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SHANGRI-LA ASIA LIMITED
香格里拉(亞洲)有限公司*

(Incorporated in Bermuda with limited liability)
website: www.ir.shangri-la.com
(Stock code: 00069)

OVERSEAS REGULATORY ANNOUNCEMENT

Shangri-La Hotel Public Company Limited (“**SHPCL**”) is a company listed on the Stock Exchange of Thailand (“**SET**”) and a 73.61% owned subsidiary of Shangri-La Asia Limited. SHPCL released to SET an announcement (“**Announcement**”) today. The following is a reproduction of the Announcement as required by the Note to Rule 13.09(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

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

Executive directors

Mr KUOK Khoon Ean (Chairman)
Mr LUI Man Shing
Mr Madhu Rama Chandra RAO
Mr Gregory Allan DOGAN

Independent non-executive directors

Mr Alexander Reid HAMILTON
Mr Timothy David DATTELS
Mr WONG Kai Man
Mr Michael Wing-Nin CHIU
Professor LI Kwok Cheung Arthur

Non-executive directors

Mr HO Kian Guan
Mr Roberto V ONGPIN
Mr HO Kian Hock (alternate to Mr HO Kian Guan)

Hong Kong, 15 January 2013

* *For identification purpose only*

Shangri-La Hotel Public Company Limited

Registration No. 0107537001773

Information Memorandum in relation to the Disposal of Assets and Connected Transaction
(Amendment)

The Board of Directors ("Board") of Shangri-La Hotel Public Company Limited ("Company") has resolved at its meeting No. 4/2012 held on November 12, 2012 to approve the disposal of 14,892,000 ordinary shares in Cuscaden Properties Pte. Ltd. ("CPL"), representing 14.60% of the total share capital of CPL, held by Hasfield Holdings Pte. Ltd. ("HHL"), a wholly owned subsidiary of Town Development Company Limited ("TDL"), which in turn is a wholly owned subsidiary of the Company, at a total consideration of SGD 76,456,100 or equivalent to THB 1,914,995,937, at the exchange rate of THB 25.047 per SGD 1 (Source: Bank of Thailand), to Shangri-La Hotel Limited ("SLS"), a private limited company incorporated in Singapore, and an indirect wholly owned subsidiary of Shangri-La Asia Limited ("SA") which is considered to be a connected person of the Company.

The disposal of the above assets of the Company to SLS constitutes a connected person transaction pursuant to the Notification of the Capital Market Supervisory Board stated in Thor Chor 21/2551 Re: Rules on Connected Transactions and the Notification of the Stock Exchange of Thailand Re: Disclosure of Information and Other Acts of Listed Companies Concerning the Connected Transaction B.E.2546 ("Connected Transaction Rules"). Under the Connected Transaction Rules, the said transaction size is 40.36% of the net tangible asset value of the Company and its subsidiaries as at September 30, 2012, which is higher than THB 20,000,000 or equivalent to 3.00% of the net tangible asset value of the Company and its subsidiaries as at September 30, 2012.

Moreover, this transaction is also classified as the disposal of assets under the category 1 of the Notification of the Capital Market Supervisory Board stated in Thor Chord 20/2551 Re: Rules on the Significant Acquisition or Disposition of Assets dated August 31, 2008, and the Notification of the Stock Exchange of Thailand Re: Disclosure of Information and Other Acts of Listed Companies Concerning the Acquisition and Disposition of Assets B.E.2547 dated 29 October 2004, and other related notifications ("Significant or Disposition of Assets Rules"). Under the Significant or Disposition of Assets Rules, the above transaction size is calculated based on the net profit after tax from normal course of business operations, which derived from CPL (proportionate to HHL's 14.60% shareholding therein) for the nine-month period ended September 30, 2012 was 356.91% of the net profit the Company and its subsidiaries for the nine-month ended September 30, 2012.

Consequently, the Company is obliged to notify the information memorandum related to this transaction to the Stock Exchange of Thailand (“SET”) and shall seek for the approval from the Shareholders of the Company. Thus, the Company has appointed Asset Pro Management Co., Ltd. as the Independent Financial Advisor (“IFA”) of the Company in order to give independent opinion for this transaction.

The details of the disposal of assets and connected transaction are as follows:

1) Date month and year which transaction occurred

The Board of the Company resolved at its meeting No. 4/2012 held on November 12, 2012 that, subject to the approval of the Company’s Shareholders, the Board of the Company has approved HHL, a wholly owned subsidiary of TDL which in turn is a wholly owned subsidiary of the Company, to dispose of 14,892,000 ordinary shares (“Sale Shares”) in CPL, representing 14.60% of the total share capital of CPL, at a total consideration of SGD 76,456,100 (equivalent to approximately THB 1,914,995,937), to SLS which is a private limited company incorporated in Singapore. SLS, an indirect wholly owned subsidiary of SA, is considered to be a connected person of the Company.

Following the disposal of its investment to SLS, the Company intends to use the proceeds of the disposal in funding projects in Myanmar that are not yet completed. Projects in Myanmar are serviced apartments of Shangri-La Yangon and commercial building of Traders Square. As a result, the Company will be able to continue the business in Myanmar, according to the Company's investment plan.

2) Parties involved in the disposition of assets

The Purchaser : Shangri-La Hotel Limited (“SLS”)

The Sellers : Hasfield Holdings Pte. Ltd. (“HHL”)

Relationship : The Company is a 73.61% indirectly owned subsidiary of SA whereas SLS is an indirect wholly owned subsidiary of SA. SLS is therefore a connected person of the Company under the “Notification of the Board of Governors of the Stock Exchange of Thailand” regarding “Disclosure of Information and Acts of Listed Companies Concerning the Connected Transactions, 2003 (Complete version) and (No. 2), 2004”. Mr. Kuok Khoon Ean and Mr. Maris Pakdeetaveevivat who are members of the board of directors of SA, are also Directors of the Company. Furthermore, Mr. Kuok Khoon Ean and Madam Kuok Oon Kwong are directors of SLS and CPL. Madam Kuok Oon Kwong is also a Director of the Company and HHL.

3) General characteristics of the transaction

The Company intended to approve HHL to dispose of 14,892,000 ordinary shares (“Sale Shares”) in CPL, representing 14.60% of the total share capital of CPL, at a total consideration of SGD 76,456,100 (equivalent to approximately THB 1,914,995,937), to SLS. Thus, the transaction is considered as the disposition of assets and related party transaction with the following details:

Calculation of the transaction size:

Unit: Million Baht	Company’s financial statement as of September 30, 2012 (Reviewed)	CPL’s financial statement as of December 31, 2011 (Audited)
Total assets	5,915.41	16,245.80
Intangible assets	3.27	-
Total liabilities	1,166.97	4,048.96
Minority interest	-	-
Net tangible assets (“NTA”)¹	4,745.17	12,196.85
Cash and cash equivalents	405.18	221.82
		Compared to 9 months as of September 30, 2012
Net profit	18.75	458.58

Remarks: ¹ Net Tangible Assets (NTA) is calculated from Total assets – Intangible assets – Total liabilities – Minority interest

Transaction size under the notification of the connected transaction

The entering into of the said transaction is considered a connected transaction under the Notification of the Capital Market Supervisory Board ThorChor. 21/2551 Re: Rules on Connected Transactions and the Notification of the Stock Exchange of Thailand Re: Disclosure of Information and Other Acts of Listed Companies Concerning the Connected Transaction B.E. 2546 and the Notification of the Board of Governors of The Stock Exchange of Thailand BorJor/Por 22-01 Re: Disclosure of Information and Other Acts of Listed Companies Concerning the Connected Transactions, B.E. 2546. The calculation of the transaction represents 40.36% of net tangible assets¹ of the Company under offered price criterion as at September 30, 2012 which is more than 20 million Baht or 3% of net tangible asset of the Company. The details are as follows:

Criterion	Details	Calculation ¹ (unit: million Baht)	Size (%)
1. Book Value	The transaction value under book value (119.58 Baht/Share) <hr/> %NTA ² of the Company	1,780.74 <hr/> 4,745.17	37.53
2. Market Price	The transaction value under market price <hr/> %NTA ² of the Company	-	-
3. Offered Price	The transaction value under Offered Price (128.59 Baht/Share) <hr/> %NTA ² of the Company	1,915.00 <hr/> 4,745.17	40.36

Remark: ¹ Calculate based on the Company's financial statements for the first 9 months period at September 30, 2012

² Net Tangible Assets (NTA) calculated from Total Assets – Intangible Assets – Total Liabilities – Minority Shareholder's Equity

Transaction size under the notification of the disposition of assets

According to the Notification of the Capital Market Supervisory Board No. Tor Chor. 20/2551 Re: Rules on Entering into Material Transactions Deemed as Acquisition or Disposal of Assets and the Notification of the Stock Exchange of Thailand dated 31 August 2008 and Re: Disclosure of Information Concerning the Acquisition and Disposition of Assets of Listed Companies B.E 2547 (2004) dated 29 October 2004, as amended, the transaction size is calculated under net profit criterion of CPL (proportionate to HHL's 14.60% shareholding therein), the highest applicable criterion. It has a transaction size of 356.91% of net profit of the Company and its subsidiaries as at September 30, 2012. Thus, the transaction is classified as a Class 1 transaction with the following details:

Criterion	Details	Calculation ¹ (unit: million Baht)	Transaction Size (%)
1. Net Tangible Assets	$\frac{\% \text{NTA}^2 \text{ of CPL}}{\% \text{NTA}^2 \text{ of the Company}}$	$\frac{1,780.74^4}{4,745.17}$	37.53
2. Net Profit	$\frac{\text{CPL}' \text{ s Net Profit}^4}{\text{The Company}' \text{ s Net Profit}}$	$\frac{66.92}{18.75}$	356.91
3. The Value of Consideration	$\frac{\text{Value of Consideration Received}^3}{\text{The Company}' \text{ s Total Assets}}$	$\frac{1,915.00}{5,195.41}$	32.37
4. Number of equity securities issued by listed company for an acquisition	$\frac{\text{Value of shares of the listed company for an acquisition}}{\text{Value of shares of the listed company}' \text{ s paid-up capital}}$	-	-

Remarks: ¹ Calculate based on the Company's financial statements for the first 9 months period at September 30, 2012 and audited financial statement of CPL as at December 31, 2011.

² Net Tangible Assets (NTA) is calculated from Total assets – Intangible assets – Total liabilities – Minority interest

³ The value of consideration is SGD 76,456,100 or equivalents to THB 1,914,995,937

⁴ Calculated based on the proportion to the shares of HHL in CPL (i.e. 14.60% of CPL's registered capital)

4) Details of Disposed Asset

The Company intended to dispose of 14,892,000 ordinary shares in CPL, representing 14.60% of the total share capital of CPL to SLS with the following details:

Name of the company : Cuscaden Properties Pte. Ltd.
Registered Date : January 30, 1991
Registration Number : 199100466G
Type of Business : Development, ownership and operation of hotels and shopping malls in Singapore
Registered Address : 1 Kim Seng Promenade#07-01 Great World City, Singapore 237994
Paid-up Capital : SGD 102,000,000 divided into 102,000,000 shares at par value of SGD 1 each

CPL is a registered company in Singapore. CPL owns and operates Traders Hotel and Tanglin Mall since 1991. CPL also has investments in other companies by holding 100% of the paid-up capital of Tanglin Place Development Ltd. ("TPD"), which provides rental and offices under the Tanglin Place. Also, CPL also holds 25% interest in Central Laundry Pte. Ltd. ("CLL") which is engaged in commercial laundry business in Singapore.

- Board of Directors and Company Secretary of CPL

Name	Position
1) Mr. Goh Soo Siah	Chairman
2) Mdm. Kuok Oon Kwong	Managing Director
3) Mr. Ang Poon Tiak	Director
4) Mr. Kuok Khoon Ean	Director
5) Mr. Kuok Meng Xiong	Director
6) Mr. Madhu Rama Chandra Rao	Director
7) Ms. Teo La-Mei	Director & Company Secretary

- Shareholders of CPL

Name	No. of shares	Percentage
1) Allgreen Properties Limited	56,508,000	55.40
2) Shangri-La Hotel Limited	30,600,000	30.00
3) Hasfield Holdings Pte Ltd	14,892,000	14.60
Total	102,000,000	100.00

- Summary of financial position and operating performance of CPL for the years 2009-2011:

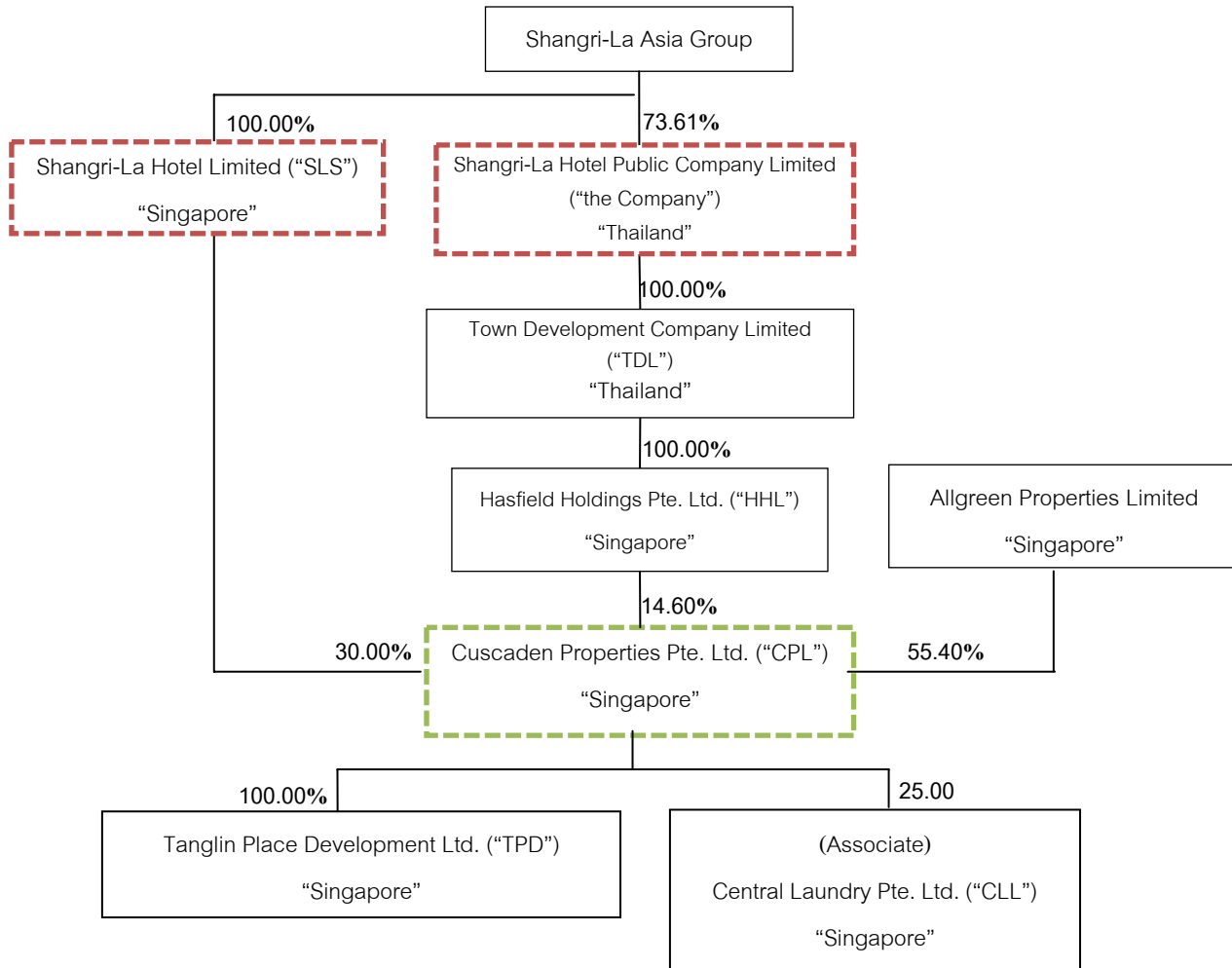
(Unit: Thousand SGD)	2009	2010	2011
Operating Performance			
Revenues	60,999	74,853	80,663
Cost of Sales	22,744	27,029	29,183
Gross Profit	38,255	47,825	51,480
Total Expenses	19,266	20,246	21,098
Net Profit After Tax	27,815	35,320	36,050
Financial Position			
Total Assets	557,748	600,085	648,535
Total Liabilities	199,237	178,603	161,635
Shareholders' Equity	358,511	421,482	486,900

Remarks : Exchange rate as of November 12, 2012 = SGD 1 : THB 25.047

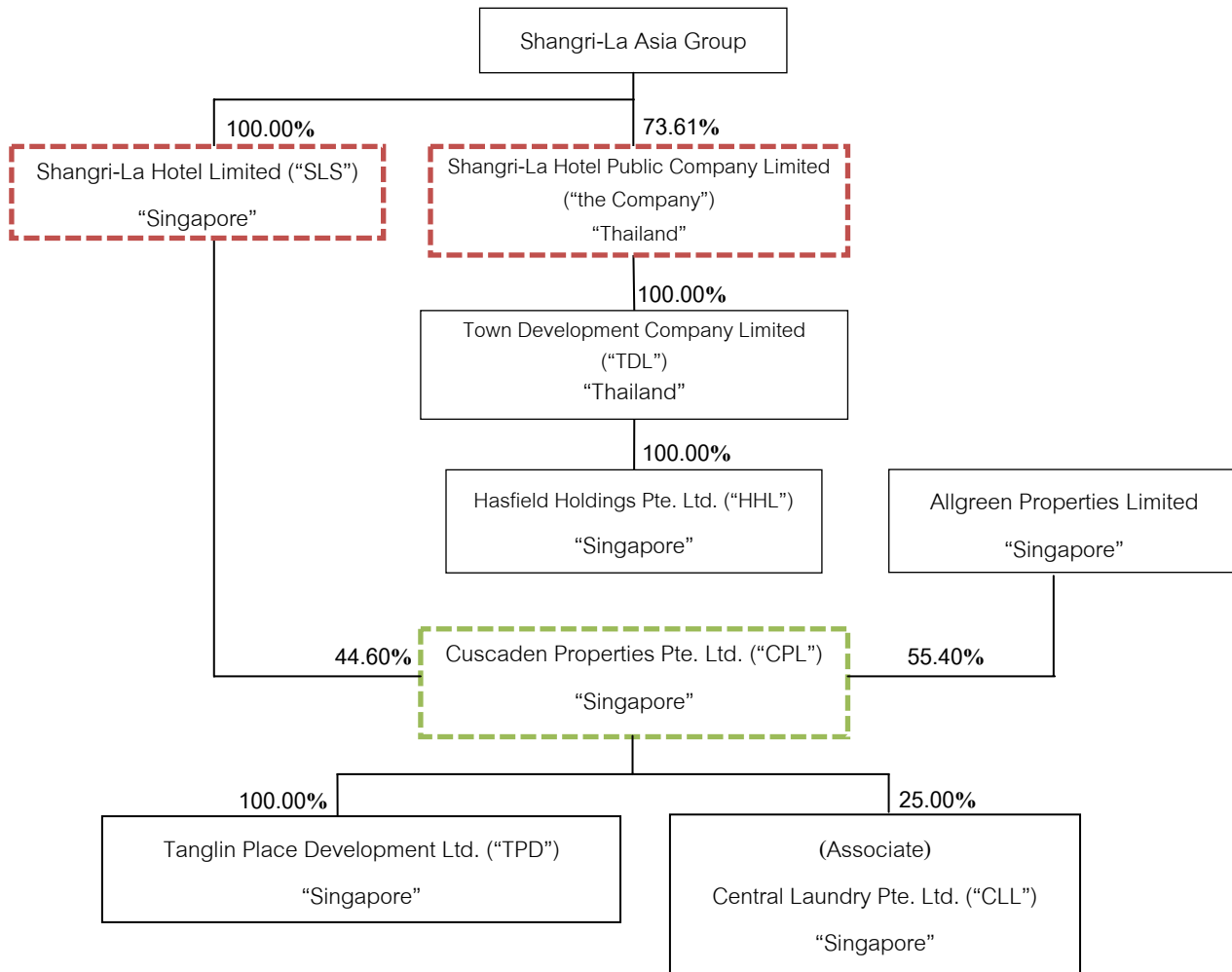
(Source : Bank of Thailand)

5) Shareholding structure

The shareholding structure of CPL before the transaction:



The shareholding structure of CPL after the transaction:



6) The value of consideration criterion

The Company will dispose of 14,892,000 ordinary shares in CPL, representing 14.60% of the total share capital of CPL, to SLS at SGD 76,456,100 or equivalent to THB 1,914,995,937. The consideration of the Sale Shares is determined at after arm’s length negotiation between the Company and SLS, based on the NTA of CPL as at August 31, 2012.

