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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 Hotels (Malaysia) Berhad (“**SHMB**”) is a company listed on Bursa Malaysia Securities Berhad (“**Bursa Malaysia**”) and a 52.78% owned subsidiary of Shangri-La Asia Limited (“**Company**”). SHMB released to Bursa Malaysia an announcement (“**Announcement**”) today. The following is a reproduction of the Announcement as required by the Note to Rule 13.10B of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

Hong Kong, 8 November 2018

As at the date hereof, the directors of the Company are:

Executive director(s)

Ms KUOK Hui Kwong (Chairman)

Mr LIM Beng Chee (CEO)

Mr LUI Man Shing

Non-executive director(s)

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

Independent non-executive director(s)

Mr Alexander Reid HAMILTON

Professor LI Kwok Cheung Arthur

Dr LEE Kai-Fu

Mr YAP Chee Keong

Quarterly rpt on consolidated results for the financial period ended 30 Sep 2018

SHANGRI-LA HOTELS (MALAYSIA) BERHAD

Financial Year End 31 Dec 2018
 Quarter 3 Qtr
 Quarterly report for the financial period ended 30 Sep 2018
 The figures have not been audited

Attachments

3rd Qtr 30 September 2018 Results.pdf
 926.9 kB

Default Currency	Other Currency
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Currency: Malaysian Ringgit (MYR)

SUMMARY OF KEY FINANCIAL INFORMATION 30 Sep 2018

		INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
		CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
		30 Sep 2018	30 Sep 2017	30 Sep 2018	30 Sep 2017
		\$\$'000	\$\$'000	\$\$'000	\$\$'000
1	Revenue	148,504	157,296	415,725	410,424
2	Profit/(loss) before tax	40,264	44,217	100,738	94,368
3	Profit/(loss) for the period	34,489	33,446	79,547	68,626
4	Profit/(loss) attributable to ordinary equity holders of the parent	30,891	29,988	71,410	62,675
5	Basic earnings/(loss) per share (Subunit)	7.02	6.82	16.23	14.24
6	Proposed/Declared dividend per share (Subunit)	0.00	0.00	3.00	3.00
		AS AT END OF CURRENT QUARTER		AS AT PRECEDING FINANCIAL YEAR END	
7	Net assets per share attributable to ordinary equity holders of the parent (\$\$)		2.4232		2.4119

Definition of Subunit:

In a currency system, there is usually a main unit (base) and subunit that is a fraction amount of the main unit.
Example for the subunit as follows:

Country	Base Unit	Subunit
Malaysia	Ringgit	Sen
United States	Dollar	Cent
United Kingdom	Pound	Pence

Announcement Info

Company Name	SHANGRI-LA HOTELS (MALAYSIA) BERHAD
Stock Name	SHANG
Date Announced	08 Nov 2018
Category	Financial Results
Reference Number	FRA-08112018-00007

SHANGRI-LA HOTELS (MALAYSIA) BERHAD
(10889-U)
(Incorporated in Malaysia)

ANNOUNCEMENT OF UNAUDITED CONSOLIDATED RESULTS
FOR THE THIRD QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 2018

The Board of Directors of Shangri-La Hotels (Malaysia) Berhad wishes to announce the following :-

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT

	3 months ended		9 months ended	
	30.9.2018	30.9.2017	30.9.2018	30.9.2017
	RM'000	RM'000	RM'000	RM'000
Revenue	148,504	157,296	415,725	410,424
Operating profit	40,235	44,809	99,917	93,306
Interest expense	(1,310)	(1,028)	(3,492)	(2,785)
Interest income	1,844	988	5,186	3,014
Share of results of associated companies	(505)	(552)	(873)	833
Profit before tax	40,264	44,217	100,738	94,368
Tax expense	(5,775)	(10,771)	(21,191)	(25,742)
Profit for the period	34,489	33,446	79,547	68,626
<u>Attributable to:</u>				
Shareholders of the Company	30,891	29,988	71,410	62,675
Non-controlling interests	3,598	3,458	8,137	5,951
	34,489	33,446	79,547	68,626
Basic Earnings per Ordinary Share (sen)	7.02	6.82	16.23	14.24
Diluted Earnings per Ordinary Share (sen)	NA	NA	NA	NA

