for the Company's directors, the Board of Directors will consider comparing references from companies in the industry and businesses of similar size. The remuneration shall be appropriate and consistent with the duties, performance, and responsibilities assigned, including being able to attract qualified directors who can complete their duties to achieve a desirable goal and direction for the Company.

For the executives' remuneration, the Company considers duties, responsibilities, and individual performance together with the operating performance of the Company. The remuneration is adjusted appropriately when compared with the same industry and at a level that is able to motivate and retain qualified directors and executives.

The Directors' Development

The Company supports and encourages all directors to attend seminars and study in various beneficial and comprehensive training courses organized by the Thai Institute of Directors Association (IOD) and the Stock Exchange of Thailand, including independent organizations or agencies in order to perform duties efficiently and suitably for changes in external circumstances and the Company's sustainable development.

The Company Secretary

The Board of Directors has appointed a Company Secretary in order to comply with the law and good corporate governance principles. The Company Secretary is responsible for giving advice on rules, regulations, laws and other rules related to the Company's business, and also supervising and coordinating activities of the Board of Directors and executives in accordance with the resolutions of the Board of Directors and the resolutions of the shareholders. Besides he or she also has to ensure that the disclosure of financial reports, important information as well as other information that may affect the decisions of investors and shareholders are accurately, completely, and timely done as required by law and in accordance with the criteria set by the Stock Exchange of Thailand and the Office of the Securities and Exchange Commission.

The Sub-committee

The Board of Directors appoints one sub-committee to assist in supervising the Company's operations, namely the Audit Committee. The composition, qualifications, meetings, term of office, and scope of duties responsibilities of the committee will be as stipulated by the Board of Directors regarding the Audit Committee appointment. The meetings for the Audit Committee are stipulated in advance where the additional meetings can be stipulated as necessary. The meeting minutes are prepared in writing, and kept systematically as well.

In addition, the Board of Directors stipulates details of the structure, composition, roles, duties and responsibilities, performance, meeting attendance, and remuneration for sub-committees in the Annual Registration Statement/Annual Report (Form 56-1 One Report).

Stakeholder Engagement

The Company is committed to undertake the business with integrity and responsibility to the community as well as operating by adhering to the principle of creating core values shared between the organization and all stakeholders for sustainable mutual benefits. The Company stipulates a process to promote cooperation between the Company and all stakeholders, including customers, employees, business partners, shareholders or investors, creditors and communities, society or the government sector. and other groups of stakeholders, namely competitors, for instance. in creating stability and sustainability of the business. In order to create stability and sustainability to business, the Company emphasizes the rights of all groups of stakeholders as follows:

1. Shareholders

The Company values the shareholders as the owners of the Company; therefore, it stipulates the Board of Directors as the representatives of shareholders. The executives and employees of the Company also have a duty to conduct business in order to maximize benefits and add value to shareholders in the long run.

The Company respects the rights of shareholders and recognizes the duty to treat shareholders equally including the basic rights set forth by law and the Company's regulations such as the right to attend the shareholders' meeting, elect directors, receive fair returns; and provides the right to shareholders to suggest various opinions over business operations of the Company through independent directors.

2. Employees

Labour and Human Rights

Regarding the treatment of employees who are considered a valuable human resource, the Company has a policy that employees shall be treated fairly in terms of remuneration and potential development as well as ensuring quality of life, safety, and hygiene in the workplace. For the remuneration, the Company has a guideline to consider based on the ability level and effective performance. The Company recognizes human rights principles; therefore, does not have a policy of discrimination, but ensures equality of opportunities for all employees as well as considering employment without discrimination of origin, race, ethnicity, color, national or social origin, religion, social status, gender, age, physical appearance or figure, language, political opinion, property or other status, or any disability that is not related to the operation. The Company cares and treats all employees equally, and provides appropriate returns.

Employee Treatment

Remuneration Management

The Company clearly stipulates the employee remuneration management policy and its procedures which are disclosed in the personnel management regulations. There is an appropriate remuneration structure for each position level. The company stipulates the remuneration management budget that is in line with the Company's performance both in the short and long terms. The short-term remuneration is based on the Company's performance each year. For long-term remuneration, it is considered based on the results of long-term business plans, such as business expansion, profit growth rate, market share, and continuous improvement of operational efficiency.

Welfare Management

The Company clearly stipulates employee remuneration management policy and its procedures, focusing on welfare arrangements to all groups of employees appropriately and fairly by having a review of various welfare arrangements on a regular basis according to the change of economic and social conditions. Welfare arrangements for employees cover all periods from employment to retirement as well as covering all aspects from welfare related to work (e.g. allowances, travel expenses uniforms), health welfare, (e.g. annual health check-up) and other welfare benefits or assistance to employees in various circumstances (e.g. provident fund, health and accident insurance, opportunity allowance).

