

SHANGRI-LA GROUP

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Shangri-La Asia Limited

(Incorporated in Bermuda with limited liability)

website: www.ir.shangri-la.com

(Stock code: 00069)

OVERSEAS REGULATORY ANNOUNCEMENT

Shangri-La 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. 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, 22 November 2019

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

Executive director(s)

Ms KUOK Hui Kwong (Chairman)

Mr LIM Beng Chee (CEO)

Non-executive director(s)

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

Independent non-executive director(s)

Professor LI Kwok Cheung Arthur

Mr YAP Chee Keong

Mr LI Xiaodong Forrest

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

ANNOUNCEMENT OF UNAUDITED CONSOLIDATED RESULTS
FOR THE THIRD QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 2019

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	
	30.9.2019	30.9.2018	30.9.2019	30.9.2018
	RM'000	RM'000	RM'000	RM'000
Revenue	141,717	148,504	398,925	415,725
Operating profit	30,899	40,235	72,890	99,917
Interest expense	(1,457)	(1,310)	(4,362)	(3,492)
Interest income	2,283	1,844	6,858	5,186
Share of results of associated companies	(79)	(505)	984	(873)
Profit before tax	31,646	40,264	76,370	100,738
Tax expense	(7,064)	(5,775)	(16,712)	(21,191)
Profit for the period	24,582	34,489	59,658	79,547
<u>Attributable to:</u>				
Shareholders of the Company	21,252	30,891	52,927	71,410
Non-controlling interests	3,330	3,598	6,731	8,137
	24,582	34,489	59,658	79,547
Basic Earnings per Ordinary Share (sen)	4.83	7.02	12.03	16.23
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 2018)

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 2019

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	3 months ended		9 months ended	
	30.9.2019	30.9.2018	30.9.2019	30.9.2018
	RM'000	RM'000	RM'000	RM'000
Profit for the period	24,582	34,489	59,658	79,547
<u>Other comprehensive income/(expense)</u>				
<i>Item that may be reclassified subsequently to profit or loss:</i>				
Exchange differences on translation of foreign operations and foreign currency loans forming part of net investment in foreign operations	723	(510)	620	(470)
Total comprehensive income for the period	25,305	33,979	60,278	79,077
<u>Attributable to:</u>				
Shareholders of the Company	21,975	30,381	53,547	70,940
Non-controlling interests	3,330	3,598	6,731	8,137
	25,305	33,979	60,278	79,077

(The unaudited Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2018)

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ANNOUNCEMENT OF UNAUDITED CONSOLIDATED RESULTS
FOR THE THIRD QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 2019

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at 30.9.2019 RM'000	As at 31.12.2018 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	664,909	704,991
Right-of-use assets	17,727	-
Investment properties	288,340	288,340
Interest in associates	208,227	210,039
Property development expenditure	12,286	12,286
Deferred tax assets	11,151	9,440
	<u>1,202,640</u>	<u>1,225,096</u>
Current assets		
Inventories	3,551	4,261
Trade and other receivables, prepayments and deposits	37,619	38,040
Tax recoverable	7,497	8,112
Short-term fund placements	235,188	205,245
Cash and bank balances	17,982	28,467
	<u>301,837</u>	<u>284,125</u>
Total assets	<u>1,504,477</u>	<u>1,509,221</u>
EQUITY		
Capital and reserves		
Share capital	544,501	544,501
Reserves	502,621	520,585
Total equity attributable to shareholders of the Company	<u>1,047,122</u>	<u>1,065,086</u>
Non-controlling interests	138,837	132,105
Total equity	<u>1,185,959</u>	<u>1,197,191</u>
LIABILITIES		
Non-current liabilities		
Retirement benefits	25,908	24,572
Lease liabilities	495	-
Deferred tax liabilities	23,030	22,007
	<u>49,433</u>	<u>46,579</u>
Current liabilities		
Trade and other payables and accruals	73,060	88,721
Contract liabilities	15,995	17,756
Lease liabilities	981	-
Short-term borrowings	163,865	157,523
Current tax liabilities	1,984	1,451
Dividend payable	13,200	-
	<u>269,085</u>	<u>265,451</u>
Total liabilities	<u>318,518</u>	<u>312,030</u>
Total equity and liabilities	<u>1,504,477</u>	<u>1,509,221</u>
Net Assets per Ordinary Share (RM)	2.38	2.42
Attributable to Shareholders of the Company		

(The unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2018)

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**ANNOUNCEMENT OF UNAUDITED CONSOLIDATED RESULTS
FOR THE THIRD QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 2019**

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the 9 months ended 30 September 2019