(The unaudited Condensed Consolidated Income Statement should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2017)

NA - not applicable

SHANGRI-LA HOTELS (MALAYSIA) BERHAD
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ANNOUNCEMENT OF UNAUDITED CONSOLIDATED RESULTS
FOR THE THIRD QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 2018

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	3 months ended		9 months ended	
	30.9.2018	30.9.2017	30.9.2018	30.9.2017
	RM'000	RM'000	RM'000	RM'000
Profit for the period	34,489	33,446	79,547	68,626
<u>Other comprehensive income/(expense)</u>				
<i>Item that may be reclassified subsequently to profit or loss:</i>				
Exchange differences arising on translation of financial statements of overseas associates	(510)	269	(470)	956
Total comprehensive income for the period	33,979	33,715	79,077	69,582
<i>Attributable to:</i>				
Shareholders of the Company	30,381	30,257	70,940	63,631
Non-controlling interests	3,598	3,458	8,137	5,951
	33,979	33,715	79,077	69,582

(The unaudited Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2017)

SHANGRI-LA HOTELS (MALAYSIA) BERHAD
(10889-U)
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ANNOUNCEMENT OF UNAUDITED CONSOLIDATED RESULTS
FOR THE THIRD QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 2018

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at 30.9.2018 RM'000	As at 31.12.2017 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	710,278	734,645
Investment properties	288,180	288,180
Interest in associates	222,560	218,657
Property development expenditure	12,286	12,286
Deferred tax assets	8,198	9,035
	<u>1,241,502</u>	<u>1,262,803</u>
Current assets		
Inventories	4,662	5,343
Trade and other receivables, prepayments and deposits	30,853	35,201
Tax recoverable	5,224	6,596
Short-term fund placements	203,430	-
Cash and bank balances	16,787	175,555
	<u>260,956</u>	<u>222,695</u>
Total assets	<u>1,502,458</u>	<u>1,485,498</u>
EQUITY		
Capital and reserves		
Share capital	544,501	544,501
Reserves	521,694	516,754
Total equity attributable to shareholders of the Company	1,066,195	1,061,255
Non-controlling interests	131,827	123,690
Total equity	<u>1,198,022</u>	<u>1,184,945</u>
LIABILITIES		
Non-current liabilities		
Retirement benefits	24,628	23,152
Deferred tax liabilities	19,612	19,884
	<u>44,240</u>	<u>43,036</u>
Current liabilities		
Trade and other payables and accruals	73,166	106,060
Contract liabilities	15,766	-
Short-term borrowings	156,154	149,262
Current tax liabilities	1,910	2,195
Dividend payable	13,200	-
	<u>260,196</u>	<u>257,517</u>
Total liabilities	<u>304,436</u>	<u>300,553</u>
Total equity and liabilities	<u>1,502,458</u>	<u>1,485,498</u>
Net Assets per Ordinary Share (RM) Attributable to Shareholders of the Company	2.42	2.41

(The unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2017)

SHANGRI-LA HOTELS (MALAYSIA) BERHAD
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ANNOUNCEMENT OF UNAUDITED CONSOLIDATED RESULTS
FOR THE THIRD QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 2018

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the 9 months ended 30 September 2018