Long-Term Employee Treatment

The Company has a policy to continuously treat its employees in the long run by providing a provident fund (the employees who are members will pay monthly contributions to the fund at the rate of five percent of employee wages whilst the Company will pay a monthly contribution to the fund at the rate of five percent of the employee's wages according to the period of work of the employee).

Employee Development and Training Hours

The Company establishes a strategy for employees learning and development by requiring employees to attend not less than 48 hours of internal and external training per year as for training and self-development to their operations. In this regard, the Company also provides training by inviting external speakers with expertise to educate employees regularly.

3. Customers

The Company is committed to provide maximum satisfaction to the customers by taking care and taking responsibility as well as providing services to customers according to the set standards, safeguarding customers' confidentiality, not disclosing information without the permission of the customers. The Company has a system and a unit responsible for receiving customers' complaints as well as having guidelines to expedite the process of finding a fair resolution and resolving such complaints as soon as possible.

4. Business Partners

The Company complies with the framework of honest and transparent trade competition by strictly adhering to trade and contractual conditions as defined with business partners with the consideration of a fair price taking into account the reasonableness of price, quality, and service received. The Company stipulates clear regulations for procurement and various actions as well as not demanding or accepting any assets or benefits from business partners; and supports environmentally and friendly procurement and does not conduct business with business partners whose business behavior is illegal.

The Company stipulates guidelines for the management and selection of business partners by clearly specifying the procurement and selection policy, qualification, business process that is systematic, fair, and transparent; and supports business partners who conduct their business with integrity, social and environmental responsibility, and does not engage in transactions with individuals or juristic persons that violate the law or have behaviors that indicate corruption.

5. Community

The company is aware of being a part of the community for helping each other in society. In order to give back to the local communities where the company is located and beyond, as well as providing significance to the needs of the community, the Company continuously participates in various social assistance activities. For giving back to society in a larger scale, the Company organizes activities to promote the quality of communities in various aspects including donations for the public benefit for a long time.

6. Governmental Organizations and related parties

The Company strictly complies with relevant laws in various fields in terms of environment, safety, labor, tax management, and accounting, including regulations and announcements of the government related to the business operations of the Company. The Company does not take any action that may induce government officials to take improper actions; and supports government activities and listens to opinions, suggestions, or complaints of various related government agencies and related parties.

In addition to the above-mentioned operational guidelines, the Board of Directors stipulates guidelines for other areas of action related to social responsibility and preservation and protection of the interests of stakeholders as follows:

Guideline for Actions on Human Rights Violations

The Company respects the human rights of employees and other stakeholders. The Company will not discriminate against any person with differences in concepts, race, nationality, skin color, religion, gender, sexual preference, culture, or any other status that is considered a human right, as well as applying appropriate human rights practices to the organization; and will not support or participate in any with persons and/or activities involved in human rights violations.

Guideline for Anti-Corruption

The Company has a policy to support anti-bribery and corruption in any and all cases; and provides cooperation with various agencies fighting against corruption as appropriate. At the same time, the Company stipulates that all directors, executives, and employees of the Company shall not participate in corruption and not give or accept bribes from public or private officials, both directly and indirectly in order to obtain or maintain business or competitive advantages or take advantage of donations; and provides continuous communication and education to employees about anti-corruption practices. The Company also arranges an inspection and assessment of corruption; and monitoring the result of the compliance with guidelines for anti-bribery and corruption of the Company on an ongoing and appropriate basis in order to ensure that the Company's business operations will be in accordance with the intentions in such matters.

The Company provides measures for overseeing and channels for all stakeholders which includes employees in notifying clues or making complaints for suspected violations or non compliance with laws, rules, regulations, or good corporate governance policies as well as inaccurate financial reporting, or defective internal control system to the Audit Committee directly through various channels, by giving access to a channel through the Company's website as follows:

Whistleblowing Channels or Complaint

Report complaints or clues about misconduct and corruption through various channels as deemed appropriate as follows:

1. If employees have whistleblowing concerns, they may raise their concerns with the relevant line manager or Division Head. They may be able to agree a way of resolving their whistleblowing concerns quickly and effectively. In some cases, they may refer the matter to the Whistleblowing Officer.

2. If employees, who consider the matter to be more serious, or prefer not to raise it with the line manager or Division Head for any reason, may contact the Whistleblowing Officer or the Chairman of the Audit Committee directly.

3. If the whistleblowing concern involves a Director, the Whistleblower may report directly to the Chairman of the Audit Committee. The Chairman of the Audit Committee, in consultation with the Board, may set up a special committee to investigate the matter independently.

4. Disclosures can be made in person or in writing. Employees are required to identify themselves when submitting a complaint so that the complaint can be looked into fully and fairly.

5. Disciplinary action may be taken against any person who attempts to impede, prevent, or obstruct a whistleblowing complaint from being made or an investigation from being carried out.