The value of consideration does not include goods and services tax (“GST”). If any GST occur during the Sale Shares, SLS will be liable for such GST.

7) **The precedent conditions**

The Company will enter into the transaction after obtaining approval from its Shareholders at the Extraordinary General Meeting of Shareholders to be held on January 30, 2013. Nevertheless, the Sales Shares must be completed on or before March 31, 2013 or on such other date and at such other place in Singapore as both parties may mutually agree.

8) **Source of fund**

SLS will make payment for the Sales Shares at SGD 76,456,100 or equivalent to THB 1,914,995,937 on the completion date.

The Independent Financial Advisor had considered the source of fund of SLS for this transaction. As at December 31, 2012, SLS had cash and cash equivalent of SGD 9.69 million and, loan from financial institution which SLS has a credit line of SGD 116 million or equivalents to THB 2,905.45 million. Therefore, SLS has sufficient fund for entering into this transaction.

9) **Utilization of the proceeds from the transaction:**

The Company has an investment plan of the application of the proceeds from the transaction as the following details:-

Utilization	Amount (million Baht)
1. The settlement of loan from Shangri-La Treasury Limited	464.50
2. The settlement of loan from financial institution	130.00
3. The investment in Myanmar	
- Shangri-La Yangon Company Limited	449.18
- Traders Square Company Limited	743.27
4. Working Capital	128.05
Total	1,915.00

For the Myanmar's project, the Company will invest in form of shareholders' loan at the interest of LIBOR+2.05% or at the market rate at that time.

However, the investment plan is subject to change according to the vision of the Board of Directors of the Company and situation at that time.

10) The connected persons and/ or shareholders who have interest in the Company shall have no voting right in the meeting

The shareholders who have interest in the parties of the transaction shall abstain from voting at the Extraordinary General Meeting of Shareholders No. 1/2013 as below details:

Name	No. of shares held	Percentage	Relationship with the Company
1. Successful Dragon Limited	62,694,648	48.23%	Subsidiary of SA
2. Siam Suite Holding Limited	33,000,000	25.38%	Subsidiary of SA
3. Mr. Thomas Lui Man Shing	10,000	0.01%	Director of SA and the Company
4. Mr. Navjyot Singh Sachdev	500	0.00%	Vice President - Finance of SLS and the Company
Number of shares with no voting rights	95,705,148	73.62%	
Total shares of the Company	130,000,000	100.00%	
Total number of shares with voting rights	34,294,852	26.38%	

11) The opinion of the Board of Directors of the Company

The following Directors of the Company have not participated in discussion and voted for the said transaction at the Board Meeting No. 4/2012 held on November 12, 2012:

1. Mr. Maris Pakdeetaveevivat (a common director of the Company and SA);
2. Madam Kuok Oon Kwong (a common director of the Company, HHL, SLS and CPL); and
3. Mr. Kuok Khoon Ean (a common director of the Company, SA, SLS and CPL).

The Board of the Company including its Audit Committee and its Independent Directors are of the view that the transaction is on normal commercial terms which is arrived at after arm's length negotiation between the parties and that the transaction is fair and reasonable and in the interest of the Company and its shareholders as a whole.

12) Important lawsuit or claim in the process

The Company and its subsidiaries have no lawsuit that may incur to the Company and its subsidiaries or may affect more than 5% of total shareholders' equity.

13) Benefit or connected transaction between the Company and director, executive and both direct and indirect shareholder more than 10%

The Company and its subsidiaries have no benefit or connected transaction with director, executive and both direct and indirect shareholder more than 10%.

14) Summary of significant agreements arisen within 2 years

The Company and other related companies entered into many agreements which mostly are related to borrowing and lending of funds, provision of services including Renovation Projects Management Services Agreement and Renovation Concept/Design and Technical Consultancy Services Agreement.

All these agreements were made based on the normal course of the Company's business operation under an arm's length basis.

- TRANSLATION -

The English Translation of the Independent Financial Advisor's Opinion has been prepared solely for the convenience of foreign shareholders of Shangri-La Hotel Public Company Limited and should not be relied upon as the definitive and official document. The Thai language version of the Independent Financial Advisor's Opinion is the definitive and official document and shall prevail in all aspects in the event of any inconsistency with this English Translation

**The Opinion of the Independent Financial Advisor on the Disposal of Assets and
Connected Transaction of
Shangri-La Hotel Public Company Limited**

January 8, 2013

To: Shareholders of Shangri-La Hotel Public Company Limited

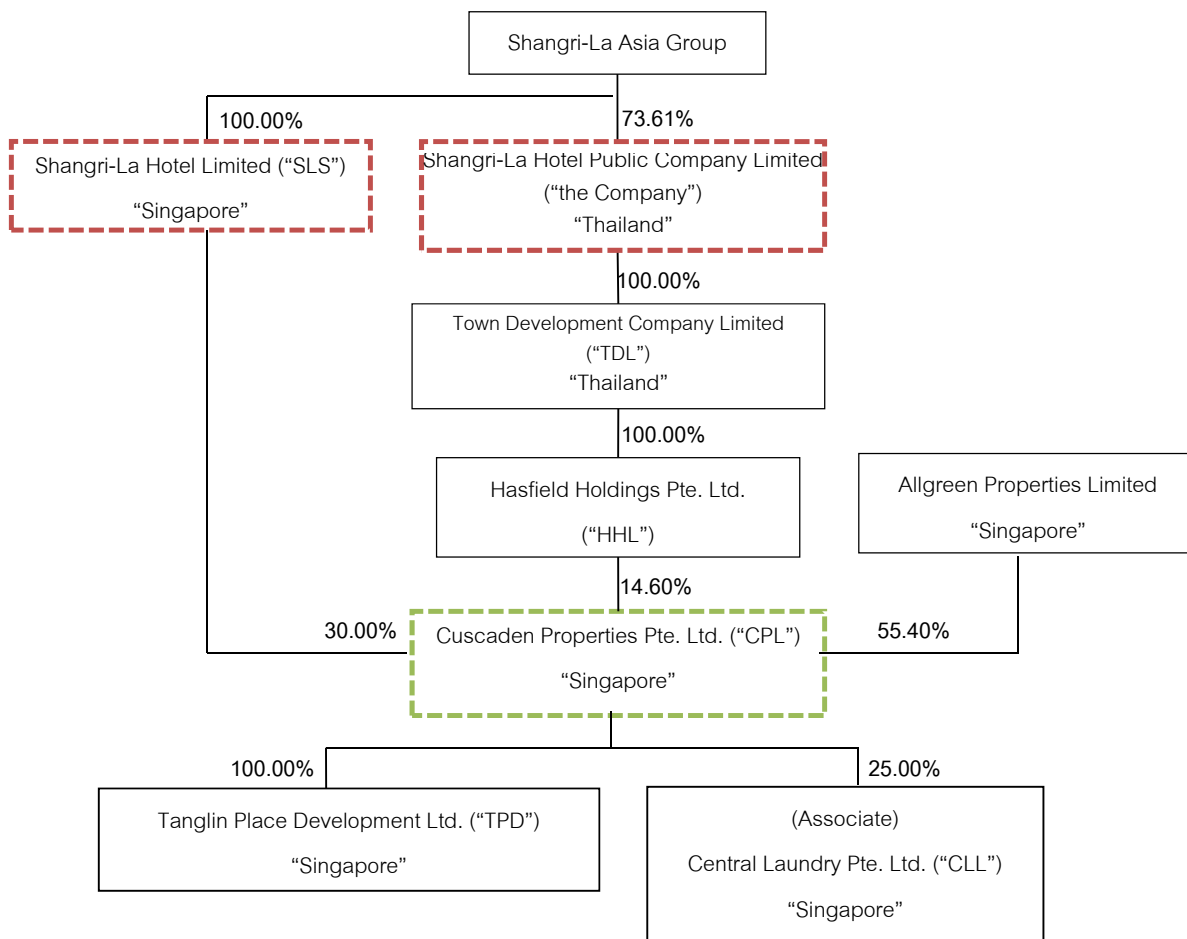
Subject: The Opinion of the Independent Financial Advisor on the disposition of assets and connected transaction of Shangri-La Hotel Public Company Limited

Referred to:

1. Resolution of the Board of Director's meeting of Shangri-La Hotel Public Company Limited No. 4/2012, held on November 12, 2012
2. Information Memorandum of Shangri-La Hotel Public Company Limited about Disposal of ordinary shares in Cuscaden Properties Pte. Ltd. and set date for EGM No.1/2013 (Revised) dated November 12, 2012
3. Share Sale and Purchase Agreement between Hasfield Holdings Pte. Ltd. and Shangri-La Hotel Limited.
4. Audited financial statements of Shangri-La Hotel Public Company Limited for 12 months ended December 31, 2009-2011 and 9 months ended September 30, 2012, and financial statements of Hasfield Holdings Pte. Ltd. and Cuscaden Properties Pte. Ltd. for 12 months ended December 31, 2009-2011
5. Annual Report (Form 56-1) of Shangri-La Hotel Public Company Limited ended December 31, 2011
6. Asset appraisal report of Cuscaden Properties Pte. Ltd. as of December 31, 2011 and August 31, 2012
7. Affidavit, Memorandum of Association, other information and documents of Hasfield Holdings Pte. Ltd. and Cuscaden Properties Pte. Ltd. and online information of Shangri-La Hotel Limited and Shangri-La Hotel Public Company Limited from website: www.shangri-la.com

Shangri-La Hotel Public Company Limited (the "Company", "SHANG") intended to dispose of its investments in Cuscaden Properties Pte. Ltd. ("CPL") which consists of 14,892,000 ordinary shares, equivalent to 14.60% of registered capital to the Shangri-La Hotel Limited ("SLS") at a price of SGD 76,456,100 or equivalent to THB 1,914,995,937 at the exchange rate THB 25.047 per SGD 1 as of November 12, 2012. The Board of Directors (the "Board") has approved Hasfield Holdings Limited ("HHL"), a wholly owned subsidiary of Town Development Co., Ltd. ("TDL") which in turn is a wholly owned subsidiary of the Company to Shangri-La Hotel Limited ("SLS"), a private limited company incorporated in Singapore and an indirect wholly owned subsidiary of Shangri-La Asia Limited ("SA").

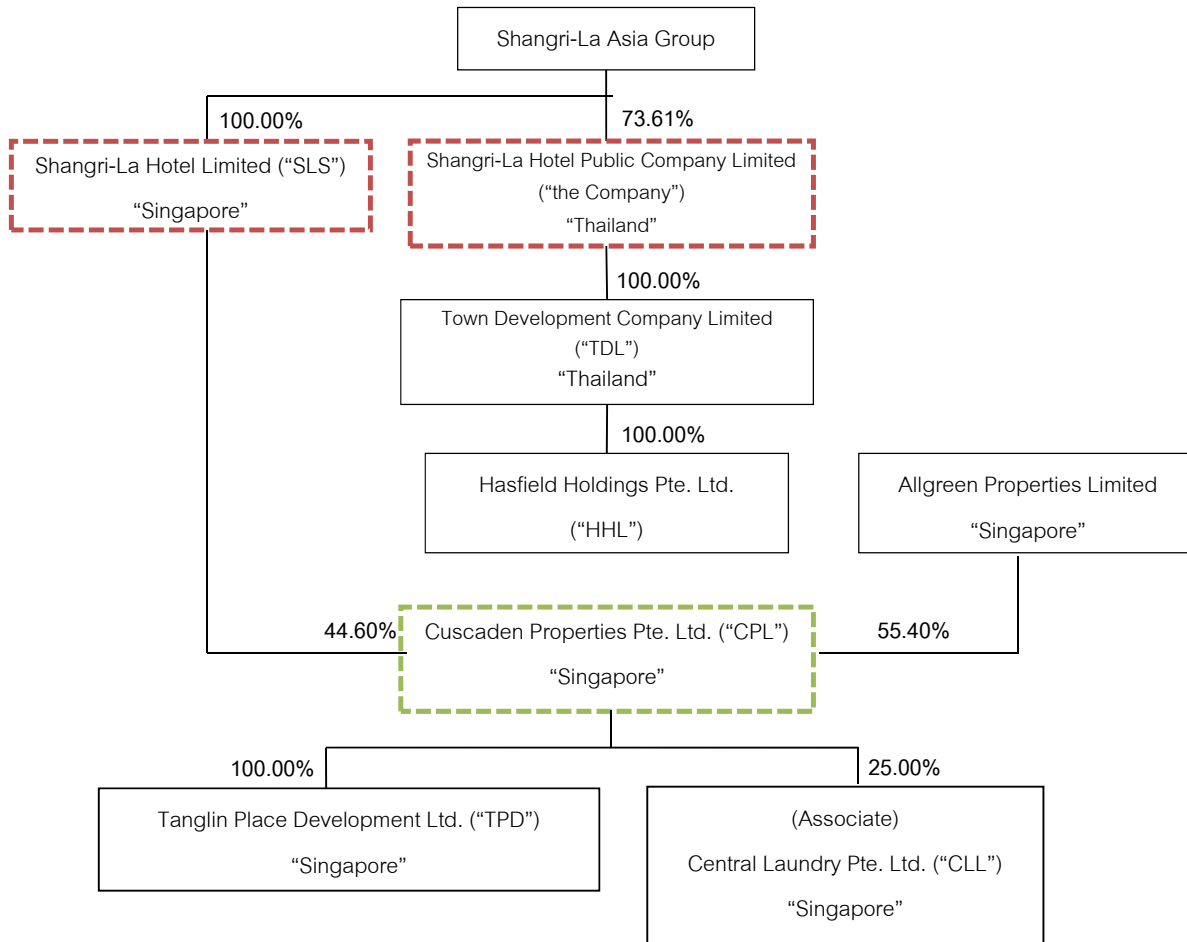
The relationship of the group of companies connected to CPL before the transaction.



Remark: * In this document, the exchange rate is SGD 1 per THB 25.047 and THB 30.629 per USD 1 as of November 12, 2012

(Source: Bank of Thailand).

The relationship of the group of companies connected to CPL after the transaction.



The entering into of the transaction is considered as a connected transaction under the Notification of the Capital Market Supervisory Board ThorChor. 21/2551 Re: Rules on Connected Transactions and the Notification of the Stock Exchange of Thailand Re: Disclosure of Information and Other Acts of Listed Companies Concerning the Connected Transaction B.E. 2546 and the Notification of the Board of Governors of The Stock Exchange of Thailand BorJor/Por 22-01 Re: Disclosure of Information and Other Acts of Listed Companies Concerning the Connected Transactions, B.E. 2546. The calculation of the transaction represents 40.36% of net tangible assets¹ of the Company under offered price criterion as at September 30, 2012 which is more than 20 million Baht or 3% of net tangible asset of the Company

Furthermore, the transaction is classified as a Class 1 transaction under the Notification of the Capital Market Supervisory Board No. Tor Chor. 20/2551 Re: Rules on Entering into Material Transactions Deemed as Acquisition or Disposal of Assets and the Notification of the Stock Exchange of Thailand dated 31 August 2008 and Re: Disclosure of Information Concerning the Acquisition and Disposition of Assets of Listed Companies B.E 2547 (2004) dated 29

October 2004, as amended, which the transaction size is calculated under net profit criterion of CPL (in proportion to the shares of HHL in CPL representing 14.60 percent therein), the highest applicable criterion. It has a transaction size of 356.91% of net profit of the Company and its subsidiaries as at September 30, 2012.

The Company must disclose certain information pertaining to the Transaction to the Stock Exchange Market of Thailand (“SET”), Seeking the Board of Directors’ approval and disclosure of decision to enter into transaction, Seeking approval from the Shareholders’ Meeting to approve a decision to enter into a connected transaction hereunder must consist of at least three-fourths of the total votes of shareholders attending the meeting and having voting right, excluding interested shareholders’ equity.

Asset Pro Management Co., Ltd. in its capacity as the Independent Financial Advisor has given the opinion to the shareholders of the Company on the resolution for consideration of entering into the connected transaction and disposition of asset. In order to demonstrate the reasonableness of the transaction, advantages, disadvantages, risk of entering into transaction, the fairness of the price, and conditions of the transaction according to the requirements of the Office of the Securities and Exchange Commission and the Stock Exchange Market of Thailand.