<i>All figures in RM'000</i>	<u>Attributable to Shareholders of the Company</u>				Total equity attributable to shareholders of the Company	Non-controlling interests	Total equity
	Share capital	Share premium	Exchange Translation Reserve	Retained earnings			
	← Non-distributable		← Distributable →				
Balance at 1 January 2017	440,000	104,501	(1,859)	506,109	1,048,751	113,868	1,162,619
Net profit for the period	-	-	-	62,675	62,675	5,951	68,626
Foreign currency translation differences	-	-	956	-	956	-	956
Total comprehensive income for the period	-	-	956	62,675	63,631	5,951	69,582
Transfer pursuant to Companies Act 2016 (note a)	104,501	(104,501)	-	-	-	-	-
Dividends							
- Final dividend for the financial year ended 31.12.2016 paid on 30.6.2017	-	-	-	(48,400)	(48,400)	-	(48,400)
- Interim dividend for the financial year ended 31.12.2017 paid on 14.11.2017	-	-	-	(13,200)	(13,200)	-	(13,200)
Balance at 30 September 2017	544,501	-	(903)	507,184	1,050,782	119,819	1,170,601
Balance at 1 January 2018	544,501	-	47	516,707	1,061,255	123,690	1,184,945
Net profit for the period	-	-	-	71,410	71,410	8,137	79,547
Foreign currency translation differences	-	-	(470)	-	(470)	-	(470)
Total comprehensive income/(expense) for the period	-	-	(470)	71,410	70,940	8,137	79,077
Dividends							
- Final dividend for the financial year ended 31.12.2017 paid on 2.7.2018	-	-	-	(52,800)	(52,800)	-	(52,800)
- Interim dividend for the financial year ending 31.12.2018 payable on 23.11.2018	-	-	-	(13,200)	(13,200)	-	(13,200)
Balance at 30 September 2018	544,501	-	(423)	522,117	1,066,195	131,827	1,198,022

Note a

Effective from 31 January 2017, the new Companies Act 2016 ("the Act") abolished the concept of authorised share capital and par value of share capital. Consequently, during 2017, the Company transferred the credit standing in the share premium account of RM104.501 million to the share capital account pursuant to the transitional provision set out in Section 618(2) of the Act. Notwithstanding this provision, the Company may within 24 months from the commencement of the Act, use this amount for purposes as set out in Section 618(3) of the Act. There is no impact on the numbers of ordinary shares in issue or the relative entitlement of any members of the Company as a result of this transition.

(The unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2017)

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**ANNOUNCEMENT OF UNAUDITED CONSOLIDATED RESULTS
FOR THE THIRD QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 2018**

UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT
For the 9 months ended 30 September 2018

	30.9.2018	30.9.2017
	RM'000	RM'000
Profit before tax	100,738	94,368
Adjustments for non-cash flow:-		
Non-cash items	48,696	56,784
Non-operating items	(1,694)	(229)
Operating profit before changes in working capital	147,740	150,923
Changes in working capital		
Net change in current assets	5,029	674
Net change in current liabilities	(17,128)	(6,222)
Cash generated from operations	135,641	145,375
Income taxes paid	(19,539)	(23,012)
Retirement benefits paid	(463)	(386)
Net cash inflow from operating activities	115,639	121,977
Investing activities		
Interest income received	5,186	3,014
Purchase of property, plant and equipment	(23,389)	(72,411)
Repayment of loan from an associate	-	12,683
Short-term bank deposits with original maturities over 3 months	44,840	6,500
Net cash inflow/(outflow) from investing activities	26,637	(50,214)
Financing activities		
Dividends paid to shareholders of the Company	(52,800)	(48,400)
Drawdown of borrowings	3,518	2,349
Repayment of borrowings	-	(12,303)
Interest expense paid	(3,492)	(2,785)
Net cash outflow from financing activities	(52,774)	(61,139)
Net increase in cash & cash equivalents	89,502	10,624
Cash & cash equivalents at beginning of the year	130,715	96,328
Cash & cash equivalents at end of financial period	220,217	106,952
Short-term bank deposits with original maturities over 3 months	-	39,940
Short-term fund placements and cash and bank balances in the statement of financial position	220,217	146,892