The Company has guidelines for the protection of whistleblowers or complainants. It is assumed that the personal information of the whistleblower or the complainant is confidential, and the Company will not disclose the name of the whistleblower or complainant unless its disclosure is required by law and the relevant regulatory agencies. Accordingly, the Company has a policy not to harass or give any punishment to whistleblowers or complainants who are employees, trying to keep them from providing such clues or complaints unless such action is done in bad faith or with malicious intention to destroy the Company or another person, or is illegal, or violates the Company regulations.

After considering corrective actions as improved according to complaints or clues received, the Company will notify the whistleblower or complainant in accordance with the procedures and within an appropriate time frame.

In addition, if there is a case where complaints or clues are made with good faith and free from malicious intention to damage the reputation of the Company or the person involved, and the Company is ruled by the court to have violated the law and rights of that person, the person shall be entitled to compensation from the Company as appropriate, reasonable, and in accordance with the rules prescribed by law.

Disclosure

The Company recognizes and values the disclosure of important information related to the Company including both financial and non-financial information, and other important information that may affect the price of the Company's securities with accuracy, completeness, timeliness, transparency, and credibility to all shareholders equally and fairly. The Company, therefore, provides guidelines for information disclosure, which cover all communication channels of the Company as follows:

1. The Board of Directors is responsible for the disclosure of the Company's information including financial reports, non-financial information, and other information according to the regulations of the Stock Exchange of Thailand (SET) and the Office of the Securities and Exchange Commission (SEC) with the accuracy, clearness, completeness, transparency, and concise and easy-to-understand language. Important information, both positive and negative, shall be disclosed and passed through the consideration process pursuant to the required procedures, taking into account the need to maintain the information which is business secret, business strategy, or information that, if disclosed, may cause loss of benefits and ability to compete.

2. The Board of Directors oversees the information report and performance results according to the annual registration statement/annual report (Form 56-1 One Report) with completeness, accuracy, and in accordance with the period required by laws and regulations of the Stock Exchange of Thailand and the Securities and Exchange Commission (SEC) or other relevant agencies; and discloses such information on the Company's website allowing shareholders and stakeholders to receive information accurately and equally.

3. The Board of Directors is responsible for the preparation of the Company's financial reports, by ensuring the report on the Board of Directors' responsibilities for financial reports is provided along with the Auditor's report in the annual report. as well as overseeing the management to prepare financial statements and financial information with accuracy and completeness under generally accepted accounting principles in Thailand and in accordance with accounting standards and certified public accountants of Thailand; and applies appropriate accounting policies including the use of careful discretion as well as considering the reasonableness of the preparation and sufficient disclosure of significant information in the notes to the financial statements.

4. The Company establishes unit to act as a contact person, communicate, and provide accurate information to institutional investors, shareholders, and related analysts in an accurate, equal, and fair manner.

5. The Company provides information disclosure channels which is a channel that shareholders, investors, and the general public can easily access and equally receive the information of the Company. The information is available in both Thai and English languages, allowing investors and interested people to access the Company's information accurately, timely, and equally.

Management of The Use of Inside Information and Conflicts of Interest

1. Use of inside information

The management of the use of inside information is an important responsibility of the directors, executives, and employees of the Company who must strictly maintain the Company's confidential information, especially the inside information that has not yet been

disclosed to the public or information that affects business operations or stock prices. The Company prohibits the use of the opportunity or information obtained from being a directors, executives, or employees of the Company for personal benefit, including the limitation of acknowledgment of information to only directors and senior executives related to the Company. In addition, the Company stipulates that the executives shall report their securities holdings and changes in securities holding to the Office of the Securities and Exchange Commission (SEC), Section 59 of the Securities and Exchange Act B.E. 2535. The Company also stipulates the written policy prohibiting the directors, executives, and employees, who works in the organizations acknowledging inside information, including husbands, wives, and minors, from trading the Company's securities; and disseminating the news (Quiet Period) for 30 days before the announcement of the operating results or announcement of quarterly and annual financial statements. In a case where any executives or employees commit a disciplinary breach, they will be sanctioned which ranges from admonishment to the termination of employment, including legal proceedings. The announcement is prepared and notified to the executives, directors, and employees of the Company in advance every time.

2. Conflicts of Interest

The Board of Directors and executive management of the Company are cautious about conflicts of interest that may arise, by overseeing executives or related persons not to use inside information of the Company for their own benefit. In addition, the directors and executives of the Company are required to report their own interests in accordance with the criteria set by the law and the Board of Directors.

Regarding the act of entering into the Company's related transactions that occur with persons who may have conflicts of interest, vested interest, or potential conflict of interest in the future, the Board of Directors assigns the Audit Committee to give opinions on the necessity and suitability of such transaction. In the case where the Audit Committee does not have expertise in considering related party transactions that may occur, the Audit Committee may employ independent experts or the Company's auditor to give opinions on such connected transactions, used for decision making by the Board of Directors or shareholders, as the case may be, and to prevent conflicts of interest that may occur. The Board of Directors stipulates policies and guidelines to prevent directors and employees of the Company from seeking personal benefits, requiring that the directors and employees avoid making transactions that may involve themselves and cause conflicts of interest with the Company.