The opinion of the Independent Financial Advisor is based on the assumption that all information about the Company as it has been interviewed by the Executive of the Company and the documents referred to above are completely accurate, no significant change as well as consideration of economic conditions and the fact that there are / have been during analyzation and preparation of this report only. If the factors mentioned above, have a significant change from the current, it may affect the results of an Independent Financial Advisor’s report.

Executive Summary of the opinion of the IFA

The IFA has given an opinion on the reasonableness, advantages of the transaction, the fairness of the price and precedent conditions, and the shareholders's resolution to approve the transaction. The details are as follows:

1. The reasonableness and advantages of the transaction

The Company invested in hotel business in Myanmar, that is Traders Yangon Hotel started operation in 1996 and also invested in a construction project of Shangri-La Yangon serviced apartments and Traders Square, commercial building, but the Company is unable to complete the construction project in time regarding the impact of political instability in Myanmar but the problem is reduced at present. Therefore, the Company is going to re-invest in Myanmar in order to complete the project through an associate of the Company in the form of shareholder's loan by proportional share holding. The expected cost of construction of Shangri-La Yangon Serviced Apartments is USD 66 million or equivalents to THB 2,021.51 million. The Company has to invest at the rate of 22.22% by proportional shareholding in Shangri-La Yangon which is USD 14.67 million or equivalents to THB 449.18 million in order to complete the project within July 2013 and start operation at the end of September 2013. For Traders Square, commercial building, it has assessed the value of the total investment is USD 103 million or equivalents to THB 3,154.79 million. The Company has to invest at the rate of 23.56% by proportional share holding in Traders Square which is USD 24.27 million or equivalents to THB 743.27 million and is expected to be completed in early of 2015.

In addition, the Company has a risk of investment in Myanmar regarding the political instability, unfavorable investment regulations, the lack of a reliable financial institution, and the lack of infrastructure and facilities.

However, the disposal of 14,892,000 ordinary shares of CPL shares representing 14.60% of the share capital of CPL to SLS at SGD 76,456,100 or equivalents to THB 1,914,995,937 is in line with the capital requirements of the Company and, increase liquidity. In addition, the Company will use the proceeds to repay the loan from financial institution of THB 130 million, which will reduce interest payment for THB 6.92 million per year. Also, repayment of loans from connected party of 464.50 million will reduce interest payment for THB 13.53 million baht per year at interest rate LIBOR +2.05 per year. The repayment is due in November 2013. After the completion of disposal, the Company will be reduced debt and interest expenses of THB 594.50 million per year, and THB 20.45 million per year, respectively.

If the Company enters into the transaction, it will lose an opportunity to receive dividends income from its investment in shares of CPL if CPL has profit and pays dividend to shareholders in the future. For the proceeds of the transaction, the Company may have a tax burden on capital gain arising from the sale of investments in this time at the corporate tax rate in Singapore up to a maximum of 17%. If there is goods and services tax arising from the transaction at this time. The payment of such tax would be a burden on SLS.

For the above mentioned reasons, the Independent Financial Advisor recommends that **the entering into of the transaction is reasonable and beneficial both for the Company and its shareholders.**

2. Fairness of price and appropriateness of conditions of the transaction

The IFA is considered a valuation approach for the fair value of CPL's shares and, selected the Adjusted Book Value Approach which is the most appropriate approach because it used data from the financial statements of the company's financial position at the end of the last period and adjusted to reflect the fair value of assets and liabilities and the fair value of assets and liabilities as at the time of valuation. The fair value of investments is SGD 76.22 million or equivalents to THB 1,909.10 million which is lower than the offer price of SGD 76.46 million or equivalents to THB 1,915.00 million by SGD 0.24 million or equivalents to THB 6.01 million. Therefore, the offer price is reasonable.

In addition, the IFA has considered the precedent conditions of the transaction, as defined in the Share Sale and Purchase Agreement, is appropriate. This is because if the Company is unable to complete the precedent conditions and, the transaction was not successful (more details in the section "The Precedent Conditions"), it will not affect the Company. Also, the Company is not responsible for any costs and damages arising from this transaction except the expenses from connected operations.

In the Independent Financial Advisor's opinion, **the transaction is reasonable and beneficial both for the Company and its shareholders.**

3. The IFA's opinion on the entering into the transaction

From the reasonableness of transaction, the fairness of price and the appropriateness of condition, the Independent Financial Advisor recommends that **the shareholders of the Company should be resolved to approve the entering into of the transaction.**

Part 1: Transaction Overview

1. Details of the transaction

1.1 Date month and year which transaction occurred

The Board of the Company resolved at its meeting No. 4/2012 held on November 12, 2012 that, subject to the approval of the Company's Shareholders, the Board of the Company has approved HHL, a wholly owned subsidiary of TDL which in turn is a wholly owned subsidiary of the Company, to dispose of 14,892,000 ordinary shares ("Sale Shares") in CPL, representing 14.60% of the total share capital of CPL, at a total consideration of SGD 76,456,100 (equivalent to approximately THB 1,914,995,937), to SLS which is a private limited company incorporated in Singapore. SLS, an indirect wholly owned subsidiary of SA, is considered to be a connected person of the Company.

Following the disposal of its investment to SLS, the Company intends to use the proceeds of the disposal in funding projects in Myanmar that are not yet completed. Projects in Myanmar are serviced apartments of Shangri-La Yangon and commercial building of Traders Square. As a result, the Company will be able to continue the business in Myanmar, according to the Company's investment plan.

1.2 Parties involved in the disposition of assets

The Purchaser : Shangri-La Hotel Limited ("SLS")

The Sellers : Hasfield Holdings Pte. Ltd. ("HHL")

Relationship : The Company is a 73.61% indirectly owned subsidiary of SA whereas SLS is an indirect wholly owned subsidiary of SA. SLS is therefore a connected person of the Company under the "Notification of the Board of Governors of the Stock Exchange of Thailand" regarding "Disclosure of Information and Acts of Listed Companies Concerning the Connected Transactions, 2003 (Complete version) and (No. 2), 2004". Mr. Kuok Khoon Ean and Mr. Maris Pakdeetaveevivat who are members of the board of directors of SA, are also Directors of the Company. Furthermore, Mr. Kuok Khoon Ean and Madam Kuok Oon Kwong are directors of SLS and CPL. Madam Kuok Oon Kwong is also a Director of the Company and HHL.

1.3 General characteristics of the transaction

The Company intended to approve HHL to dispose of 14,892,000 ordinary shares ("Sale Shares") in CPL, representing 14.60% of the total share capital of CPL, at a total consideration of SGD 76,456,100 (equivalent to approximately THB 1,914,995,937), to SLS. Thus, the transaction is considered as the disposition of assets and connected transaction with the following details:

Calculation of of the transaction size

Unit: Million Baht	Company's financial statement as of September 30, 2012 (Reviewed)	CPL's financial statement as of December 31, 2011 (Audited)
Total assets	5,915.41	16,245.80
Intangible assets	3.27	-
Total liabilities	1,166.97	4,048.96
Minority interest	-	-
Net tangible assets ("NTA")¹	4,745.17	12,196.85
Cash and cash equivalents	405.18	221.82
		Compared to 9 months as of September 30, 2012
Net profit	18.75	458.58

Remarks: ¹ Net Tangible Assets (NTA) is calculated from Total assets – Intangible assets – Total liabilities – Minority interest

Transaction size under the notification of the connected transaction

The entering into of the transaction is considered a connected transaction under the Notification of the Capital Market Supervisory Board ThorChor. 21/2551 Re: Rules on Connected Transactions and the Notification of the Stock Exchange of Thailand Re: Disclosure of Information and Other Acts of Listed Companies Concerning the Connected Transaction B.E. 2546 and the Notification of the Board of Governors of The Stock Exchange of Thailand BorJor/Por 22-01 Re: Disclosure of Information and Other Acts of Listed Companies Concerning the Connected Transactions, B.E. 2546. The calculation of the transaction represents 40.36% of net tangible assets¹ of the Company under offered price criterion as at September 30, 2012 which is more than 20 million Baht or 3% of net tangible asset of the Company.

Transaction size under the notification of the connected party transaction

Criterion	Details	Calculation ¹ (unit: million Baht)	Size (%)
1. Book Value	The transaction value under book value (119.58 Baht/Share) <hr/> %NTA ² of the Company	$\frac{1,780.74}{4,745.17}$	37.53
2. Market Price	The transaction value under market price <hr/> %NTA ² of the Company	-	-
3. Offered Price	The transaction value under Offered Price (128.59 Baht/Share) <hr/> %NTA ² of the Company	$\frac{1,915.00}{4,745.17}$	40.36

Remark: ¹ Calculate based on the Company's financial statements for the first 9 months period at September 30, 2012

² Net Tangible Assets (NTA) calculated from Total Assets – Intangible Assets – Total Liabilities – Minority Shareholder's Equity

The Company must report to the Stock Exchange Market of Thailand, Seeking the Board of Directors' approval and disclosure of decision to enter into transaction, Seeking approval from the Shareholders' Meeting to approve a decision to enter into a connected transaction hereunder must consist of at least three-fourths of the total votes of shareholders attending the meeting and having voting right, excluding interested shareholders' equity.

Transaction size under the notification of the disposition of assets

According to the Notification of the Capital Market Supervisory Board No. Tor Chor. 20/2551 Re: Rules on Entering into Material Transactions Deemed as Acquisition or Disposal of Assets and the Notification of the Stock Exchange of Thailand dated 31 August 2008 and Re: Disclosure of Information Concerning the Acquisition and Disposition of Assets of Listed Companies B.E 2547 (2004) dated 29 October 2004, as amended, the transaction size is calculated under net profit criterion of CPL (in proportion to the shares of HHL in CPL 14.60 percent), the highest applicable criterion. It has a transaction size of 356.91% of net profit of the Company and its subsidiaries as at September 30, 2012. Thus, the transaction is classified as a Class 1 transaction as the following details;

Criteria	Details	Calculation ¹ (Unit: Million Baht)	Transaction size (Percentage)
1. Net Tangible Assets	$\frac{\%NTA^2 \text{ of the CPL}}{\%NTA^2 \text{ of the Company}}$	$\frac{1,780.74^4}{4,745.17}$	37.53
2. Net Profit	$\frac{CPL's \text{ Net Profit}^4}{\text{The Company's Net Profit}}$	$\frac{66.92}{18.75}$	356.91
3. The Value of Consideration	$\frac{\text{Value of Consideration Received}^3}{\text{The Company's Total Assets}}$	$\frac{1,915.00}{5,915.41}$	32.37
4. Number of equity securities issued by listed company for an acquisition	$\frac{\text{Value of shares of the listed company for an acquisition}}{\text{Value of shares of the listed company's paid-up capital}}$	-	-

Remarks: ¹ Calculate based on the Company's financial statements for the first 9 months period at September 30, 2012 and audited financial statement of CPL as at December 31, 2011.

² Net Tangible Assets (NTA) is calculated from Total assets – Intangible assets – Total liabilities – Minority interest

³ The value of consideration is SGD 76,456,100 or equivalents to THB 1,914,995,937

⁴ Calculated based on the proportion to the shares of HHL in CPL 14.60% of CPL's registered capital

The Company must report to the Stock Exchange Market of Thailand, Seeking the Board of Directors' approval and disclosure of decision to enter into transaction, Seeking approval from the Shareholders' Meeting to approve a decision to enter into a connected transaction hereunder must consist of at least three-fourths of the total votes of shareholders attending the meeting and having voting right, excluding interested shareholders' equity.

The shareholders who have an interest and abstain from voting at the Extraordinary General Meeting no. 1/2013 as detailed below;

Name	No. of shares held	Percentage	Relationship with the Company
1. Successful Dragon Limited	62,694,648	48.23%	Subsidiary of SA
2. Siam Suite Holding Limited	33,000,000	25.38%	Subsidiary of SA
3. Mr. Thomas Lui Man Shing	10,000	0.01%	Director of SA and the Company
4. Mr. Navjyot Singh Sachdev	500	0.00%	Vice President-Finance of SLS and the Company
Number of share with no voting rights	95,705,148	73.62%	
Total shares of the Company	130,000,000	100.00%	
Total number of shares with voting rights	34,294,852	26.38%	

1.4 Details of Disposed Asset

The Company intended to dispose of 14,892,000 ordinary shares in CPL, representing 14.60% of the total share capital of CPL to SLS with the following details;

Name of the company	: Cuscaden Properties Pte. Ltd.
Registered Date	: January 30, 1991
Registration Number	: 199100466G
Type of Business	: Development, ownership and operation of hotels and shopping malls in Singapore
Registered Address	: 1 Kim Seng Promenade#07-01 Great World City, Singapore 237994
Web Site	: http://www.shangri-la.com
Paid-up Capital	: SGD 102,000,000 divided into 102,000,000 shares of par value of SGD 1 each

CPL is a registered company in Singapore. CPL owns and operates Traders Hotel and Tanglin Mall since 1991. CPL also has investments in other companies by holding 100% of the paid-up capital of Tanglin Place Development Ltd. ("TPD"), which provides rental and offices under the Tanglin Place. Also, CPL also holds

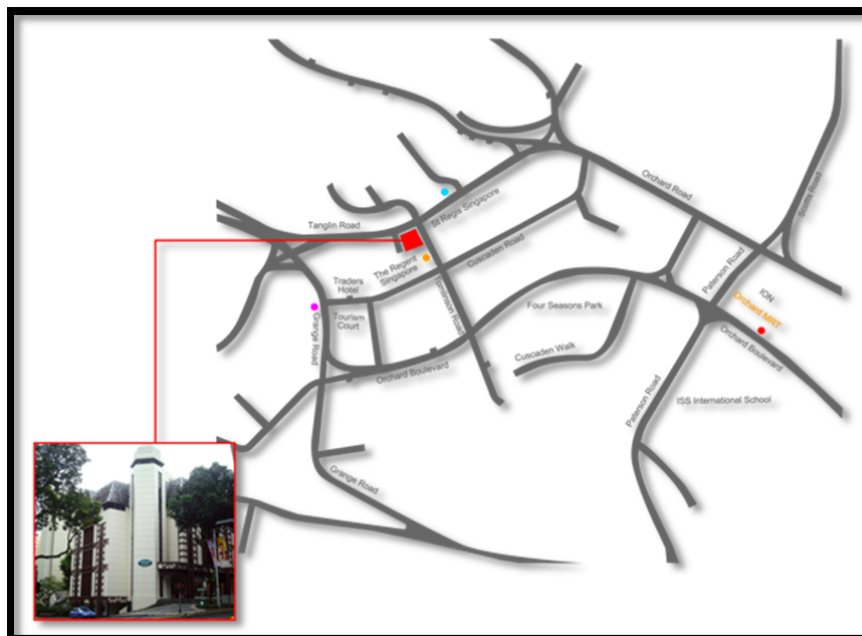
25% interest in Central Laundry Pte. Ltd. ("CLL") which is engaged in commercial laundry business in Singapore.

● Subsidiaries

- Tanglin Place Development Ltd. ("TPD") is a wholly owned subsidiary of CPL by holding 100% of share capital which is located at the junction of Tanglin Road and Tomlinson Road and is within walking distance to Orchard Road shopping belt. It has a Tudor-style facade. It is a 4-storey building with 2 basements. Basement one and first storey are for retail use with tenancies like Dan Dyan's Chicago Grill and Trekology Bikes 3, while the second to fourth storey have been converted to offices. The occupancy rates for the years 2009-2011 were 98.30%, 92.30%, and 96.40% respectively and 98.40% for the first 9 months period of year 2012

- Tanglin Place has been in operation for almost 17 years and is 100% leased with the following details;

- Basement** : Dan Ryan's Chicago Grill, Boon's Pottery
- 1st Floor** : Trekology Bikes 3, Sealy Sleep Palace, Boon's Pottery, Bruno Art Gallery, Lopburi Art & Antiques
- 2nd Floor** : Ortho-vision, Food Junction Holdings Ltd, Global Management Pte Ltd, The Podiatry Centre Eisen Resources Pte Ltd, Ski Management Partners
- 3rd Floor** : SG Retail Network Pte Ltd, Food Junctions Holdings Ltd, Healing Gardens, Element Pilates, Transasain Aircraft Leasing and Services Pte Ltd
- 4th Floor** : Hand in Hand OTC, Janet Mcglennon Interiors Pte Ltd, Healing Gardens, Brain Train Pte Ltd



- Associate
 - Central Laundry Pte. Ltd. ("CLL"), in which CPL holds 25.00% of the total share capital and is engaged in commercial laundry business.

- Board of Directors and Company Secretary of CPL

Name	Position
1) Mr. Goh Soo Siah	Chairman
2) Mdm. Kuok Oon Kwong	Managing Director
3) Mr. Ang Poon Tiak	Director
4) Mr. Kuok Khoon Ean	Director
5) Mr. Kuok Meng Xiong	Director
6) Mr. Madhu Rama Chandra Rao	Director
7) Ms. Teo La-Mei	Director & Company Secretary

- Shareholders of CPL

Name	No. of shares	Percentage
1) Allgreen Properties Limited	56,508,000	55.40
2) Shangri-La Hotel Limited	30,600,000	30.00
3) Hasfield Holdings Pte Ltd	14,892,000	14.60
Total	102,000,000	100.00

- Business assets of CPL

- Traders Hotel, Singapore

- Address: 1A Cuscaden Road, Singapore 249716
- The occupancy rates for years 2009-2011 were 71.00%, 87.00%, and 83.30% respectively, and 81.10% for the first 9 months period of year 2012.
- Accommodation – The hotel consists of 546 guestrooms, including 14 suites and 124 Traders Club rooms with a Club Lounge.

Categories	Room	Area (m ²)
Superior	186	25
Deluxe	201	25
Traders Club	124	25
Studio Apartment	18	50
One-Bedroom Suite	8	50

Executive Suite	2	50
Deluxe Suite	4	75
Handicapped Room	3	25

- Meeting - Featuring flexible set-ups and a sophisticated design, Traders Hotel, Singapore is the natural choice for meetings, seminars and business events. Each of its private meeting rooms offers high-speed Internet access, free wifi and optional LCD colour projector. A full suite of business, secretarial and catering services is also available on request. For total convenience of guests, movable partitions between a number of rooms allow the creation of a single space for larger events.
- Banquets – Experience the first-class service and professionalism of a banquet at Traders Hotel, Singapore. Whether a small and intimate banquet or a high-profile celebration, catering and service staffs are here to ensure event is a seamless success. All banqueting rooms offer abundant natural daylight and electronically-controlled ambience lighting to ensure the comfort of its guests.
- Restaurants – Guests looking for a delectable restaurant in Singapore will find that Traders Hotel, Singapore offers patrons a range of choice. It is award-winning dining options capture Singapore's diverse Malay and Indian influences, offering a global culinary experience. 24-hour in-room dining is also available.