(The unaudited Condensed Consolidated Cash Flow Statement should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2017)

**ANNOUNCEMENT OF UNAUDITED CONSOLIDATED RESULTS
FOR THE THIRD QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 2018**

NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARD 134 (“MFRS 134”)

A1 Accounting Policies

The condensed consolidated interim financial statements of the Group for the current reporting period have been prepared in accordance with MFRS 134 - Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Malaysia”), and should be read in conjunction with the Group’s financial statements for the year ended 31 December 2017. These condensed consolidated interim financial statements also comply with IAS 34 - Interim Financial Reporting issued by the International Accounting Standards Board (“IASB”).

The Group has applied the same accounting policies and methods of computation in the financial statements for the current reporting period as that of the audited financial statements for the year ended 31 December 2017, except for the adoption of the following new standards, amendments to Malaysian Financial Reporting Standards (“MFRSs”) and interpretation, which are effective from 1 January 2018.

MFRS 9	Financial Instruments (IFRS 9 issued by IASB in July 2014)
MFRS 15	Revenue from Contracts with Customers
Amendments to MFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to MFRS 15	Clarifications to Revenue from Contracts with Customers
Amendments to MFRS 128	Investments in Associates and Joint Ventures
Amendments to MFRS 140	Transfers of Investment Property
IC Interpretation 22	Foreign Currency Transactions and Advance Consideration

The adoption of the above new standards, amendments to MFRSs and interpretation did not have any significant impact on the financial statements or position of the Group.

A1.1 New Standards, Amendments and Interpretations Issued But Not Yet Effective

A number of new standards, amendments to MFRSs and interpretations, which are effective for accounting periods after 2018, have been issued by the Malaysian Accounting Standards Board (“MASB”) and relevant to the Group’s operations. These will be adopted by the Group from their effective dates as set out below.

		Effective for annual periods beginning on or after
MFRS 16	Leases	1 January 2019
Amendments to MFRS 3	Business Combinations	1 January 2019
Amendments to MFRS 9	Prepayment Features with Negative Compensation	1 January 2019
Amendments to MFRS 112	Income Taxes	1 January 2019
Amendments to MFRS 119	Plan Amendment, Curtailment or Settlement	1 January 2019
Amendments to MFRS 123	Borrowing Costs	1 January 2019
Amendments to MFRS 128	Long-term Interests in Associates and Joint Ventures	1 January 2019
IC Interpretation 23	Uncertainty over Income Tax Treatments	1 January 2019
Amendments to MFRS 2	Share-Based Payment	1 January 2020
Amendments to MFRS 3	Business Combinations	1 January 2020
Amendments to MFRS 101	Presentation of Financial Statements	1 January 2020
Amendments to MFRS 108	Accounting Policies, Changes in Accounting Estimates and Errors	1 January 2020
Amendments to MFRS 134	Interim Financial Reporting	1 January 2020
Amendments to MFRS 137	Provisions, Contingent Liabilities and Contingent Assets	1 January 2020
Amendments to IC Interpretation 19	Extinguishing Financial Liabilities with Equity Instruments	1 January 2020
Amendments to IC Interpretation 22	Foreign Currency Transactions and Advance Consideration	1 January 2020

**ANNOUNCEMENT OF UNAUDITED CONSOLIDATED RESULTS
FOR THE THIRD QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 2018**

NOTES PURSUANT TO MFRS 134

A1.1 New Standards, Amendments and Interpretations Issued But Not Yet Effective (cont'd)

The implications of the new standards, amendments to MFRSs and interpretations are currently under review. Based on the assessments undertaken to date, the Group has identified that the adoption of MFRS 16 may have a potential impact on the Group's consolidated financial statements. Apart from MFRS 16, the rest of the amendments to MFRSs and interpretations are not expected to have a material effect on the Group.