In addition, to prevent conflicts of interest, the Company clearly stipulates a policy to manage transactions that may cause conflicts of interest. In the event that the Company's director has interests in any agenda, such director shall have no right to vote or participate in the consideration of such agenda, as well as setting policies and procedures to prevent executives and related persons from using the Company's inside information for their own benefit.

Internal Control and Internal Audits

The Board of Directors establishes an internal control system for the business operation of the Company, which covers all aspects including finance, performance, procedure in accordance with relevant laws, and rules and regulations; and establishes a check and balance mechanism to prevent unlawful exploitation. The Board of Directors stipulates the

authority to operate and approve of executives and the Company's employees. The hierarchy of approval authority and responsibilities of executives and employees is specified in the Company's approval authority manual which shall be strictly complied with and has an internal audit function reviewing the internal control system to assess the efficiency, effectiveness, and compliance with international standards in both operations and information technology systems; and reporting directly to the Audit Committee who is responsible for ensuring the work of the internal audit function to be independent, fair, ethical, and have professional expertise in accordance with international standards of the internal audit profession, including international standards for internal auditing and standards for auditing information technology systems, clearly setting missions, scope of work, authority, and responsibilities as well as guidelines for the audit operation, and reviewing it regularly. In addition, the Board of Directors ensures the establishment of an information technology system used to collect information, monitor, and report the results of the review of the internal control system to the Board of Directors and the Audit Committee in order to increase the efficiency of performance.

Risk Management

The Board of Directors is aware of the importance of the management and control of potential risks that may occur to the Company, by assigning the Audit Committee to monitor and ensure the efficient and effective risk management process. The key risks to the organization are identified as well as proper assessment and management. The Board of Directors stipulates that executives and employees have the responsibility to own the risks, being responsible for identifying, analyzing, and evaluating opportunities and impacts of risks and opportunities, and formulating business strategies and managing risks in a balanced manner including business continuity management under efficient and effective resource allocation, by regularly monitoring, reviewing, and reporting on the effectiveness of key risk and early warning management. The Board of Directors also cultivates risk management as part of the organizational culture, and continuously develops knowledge and competencies of employees in risk management as well as having review of the risk management policy, taking into account changes that are significant to the Company.

Communication and Promotion of Compliance with The Company's Corporate Governance Policy and Code of Conduct

The Board of Directors recognizes the importance of publication and promotion of awareness, understanding, and cooperation of everyone in the organization to strictly adhering to and complying with the corporate governance policy and the Company's Code of Conduct in order to achieve the objectives and goals towards the development, and elevate the corporate governance of the Company. The Board of Directors therefore establishes a policy to provide a continual communication to employees about the corporate governance policy and the Company's Code of Conduct as well as organizing activities that promote knowledge, understanding, and process to monitor the continual compliance with the Company's policies and Code of Conduct, used to improve, correct, and develop various regulatory compliances to be in the same direction or intention throughout the organization.

SHANGRI-LA GROUP

CODE OF CONDUCT AND ETHICS

Effective as of 2 September 2019

1. INTRODUCTION

At Shangri-La, we believe that treating people fairly, honestly and with respect is not only part of our culture but key to our business success. In dealing with guests, colleagues, business partners, shareholders or suppliers, we are committed to certain core values that define our reputation and brand: integrity, fairness, respect, ethical business conduct and excellence in service. The Shangri-La Code of Conduct and Ethics ("**this Code**") is designed to reaffirm and promote these values by setting out the standards required of employees in the performance of their duties as representatives of Shangri-La.

Unless stated otherwise, this Code applies to all directors, officers and employees of the Shangri-La group of companies including Shangri-La Asia Limited, its subsidiaries, business units and controlled affiliates (collectively, "**the Group**") as well as employees of properties and businesses operated by the Group (collectively, "**Employees**" or "**employees**").

2. COMPLIANCE WITH THIS CODE AND THE LAW

Employees are required to understand and comply with the letter and spirit of this Code as well as all policies, guidelines and directives issued by the Group from time to time ("**the Group's Policies**").

The Group is committed to conducting its affairs in full compliance with all applicable laws, rules and regulations of all applicable jurisdictions, including listing rules that are applicable to the Group's entities whose shares are publicly traded. No employee is authorized to commit an illegal act, or to instruct others to do so, for any reason. Employees who work or have business responsibilities overseas must ensure that they understand and obey the laws, rules and regulations of those countries. This Code sets out the minimum standards to be applied across the Group, and to the extent that local laws, rules, regulations, customs and/or industry practice prescribe more stringent behavior, such laws, rules, regulations, customs and/or industry practice shall prevail.