<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	Exchange Translation Reserve	Retained earnings			
	← Non-distributable →		← Distributable →			
As previously reported at 1 January 2018	544,501	47	516,707	1,061,255	123,690	1,184,945
Reclassification from retained earnings to exchange translation reserve:-						
- Exchange differences on translation of foreign currency loans forming part of net investment in foreign operations	-	37,957	(37,957)	-	-	-
Balance at 1 January 2018 as restated	544,501	38,004	478,750	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 (expense)/income 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 ended 31.12.2018 paid on 23.11.2018	-	-	(13,200)	(13,200)	-	(13,200)
Balance at 30 September 2018 as restated	544,501	37,534	484,160	1,066,195	131,827	1,198,022
As previously reported at 1 January 2019	544,501	(676)	521,261	1,065,086	132,105	1,197,191
Reclassification from retained earnings to exchange translation reserve:-						
- Exchange differences on translation of foreign currency loans forming part of net investment in foreign operations	-	37,957	(37,957)	-	-	-
Effects of adopting MFRS 16 - Leases (see Note A1.1)	-	-	(5,511)	(5,511)	1	(5,510)
Balance at 1 January 2019 as restated	544,501	37,281	477,793	1,059,575	132,106	1,191,681
Net profit for the period	-	-	52,927	52,927	6,731	59,658
Foreign currency translation differences	-	620	-	620	-	620
Total comprehensive income for the period	-	620	52,927	53,547	6,731	60,278
Dividends						
- Final dividend for the financial year ended 31.12.2018 paid on 15.7.2019	-	-	(52,800)	(52,800)	-	(52,800)
- Interim dividend for the financial year ending 31.12.2019 payable on 21.11.2019	-	-	(13,200)	(13,200)	-	(13,200)
Balance at 30 September 2019	544,501	37,901	464,720	1,047,122	138,837	1,185,959

(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 2018)

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ANNOUNCEMENT OF UNAUDITED CONSOLIDATED RESULTS
FOR THE THIRD QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 2019

UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT
For the 9 months ended 30 September 2019

	30.9.2019	30.9.2018
	RM'000	RM'000
Profit before tax	76,370	100,738
Adjustments for non-cash flow:-		
Non-cash items	48,839	48,696
Non-operating items	(2,496)	(1,694)
Operating profit before changes in working capital	122,713	147,740
Changes in working capital		
Net change in current assets	1,131	5,029
Net change in current liabilities	(16,922)	(17,128)
Cash generated from operations	106,922	135,641
Lease interest paid	(70)	-
Income taxes paid	(16,247)	(19,539)
Retirement benefits paid	(565)	(463)
Net cash inflow from operating activities	90,040	115,639
Investing activities		
Interest income received	6,858	5,186
Purchase of property, plant and equipment	(23,358)	(23,389)
Short-term bank deposits with original maturities over 3 months	-	44,840
Net cash (outflow)/inflow from investing activities	(16,500)	26,637
Financing activities		
Dividends paid to shareholders of the Company	(52,800)	(52,800)
Dividend paid to non-controlling shareholder of a subsidiary	(500)	-
Drawdown of borrowings	4,260	3,518
Repayment of leases	(750)	-
Interest expense paid	(4,292)	(3,492)
Net cash outflow from financing activities	(54,082)	(52,774)
Net increase in cash & cash equivalents	19,458	89,502
Cash & cash equivalents at beginning of the year	233,712	130,715
Cash & cash equivalents at end of financial period	253,170	220,217

(The unaudited Condensed Consolidated Cash Flow Statement should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2018)

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ANNOUNCEMENT OF UNAUDITED CONSOLIDATED RESULTS
FOR THE THIRD QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 2019

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 2018. 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 2018, except for the adoption of MFRS 16 Leases and amendments to Malaysian Financial Reporting Standards and interpretation that are relevant to its operations and effective for the financial period beginning 1 January 2019, which are set out below.

MFRS 16	Leases
Amendments to MFRS 3	Business Combinations
Amendments to MFRS 9	Prepayment Features with Negative Compensation
Amendments to MFRS 112	Income Taxes
Amendments to MFRS 119	Plan Amendment, Curtailment or Settlement
Amendments to MFRS 123	Borrowing Costs
Amendments to MFRS 128	Long-term Interests in Associates and Joint Ventures
IC Interpretation 23	Uncertainty over Income Tax Treatments

The adoption of these amendments to MFRSs and the interpretation of IC 23 did not have a significant impact on the financial statements or position of the Group except for the adoption of MFRS 16 Leases.

A1.1 Adoption of MFRS 16 Leases

The Group adopted MFRS 16 Leases on 1 January 2019, which introduces a single lease accounting model for lessees. The adoption of MFRS 16 results in the majority of leases being recognised on the balance sheet as the distinction between operating and finance leases for lessee accounting is removed. Exceptions to this standard are leases with a term of less than 12 months or with low-value. The accounting for lessors was not changed significantly and the Group continues to classify leases as finance or operating leases.

Under the standard, a lessee recognises a right-of-use asset (“ROU”) representing its right to use the underlying asset and a lease liability representing its obligations to make lease payments. An ROU asset and a financial liability to pay rentals are recognised in the balance sheet, and the depreciation charge on the ROU assets and interest expenses on lease liabilities over the life of the lease are recognised in the income statement.