In addition to the above, MASB has also issued the amendments to MFRS 10 and MFRS 128 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture, which are effective from annual periods beginning on or after 1 January 2016. Subsequently, MASB announced in December 2015 the deferment of the mandatory effective date of these amendments. The Group will apply these amendments when they become applicable.

MFRS 16 – Leases (effective 1 January 2019)

MFRS 16 eliminates the distinction between operating and finance leases, and introduces a single lessee accounting model. The new lease model requires a lessee to recognise in the statement of financial position a right-of-use asset (the right to use the underlying leased asset) and a lease liability (the obligation to pay rentals), unless the underlying asset has a low value or the lease term is 12 months or less.

The accounting for lessors will not change significantly. MFRS 16 will affect primarily the accounting for the Group's operating leases.

The Group continues to assess the impact of MFRS 16 and anticipates concluding its detailed review before the end of this financial year.

A2 Revenue

The disaggregation of the Group's revenue by major goods and service lines is set out below.

For the period ended 30 September 2018 <i>(All figures in RM'000)</i>	Hotels & Resorts	Investment Properties	Others	Total
<u>Major Goods/Service Lines</u>				
Revenue from rooms	232,039	-	-	232,039
Food and beverage sales	144,002	-	-	144,002
Rendering of ancillary services	15,545	-	-	15,545
Golf operations	2,596	-	-	2,596
Property rentals	-	18,623	-	18,623
Laundry services	-	-	2,920	2,920
Total revenue	394,182	18,623	2,920	415,725

For the period ended 30 September 2017 <i>(All figures in RM'000)</i>	Hotels & Resorts	Investment Properties	Others	Total
<u>Major Goods/Service Lines</u>				
Revenue from rooms	230,919	-	-	230,919
Food and beverage sales	138,656	-	-	138,656
Rendering of ancillary services	16,460	-	-	16,460
Golf operations	2,652	-	-	2,652
Property rentals	-	18,857	-	18,857
Laundry services	-	-	2,880	2,880
Total revenue	388,687	18,857	2,880	410,424

SHANGRI-LA HOTELS (MALAYSIA) BERHAD
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ANNOUNCEMENT OF UNAUDITED CONSOLIDATED RESULTS
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NOTES PURSUANT TO MFRS 134

A3 Seasonal or Cyclical Factors

The business operations of the Group have not been materially affected by seasonal or cyclical factors during the financial period ended 30 September 2018.

A4 Unusual Items affecting Assets, Liabilities, Equity, Net Income or Cash Flows

There were no unusual items affecting assets, liabilities, equity, net income or cash flows of the Group for the financial period ended 30 September 2018.

A5 Material Changes in Estimates

There were no changes in estimates of amounts reported in prior interim periods or changes in estimates of amounts reported in prior financial years, which have a material effect on the financial statements for the third quarter ended 30 September 2018.

A6 Debt and Equity Securities

There were no issuance and repayment of debt and equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares during the financial period ended 30 September 2018.

A7 Dividends Paid

A final single tier dividend of 12% or 12 sen per share for the financial year ended 31 December 2017 amounting to RM52.800 million was paid on 2 July 2018.

A8 Segmental Reporting

The segmental analysis of the Group's results and assets are set out below.

For the period ended 30 September 2018 <i>(All figures in RM'000)</i>	Hotels & Resorts	Investment Properties	Others	Inter-segment Elimination	Consolidated Total
Segment Revenue					
Revenue from external customers	394,182	18,623	2,920	-	415,725
Inter-segment revenue	-	1,690	2,133	(3,823)	-
Total revenue	394,182	20,313	5,053	(3,823)	415,725
Segment Results					
Operating profit	90,015	12,251	(67)	(2,282)	99,917
Interest expense	(3,267)	-	(3,494)	3,269	(3,492)
Interest income	8,027	336	92	(3,269)	5,186
Share of results of associated companies	(3,978)	3,105	-	-	(873)
Profit before tax	90,797	15,692	(3,469)	(2,282)	100,738