This Code is not intended to be a comprehensive rulebook and cannot cover every situation. Employees are required to exercise good judgment and act in the Group's interest at all times. Employees should approach their supervisors, their Human Resources Manager or the Legal Department whenever they have any questions concerning this Code, the Group's Policies, or any laws or regulations.

Employees who become aware of any suspected or known violation of this Code must promptly report the matter to their department head, their Human Resources Manager, the Legal Department or in accordance with the Whistleblowing Policy (described in section 22 below).

Any failure to comply with this Code may result in disciplinary action including suspension or termination of employment.

3. LEADERSHIP RESPONSIBILITIES

The leaders of the Group including directors, officers, managers or employees who have supervisory responsibilities over any business unit, management function or other employees are responsible for ensuring that this Code is understood by employees reporting to them. Leaders must create a workplace environment that encourages compliance with this Code through their own personal conduct and by clear and regular communication with employees about the requirements of this Code.

Leaders must maintain an “open door” for employees to freely discuss any aspects of this Code, to raise concerns about or discuss difficult business decisions, or to report any suspected or known violations of this Code. Leaders must encourage employees to speak up and ensure that there is no retaliation or reprisal against employees who do.

Leaders are not permitted to authorize any act that may lead to a violation of this Code. Leaders must also avoid putting undue or unreasonable pressure on employees or placing them in positions that may lead to a compromise of this Code.

Leaders must promptly report all suspected or known violations of this Code to the Human Resources Department, the Internal Audit Department, the Legal Department or the office of the Chief Executive Officer.

4. EQUAL OPPORTUNITY AND RESPECT

The Group is proud of its culture of diversity and is committed to maintaining a fair and inclusive workplace for all employees. It is vital to this culture that employees treat each other with courtesy, consideration and respect at all times irrespective of position, title or background.

Employment decisions (including hiring, promotions, remuneration, training and transfers) must be made on fair and equitable grounds based on merit and what is in the best interest of the Group. Employees must avoid any form of employment discrimination or harassment based on gender, race, ethnicity, religion, nationality, disability, marital status, sexual orientation, family status or any other personal characteristic protected by law.

The Group prohibits any form of harassment (including sexual harassment) irrespective of whether this occurs within or outside the workplace. Harassment includes inappropriate conduct that may be annoying, embarrassing, insulting, intimidating or demeaning to another employee. Sexual harassment includes unwanted sexual advances, inappropriate references to sex or any form of conduct that may cause another employee to feel embarrassed or uncomfortable.

5. PROTECTING GROUP ASSETS

Employees must use Group assets only for authorised business purposes and in accordance with the Group’s Policies. Group assets must not be used for personal purposes or gain or illegal activities. Employees are required to protect Group assets from loss, damage, theft and misuse. Employees are not permitted to remove any Group asset without proper authorisation.

Group assets include (but are not limited to) rooms and facilities, equipment, machinery, furnishing, vehicles, properties (including but not limited to hotels, offices, shopping malls and apartments), supplies and products, business plans, manuals, software, inventories, communication systems, computer and IT systems, funds, intellectual properties and confidential information.

6. FULL DEDICATION TO GROUP MATTERS

All employees are required to perform their duties diligently, faithfully and with proper care and skill. Whilst at work, employees are required to fully dedicate their time and attention to Group matters and must not engage in any other forms of personal business. Employees must avoid personal activities that detract from their normal duties such as texting, internet surfing, online chats, personal calls and any other activity of a non-work related nature. Employees must comply with the Group's Policies concerning the use of the Group's information and technology systems and equipment at all times.

7. CONFLICT OF INTEREST

All employees must avoid situations in which their personal interests may conflict, or appear to conflict, with the interests of the Group. Employees must not allow their personal interests to impair or compromise, or appear to impair and compromise, their duty to act or make decisions in the best interests of the Group.

It is not possible to list every situation that might give rise to a conflict of interest. The following are some of the important areas where such conflict may arise.

Personal Interest

No employee shall have a direct or indirect personal interest in a transaction involving the Group except when this interest has been fully disclosed to and approved by the Group.

Outside Employment

Employees who are employed on a full-time basis are not permitted to engage in any outside employment without the prior approval of the Human Resources Department or business ventures that may interfere with their ability to perform their duties for the Group in an objective, effective and timely manner.

Outside Directorship

Other than non-executive directors of the boards of any of the Group companies, all employees must :

a) seek prior approval from the Human Resources Department before accepting any directorship of any of the following :

- (i) any public company outside the Group;
- (ii) any company outside the Group that carries on businesses similar to those of the Group;
- (iii) any company outside the Group who is the supplier, customer, consultant and/or contractor of the Group, or who is seeking to do business with the Group (collectively, **"Suppliers"**); or
- (iv) any other company outside the Group in which the acceptance of such directorship may conflict, or appear to conflict, with the interests of the Group; and

b) declare their directorships in any other company outside the Group, in accordance with the Group's Outside Directorship Policy.