Restaurants / Bars	Capacity (person)	Location	Cuisine
Cafebiz	182	Lobby level	International & Asia
Cafebiz+	25	Lobby level	Snacks & Drinks
Cafebiz Alfresco	40	Lobby level	Pasta, Pizza & Drinks
Rumpoles Bar	60	Level 2	Drinks
Ah Hoi's Kitchen	188	Poolside, Level 4	Seafood & Local Dishes

- **Tanglin Mall**

Located between Tanglin road and Grange road, it is 4 levels buildings which consist of 71 shops and restaurants. Tanglin Mall located in high population density because its location near by

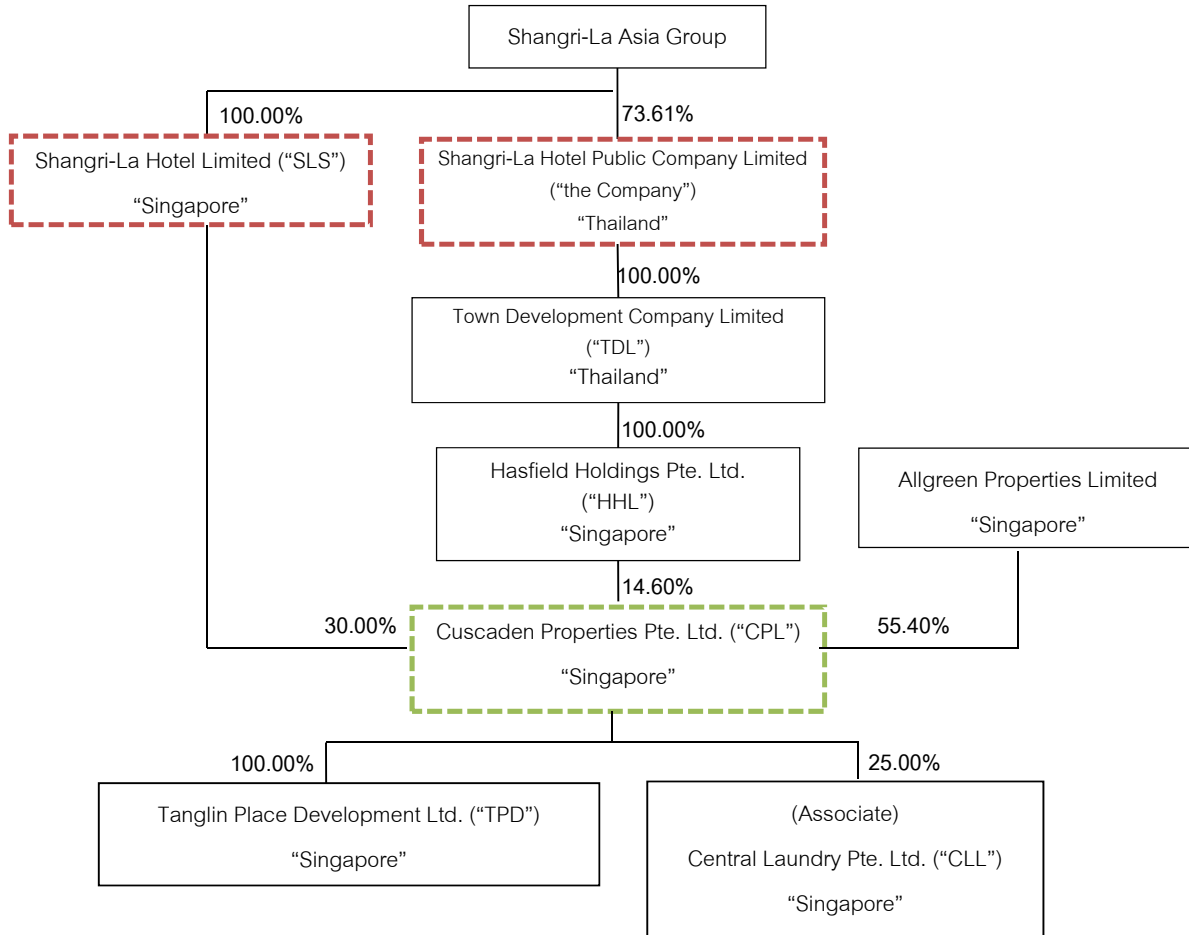
many communities such as the Tanglin market and local food center, and so on. Tanglin mall consists of several restaurants such as Complementary Patara Thai Cuisine, Chili 's Grill & Bar, Caffè Beviamo, Starbucks Coffee, Brunetti, Yantra, and Tetsu Tempura & Tonkatsu, etc. It also has a home furnishings store, hardware store, dental clinic, toy store, studio photography, and laundry with more than 500 parking lots.

Summary of financial position and operating performance of CPL for the years 2009-2011:

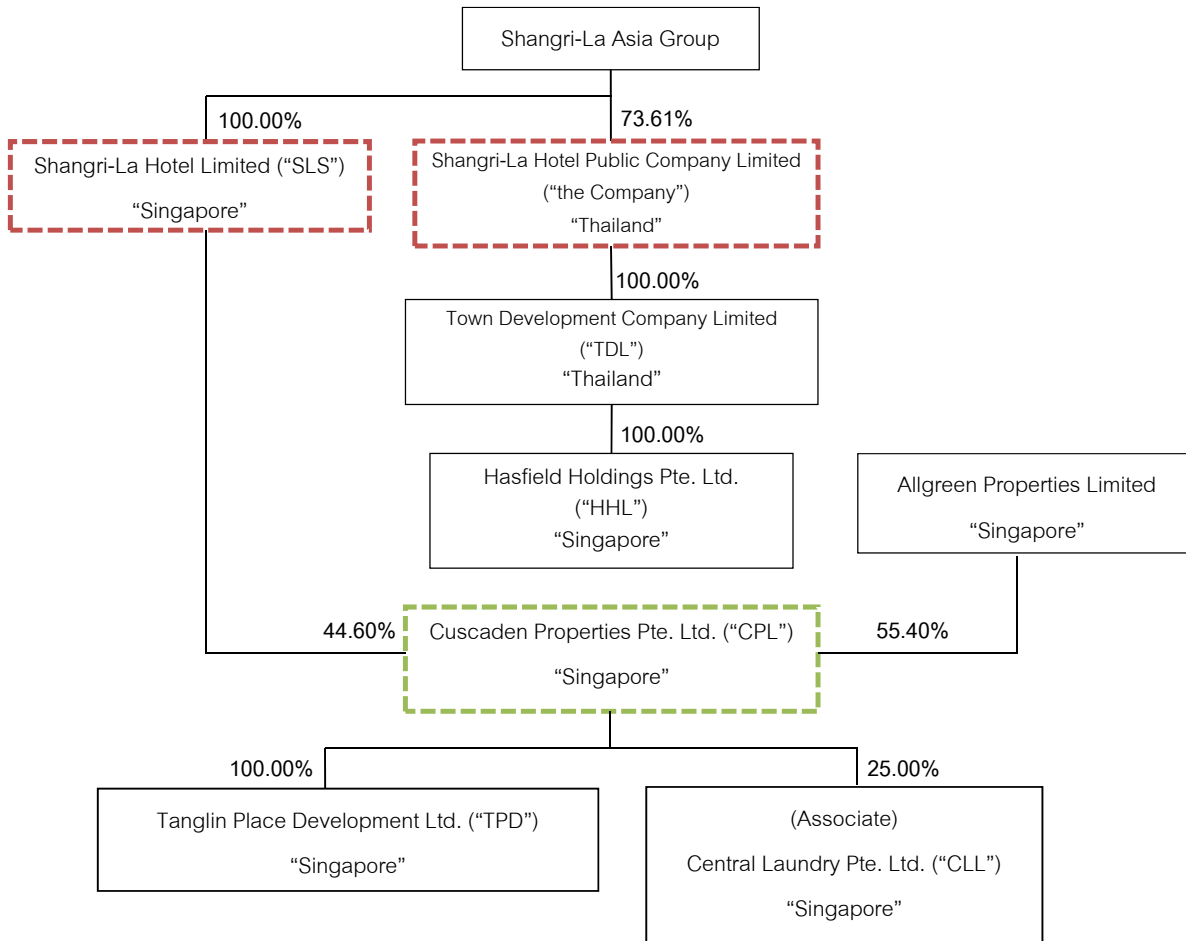
(Unit: Thousand SGD)	2009	2010	2011
Operating Performance			
Revenues	60,999	74,853	80,663
Cost of Sales	22,744	27,029	29,183
Gross Profit	38,255	47,825	51,480
Total Expenses	19,266	20,246	21,098
Net Profit After Tax	27,815	35,320	36,050
Financial Position			
Total Assets	557,748	600,085	648,535
Total Liabilities	199,237	178,603	161,635
Shareholders' Equity	358,511	421,482	486,900

1.5 Shareholding structure

The shareholding structure of CPL before the transaction.



The shareholding structure of CPL after the transaction.



1.6 The value of consideration criterion

The Company will dispose of 14,892,000 ordinary shares in CPL, representing 14.60% of the total share capital of CPL, to SLS at SGD 76,456,100 or equivalent to THB 1,914,995,937. The consideration of the Sale Shares is determined at after arm's length negotiation between the Company and SLS, based on the NTA of CPL as at August 31, 2012.

The value of consideration does not include goods and services tax ("GST"). If any GST occur during the Sale Shares, SLS will be liable for such GST.

1.7 The precedent conditions

The Company will enter into the transaction after obtaining approval from its Shareholders at the Extraordinary General Meeting of Shareholders to be held on January 30, 2013. Nevertheless, the Sales Shares must be completed on or before March 31, 2013 or on such other date and at such other place in Singapore as both parties may mutually agree.

1.8 Source of fund

SLS will make a payment for the Sales Shares at SGD 76,456,100 or equivalents to THB 1,914,995,937 at the completion date.

The Independent Financial Advisor had considered the source of fund of SLS for this transaction. As at December 31, 2012, SLS had cash and cash equivalent of SGD 9.69 million and, loan from financial institution which SLS has a credit line of SGD 116 million or equivalents to THB 2,905.45 million. Therefore, SLS has sufficient fund for entering into this transaction.

1.9 Utilization of the proceeds from the transaction:

The Company has an investment plan of the application of the proceeds from the transaction as the following details;

Utilization	Amount (million Baht)
1. The settlement of loan from Shangri-La Treasury Limited	464.50
2. The settlement of loan from financial institution	130.00
3. The investment in Myanmar	
3.1 Shangri-La Yangon Company Limited .	449.18
3.2 Traders Square Company Limited	743.27
4. Working Capital	128.05
Total	1,915.00

For the Myanmar's project, the Company will invest in form of shareholders' loan at an interest of LIBOR+2.05% or at the market rate at that time.

However, the investment plan is subject to change according to the vision of the board of directors and situation at that time.

Part 2: Details of Shangri-La Hotel Public Company Limited, its Subsidiaries and Associated Company

1. Company Overview

Name of the company	: Shangri-La Hotel Public Company Limited
Registered Date	: January 8, 1981 ¹ and registered as a public company on May 20, 1994
Current Status	: Listed company in the Stock Exchange Market of Thailand on September 30, 1990
Registration Number	: 0107537001773
Type of Business	: The principal activities of the Company are those of hotelier which provide residential, food and beverage services, facilities for conferences and functions and other services and facilities in connection with hotel business and investment.
Registered Address	: 89 Soi Wat Suan Plu, New Road, Bangrak, Bangkok 10500
Web Site	: http://www.shangri-la.com
Registered Capital	: 1,300,000,000.00 Baht divided into 130,000,000 shares of par value 10 Baht each
Paid-up Capital	: 1,300,000,000.00 Baht divided into 130,000,000 shares of par value 10 Baht
Dividend Payment Policy	- The Company: Minimum of 30% of net profit annually : - Subsidiaries: Not defined, depends on the operating performance of the subsidiaries

Shangri-La Hotel Public Company Limited was established on 8 January 1981 in collaboration with Thai Roong Ruang Sugar Group and investors from Hong Kong, Mr. Mr. Kuok Hock Nien for operating a first class hotel in Bangkok. It is a 25-storey building with a helipad on the 25th floor with 682 rooms and dining rooms, meeting rooms and banquet and other facilities with an ownership on land of 12 rai 2 ngan 63 square wa. The Company has been promoted by the Investment Promotion Act. B.E. 2520 has been a privilege or exemption of import duty and sales tax on machinery and equipment imported from abroad.

The Company began operations in March 1986 and the full project opened in August 1986.

Later in the year 1988, the Company purchased additional land of 5 rai 2 ngan 75 square wa adjacent to the car park to the hotel after which is known as "Krungthep Wing" consisting of the 16 storeys building with 174 rooms, office buildings for rent and 10 storeys shopping mall and 10 storey parking building. The space for offices was 7,000 square meters and for retail was 3,000 square meters, the construction of the building of the new range

was granted Board of Investment privileges or exemption of import duty and sales tax on machinery imported half. The new building was opened in August 1991.

In 1988, the Company purchased the land, located on Chang Klan Road, Chiang Mai, 17 rai 1 ngan 69 3/10, to build up a 5-star hotel in Chiang Mai. But after buying the land, there is an unfavorable economic situation and crisis times so, the Company suspended construction Chiang Mai projects. In the late 2003, the government's policy is encouraged the development of Chiang Mai as a center of aviation in Southeast Asia and a center for international conferences. The Company began construction of Shangri-La Hotel, Chiang Mai has been promoted by the Board of Investment and it has been promoted as the right to an outlander who is an expert craftsman or into Thailand.

Shangri-La Hotel Chiang Mai contains 12 floors with 281 rooms, 5 restaurant and bars, 8 banquets and meeting facilities, a large grand ballroom with capacity of 1,600 persons and other amenities complete the Shangri-La Hotel Chiang Mai. Shangri-La Hotel Chiang Mai has been operated since December 22, 2007.

2. Business Overview

Shangri-La Hotel Public Company Limited is operating a first class hotel for residential, foods and beverages, and other hotel services such as meeting rooms, business center, health services, and etc. The Company has 2 hotels as follows;

- 1) Shangri-La Hotel, Bangkok
- 2) Shangri-La Hotel, Chiang Mai

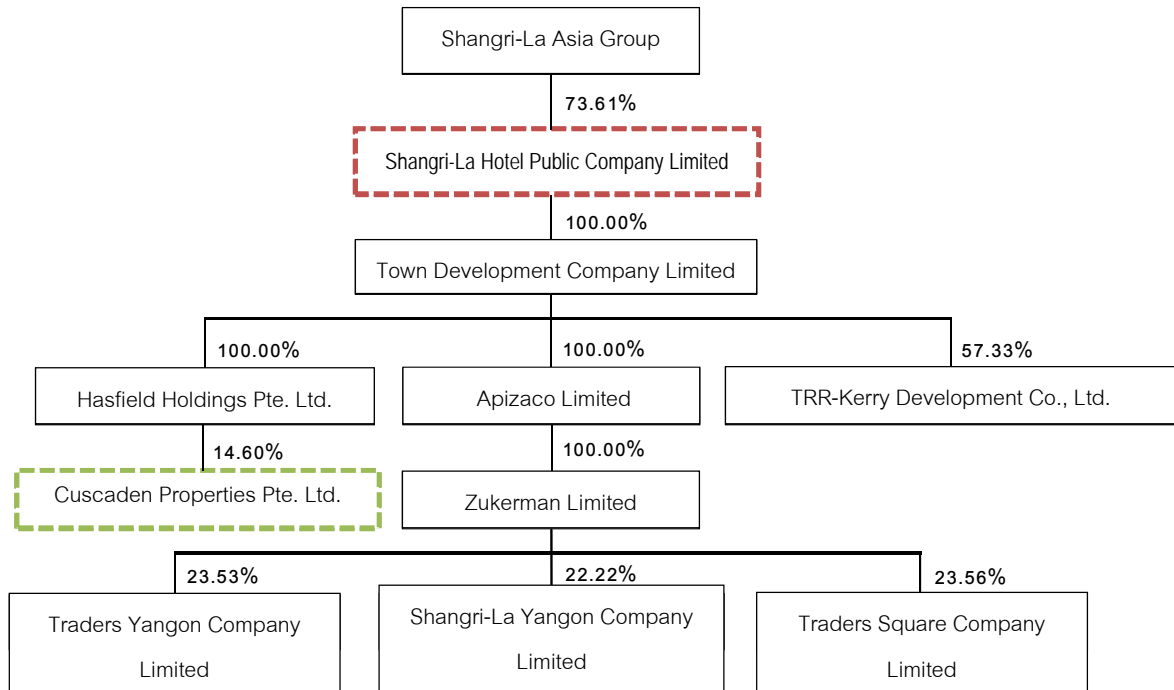
The Company also has an investment in both domestic and international through subsidiaries of the Company as follows;

- **Subsidiaries**

1. Town Development Company Limited. ("TDL"), incorporated in Thailand, a wholly owned subsidiary of the Company with registered and paid-up capital of THB 1,303 million. TDL has no business other than investment in Apizaco Limited, Hasfield Holdings Pte. Ltd. and, TRR-Kerry Development Co., Ltd.
2. Apizaco Limited ("Apizaco"), incorporated in Hong Kong, a wholly owned subsidiary of TDL with HKD 280 million registered capital, and HKD 206.458 million paid-up capital. Apizaco has no business other than investment in other companies as follows;
 - 2.1 Holding 10,501,055 shares, representing 0.33% of the total paid-up capital of Shangri-La Asia Limited ("SA").

- 2.2 Holding 100% of the total paid-up capital of Zukerman Limited ("Zukerman") which was incorporated in the British Virgin Island with a registered capital of USD 50,000, and paid-up capital of USD 1. Zukerman has no business other than investment in 3 companies in Myanmar as follows;
- 2.2.1 Holding 23.53% of the total paid-up capital of Traders Yangon Company Limited which operates Traders Hotel, an international 4-star hotel in Yangon, Myanmar for residential, foods and beverages, and other hotel services which has already operated in November 1996.
- 2.2.2 Holding 22.22% of the total paid-up capital of Shangri-La Yangon Company Limited, a construction of Shangri-La Yangon Hotel and serviced apartments. The project has been postponed indefinitely regarding the political instability in Myanmar.
- 2.2.3 Holding 23.56% of the total paid-up capital of Traders Square Company Limited, a construction of commercial building. The project has been postponed indefinitely regarding the political instability in Myanmar.
3. Hasfield Holdings Pte. Ltd. ("HHL") was incorporated in Singapore, a wholly owned subsidiary of TDL with a registered capital and paid up capital of SGD 35 million and SGD 34.218 million respectively. HHL has no business other than investment in Cuscaden Properties Pte. Ltd. which was 14.60% of the total paid-up capital of CPL. The value of investments is approximately THB 414.78 million, which operates Traders Hotel and Tanglin Mall.
4. TRR-Kerry Development Co., Ltd. holding by TDL at 57.33% with registered and paid-up capital of THB 231 million. It is not engaged in any other business other than investment in Don Muang Tollway Public Company Limited by holding 2.41%. The value of investments is approximately THB 213 million.