As at 30 September 2018 <i>(All figures in RM'000)</i>	Hotels & Resorts	Investment Properties	Others	Inter-segment Elimination	Consolidated Total
Segment assets	1,130,176	313,318	14,752	(178,348)	1,279,898
Interest in associates	7,129	215,431	-	-	222,560
Total assets	1,137,305	528,749	14,752	(178,348)	1,502,458

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ANNOUNCEMENT OF UNAUDITED CONSOLIDATED RESULTS
FOR THE THIRD QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 2018

NOTES PURSUANT TO MFRS 134

A9 Material Events Subsequent to the End of the Current Financial Period

In the opinion of the Directors, there was no item or event of a material or unusual nature which has occurred between 30 September 2018 and the date of this report that would materially affect the results of the Group for the financial period ended 30 September 2018.

A10 Changes in the Composition of the Group

There were no changes in the composition of the Group during the financial period ended 30 September 2018.

A11 Changes in Contingent Liabilities or Contingent Assets

There have been no changes in the contingent liabilities or assets of the Group since the last annual balance sheet date as at 31 December 2017 to the date of this report.

A12 Capital Commitments

Capital commitments for property, plant and equipment and investment properties not provided for as at 30 September 2018 are as follows:-

	RM'000
Authorised and contracted for	11,532
Authorised but not contracted for	37,477
	49,009

A13 Related Party Transactions

9 months ended 30.9.2018

RM'000

Transactions with subsidiaries of the ultimate holding company

Payment of management, marketing and reservation fees to Shangri-La International Hotel Management Ltd and Shangri-La International Hotel Management Pte Ltd, wholly-owned subsidiaries of Shangri-La Asia Limited	15,008
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ANNOUNCEMENT OF UNAUDITED CONSOLIDATED RESULTS
FOR THE THIRD QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 2018

NOTES REQUIRED BY THE LISTING REQUIREMENTS OF BURSA MALAYSIA – PART A OF APPENDIX 9B

B1 Review of Group Results Nine Months 2018 vs Nine Months 2017

During the nine months to 30 September 2018, Group revenue rose to RM415.725 million from RM410.424 million in the same period of 2017. Group net profit attributable to shareholders for the nine months was RM71.410 million, an increase of 14%, compared to RM62.675 million in 2017.

The financial results of the Group for the first nine months were in large part driven by the stronger performances from Shangri-La Hotel Kuala Lumpur and Hotel Jen Penang, as well as by a favourable currency impact on the translation of the Group's US dollar-denominated loans to its associates in Myanmar.

Revenue from Shangri-La Hotel Kuala Lumpur for the nine months 2018 advanced to RM136.842 million, supported by increased business levels from its renovated banqueting facilities and all-day dining restaurant. The hotel's profit during the period rose by 20% over the nine months of 2017 to RM27.135 million. Occupancy of the hotel for the nine months 2018 was 67%.

The performance of Hotel Jen Penang benefited from a strong rebound in occupancy to 77% from 62% in nine-month period of 2017 when its guestrooms were undergoing major renovations throughout the first half of 2017. For the nine months 2018, the hotel grew its revenue by 38% to RM31.786 million, and generated a profit of RM2.661 million, versus a loss of RM3.789 million in 2017.

With slower visitor arrivals, Rasa Ria Resort saw occupancy drop to 74% from 77% in the nine months 2017. Overall revenue for the resort was RM112.493 million, largely flat with the first nine months of 2017 while its profit of RM29.409 million was down by 5% on the previous year.

At Rasa Sayang Resort, revenue slipped by 4% to RM64.828 million in the nine months 2018, and profit dropped by 27% from the nine months 2017 to RM10.141 million. Owing to softer leisure demand, occupancy at the resort edged lower from 77% to 75%.