Improper Personal Benefits

Employees must not abuse their position with the Group to obtain any unlawful personal benefits, gains or favors. Please see “Preventing Bribery and Corruption” and “Gifts and Entertainment” below for further guidelines in this area.

Employees may not divert or take for themselves any business or financial opportunity that they discover because of their position with the Group or through the use of Confidential Information (as hereinafter defined) or material non-public information about the Group without the Group’s written consent. Please see “Protecting Confidential Information” and “Insider Dealing” below for further guidelines in this area.

Dealing with Suppliers

Employees must select and deal with Suppliers in an honest, fair and impartial manner, taking into account the best interests of the Group. In the selection and appointment of Suppliers, employees are required to comply with the Group’s Policies on procurement.

Without full disclosure and prior approval of the Human Resources Department, employees must not :

- (a) have any form of financial interest, whether direct or indirect, in Suppliers (other than publicly-listed companies);
- (b) select or transact with Suppliers that are owned by their family members;
- (c) be employed or act as a director or consultant for any Supplier; and
- (d) have any financial dealings with Suppliers such as loans, guarantees, contracts or joint ventures, but this does not prohibit arms-length retail transactions with banks or financial institutions.

Dealing with Relatives

The hiring, placement and transfer of relatives of employees by the Group are subject to the Group’s Policies. An employee must not directly supervise the work of his/her relative, or make decisions involving a direct benefit to his/her relative (including those relating to compensation, reward recommendations and performance assessments).

8. PREVENTING BRIBERY AND CORRUPTION

The Group is fully committed to conducting business in an honest and ethical manner. Employees must understand and comply with all applicable laws and regulations against bribery and corruption as well as this Code.

In this section, the term “advantage” (commonly known as “bribes”, “kickbacks” or “sweeteners”) includes any form of payment, gift, property, loan, fee, donation, commission, reward, favour, employment, contract, service or accommodation.

Employees must :

- (a) decline any advantage offered to them if the offer may compromise, or appear to compromise, their ability to make object and fair business decisions in the interests of the Group. Please see “Gifts and Entertainment” below for further guidelines in this area;
- (b) not solicit or accept, either for themselves or any other person, any form of advantage in connection with the performance of their duties for the Group;

(c) not offer any advantage to any person or company to improperly influence such person or company in obtaining or retaining business for, or directing business to the Group;

(d) not use any of the funds, assets, services or facilities of the Group or that of any of its places of business, hotels or properties to improperly influence or corrupt the action of government officials, regulators, agents or employees of any other company; and

(e) not give any discounts, pay any commissions, make any payments, concede any favorable terms or provide any advantages in the conduct of the Group's business, unless these are made in compliance with the Company's Policies and approved by the Company.

9. GIFTS AND ENTERTAINMENT

The Group recognizes that there will be circumstances when it is appropriate, out of courtesy, relationship building or cultural norms, to give or receive small gifts of nominal value or reasonable business entertainment to or from business associates. Employees attending or organising conferences, seminars and corporate events may give away or accept promotional or marketing items if these items are given or accepted in connection with their participation in the event. Employees must at all times exercise good judgment and moderation in giving and receiving business gifts and entertainment.

Employees must decline gifts (over a value of US\$100), entertainment or other advantages that could compromise, or appear to compromise, their ability to make objective and fair business decisions. If a gift cannot be declined or returned due to cultural or social norms, the gift must be disclosed to the Human Resources Department who may decide whether the gift should be retained or donated to the Group or charity.

Reasonable business entertainment includes meals and attendance at cultural or sporting events. However, employees should avoid accepting invitations to meals or entertainment that are lavish, or excessive in nature or frequency, as this could compromise, or appear to compromise, their ability to make objective and fair business decisions.

Employees are encouraged to check with the Human Resources Department if they have any concerns about the appropriateness of any gift or entertainment.

10. PROTECTING CONFIDENTIAL INFORMATION

Employees are obliged to maintain and protect the confidentiality of all non-public information relating to the Group's affairs including (but not limited to) proprietary information, trade secrets, intellectual properties, brand standards, training manuals, operating manuals, data processing systems, programs, databases, data, sales and marketing information, rates and pricing, business plans, financial information, personnel information, shareholder information, work products and correspondences ("**Confidential Information**").

Employees must not disclose any Confidential Information to outside parties unless authorized to do so by the Group or unless such disclosure is required by law. Employees may not use Confidential Information for any purpose other than work-related matters. Employees must at all times take reasonable precautions to safeguard against inadvertent disclosure of Confidential Information.

Employees must comply with the Group's Policies regarding the use and protection of Confidential Information.