3. Shareholding structure



The company's main business is hotel business for residential, foods and beverages, meeting, banquet, and other hotel services also, investments in other companies.

The main business of the subsidiaries is investment holding in other companies.

The main business of the associate is as follows;

1. Traders Yangon Company Limited

Business : Operates Traders Hotel, an international 4-star hotel located at the junction between the Sule Pagoda and Bogyoke Aung San Road in Yangon, Myanmar for residential, foods and beverages, and other hotel services. It began operations in November 1996.

Address : 223, Sule Pagoda Road, Yangon, Myanmar

Board of Directors : 1) Mdm. Kuok Oon Kwong
 2) Ms. Teo La-Mei
 3) Mr. Madhu Rama Chandra Rao
 4) Mr. Navjyot Singh Sachdev
 5) Mr. Bryan Pallop Gaw

Shareholders	Title	No. of shares	Percentage (%)
	1) Kuok (Singapore) Limited	2,541	11.76%
	2) Jenko Properties Limited	2,541	11.76%
	3) Zukerman Limited	5,083	23.53%
	4) Madarac Corporation	5,083	23.53%
	5) Shang Holdings Limited	6,352	29.42%
	Total	21,600	100.00%

2. Shangri-La Yangon Company Limited

Business : The project is the construction of Shangri-La Yangon and serviced apartments, located at the junction between Kan Yeik Tha road and Upper Pansoedan road but the project was postponed until the political and economic conditions in Myanmar are better.

Address : 223, Sule Pagoda Road, Yangon, Myanmar

Board of Directors : 1) Mdm. Kuok Oon Kwong
2) Ms. Teo La-Mei
3) Mr. Madhu Rama Chandra Rao
4) Mr. Navjyot Singh Sachdev
5) Mr. Bryan Pallop Gaw
6) Mr. Michael Chang Teck Chai

Shareholders	Title	No. of shares	Percentage (%)
	1) Kuok (Singapore) Limited	1,650	13.89%
	2) Jenko Properties Limited	1,650	13.89%
	3) Zukerman Limited	2,640	22.22%
	4) Madarac Corporation	2,640	22.22%
	5) Shang Holdings Limited	3,300	27.78%
	Total	11,880	100.00%

3. Traders Square Company Limited

Business : The project is the construction of commercial building, located at the junction between Annawrahta road and Sule Pagoda Road but the project was postponed until the political and economic conditions in Myanmar are better.

Address : 223, Sule Pagoda Road, Yangon, Myanmar

- Board of Directors : 1) Mdm. Kuok Oon Kwong
2) Ms. Teo La-Mei
3) Mr. Madhu Rama Chandra Rao
4) Mr. Navjyot Singh Sachdev
5) Mr. Bryan Pallop Gaw
6) Mr. Michael Chang Teck Chai

Shareholders :

Title	No. of shares	Percentage (%)
1) Kuok (Singapore) Limited	61	11.69%
2) Jenko Properties Limited	61	11.69%
3) Zukerman Limited	123	23.56%
4) Madarac Corporation	123	23.56%
5) Shang Holdings Limited	154	29.50%
Total	522	100.00%

Shareholders

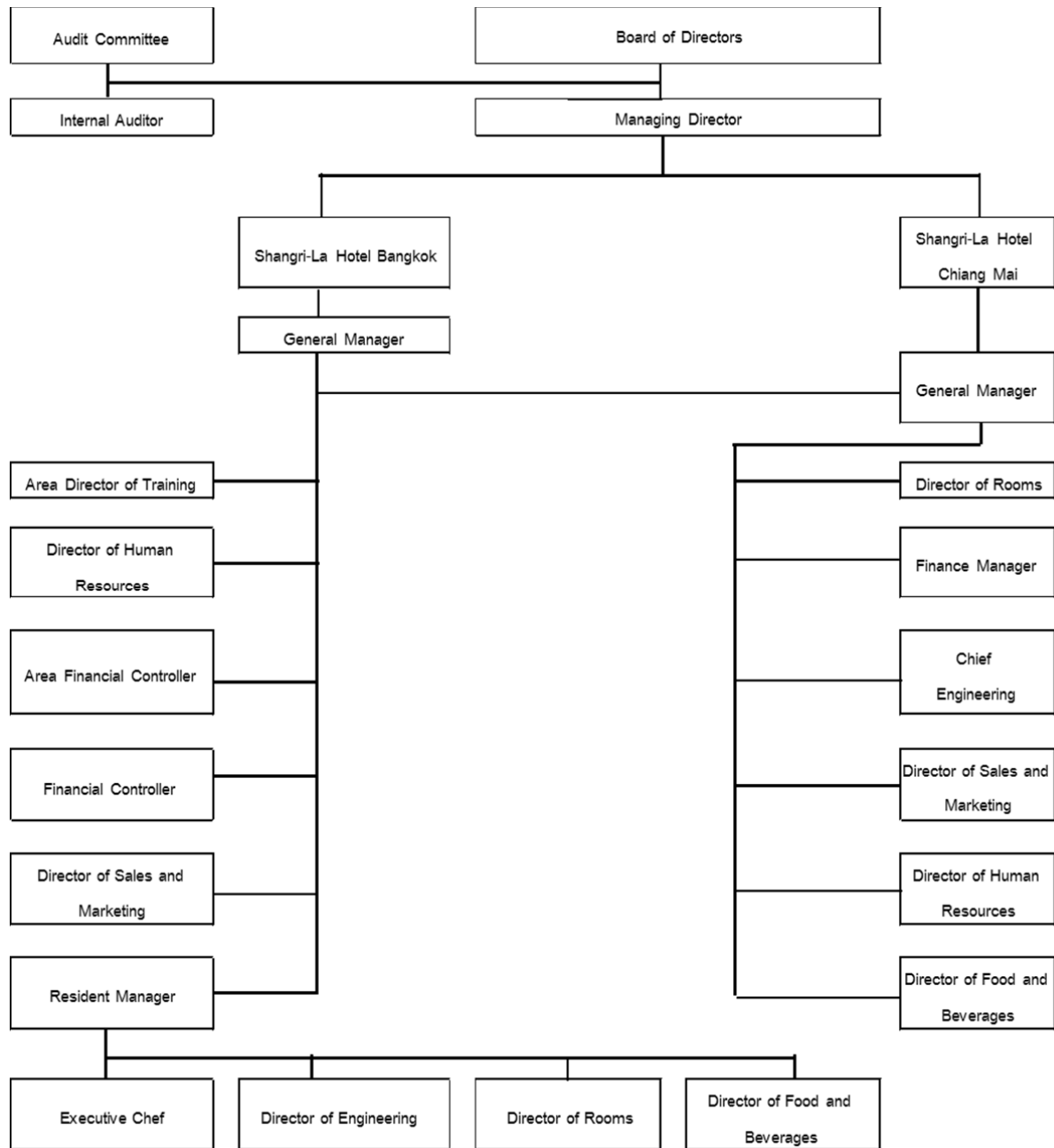
The list of top 10 shareholders of the Company as of December 3, 2012, the latest book closing date for the company share, can be tabulated as follows:

Name / Title	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 and Mrs. Phakafa Asdathorn (Spouse)	1,879,100	1.45%
6. Ms. Srisuda Sinthavanarong	1,612,900	1.24%
7. Khunying Jawaratana and Mr. Anan Tejavej (Spouse)	1,540,500	1.19%
8. Mr. Boon Sinthavanarong	1,518,800	1.17%
9. Mrs. Yaowadee Asdathorn	1,072,400	0.82%
10. Mr. Uthai Asdathorn	945,700	0.73%
Total	113,625,348	87.41%

Remark: - Shangri-La Asia Group consists of Successful Dragon Limited and Siam Suite Holding Limited

- Asdathorn and Sinthavanarong Family are not the same group.

4. Organisation structure



5. Board of directors and Management Team

5.1 Board of directors

The Company's board of director as of December 17, 2012 consists of

Name	Position
1. Mr. Pong Sarasin	Chairman and Independent Director
2. Mr. Suvat Asdathorn	Vice Chairman
3. Mr. Maris Pakdeetaveevivat	Vice Chairman
4. Mdm. Kuok Oon Kwong	Managing Director
5. Mr. Kuok Khoon Ean	Director
6. Mrs. Chanida Asdathorn	Director
7. Mr. Somkiat Asdathorn	Director
8. Mr. Surin Asdathorn	Director
9. Mrs. Pavinee Meensuk	Director
10. Mr. Kovit Poshyananda	Independent Director
11. Mr. Jayavadh Bunnag	Independent Director
12. Mr. Kledchai Benja-athonsirikul	Independent Director

5.2 Executives

The Company's executives as of December 17, 2012:

- Shangri-La Hotel, Bangkok

Name	Position
1. Mr. Kieran Matthew Twomey	Vice President and General Manager
2. Mr. Marlon Samuel Hirsh	Resident Manager
3. Ms. Nipa Smanote	Financial Controller
4. Ms. Magdalena Macaso Garcia	Area Director of Sales and Marketing
5. Mr. Oliver Claude Baader	Director of Food & Beverage
6. Mr. Paul Geoffrey Bruce	Director of Engineering
7. Mrs. Paphun Chotigasupa Rogers	Area Director of Training
8. Mr. Frank Anthony Bohdan	Executive Chef

- Shangri-La Hotel, Chiang Mai

Name	Position
1. George Meldrum Paterson Baird	General Manager
2. Ms. Morakot Anurakbundith	Director of Human Resources
3. Mr. Gireesh Vasudeva Sarma	Finance Manager
4. Mr. Nirmal Singh	Chief Engineer
5. Mr. Kreg Graham	Executive Chef

6. Financial Statements

6.1 Statement of financial position

As of December 31, 2009-2011 and September 30, 2012

Unit: Million Baht

	Year 2012 (at Sep 30) Reviewed		Year 2011 (at Dec 31) Audited		Year 2010 (at Dec 31) Audited		Year 2009 (at Dec 31) Audited	
	Amount	%	Amount	%	Amount	%	Amount	%
	Assets							
Current Assets								
Cash and cash equivalents	405,182	6.85%	432,442	7.26%	309,086	4.69%	663,880	10.08%
Short-term investments	-	-	154	0.00%	3,500	0.05%	150	0.00%
Accounts receivable and others - net	139,317	2.36%	112,214	1.88%	106,388	1.61%	102,755	1.56%
Accounts receivable – Related parties	167	0.00%	-	0.00%	1,413	0.02%	9,329	0.14%
Inventory - net	37,730	0.64%	44,157	0.74%	33,529	0.51%	36,840	0.56%
Other current assets	3,522	0.06%	5,300	0.09%	19,929	0.30%	35,103	0.53%
Total Current Assets	585,918	9.90%	594,267	9.98%	473,847	7.19%	848,060	12.88%
Non-current Assets								
Investment in subsidiaries – net	-	0.00%	-	0.00%	-	0.00%	-	0.00%
Investment in associates – net	-	0.00%	-	0.00%	-	0.00%	-	0.00%
Other long-term investments								
Investment in available for sale security	58,276	0.99%	30,064	0.51%	46,185	0.70%	51,195	0.78%
Investment in related parties	1,042,899	17.63%	976,155	16.40%	1,270,534	19.27%	1,075,612	16.34%
Investment in other company - net	121,717	2.06%	121,717	2.04%	121,716	1.85%	119,371	1.81%
Long-term loans to and accrued interest from related parties - net	702,862	11.88%	429,982	7.22%	408,361	6.19%	481,415	7.31%
Plant, property, equipment - net	3,224,164	54.50%	3,620,565	60.82%	4,087,447	61.98%	3,868,508	58.76%
Intangible assets - net	3,265	0.06%	2,895	0.05%	1,843	0.03%	6,999	0.11%
Deferred tax	169,046	2.86%	168,166	2.82%	174,231	2.64%	97,447	1.48%
Deposit	7,263	0.12%	9,327	0.16%	10,334	0.16%	34,915	0.53%
Total non-current assets	5,329,492	90.10%	5,358,871	90.02%	6,120,654	92.81%	5,735,466	87.12%
Total Assets	5,915,410	100.00%	5,953,138	100.00%	6,594,502	100.00%	6,583,526	100.00%

	Year 2012 (at Sep 30) Reviewed		Year 2011 (at Dec 31) Audited		Year 2010 (at Dec 31) Audited		Year 2009 (at Dec 31) Audited	
	Amount	%	Amount	%	Amount	%	Amount	%
	Liabilities and Shareholders' Equity							
Current liabilities								
Trade and other payables - net	107,170	1.81%	110,905	1.86%	77,930	1.18%	87,694	1.33%
Account payables – related party	79,077	1.34%	67,286	1.13%	22,320	0.34%	26,174	0.40%
Account payable construction	25,160	0.43%	63,481	1.07%	161,680	2.45%	42,836	0.65%
Related-party	-	0.00%	477,478	8.02%	454,444	6.89%	498,600	7.57%
Current portion	200,000	3.38%	70,000	1.18%	70,000	1.06%	-	0.00%
Deferred expenses	106,385	1.80%	127,974	2.15%	68,834	1.04%	66,877	1.02%
Derivative liability	-	0.00%	-	0.00%	31,519	0.48%	-	0.00%
Construction guarantee payable	9,493	0.16%	19,404	0.33%	38,575	0.58%	52,280	0.79%
Other current liabilities	66,452	1.12%	51,745	0.87%	114,105	1.73%	112,798	1.71%
Total current liabilities	593,737	10.04%	988,273	16.60%	1,039,408	15.76%	887,262	13.48%
Non-current liabilities								
Long-term loan from financial institution	-	0.00%	130,000	2.18%	130,000	1.97%	200,000	3.04%
Loan from related parties	464,496	7.85%	-	0.00%	-	0.00%	-	0.00%
Accrued interest to minority interest in subsidiaries	55,734	0.94%	57,441	0.96%	63,414	0.96%	66,274	1.01%
Deposit	18,120	0.31%	17,351	0.29%	16,397	0.25%	12,789	0.19%
Employee benefit	34,886	0.59%	31,745	0.53%	-	0.00%	-	0.00%
Total non current liabilities	573,236	9.69%	236,537	3.97%	209,811	3.18%	279,063	4.24%
Total liabilities	1,166,973	19.73%	1,224,810	20.57%	1,249,219	18.94%	1,166,325	17.72%

	Year 2012 (at Sep 30) Reviewed		Year 2011 (at Dec 31) Audited		Year 2010 (at Dec 31) Audited		Year 2009 (at Dec 31) Audited	
	Amount	%	Amount	%	Amount	%	Amount	%
Liabilities and Shareholders' equity (cont'd)								
Shareholders' Equity								
Share capital								
Registered capital								
130,000,000 shares								
Par value of THB 10	1,300,000		1,300,000		1,300,000		1,300,000	
Paid-up capital								
130,000,000 shares								
Par value of THB 10	1,300,000	21.98%	1,300,000	21.84%	1,300,000	19.71%	1,300,000	19.75%
Premium on stock	1,590,400	26.89%	1,590,400	26.72%	1,590,400	24.12%	1,590,400	24.16%
Revaluation of available-for-sale security								
Other company	-	0.00%	-	0.00%	(2,744)	(0.04%)	762	0.01%
Related parties	-	0.00%	-	0.00%	550,244	8.34%	310,003	4.71%
Exchange differences	-	0.00%	-	0.00%	690,882	10.48%	754,207	11.46%
Retained earning								
Appropriated	130,000	2.20%	130,000	2.18%	130,000	1.97%	130,000	1.97%
Unappropriated	662,115	11.19%	740,866	12.44%	1,086,500	16.48%	1,331,828	20.23%
Other equity	1,065,922	18.02%	967,062	16.24%	-	0.00%	-	0.00%
Majority interest	4,748,437	80.27%	4,728,328	79.43%	-	0.00%	-	0.00%
Minority interest	-	0.00%	-	0.00%	-	0.00%	-	0.00%
Total shareholders' equity	4,748,437	80.27%	4,728,328	79.43%	5,345,282	81.06%	5,417,201	82.28%
Total Liabilities and Shareholders' Equity	5,915,410	100.00%	5,953,138	100.00%	6,594,502	100.00%	6,583,526	100.00%

Overview of financial position

As of September 30, 2012, the financial position of the Company and its subsidiaries can be summarized as follows:

Assets

Total assets as of 30 September 2012 were THB 5,915.41 million comparing to THB 5,953.14 million as of 31 December 2011, a decrease by THB 37.73 million or equivalent to 0.63% as the following:

1) Current assets consists of:

- Cash and cash equivalents were THB 405.18 million
- Accounts receivable and others were THB 139.32 million

2) Non-current assets consists of:

- Investment in related parties were THB 1,042.90 million consisting of investment in CPL (held by HHL) amount of THB 416.55 million and investment in SA (held by Apizaco) amount of THB 626.35 million.
- Loan to and accrued interest from related parties – net were THB 702.86 million consisting of loans to 3 associates which are Traders Yangon Company Limited, Shangri-La Yangon Company Limited and Traders Square Company Limited.
- Plant, property, and equipment – net were THB 3,224.16 million

Liabilities

Total liabilities as of 30 September 2012 were THB 1,166.97 million comparing to THB 1,224.81 million as of 31 December 2011, a decrease by THB 57.84 million or equivalents to 4.72%. The total liabilities of THB 1,166.97 million were contributed by the following:

1) Current liabilities for the significant items as follows:

- Accounts payables - other parties were THB 107.17 million
- Current portion of long-term loan were THB 200.00 million
- Accrued expenses were THB 106.39 million

2) Non-current liabilities comprised long-term loan from related parties of THB 464.50 million

Equity

As of 30 September 2012, the shareholders' equity was THB 4,748.44 million comparing to THB 4,728.33 million as of 31 December 2011, a slight increase by THB 20.11 million or equivalents to 0.43%.