Golden Sands Resort also experienced a shortfall in leisure business, which led to a reduced occupancy of 78% versus 80% in the prior year period. The resort's revenue was down by 6% to RM44.332 million, with profit declining to RM8.556 million, 16% lower than in the nine-month period in 2017.

The combined rental revenue from the Group's investment properties in Kuala Lumpur decreased by 1% to RM20.313 million for the nine months 2018. Despite this, their combined profit of RM9.655 million was higher than in 2017, on account of a reduction in operating expenses.

For the nine months to 30 September 2018, the Group's share of results from its associates in Myanmar was a loss of RM0.873 million, compared to a profit of RM0.833 million for the same period last year. This was mainly due a negative contribution from Sule Shangri-La Yangon, reflecting continued poor market conditions.

ANNOUNCEMENT OF UNAUDITED CONSOLIDATED RESULTS
FOR THE THIRD QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 2018

NOTES REQUIRED BY THE LISTING REQUIREMENTS OF BURSA MALAYSIA – PART A OF APPENDIX 9B

B2 Comparison of Group Results 3rd Quarter 2018 vs 2nd Quarter 2018

The Group's revenue for the third quarter ended 30 September 2018 was RM148.504 million, 28% better than the second quarter ended 30 June 2018. Group net profit for the third quarter 2018 rose in tandem to RM30.891 million from RM14.974 million in the second quarter 2018.

The third quarter financial results were underpinned by higher contributions from most of the Group's hotel businesses, notably from Rasa Ria Resort, as a result of good increases in both occupancies and average daily rates.

In the period, occupancy at Rasa Ria Resort grew to 79% from 61% for the second quarter 2018, on the back of stronger visitor arrivals from its key markets, leading to a rise of 55% in revenue to RM43.708 million.

Both Rasa Sayang Resort and Golden Sands Resort also registered healthy revenue growth over the second quarter 2018, driven by higher levels of leisure business. At Rasa Sayang Resort, occupancy rose to 77% from 61% in the 2018 second quarter, while Golden Sands Resort saw occupancy strengthen from 69% to 81%. Additionally, overall revenue from Shangri-La Hotel Kuala Lumpur was up by 14% from the second quarter 2018, helped by an improvement in occupancy from 56% to 69%.

Revenue for Hotel Jen Penang was down by 2% on the second quarter 2018 in line with a reduction in occupancy from 80% to 76%.

The combined rental revenue from the Group's investment properties showed a growth of 2% to RM6.841 million from RM6.703 million in the second quarter 2018.

B3 Prospects for 2018

Looking forward, overall business conditions for the Group's hotel operations are expected to be steady as activity levels across the leisure and corporate travel markets should remain stable over the remainder of 2018.

For the Group's investment properties, the performance of UBN Tower should hold up reasonably well through 2018, however, the overall trading environment for UBN Apartments will continue to be sluggish.

SHANGRI-LA HOTELS (MALAYSIA) BERHAD
(10889-U)
(Incorporated in Malaysia)

ANNOUNCEMENT OF UNAUDITED CONSOLIDATED RESULTS
FOR THE THIRD QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 2018

NOTES REQUIRED BY THE LISTING REQUIREMENTS OF BURSA MALAYSIA – PART A OF APPENDIX 9B

B4 Variance on Profit Forecast/Profit Guarantee
Not applicable.

B5 Taxation

The tax charge of the Group for the financial period under review is as follows:-

	3 months ended		9 months ended	
	30.9.2018 RM'000	30.9.2017 RM'000	30.9.2018 RM'000	30.9.2017 RM'000
Current taxation				
- Company and subsidiaries	9,095	8,379	24,039	21,123
Deferred taxation	98	2,394	565	4,555
(Over)/under provision in respect of prior years				
- Company and subsidiaries	(3,418)	(2)	(3,413)	64
	5,775	10,771	21,191	25,742

The Group recorded an effective tax rate of 21% for the first nine months of 2018, which was lower than the statutory tax rate of 24%. This mainly reflected the availability of ITA (Investment Tax Allowance) tax incentives in a subsidiary hotel and the impact of the net unrealised foreign exchange gain from the translation of the Group's US dollar loans to associates in Myanmar, which is not subject to tax.