11. PRIVACY AND DATA PROTECTION

Employees must protect the privacy and confidentiality of personal data of colleagues, guests, customers and service providers by ensuring that such data is secure at all times and not used or disclosed without the proper authorization of the Group. Personal data includes any data which identifies an individual such as names, addresses, identity card or passport details, credit card details, telephone numbers, email addresses, personal identification numbers, employment records, health information or location data. Employees must ensure that the collection, storage, transfer, disclosure or use of any such personal data is in accordance with the Group's Policies and the applicable data protection laws and regulations. Employees must familiarize themselves with the Group's Policies on privacy and data protection and report any actual or suspected privacy or security breaches to the Data Protection Officer immediately. Employees can contact the Data Protection Officer by email at dataprotectionofficer@shangri-la.com for any questions or guidance on the handling of personal data.

12. INSIDER DEALING

Employees are prohibited from using Confidential Information to secure personal advantage or gain. Employees must not trade in the public listed shares or other securities of the Group while in possession of any material non-public information about the Group. In general, information is considered "material" if there is a substantial likelihood that a reasonable investor would consider it important in determining whether to buy, hold or sell stocks. Employees must not disclose any material non-public information to outsiders such as friends and relatives, or other employees who do not need to know of such information in the performance of their duties for the Group.

13. ANTI-COMPETITIVE PRACTICES

The Group is committed to competing fairly and openly in each market we serve so as to provide the highest level of service to our guests and customers at fair value. Employees must not engage in anti-competitive practices such as price fixing. This means that employees must not enter into any form of agreement, arrangement, understanding or plan, whether expressed, implied, formal or informal, with a competitor in regard to competitive information such as pricing, rate, terms of sales and service, distribution, territories or guests. Employees must also avoid discussing, disclosing, sharing or exchanging information with a competitor about such competitive information.

Employees working in overseas countries may be subject to laws and regulations that prohibit anti-competitive or antitrust practices. Violation of such laws or regulations may subject employees or the Group to criminal sanctions and fines. Employees in these countries must therefore ensure that they familiarize themselves and fully comply with applicable laws and regulations.

14. MAINTAINING PROPER BOOKS AND RECORDS

The Group depends on complete and accurate business records to fulfill its responsibilities to shareholders, customers, suppliers, regulators and other stakeholders. Employees must ensure that the Group's business books and records, such as accounting records, travel and entertainment expense claims, emails, memos, financial statements, presentations and reports, are complete, fair and accurate, and properly maintained in accordance with the Group's Policies. The intentional creation of false, misleading and deceptive business records or documents is strictly prohibited.

15. HEALTH AND SAFETY

The health, safety and security of the Group's guests, customers and employees are paramount. Employees must conduct their work in a safe, careful and hygienic manner in accordance with the Group's Policies and all applicable laws and regulations.

Employees will make every reasonable effort to safeguard the safety and security of the Group's guests, customers and visitors who visit the Group's places of business, hotels and properties. Employees are required to report any safety risk, hazard, defective equipment, danger or any other security concern immediately to their supervisors.

The Company strictly prohibits the following and any employee found to be in violation of any of the following may face disciplinary action :

(a) the use of any drugs or controlled substances (whether legal or not) other than medication for legitimate medical conditions by employees at any of the Group's places of business, hotels or properties;

(b) the use of cannabis or marijuana (whether legalized or not) by employees at any of the Group's places of business, hotels or properties;

(c) employees from being at work whilst under the influence of any drugs, controlled substances or medication that may impair or interfere with the performance of their duties; and

(d) employees from dealing with or in possession of cannabis, marijuana, drugs or controlled substances other than medication for legitimate medical conditions, at any of the Group's places of business, hotels or properties, and any employee so found will be reported immediately to the police if such act may violate any applicable laws or regulations.

Employees are required to exercise good judgment and moderation in the consumption of alcohol during business meals and engagements. Whilst consuming alcohol at any of the Group's places of business, hotels or properties, employees must not be intoxicated and disorderly, or allow their behavior to tarnish the image and reputation of the Group. Employees must not allow alcohol or drug dependencies to interfere with their duties and should seek treatment for such dependencies in such situations.

16. PROTECTING THE GROUP'S NAME

Employees are responsible for protecting the reputation of the Group. Employees must conduct themselves at all times in accordance with the community's standards of integrity, honesty and good morals and avoid any act of moral turpitude that could adversely affect the image and reputation of the Group.

17. CORPORATE SOCIAL RESPONSIBILITY

The Group is committed to operating in an economically, socially and environmentally responsible manner in the communities that the Group operates in.

Employees must take all necessary measures to ensure that the handling, storage and disposal of any form of hazardous material, toxic substances or waste is carried out in an environmentally responsible manner without creating risks to human health or the environment and in compliance with applicable laws and regulations.

Employees must be sensitive to and respectful of local cultures and customs. Employees are encouraged to contribute to and participate in community and civic affairs so long as this is in keeping with the Group's Policies.

18. EXTERNAL COMMUNICATIONS

The Group is committed to providing accurate and complete information to the public in compliance with legal requirements. Only authorised spokespersons may communicate on behalf of the Group concerning its official position on topics such as financial performance, business strategies, development plans, operations status, legal matters and public policy issues.