6.2 Operating performance

For 12 months period ended December 31, 2010-2011 and 9-month period ended September 30, 2011-2012

Unit: thousand Baht

	Year 2012 (ended Sep 30)		Year 2011 (ended Sep 30)		Year 2011 (ended Dec 31)		Year 2010 (ended Dec 31)	
	Amount	%	Amount	%	Amount	%	Amount	%
Revenues								
Rooms	756,253	52.69%	619,662	52.23%	824,700	51.95%	652,782	51.67%
Foods & Beverages	576,862	40.19%	471,448	39.74%	637,584	40.17%	506,552	40.09%
Others	102,280	7.13%	95,193	8.02%	125,095	7.88%	104,046	8.24%
Total revenues	1,435,395	100.00%	1,186,303	100.00%	1,587,380	100.00%	1,263,380	100.00%
Cost of sales and services	(516,915)	(36.01%)	(444,274)	(37.45%)	(606,356)	(38.20%)	(487,883)	(38.62%)
Gross Profit	918,480	63.99%	742,029	62.55%	981,024	61.80%	775,496	61.38%
Other revenue	34,755	2.42%	47,677	4.02%	65,649	4.14%	55,387	4.38%
Profit before expenses	953,235	66.41%	789,706	66.57%	1,046,673	65.94%	830,883	65.77%
Selling expense	(83,796)	(5.84%)	(85,309)	(7.19%)	114,417	7.21%	89,010	7.05%
Administrative expense	(383,249)	(26.70%)	(308,323)	(25.99%)	451,122	28.42%	391,095	30.96%
Depreciation and amortization	(467,492)	(32.57%)	(469,077)	(39.54%)	649,583	40.92%	547,758	43.36%
Total expenses	(936,537)	(65.25%)	(862,709)	(72.72%)	(1,215,123)	(76.55%)	(1,027,864)	(81.36%)
Gain (Loss) before finance cost	16,698	1.16%	(73,003)	(6.15%)	(168,449)	(10.61%)	(196,981)	(15.59%)
Finance cost - net	(3,897)	(0.27%)	(25,187)	(2.12%)	(41,084)	(2.59%)	(24,276)	(1.92%)
Profit before tax	12,801	0.89%	(98,190)	(8.28%)	(209,534)	(13.20%)	(221,257)	(17.51%)
Income tax	5,948	0.41%	27,900	2.35%	(16,446)	(1.04%)	73,429	5.81%
Profit (Loss) for period	18,749	1.31%	(70,290)	(5.93%)	(225,979)	(14.24%)	(147,828)	(11.70%)
Profit (Loss) per share (Baht)	0.14		(0.54)		(1.74)		(1.14)	

Operating Performance

As of 30 September 2012, the operating performance of the Company and its subsidiaries are summarized as follows:

- 1) For the 9-month period ended 30 September 2012, the total revenue was THB 1,435.39 million comparing to THB 1,186.33 million for the 9-month period ended 30 September 2011, increased by THB 249.06 million or equivalent to 20.99% as a result of an increase in tourist in Thailand comparing to the last year that there are political instability were the recession of the world economy.
- 2) For the 9-month period ended 30 September 2012, the total expenses were THB 936.54 million comparing to THB 862.71 million for the 9-month period ended 30 September 2011, increased

by THB 73.83 million or equivalents to 8.56% as a result of an increase in administrative expenses of THB 74.93 million regarding the increase of guests.

- 3) For the 9-month period ended 30 September 2012, the income tax was THB 32.31 million comparing to THB 4.65 million for the 9-month period ended 30 September 2011 from the increasing of operating profit.
- 4) For the 9-month period ended 30 September 2012, the net profit was THB 18.75 million or earnings per share of THB 0.14 comparing to THB 70.29 million or loss per share of THB 0.54 for the 9-month period ended 30 September 2011. The profit increased by THB 89.04 million or equivalents to THB 0.68 per share as a result of an increase of gross profit by THB 176.45 million regarding the increase of guests.

6.3 Financial Ratio

	<u>Year 2012</u> At Sep 30	<u>Year 2011</u> At Dec 31	<u>Year 2010</u> At Dec 31	
Liquidity ratio				
Current Ratio	0.99	0.60	0.46	(time)
Quick Ratio	0.92	0.55	0.41	(time)
Cash Debt Coverage Ratio	0.72	0.46	0.32	(time)
Account Receivable Turnover	15.22	13.93	11.57	(time)
Average Collection Period	23.66	25.85	31.13	(day)
Inventory Turnover	16.83	15.61	13.87	(time)
Average Sale Period	21.39	23.06	25.96	(day)
Account Payable Turnover	6.32	5.78	5.23	(time)
Average Payment Period	56.95	62.24	68.78	(day)
Cash Cycle	(11.91)	(13.33)	(11.69)	(day)
Profitability Ratio				
Gross Profit Margin	63.99%	61.80%	61.38%	(%)
Net Profit (Loss) Margin	1.31%	(13.67%)	(11.21%)	(%)
ROE	0.53%	(4.49%)	(2.75%)	(%)
Efficiency Ratio				
Return on Assets (ROA)	0.42%	(3.60%)	(2.24%)	(%)
Return on Fixed Assets (ROFA)	18.94%	10.99%	10.05%	(%)
Total Asset Turnover	0.08	0.26	0.20	(time)
Financial Policy Ratio				
Debt to Equity ratio	0.25	0.26	0.23	(time)
Interest Coverage Ratio	4.28	(4.10)	(8.11)	(time)
Dividend Payout Ratio	5.20%	(43.15%)	(65.96%)	(%)

	<u>Year 2012</u> At Sep 30	<u>Year 2011</u> At Dec 31	<u>Year 2010</u> At Dec 31	
<u>Per share</u>				
Book value per share	36.53	36.37	41.12	(Baht)
Net Profit (Loss) per share	0.14	(1.74)	(1.14)	(Baht)
Dividend per share	0.75	(0.75)	(0.75)	(Baht)

Part 3: Details of Shangri-La Hotel Limited, its Subsidiaries and Associated Company

1. Company Overview

Name of the company	: Shangri-La Hotel Limited
Registration Date	: March 3, 1962
Registration Number	: 196200040E
Type of Business	: The principal activities of the Company are those of hotelier which provide residential, food and beverage services, facilities for conferences and functions and other services and facilities in connection with hotel business and investment.
Registered Address	: 22 Orange Grove Road, Singapore 258350
Web Site	: www.shangri-la.com
Registered Capital	: SGD 165,434,199.00 divided into 164,434,199 shares of par value of SGD 1 each
Paid-up Capital	: SGD 165,434,199.00 divided into 164,434,199 shares of par value of SGD 1 each

Significant change of SLS

1. Registered company as Guan Thong, Limited	March 3, 1962
2. Registered as private company as Guan Thong Private Limited	November 11, 1968
3. Conversion to public company as Guan Thong Limited	December 28, 1968
4. Change the name of the company to Orange Grove Hotel Limited	December 28, 1968
5. Change the name of the company to Hotel Shangri-La Limited	June 30, 1969
6. Change the name of the company to Shangri-La Limited	August 26, 1969
7. Listed in company in the Stock Exchange of Singapore	August 13, 1970
8. Delisted from the Stock Exchange of Singapore	February 23, 2001

2. Business Overview

SLS is engaged in hotel business, operates rental residential, food and beverages, and other hotel services such as meeting rooms, business center, health center, and etc. The business assets are as follows;

No.	Hotel	Address	Detail
1	Shangri-La Hotel, Singapore	22 Orange Grove Road, Singapore 258350	747 rooms
2	Shangri-La Apartments	1 Anderson Road,	Serviced apartment with

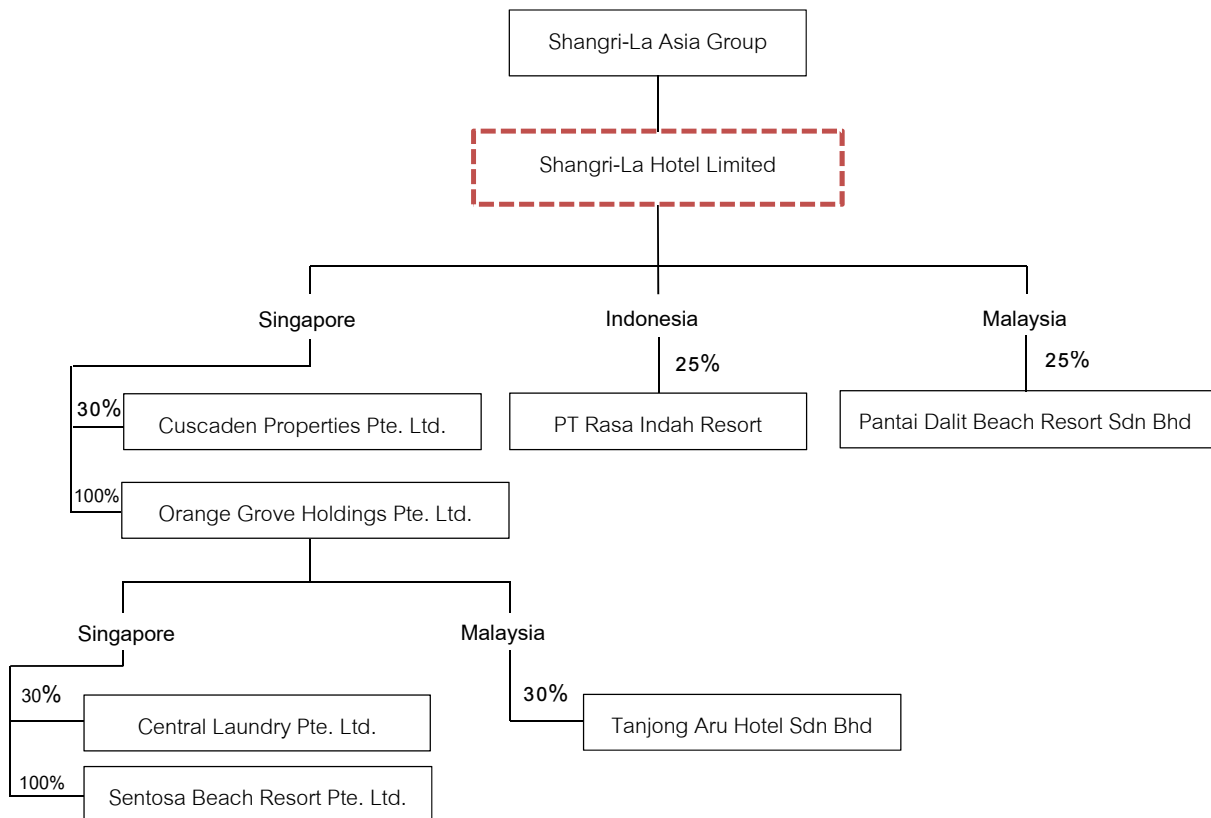
No.	Hotel	Address	Detail
		Singapore 259983	127 rooms
3	Shangri-La Residences	1A Lady Hill Road, Singapore 258685	Condominium with 55 rooms

Moreover, SLS has invested in other companies including holding 30% of share capital of CPL and shares in Shangri-La's Rasa Ria Resort & Dalit Bay Golf & Country Club, which is located in the city of Kota Kinabalu, Malaysia.

- **Subsidiary**

Orange Grove Holding Pte. Ltd. ("OGH") was incorporated in Singapore, a wholly owned subsidiary of SLS, OGH is engaged in investment holding of 30% interest in Central Laundry Pte. Ltd. (incorporated in Singapore), 100% interest in Sentosa Beach Resort Pte. Ltd. (incorporated in Singapore), and 30% interest in Tanjong Aru Hotel Sdn Bhd (incorporated in Malaysia).

3. Shareholding structure



4. Board of directors and secretary

List of directors and secretary of SLS as of December 17, 2012 are as follows;

Name	Position
1. Mdm. Kuok Oon Kwong	Executive Chairman
2. Mr. Goh Soo Siah	Director
3. Mr. Ang Poon Tiak	Director
4. Mr. Kuok Khoon Ean	Director
5. Mr. Kuok Meng Xiong	Director
6. Mr. Madhu Rama Chandra Rao	Director
7. Ms. Teo La-Mei	Director and Secretary

5. Summary of financial position and operating performance

The summary of financial position and operating performance of SLS for 12 months ended December 31, 2009-2011 are as follows;

(Unit: Thousand SGD)	Year 2009	Year 2010	Year 2011
Operating Performance			
Revenues	210,524	189,894	231,940
Cost of Sales	100,951	97,082	114,997
Gross Profit	109,573	92,812	116,943
Total Expenses	108,774	54,742	64,958
Net Profit after tax	19,260	87,170	75,134
Financial Position			
Total Assets	906,991	1,008,753	1,059,097
Total Liabilities	55,741	131,046	150,831
Total Shareholders' Equity	851,250	877,707	908,266

Part 4: Reasonableness and Benefits of the Transaction

1. Objectives of the transaction

The disposal of 14,892,000 ordinary shares of CPL representing 14.60% of the share capital in CPL at the price of SGD 76,456,100 or equivalents to THB 1,914,995,937 to SLS. The purpose is to use the proceeds from the sale of such investments to invest in Myanmar's projects that are not yet completed which include the construction of serviced apartments, Shangri-La Yangon, where the company is expected to invest over USD 66 million or equal to USD 2,021.51 million for completion within July 2013 and starts operation at the end of September 2013. For the commercial building, Traders Square, it has assessed the value of the total investment is USD 103 million or equal to THB 3,154.79 million and is expected to be completed in early of 2015. The Company is unable to complete the construction project in time regarding the impact of political instability in Myanmar but the the problem is reduced at present. Therefore, The Company is going to invest in Myanmar again. The Project is to develop serviced apartments and commercial buildings Shangri-La Yangon Traders Square to complete an investment of USD 14.67 million and USD 24.27 million or equivalents to THB 449.18 million and THB 743.27 million, respectively.

2. Advantages and disadvantages of entering into the transaction

2.1 Advantages of entering into the transaction

1) Capital gain from the disposition of investment

The Company has invested in shares of CPL as follows;

No.	Date	No. of shares of CPL	Value of Investment	
			SGD	THB
1	June 6, 1992	12,000,000	13,640,837	341,662,044
2	June 23, 1992	2,250,000	2,250,000	56,355,750
3	December 21, 1992	548,268	548,268	13,732,469
4	February 1, 1993	93,732	93,732	2,347,705
Total		14,892,000	16,532,837	414,097,968

Therefore, the disposal of investments in shares of CPL of 14,892,000 shares, representing 14.60% of the paid-up capital of CPL at the price of SGD 76,456,100 or equivalents to THB 1,914,995,937 to the SLS, the Company will earn a profit of THB 1,500.90 million.

2) The Company could use the proceeds to repay loan from financial institutions and related party

The Company will use the proceeds to repay loan from financial institutions of THB 130 million which will reduce the interest payment for THB 6.92 million per year and loans from related party which is Shangri-La Treasury Limited, a wholly owned subsidiary of SA, of THB 464.50 million (the liabilities as of

September 30, 2012). The payment due date is November 2013. It will reduce the interest payment for THB 13.53 million per year at the interest rate of LIBOR+2.05%. As a result, it could decrease the Company's leverage significantly from THB 1,166.97 million to THB 502.48 million and reduce interest payment for approximately THB 20.45 million per year. Also, it will increase the Company's ability and potential to obtain external funding for investment in the future.

3) Increase the Company's liquidity

Upon completion of the transaction, the Company will receive the proceeds from the sale of investments in ordinary shares of CPL for SGD 76,456,100 or equivalents to THB 1,914,995,937, which will increase liquidity in the financial operations of the Company. As well as future investments, Myanmar's projects, the Shangri-La Yangon (serviced apartment) and Traders Square (commercial building) in the amount of USD 14.67 million and USD 24.27 million or equivalents to THB 449.18 million and THB 743.24 million, respectively.

2.2 Disadvantages of entering into the transaction

1) Loss of dividend income from investments

Upon disposal of shares in CPL, the Company will not receive any dividends from such investments. For the years 2008-2011, the Company's dividend income from shares in CPL was SGD 2,010,420 or equivalents to THB 50,354,989.74.

Year	Dividend Income	
	SGD	THB
2007	744,600.00	18,649,996.20
2008	1,265,820.00	31,704,993.54
2009	-	-
2010	-	-
2011	-	-
Total	2,010,420.00	50,354,989.74

CPL does not pay dividends for 3 years from 2009 to 2011 because CPL aimed to use the operating profits to repay a loan from a related company, which is equivalent to 83.37 million Singapore dollars as shown in the financial statement for year 2011 of CPL.

However, the divestment will not affect the operating cash flows of the Company.

2) The burden of tax on capital gain arising from the divestment

Due to the divestment, the Company has capital gain of SGD 59,895,891 or THB 1,500,214,636.10, which has to pay tax from gain on the divestment in Singapore at a rate not exceeding 17%.

3) Lose the opportunity from the growth of real estate prices in Singapore

As Singapore has a small area, a good economy, and the foreign investor has the right to lease land in the industrial zone in Singapore, up to 60 years and in the commercial and residential zones up to 99 years, there are many foreign investors invest in real estate in Singapore make the price of land and properties in Singapore increasing steadily. CPL's assets are appraised annually as follows.

Unit: Million SGD

Asset	Dec 31, 2010	Dec 31, 2011	Aug 31, 2012
1. Traders Hotel	318.00	348.00	355.00
2. Tanglin Mall	232.40	243.00	248.00
3. Tanglin Place	35.00	38.70	43.00
Total	585.40	629.00	646.00

From the above figures, the total value of the assets of CPL increased from SGD 585.40 million to SGD 629.00 million and to SGD 646.00 million, increasing SGD 43 million and SGD 17 million representing 7.45% and 2.70% respectively. If the Company has disposed of its investment in shares of CPL, the Company may lose the opportunity from the increasing of real estate value in the future.

3. Advantages and disadvantages of not entering into the transaction

3.1 Advantages of not entering into the transaction

- 1) The Company will still receive dividend from the CPL, provided that CPL has profit from operation in the future and pay dividend under the Company's policy.
- 2) The Company will not have tax burden from the divestment.

3.2 Disadvantages of not entering into the transaction

- 1) The Company will lose the opportunity to earn profits from the divestment of CPL's share in the amount of SGD 59,895,981 or equivalents to THB 1,500,214,636.10.
- 2) The Company will lose the opportunity to repay a loan from related party and financial institutions, a total of THB 594.5 million which will reduce the interest payment amount to THB 20.45 million per year.
- 3) The Company may be required to borrow money from financial institutions or other financing or increase the capital to invest in Myanmar project as planned. If the Company withdraws the existing facility with a commercial bank to invest in Myanmar's projects in the amount of THB 430.19 million, it will result in the increase of the Company's interest burden for THB 22.9 million per year.