B6 Status of Corporate Proposals

There were no corporate proposals and unutilised proceeds raised from any corporate proposals as at the date of this report.

B7 Group Borrowings and Debt Securities

The Group's total borrowings as at 30 September 2018 were RM156.154 million, compared with RM154.733 million at 30 September 2017.

<i>(All figures in RM'000)</i>	As at 30 September 2018	As at 30 September 2017
<u>Secured</u>		
Short Term	-	-
Long Term	-	-
	-	-
<u>Unsecured</u>		
Short Term	156,154 *	154,733 **
Long Term	-	-
Total	156,154	154,733

* Amounts drawdown as at 30 September 2018 comprised HKD42.8 million and USD14.780 million from two offshore banks in Labuan, and USD17.5 million from a local bank.

** Amounts drawdown as at 30 September 2017 comprised HKD42.8 million and USD13.670 million from two offshore banks in Labuan, and USD17.5 million from a local bank.

There were no debt securities in the financial period ended 30 September 2018.

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NOTES REQUIRED BY THE LISTING REQUIREMENTS OF BURSA MALAYSIA – PART A OF APPENDIX 9B

B8 Financial Instruments

Derivatives

There were no outstanding derivative financial instruments as at 30 September 2018.

Gains/losses arising from fair value changes of financial liabilities

There were no gains/losses arising from fair value changes of financial liabilities for the financial period ended 30 September 2018.

B9 Changes in Material Litigation

There was no material litigation pending as at the date of this report.

B10 Dividend

An interim single tier dividend of 3 sen or 3% per ordinary share in respect of the financial year ending 31 December 2018 was declared on 29 August 2018 and will be payable on Friday, 23 November 2018.

B11 Earnings per Share

The basic earnings per ordinary share for the nine (9) months ended 30 September 2018 have been calculated as follows:-

	3 months ended		9 months ended	
	30.9.2018	30.9.2017	30.9.2018	30.9.2017
Profit attributable to shareholders of the Company (RM'000)	30,891	29,988	71,410	62,675
No. of ordinary shares in issue ('000)	440,000	440,000	440,000	440,000
Basic Earnings Per Share (sen)	7.02	6.82	16.23	14.24

Diluted Earnings per Share

Not applicable.

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NOTES REQUIRED BY THE LISTING REQUIREMENTS OF BURSA MALAYSIA – PART A OF APPENDIX 9B

B12 Notes to the Statement of Comprehensive Income

	3 months ended		9 months ended	
	30.9.2018 RM'000	30.9.2017 RM'000	30.9.2018 RM'000	30.9.2017 RM'000
Net profit for the period is arrived at after charging:-				
Interest expense	(1,310)	(1,028)	(3,492)	(2,785)
Depreciation	(15,989)	(15,764)	(47,647)	(46,884)
Foreign exchange loss	(3,783)	(3,701)	(3,374)	(15,561)
Allowance for doubtful debts				
- trade receivables	(74)	-	(186)	-
and after crediting:-				
Interest income	1,844	988	5,186	3,014
Foreign exchange gain	5,835	2,127	5,246	9,782
Write back of allowance for doubtful debts				
- trade receivables	-	53	-	126

Other than the above which have been included in the statement of comprehensive income, there were no impairment of assets, gain or loss on disposal of quoted or unquoted investments or properties and exceptional items for the financial period ended 30 September 2018.

B13 Audit Report of the Group's Preceding Annual Financial Statements

There was no qualification in the audit report of the Group's financial statements for the year ended 31 December 2017.

By Order of the Board

Datin Rozina Mohd Amin
Company Secretary

Kuala Lumpur
8 November 2018