Employees must not discuss any matters relating to the activities and performance of the Group with representatives of the media unless specifically authorised.

Employees must comply with the Group's Policies on the use of social media.

19. ANTI-MONEY LAUNDERING

Involvement in money laundering activities can seriously damage the Group's reputation and can expose the Group and its employees to severe regulatory sanctions, fines and imprisonment.

Employees must understand and comply with all applicable anti-money laundering laws and regulations, as well as this Code.

Employees are prohibited from engaging in or facilitating transactions anywhere in the world that involve funds that were derived from criminal activities. Employees must be alert when handling payments and transactions with third parties including guests, suppliers, service providers and business partners and ensure that the Group and its employees do not accept cash or funds that are suspected to have come from criminal activities. In the event of any doubt, employees are advised to seek guidance from their respective Financial Controllers or the Chief Financial Controller.

20. SLAVERY AND HUMAN TRAFFICKING

The Group is committed to observing the highest standards of human rights and does not tolerate any form of slavery and human trafficking either within the Group's properties, operations or supply chains. The use of any form of forced labour, including trafficked, coerced, bonded, indentured or child labour is strictly prohibited.

The Group prohibits its places of business, hotels and properties from being used as locations for human rights violations such as human trafficking or sexual exploitation. Employees are required to report to their supervisors immediately if they become aware that the Group's places of business, hotels or properties are being mis-used for any such purposes.

21. POLITICAL INVOLVEMENT

It is the Group's general policy to remain politically neutral and avoid making political donations.

Employees must not make political contributions or expenditures (including use of the Group's name, assets, funds or services) on behalf of the Group or involve the Group in any kind of political activities without prior approval by the Group.

Whilst employees are not restricted from taking part personally in political activities in their own time, they must not create the impression that they represent the Group in these matters.

22. WHISTLEBLOWING POLICY

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It is the duty of employees who become aware of any suspected or known violation of this Code to promptly report the matter to the Group. The Group has issued the Whistleblowing Policy which sets out the process in which such reports are to be made.

Employees making a report in accordance with the Whistleblowing Policy or raising any genuine concerns about this Code will be protected from reprisal or retaliation. Any employee who engages in such reprisal or retaliation will be subject to serious disciplinary action including possible termination of employment.

Reports and complaints are to be made in good faith. For the purposes of this Code, good faith is evident when the report is made without malice and the employee has a genuine or reasonable basis to believe that the report is true. If an employee deliberately discloses false information or if the report is found to be made for malicious purposes, this may result in disciplinary action including possible termination of employment. The Group may refuse to respond to anonymous reports or complaints.

The Whistleblowing Policy is not intended to apply to complaints relating to an employee's personal circumstances, or grievances at work, or any personal disputes, or questions concerning the financial or business decisions taken by the Group. Employees should raise such grievances separately through the Group's Grievance Handling Procedures Policy.

23. INTERPRETATION OF THIS CODE AND COMMENTS

The Board of Directors of Shangri-La Asia Limited, through the Legal Department, is responsible for the interpretation of this Code. This Code may be revised from time to time.

The Group values the input of employees on any matter relating to the Code. Employees should not hesitate to contact their Human Resources Manager with any queries or comments concerning any aspect of this Code.

Report of the Audit Committee

The Audit Committee performed activities within the scope of its Charter as assigned by the Board of Directors for the year 2022 as follows:

1. The Audit Committee checked the reliability of financial reports by reviewing the quarterly and annual financial statements. The Audit Committee invited external auditors and the management to attend the meetings to consider that financial reporting was in conformity with the auditing standards, the accounting standards and financial reporting standards to ensure all financial reports were presented fairly in all respects. In one of the meetings, the Audit Committee also took the liberty of meeting with external auditors without the Company representatives. The external auditors confirmed that they performed the engagements objectively and independently, with good cooperation of the management.

2. The Audit Committee checked the reliability of Internal Control, conformance to tax laws and business operations were in line with their objectives.

3. The Audit Committee received and approved the Internal Audit Summary Report for the year 2022 and follow-up reports on corrective actions taken. In reviewing the Company's system of internal control, the Audit Committee discussed the matter with the Financial Controller and Internal Audit Manager. The Committee has come to the conclusion that the Company has an adequate and appropriate internal control system.

4. The Audit Committee assessed the independence of the Company's external auditor prior to recommending to the Board of Directors the appointment and remuneration of the external auditor for the coming year.


On 20 February, 2023, the Audit Committee also reviewed the financial statements of the Company for the year ended 31 December 2022 prior to recommending them to the Board of Directors for approval.



Mr. Kovit Poshyananda
Chairman of the Audit Committee
20 February 2023



Shangri-La Hotel Public Company Limited
89 Soi Wat Suan Plu, New Road, Bangrak, Bangkok 10500, Thailand

 +662 236 7777

 bangkok@shangri-la.com

 www.shangri-la.com