4. The risk of entering into the transaction

4.1 Foreign exchange rate risk at the completion date

SLS will make payment for the Sales Shares in a single installment denominated in Singapore dollar.

Thus, there is a risk of fluctuations in the exchange rate on the completion date.

4.2 The investment risk from the politic instability in Myanmar

Investment in Myanmar is still a high risk as a result of political instability, unfavorable investment regulations, the lack of a reliable financial institution, and the lack of infrastructure and utilities such as the roads for transportation is still in a state of disrepair. In particularly, the lack of supply of electricity, there are the power outage or voltage drop very often in Myanmar. Therefore the Company may take the risk in investing in Myanmar at this time.

Part 5: The Appropriateness of the offer price and condition of the transaction

1. The valuation approach of the offer price

To determine the reasonableness of the offer price, the IFA has valued the CPL's shares using following valuation approaches, also the advantages and disadvantages of each approach as follows:

- 1) Discounted Cash Flow Approach
- 2) Book Value Approach
- 3) Adjusted Book Value Approach
- 4) Dividend Discount Model
- 5) Market Multiples Approach

5.1 Price to Book Value Ratio: P/BV

5.2 Price to Earnings Ratio: P/E

In the preparation of the IFA's report, there is the constraint of the IFA in accessing to information because CPL is a registered company in Singapore and not listed in the stock market of Singapore as well. Thus, there is no audited financial statements quarterly both consolidation and individual although CPL is held by HHL, a wholly owned subsidiary of the Company, and the Company is the listed company in Thailand. For this reason, the IFA has considered the reasonableness of the price for the transaction at this time based on the information revealed which consider using the following method.

Valuation Approach	Performed by IFA	Limitation in Performing Valuation
1. Discounted Cash Flow Approach	√	-
2. Book Value Approach	√	CPL is a registered company in Singapore, and not listed in the stock market of Singapore as well. Thus, there is no audited financial statements quarterly both consolidation and individual although CPL is held by HHL, a wholly owned subsidiary of the Company, and the Company is the listed company in Thailand. There is only management account. The latest financial statement of CPL is at the year 2011 ended December 31, 2011. The IFA considers that this is a restriction on the valuation by this approach.
3. Adjusted Book Valued Approach	√	CPL is a registered company in Singapore, and not listed in the stock market of Singapore as well. Thus, there is no audited financial statements quarterly both consolidation and individual although CPL is held by HHL, a wholly owned subsidiary of the Company, and the Company is the listed company in Thailand. There is only management account. The latest financial statement of CPL is at the year 2011 ended

Valuation Approach	Performed by IFA	Limitation in Performing Valuation
		December 31, 2011. Thus, this approach may not reflect the intrinsic value of CPL. However, there is asset appraisal of CPL on August 31, 2012 by an independent appraiser. As a result, the IFA may not effectively estimate the share value by adjusted book value. The IFA considers that this is a restriction on the valuation by this approach.
4. Dividend Discount Model	x	Due to the instability of CPL's dividend payment. Although CPL has paid a dividend in 2008 but CPL does not pay a dividend for the period of three consecutive years from 2009 to 2011 and still has no plans to pay dividends in the near future. Although HHL is holding 14.60% of CPL's paid-up capital which considered as the investment and realized income by dividend receiveable. This method is appropriate under the financial theory but CPL does not pay a dividend, as discussed above. The IFA considers that this is a restriction on the valuation by this approach.
5.1 Price to Book Value: P/BV	x	CPL is a registred company in Singapore, and not listed in the stock market of Singapore as well. Thus, there is no audited financial statements quarterly both consolidation and individual although CPL is held by HHL, a wholly owned subsidiary of the Company, and the Company is the listed company in Thailand. There is only management account. The latest financial statement of CPL is at the year 2011 ended December 31, 2011. This approach that refered the market price of share may not reflect the intrinsic value of CPL. Thus, the IFA considers that this is a restriction on the valuation by this approach.
5.2 Price to Earnings Ratio: P/E	x	CPL is a registred company in Singapore, and not listed in the stock market of Singapore as well. Thus, there is no audited financial statements quarterly both consolidation and individual although CPL is held by HHL, a wholly owned subsidiary of the Company, and the Company is the listed company in Thailand. There is only management account. The latest financial statement of CPL is at the year 2011 ended December 31, 2011. This approach that refered the market price of share may not reflect the intrinsic value of CPL. Thus, the IFA considers that this is a restriction on the valuation by this approach.

In this regards, the opinion of the IFA with regards to the appropriateness of the transaction price is under the aforementioned limitation of the IFA for the accessibility of CPL's internal information.The valuation of CPL can be performed as follows:

1. Discounted Cash Flow Approach

By this approach, Free Cash Flow to Equity is determined by estimating free cash flow to equity 5 years post acquisition (2013-2017). In case, taking into account the rest of period of entering into the transaction, it will be 6 years, based on the assumption of going concern basis and no any significant change as following:

1. The estimation of revenue, costs, expenses, future business plan and capital expenditure in financial projection was based on the current economic condition.
2. The IFA determined cash flow to be discounted by the current economic condition then, it was adjusted by sovereign risk (Adjusted Cost of Equity: Adj. Ke) through out the projection.
3. The IFA has considered with the management of the Company in the valuation of CPL value on a conservatism basis in the valuation of investment in CPL.

1.1 Discounted Rate

Discount rate used in calculating the discounted cash flows is the rate of return to shareholders of CPL adjusted with sovereign risk (Adj. Ke), which came from the rate of return to shareholders (Cost of Equity: Ke) which CPL is considered as the investment of HHL which is a wholly owned subsidiary. The Company is listed in the SET. Thus, the divestment of the Company, the IFA has considered the rate of return to shareholders as the representative in calculating the discount rate. This is because such rate is the rate of return that shareholders are willing to receive and is the average based of the Company in each investment. Since, CPL is a registered company in Singapore, in considering the return and risk of foreign investment, it shall use the rate of return adjust with sovereign risk which the Company is willing to receive. As a result, it is the appropriate discount rate for valuation of the investment in CPL.

For the discount rate can be calculated in the following figure;

Return on Equity adjusted with sovereign risk (Adj. Ke) whereby	=	$R_f + \beta (R_m - R_f)$
Risk Free Rate (Rf)	=	Return on a 20 years government bond which as 3.94% as of November 12, 2012 (Source: ThaiBMA)
Beta (β)	=	Average volatility of the Company's shares traded on SET 5 years backward (daily) since November 12, 1997 – November 12 2012 (Source: Bloomberg) was 14.87%.
Market Return (Rm)	=	Rate of return on investment in the SET since inception, over last 37 years from year 1975 to 2012 (November 12, 2012) which equals to 14.87%
Adj. Sovereign Risk	=	It is the adjusted factor between Thailand and Singapore by comparing the credit rating from 3 institutions which are Standard and Poor's (S&P), Moody's and Fitch rating. The credit rating of Thailand was BBB+ Baa1 and BBB respectively. While, the credit rating of Singapore was AAA and AAA by S&P and Fitch rating (Source: Bloomberg) which all higher than

	Thailand. This approach is adjusted with sovereign risk by comparing the rate of return on government bond of Thailand and Singapore at 20 years as at November 12, 2012. The return on Singapore government bond was 2.88% (Source: Monetary Authority of Singapore) with Thailand government bond of 3.94% (Source: ThaiBMA) resulting in sovereign risk at (1.07%)
The sovereign risk adjusted rate of return on equity (Adj. Ke) is 8.83% per year	

1.2 Terminal Value of Cash Flow

The value of cash flow after the projection period is as follows:

Terminal Value	=	$((FCF_6 \times (1 + G)) / (Ke - G))$
FCF_6	=	Free cash flow in 6 th year (year 2017)
G	=	Rate of change of cash flow on annual basis and under the assumption of a going concern at 3.00% per annum. This is due to the interview by the Company's executive that the growth rate during the year in excess of those estimated to be adjusted with the growth of the Company in the long run in Singapore because the hotel business rely on the tourism of the country. While, the rental real estate in case of small-size shopping mall is rely on inflation rate. The both business is grow based on each domestic economy and world economy. As a result, the growth of free cash flow to equity will be adjusted for the long-term growth of Singapore's economy.
Ke	=	The sovereign risk adjusted rate of return on equity is 8.83% per year through out the projection.

Based on information and assumption above, the value of cash flow for shareholders and share price of the Company under the discount cash flow model are as follows:

(Unit: Million SGD)	2012E	2013F	2014F	2015F	2016F	2017F
Present value of cash flow to equity	(11.02)	17.69	24.79	(3.03)	18.39	24.54

(Unit: million Baht)	2012E	2013F	2014F	2015F	2016F	2017F
Present value of cash flow to equity	(276.10)	443.10	621.01	(75.98)	460.57	614.77

(Unit: million Baht)	(Unit: Million SGD)	(Unit: million Baht)
	2012	2012
Present of Terminal Value	433.49	10,857.72

CPL's value	504.85	12,645.09
Proportion of investment in CPL	14.60%	14.60%
Net investment	73.71	1,846.18

*Remark: CPL is a registered company in Singapore which represent revenues and expenses in Singapore dollar. The IFA represents all items by denominated in Baht at the exchange rate of THB 25.047 per SGD 1 as of November 12, 2012. (Source: Bank of Thailand)

In assessing the value of the discounted cash flow to equity method for valuating net investment for entering into the transaction will be the present value of CPL of THB 504.85 million or equivalents to THB 12,645.09 million. If taking the portion of investment in CPL of 14.60% into account, the value of the investment in CPL will be SGD 73.71 million or equivalents to THB 1,846.18 million.

By this method, the value of investment is SGD 73.71 million or equivalents to THB 1,846.18 million which is lower than the offer price of SGD 76.46 million or equivalents to THB 1,915.00 million by THB 119.85 million representing 3.59%.

The Key Assumption in the Financial Projection

The IFA has prepared the financial projection covering 6 years in the future between 2012-2017 but using the 5 years financial projection post acquisition thus, the duration of the financial projection is 2013 – 2017 which based on the Company's financial statement for 9 months ended September 30, 2012. Accordingly, the key assumptions are as follow:

1.2.1 Revenues Assumptions

- Sales revenue

The estimated sales revenue is categorized into 3 main parts, revenue from Traders Hotel ("THL") engaged in the hotel business, Tanglin Mall ("TM") engaged in shopping mall business, and Tanglin Place ("TP") engaged in commercial building and retail business.

Revenue from THL, the IFA has considered the revenues into 2 main businesses which are revenues from rooms and services and revenues from foods and beverages as the following;

1. **Revenue from rooms and services:** THL has 546 rooms located in Cuscaden road, nearby the downtown, Orchard road, the business area in Singapore. The IFA has considered the occupancy rate 3 years backward from 2009-2011 at 71.00%, 87.00%, and 83.30% while for 9 months of the year 2012 is at 81.10%. For the estimated occupancy rate in the projection, the IFA has considered with the

executives of the Company for the year 2012 that it shall be at 81.74%. The rest occupancy rate of the projection period is as follows;

- a. For the year 2013-2014, the occupancy rate will be 86.14% and 86.50% which is still high rate due to the the growth of the tourism industry in Singapore reflecting in the good performance of THL continuously. Meanwhile, average room rate is increasing at the rate of 3% for that period.
 - b. In year 2015, THL has planed to renovate the hotel for being more modern and support the growth of tourism in the future which is taking 15 months. The IFA has considered with the executives of the Company that the occupancy rate will drop to 48% because some rooms will be closed for that period. The room rate will drop at the rate of 13%.
 - c. For the year 2016-2017, the occupancy rate will be 71.80% and 88.50% respectively. For the first 3 months of the year 2016, it will be in the period of renovation resulting in the occupancy rate for the year 2016 is lower than normal period. After that, in year 2017, the occupancy will be increased. Post renovation, the room rate will be increasing at the rate of 25% and 6% for year 2016-2017 respectively. It reflects the quality of the hotel post renovation.
2. **Revenue from foods and beverages:** the IFA is considering for the past 3 years, from 2009 to 2011, the rate of revenue on foods and beverages compared with revenue from rooms at rate of 37.09%, 32.51% and 34.01% respectively, while the 9 months of year 2012 compared to revenue from rooms is 32.73%. The IFA considers the assumption of revenue from foods and beverages with the executives of the Company based on conservatism, then using the portion of revenue at a ratio of 32.73% of year 2012 represented in the calculation of revenue from foods and beverages over this period.

Revenue from TM: Because TM is a shopping mall and connects with the THL, which has space for rent totaling 145,836 square feet which are available for lease, retail and parking. The IFA considers the average occupancy rate during the years 2009 - 2011 were 98.6%, 98.5% and 97.9% respectively. For the last 9 months of the year 2012, TM has full occupancy rate to 100%. The IFA is considered with the management of the TM and considered lease agreement thus, the occupancy rate is set at 99.65% over the projection period and, the rental rate of TM will increase 3% annually over the projection period.

Revenue from TP: Since TP is a small-size office for rent and retailers including parking. TP is located at the intersection of Tanglin Road and Tomlinson Road, which is close to Orchard Road, and close to THL and TM. It has a space totaling 34,367 square feet. The IFA has determined the occupancy rate during the years 2009 - 2011 at 98.30%, 92.30%, and 96.40% respectively. For 9 months of year 2012, TP has the occupancy rate at 98.40%. During the projection period, the IFA is considered with the management of TP and the lease agreement, thus it is set at 100% throughout the projection period. The average rental rate is increased 3% annually over the projection period.

Revenues by business (Unit: million SGD)	2012E	2013F	2014F	2015F	2016F	2017F
Traders Hotel	58.65	64.95	67.73	38.44	62.48	79.27
Revenue from rooms and services	44.39	48.52	50.24	24.34	45.56	59.31
Revenue from foods and beverages	14.26	16.42	17.49	14.09	16.92	19.96
The total number of room	546	546	546	546	546	546
Occupancy rate	81.74%	86.14%	86.50%	48.00%	71.80%	88.50%
Tanglin Mall	19.83	18.02	18.50	18.98	19.48	20.00
Total area (Square feet)	145,836	145,836	145,836	145,836	145,836	145,836
Occupancy rate	100.00%	99.65%	99.65%	99.65%	99.65%	99.65%
Tanglin Place	2.73	2.46	2.51	2.58	2.64	2.70
Total area (Square feet)	34,367	34,367	34,367	34,367	34,367	34,367
Occupancy rate	98.40%	100.00%	100.00%	100.00%	100.00%	100.00%
Total	81.21	85.42	88.74	59.99	84.60	101.97

Revenues by business (Unit: million Baht)	2012E	2013F	2014F	2015F	2016F	2017F
Traders Hotel	1,468.99	1,626.70	1,696.45	962.69	1,564.95	1,985.47
Revenue from rooms and services	1,111.92	1,215.38	1,258.46	609.70	1,141.07	1,485.65
Revenue from foods and beverages	357.06	411.33	437.99	352.98	423.88	499.82
The total number of room	546	546	546	546	546	546
Occupancy rate	81.74%	86.14%	86.50%	48.00%	71.80%	88.50%
Tanglin Mall	496.75	451.41	463.27	475.47	488.02	500.94
Total area (Square feet)	145,836	145,836	145,836	145,836	145,836	145,836
Occupancy rate	100.00%	99.65%	99.65%	99.65%	99.65%	99.65%
Tanglin Place	68.27	61.50	62.98	64.50	66.07	67.69
Total area (Square feet)	34,367	34,367	34,367	34,367	34,367	34,367
Occupancy rate	98.40%	100.00%	100.00%	100.00%	100.00%	100.00%

Revenues by business (Unit: million Baht)	2012E	2013F	2014F	2015F	2016F	2017F
Total	2,034.01	2,139.62	2,222.70	1,502.66	2,119.05	2,554.10

*Remark: CPL is a registered company in Singapore which represent revenues and expenses in Singapore dollar. The IFA represents all items by denominated in Baht at the exchange rate of THB 25.047 per SGD 1 as of November 12, 2012. (Source: Bank of Thailand)

- **Other revenues**

Other revenues are renting space to exhibitors, Interest on late payment of rent, and other revenues. The IFA has considered other revenues by comparing with sales revenue of CPL previous 3 years from 2009 to 2011. The rate of other revenues to sales revenue is at 5.42%, 4.15% and 4.36% respectively. For the last 9 months of year 2012, the rate is 4.26%, the IFA is considered with the management and set the rate at 26.4% of the sales revenue which is the rate of the latest year and be represented throughout the projection period.

- **Recognition of gain (loss) from the investment in associates**

The CPL has invested in Central Laundry Pte. Ltd. by holding 25% of the paid-up capital, which CPL recognizes the investment by Equity method. The IFA has considered perceived gain (loss) previous 3 years and the last 9 months of 2012 by adjusting the period of 9 months to a year (Annualized), and determining an average of 4 years to be used as an assumption. It shall be the average of SGD 0.21 million, or equivalents to THB 5.14 million. Also, the IFA has considered the dividend receiveable in the cash flows, and found that the dividend payment ratio is at 100% of its net profit in the previous 3 years from 2009 to 2011. Thus, the IFA considers the assumptions on the dividend payment of the associates at 100 percent of its net profits

1.2.2 Cost of sales and expenses assumption

- **Cost of sales and services**

Cost of sales and services refers to the recognition of revenues from assets divided into cost of sales and services of THL, TM and, TP as detailed below.

Cost of sales and services from the THL: the recognition of costs of can be divided into 2 main businesses which are cost of sales and services of the hotel. And, cost of sales and services of food and beverages. The details are as follows.

- **Cost of sales and services of the hotel:** consist of cost of the room, cost of supplies, and other utilities. The IFA has considered the details of each item from the different variables. The IFA compares the ratio for the past 3 years in the period between the years 2009 to 2011 and selected the ratio of 2011 as the assumption during the projection period. The cost of sales and services is 30%-36% of the revenue from room and other revenues related to hotel services which that ratio will be used throughout the projection period.
- **Cost of sales and services of foods and beverages:** There are costs of food and beverages from the different variables. The IFA compares the ratio for past 3 years in the period between the years 2009 to 2011. The IFA selected the ratio of year 2011 as the assumptions for the projection period. The total cost of sales and services is 60% - 65% of revenues from food and beverages.

Cost of sales and services of TM: consists of costs related to the building, parking, utilities, and taxes on real estate which have the different variables. The IFA compares the ratio for the past 3 years in the period between the years 2009 to 2011 and, considered to use the ratio of year 2011, as an assumption for the projection period. The total cost of sales and services of TM is 18% - 24% of the total revenue of TM which is using throughout the projection period.

Cost of sales and services of TP: consists of costs related to the building, parking, utilities, and taxes on real estate which have the different variables. The IFA compares the ratio for the past 3 years in the period between the years 2009 to 2011 and, considered to use the ratio of year 2011, as an assumption for the projection period. The total cost of sales and services of TP is 23% - 28% of the total revenue of TP which is using throughout the projection period.

- **Selling and Administrative expense**

The projection for selling and administrative expense that it is divided the expenses into selling expenses and administrative expenses and, other expenses.

The selling expenses, the IFA compares the total revenue of CPL from 2009 to 2011 and for 9 months of 2012 were 3.9%, 3.9%, 3.5% and, 3.5%, respectively. Therefore, the IFA is using the ratio of 3.5% which is the latest ratio for the projection period.

For administrative expenses, it consists of salary, other administrative expenses, and administrative fee. The IFA has considered the growth of selling and administrative expenses at 3% throughout the projection period while administrative fee is used at 5% of the gross profit of THL.

- **Finance costs**

For the assumptions of the finance costs of CPL, the IFA has divided into 2 categories which are finance costs from shareholder's loan and from financial institutions

For the finance costs from shareholder's loan, the IFA is using the cost for 9 months of the 2012 and annualized to be effective interest rate. It is 0.94% which is used for the projection period. CPL will repay the shareholder's loan within 2016.

For the finance cost from loan from financial institution, due to the renovation plan of THL for year 2015-2016 with the budget of SGD 68.7 million or THB 1,720.73 million. The budget is from loan from financial institution, the IFA is using average prime lending rate of 10 commercial banks in Singapore which is 5.80% (Source: Monetary Authority of Singapore) since 2015 onward throughout the projection period.

- **Income tax**

The IFA considers using income tax rate of 17% in Singapore since 2010 onward and remain unchanged throughout the projection period.

1.2.3 Investment Assumption

- **Investment plan and fund**

For the assumptions of the investment, the IFA has considered with the Director of THL, which plans to renovate the hotel, restaurant, swimming pool, furniture and, furnishings in THL in 2015 - 2016 for a period of 15 months with a budget to invest of SGD 68.7 million or equivalent to THB 1,720.73 million. The management has considered the budget is approximately 45% of the investment in order to renovate the rooms and buildings of THL while for the remaining 55% is for improvements on furniture and various decorations.

- **Source of fund**

For the source of fund assumption, the IFA considers with THL's management which is the main income generating asset of CPL. The investment plan for renovation of THL in 2015

with the budget of SGD 68.7 million or equivalents to THB 1,720.73 million. The management estimate that will make loan from financial institution for this renovation. The financial statement for 2011, CPL has no loan from financial institution. Thus, if consider the assumption with the low level of liabilities of CPL, the IFA opines that making a loan is appropriated. For the interest rate the IFA has selected the average prime lending rate of 10% of 10 commercial banks at 5.80% (Source: Monetary Authority of Singapore) since 2015 onward.

1.2.4 Working capital

- **Trade account receivable**

The IFA is considered trade accounts receivable for each type as follows;

Trade accounts receivable of THL, the IFA has considered historical 2 years from 2010 to 2011 with an average of 15 and 17 days, respectively. Thus, the IFA is using 17 days which is the latest number throughout the projection period.

Trade accounts receivable of TM, the IFA has considered historical 2 years from 2010 to 2011 with an average of 6 and 7 days, respectively. Thus, the IFA is using 7 days which is the latest number throughout the projection period.

Trade accounts receivable of TP, the IFA has considered historical 2 years from 2010 to 2011 with an average of 2 and 0 days, respectively. Thus, the IFA is using 2 days throughout the projection period.

- **Inventory**

For inventory that appear only in THL which can be divided into two parts: the inventory of a business hotel and, inventory of food and beverages.

The inventory of the hotel business, the IFA has considered historical 2 years from 2010 to 2011, the average of inventory turnover was 11 and 9 days, respectively. Thus, that IFA is using 9 days, the latest ratio throughout the projection period.

For inventories of food and beverages, the IFA has considered historical 2 years from 2010 to 2011, the average of inventory turnover was 4 and 3 days, respectively. Thus, that IFA is using 3 days, the latest ratio throughout the projection period.

- **Trade account payable**

The IFA is considered trade accounts payable for each type as follows;

Trade accounts payable of THL, the IFA has considered historical 2 years from 2010 to 2011 with an average of 100 and 104 days, respectively. Thus, the IFA is using 104 days which is the latest number throughout the projection period.

Trade accounts payable of TM, the IFA has considered historical 2 years from 2010 to 2011 with an average of 111 and 98 days, respectively. Thus, the IFA is using 98 days which is the latest number throughout the projection period.

Trade accounts receivable of TP, the IFA has considered historical 2 years from 2010 to 2011 with an average of 41 and 53 days, respectively. Thus, the IFA is using 53 days throughout the projection period.

1.2.5 Executive summary of the financial projection

Summary of the Company's financial projections, details are as follows:

(Unit: million SGD)	2012E	2013F	2014F	2015F	2016F	2017F
Revenues from sales and services	81.21	85.42	88.74	59.99	84.60	101.97
Other revenues	3.46	3.64	3.78	2.55	3.60	4.34
Cost of sales and services	27.53	30.43	31.81	22.71	30.53	36.51
Gross Profit	53.68	55.00	56.93	37.28	54.07	65.46
Selling and Administrative expenses	21.78	22.42	22.86	25.43	27.43	28.89
Recognition of gain (loss) from the investment in associates	0.26	0.21	0.21	0.21	0.21	0.21
Finance costs	0.24	0.00	0.00	3.70	3.03	2.33
Income tax	6.02	6.19	6.47	1.86	4.66	6.59
Net Profit	29.37	30.23	31.59	9.06	22.76	32.19

(Unit: million Baht)	2012E	2013F	2014F	2015F	2016F	2017F
Revenues from sales and services	2,034.01	2,139.62	2,222.70	1,502.66	2,119.05	2,554.10
Other revenues	86.57	91.06	94.60	63.95	90.19	108.70
Cost of sales and services	689.42	762.11	796.67	568.81	764.66	914.48
Gross Profit	1,344.59	1,377.50	1,426.02	933.85	1,354.39	1,639.63
Selling and Administrative expenses	545.44	561.46	572.59	636.82	686.92	723.62
Recognition of gain (loss) from the investment in associates	6.53	5.14	5.14	5.14	5.14	5.14
Finance costs	5.89	0.00	0.00	92.58	75.95	58.43
Income tax	150.68	155.08	162.04	46.50	116.76	165.14
Net Profit	735.68	757.16	791.13	227.04	570.08	806.28

*Remark: CPL is a registered company in Singapore, revenues and expenses is denominated in Singapore dollar. The IFA shows the transaction at the exchange rate of THB 25.047 per SGD 1 as of November 12, 2012 (Source: Bank of Thailand)

2. Book Value Approach

The Book Value Approach is the valuation of the book value of the net assets obtained from the financial statements of CPL at a time by subtracting the total liabilities and treasury shares from the total assets to obtain the owners' equity, and divided the amount by the total number of issued and paid-up common shares. However, the share price obtained from this method may not reflect the current market value of the Company's assets nor does it reflect the ability of the CPL to make future profit or indication of the overall economic and industry trend.

Based on the CPL's financial statements as of December 31 2011, the book value of the CPL can be calculated as follows:

Shareholders' Equity(Consolidated)	(Unit: million SGD)	(Unit: million Baht)
	As of Dec 31, 2011	As of Dec 31, 2011
Issued and paid-up share capital	102.00	2,554.79
Share premium	0.00	0.00
Total Retained Earnings	208.69	5,227.03
Gain on revaluation on asset	176.21	4,413.56
Book value	486.90	12,195.38
Book value of the investment at proportional shareholding of 14.6%	71.09	1,780.53

*Remark: CPL is a registered company in Singapore, revenues and expenses is denominated in Singapore dollar. The IFA shows the transaction at the exchange rate of THB 25.047 per SGD 1 as of November 12, 2012 (Source: Bank of Thailand)

By this approach, the value of the investment is SGD 71.09 million or THB 1,780.53 million which lower than the offer price of SGD 76.46 million or THB 1,915.00 million at exchange rate of THB 25.047 per SGD 1 as of November 12, 2012 by THB 134.47 million representing 7.02% of the offer price.

3. Adjusted Book Valued Approach

The share valuation by adjusted book value approach is the total assets minus total liabilities of company at a time and, adjusted by obligations and liabilities that may arise in the future including the increase or decrease of the appraised value of fixed assets by an independent appraiser which is Colliers International Consultancy & Valuation (Singapore) Limited as of August 31, 2012. There is not yet adjusted in the financial statement because CPL is a registered company in Singapore which is non-listed company. Thus, CPL is not needed to make quarterly financial statement. The latest audited financial statements of CPL is at December 31, 2011 adjusts with revaluation on asset of land and building which is THL also, investment of TM and TP. In addition, the IFA has adjusted the retained earning from the projection of operating profit for 8 months ended August 31, 2012 from the projection of profit for 2012.

The calculation of the adjusted book value is as follows:

(Unit: million SGD) (Unit: million Baht)

Shareholders' Equity(Consolidated)	As of Aug 31, 2011	As of Aug 31, 2011
Issued and paid-up share capital	102.00	2,554.79
Share premium	0.00	0.00
Total Retained Earnings	208.69	5,227.03
Gain on revaluation on asset	176.21	4,413.56
Book value	486.90	12,195.38
Adjustment		
Adjustment for 8 months as of August 31, 2012		
1. <u>Add</u> : The projection of operating profit for 8 months as of August 31, 2012	19.58	490.45
2. <u>Add</u> : Gain on revaluation on investment as of August 31, 2012	9.30	232.94
3. <u>Less</u> : Deferred tax of gain on revaluation on investment	1.58	39.60
Total adjustment for 8 months as of August 31, 2012	27.30	683.79
Adjustment for revaluation on land and building		
1. <u>Less</u> Gain on revaluation on land and building as of August 31, 2012	9.47	237.13
2. <u>Less</u> Deferred tax of gain on revaluation on land and building	1.61	40.31
Total adjustment for revaluation on land and building	7.86	196.82
Adjusted Book Value as of August 31, 2012	522.06	13,076.00
The value of the investment at proportional shareholding of 14.6%	76.22	1,909.10

*Remark: CPL is a registered company in Singapore, revenues and expenses is denominated in Singapore dollar. The IFA shows the transaction at the exchange rate of THB 25.047 per SGD 1 as of November 12, 2012 (Source: Bank of Thailand)

By this approach, adjusted book value of the investment is SGD 76.22 million or THB 1,909.10 million which lower than the offer price of SGD 76.46 million or THB 1,915.00 million at exchange rate of THB 25.047 per SGD 1 as of November 12, 2012 by THB 5.90 million representing 0.31% of the offer price.

Summary of the IFA's opinion on the fairness of the offer price

The IFA has selected the valuation approach for the value of investment in CPL which is the adjusted book value of the investment is SGD 76.22 million or THB 1,909.10 million which lower than the offer price of SGD 76.46 million or THB 1,915.00 million at exchange rate of THB 25.047 per SGD 1 as of November 12, 2012 by THB 5.90 million representing 0.31% of the offer price. The IFA summarizes the value of investment as follows;

Valuation Approach	Value of investment		
	Investment (Unit: million SGD)	Investment (Unit: million THB)	% higher/(lower) than the offer price
1. Discounted Cash Flow Approach	73.83	1,849.27	(3.43%)
2. Book Value Approach	71.09	1,780.53	(7.02%)
3. Adjusted Book Valued Approach	76.22	1,909.10	(0.31%)

*Remark: CPL is a registered company in Singapore, revenues and expenses is denominated in Singapore dollar. The IFA shows the transaction at the exchange rate of THB 25.047 per SGD 1 as of November 12, 2012 (Source: Bank of Thailand)

2. Summary of valuation approach which IFA has selected

2.1 Adjusted Book Value

The valuation of investments by adjusted book value approach that uses data from the financial statements of CPL at the end of fiscal year 2011 and adjusted with the current value of fixed assets of CPL as at August 31, 2012. Also, accounting standard in Singapore is required a revaluation on asset annually for the real estate business. Therefore, the adjusted book value can reflect the most recent value of the investment. The method is also the same method to determine the offer price. The IFA opines that this approach is the most appropriated approach for valuation of investment in CPL.

By this approach, adjusted book value of the investment is SGD 76.22 million or THB 1,909.10 million which lower than the offer price of SGD 76.46 million or THB 1,915.00 million at exchange rate of THB 25.047 per SGD 1 as of November 12, 2012 by THB 5.90 million representing 0.31% of the offer price.

3. Summary of valuation approach which IFA has not selected

3.1 Discounted Cash Flows approach

This valuation approach by discounted cash flow approach is referred to company's preparation of financial projections and the appropriate discount rate. The preparation of financial projections are based on assumptions in business operation based on the assumption from the past., data from the interviews, industry data and other information. This information is subject to change in the future due to external factors, this is because the estimated factors are difficult to forecast and sensitive to external factors. In addition, the discount rate used to estimate the investment value may not reflect the risk of the investment

in CPL, although the IFA has considered the rate of return on equity of the Company adjusted by sovereign risk (Adj. Ke). However, it does not reflect other risks such as exchange rate risk and risks associated with the ability to monitor the operating results closely because CPL is a limited company incorporated in Singapore and operating business in Singapore. The Company is listed company on the Stock Exchange of Thailand which operates in Thailand. Also, the Company is a minority shareholder which holding 14.60% when compared to the other two shareholders. As a result, it is unable to control and monitor the management closely as well. The IFA opines that discounted cash flow approach may not reflect the fair value of the investment in CPL.

By this approach, the value the investment is SGD 73.83 million or THB 1,849.27 million which lower than the offer price of SGD 76.46 million or THB 1,915.00 million at exchange rate of THB 25.047 per SGD 1 as of November 12, 2012 by THB 65.73 million representing 3.43% of the offer price.

3.2 Book value approach

The Book Value Approach is the valuation of the book value of the net assets obtained from the financial statements of CPL at a time. The financial statements most recently audited financial statements as of December 31, 2011 which does not reflect the current value, recent appraisal by an independent appraiser of CPL and, the operating results of latest year until the transaction date. That may cause the discrepancy of present value. Therefore, book value approach can not assess the fair value of investments in CPL.

By this approach, the value the investment is SGD 71.09 million or THB 1,780.53 million which lower than the offer price of SGD 76.46 million or THB 1,915.00 million at exchange rate of THB 25.047 per SGD 1 as of November 12, 2012 by THB 134.47 million representing 7.02% of the offer price.

The Summary of the IFA's opinion of the fair value of investment in CPL

The IFA has considered the fair value of the investment in CPL, the most appropriate valuation approach of investments by adjusted book value approach that uses data from the financial statements of CPL at the end of fiscal year 2011 and adjusted with the current value of fixed assets of CPL as at August 31, 2012. Also, accounting standard in Singapore is required a revaluation on asset annually for the real estate business. Therefore, the adjusted book value can reflect the most recent value of the investment. The method is also the same method to determine the offer price. The IFA opines that this approach is the most appropriated approach for valuation of investment in CPL. The value of the investment is SGD 76.22 million or THB 1,909.10 million which lower than the offer price of SGD 76.46 million or THB 1,915.00 million at exchange rate of THB 25.047 per SGD 1 as of November 12, 2012 by THB 5.90 million representing 0.31% of the offer price.

From the above mentioned reason, the IFA opines that the offer price of SGD 76.46 million or THB 1,915.00 million at exchange rate of THB 25.047 per SGD 1 as of November 12, 2012 (Source: Bank of Thailand) is appropriated.

2. The appropriateness of condition of the transaction

The Company will enter into the transaction after obtain an approval from the shareholders' meeting. Nevertheless, the Sales Shares must be completed within March 31, 2013 or on such other date and at such other place in Singapore as the both parties may mutually agree.

- From the above condition, shows that the success of the transaction based on the achievement of the conditions of the transaction. If the Company cannot remove the contingencies with CPL's share as specified in the above condition. The transaction will be unsuccessful but it will not affect the Company in anyways and there is no provision in the agreement that the Company shall be responsible for any costs or damages arising out of the transaction.

The IFA opines that the condition of transaction is appropriate as HHL and CPL has agreement in the Share Sales and Purchase Agreement.

Part 6: The summary of the opinion of IFA

The IFA has considered the related information and documents of the Company, HHL, SLS, and CPL, and the interviewing with the management, the offer price and conditions in the Share Sales and Purchase Agreement. The details and the interest of related parties, reasonableness of the transaction, the fairness of price of the New Share, the risks, advantages and disadvantages of the transaction, the IFA's opinion is the shareholders should be resolved to approve the transaction. It can be summarized for consideration as follows:

By considering the reasonableness of the transaction, although the Company will lose dividend income from investments in shares, lose an opportunity to gain profits from the disposal of investments in shares of CPL in future, an income tax liability arising from the profits of the sale of investments, the risk of fluctuations in the exchange rate on the day of sale and, the political instability in Myanmar. However, the Company will benefit from the gain on sale of investment in shares (Capital gain) and the ability to repay loan from financial institution and related company that can reduce the liabilities and interest burden of the Company and, funding the projects in Myanmar. It will be beneficial to the operation of the Company.

In addition, the IFA has considered the approach used to assess the fair value of the investment of the Company and found that adjusted book value approach is the most appropriated. It used data from the Company's financial statements at the end of the latest period and adjusted to reflect the fair value of assets and liabilities. The fair value of investments is SGD 76.22 million or equivalents to THB 1,909.10 million which is lower than SGD 76.46 million or equivalents to THB 1,915.00 million by SGD 0.24 million or the equivalent to THB 6.01 million. Thus, the offer price of the investment in CPL is reasonable.

Asset Pro Management Co., Ltd. in its capacity as the Independent Financial Advisor has performed the due diligence and analysis of various informations as mentioned above with prudence under the professional standards and primarily for the interest of the shareholders. Such opinion is based on the information received from the executive of the Company and its subsidiaries, executive officer interviews, publicly available information and industry information from the external sources. Therefore, the Independent Financial Advisor cannot certify or guarantee the accuracy of such information.

Nevertheless, the decision to vote for or against the transactions rests primarily with the shareholders. The shareholders should study the information attached to the meeting invitation letter in order to come up with own justification for making appropriate decision.

Asset Pro Management Company Limited

Somphob Sakpunpanom

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(Mr. Somphob Sakpunpanom)

Chief Executive Officer

Seksun Thanopajai

.....

(Mr. Seksun Thanopajai)

Operational Controller