The Group has adopted MFRS 16 using the modified retrospective transition approach without restating comparative information.

The change in accounting for the Group’s operating leases resulted in the recognition of ROU assets of RM18.146 million and lease liabilities of RM1.705 million on 1 January 2019. The cumulative effect of adoption of MFRS 16 was recognised as an adjustment to the opening balance of the retained earnings at 1 January 2019, with no restatement of comparative information.

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NOTES PURSUANT TO MFRS 134

A1.1 Adoption of MFRS 16 Leases (cont'd)

The effects of the adoption of MFRS 16 on the Group's consolidated statement of financial position are shown in the table below.

	As Previously Reported 31 December 2018 RM'000	Effects of Adopting MFRS 16		As Restated 1 January 2019 RM'000
		Reclassification RM'000	Remeasurement RM'000	
Assets				
Property, plant and equipment	704,991	(16,458)	-	688,533
Right-of-use assets	-	16,458	1,688	18,146
Interests in associates	210,039	-	(5,498)	204,541
Deferred tax assets	9,440	-	(1)	9,439
Other non-current and current assets	584,751	-	-	584,751
Total assets	1,509,221	-	(3,811)	1,505,410
Total equity attributable to shareholders of the Company				
Share capital	544,501	-	-	544,501
Reserves	520,585	-	(5,511)	515,074
	1,065,086	-	(5,511)	1,059,575
Non-controlling interests	132,105	-	1	132,106
Total Equity	1,197,191	-	(5,510)	1,191,681
Liabilities				
Long-term lease liabilities	-	-	943	943
Short-term lease liabilities	-	-	762	762
Deferred tax liabilities	22,007	-	(6)	22,001
Other non-current and current liabilities	290,023	-	-	290,023
Total liabilities	312,030	-	1,699	313,729
Total equity and liabilities	1,509,221	-	(3,811)	1,505,410
Net assets per share (RM)	2.42	-	(0.01)	2.41

A1.2 Amendments Issued but not yet Effective

A number of amendments to existing MFRSs which are effective for accounting periods beginning after 2019, have been issued and will be adopted by the Group from their effective dates.

	Effective for annual periods beginning on or after
Amendments to MFRS 2	1 January 2020
Amendments to MFRS 3	1 January 2020
Amendments to MFRS 101	1 January 2020
Amendments to MFRS 108	1 January 2020
	Estimates and Errors
Amendments to MFRS 134	1 January 2020
Amendments to MFRS 137	1 January 2020
	Assets
Amendments to IC Interpretation 19	1 January 2020
	Instruments
Amendments to IC Interpretation 22	1 January 2020
	Foreign Currency Transactions and Advance Consideration

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NOTES PURSUANT TO MFRS 134

A1.2 Amendments Issued but not yet Effective (cont'd)

The adoption of the above amendments to MFRSs and interpretations are not expected to have a significant effect on the Group's financial statements.

In addition, MASB has also issued 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, in December 2015 MASB announced the deferment of the mandatory effective date of these amendments. The Group will apply these amendments when they become applicable.

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 2019 <i>(All figures in RM'000)</i>	Hotels & Resorts	Investment Properties	Others	Total
<u>Major Goods/Service Lines</u>				
Revenue from rooms	216,080	-	-	216,080
Food and beverage sales	142,849	-	-	142,849
Rendering of ancillary services	14,886	-	-	14,886
Golf operations	2,832	-	-	2,832
Property rentals	-	19,596	-	19,596
Laundry services	-	-	2,682	2,682
Total revenue	376,647	19,596	2,682	398,925

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

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 2019.

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 2019.

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ANNOUNCEMENT OF UNAUDITED CONSOLIDATED RESULTS
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NOTES PURSUANT TO MFRS 134

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 and financial period ended 30 September 2019.

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 2019.

A7 Dividends Paid

A final single tier dividend of 12% or 12 sen per share for the financial year ended 31 December 2018 amounting to RM52.800 million was paid on 15 July 2019.

A8 Segmental Reporting

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

For the period ended 30 September 2019 (All figures in RM'000)	Hotels & Resorts	Investment Properties	Others	Inter-segment Elimination	Consolidated Total
Segment Revenue					
Revenue from external customers	376,647	19,596	2,682	-	398,925
Inter-segment revenue	-	1,747	1,928	(3,675)	-
Total revenue	376,647	21,343	4,610	(3,675)	398,925
Segment Results					
Operating profit	64,524	12,886	(140)	(4,380)	72,890
Interest expense	(3,796)	(168)	(4,326)	3,928	(4,362)
Interest income	9,147	382	109	(2,780)	6,858
Share of results of associated companies	(3,488)	4,472	-	-	984
Profit before tax	66,387	17,572	(4,357)	(3,232)	76,370

As at 30 September 2019 (All figures in RM'000)	Hotels & Resorts	Investment Properties	Others	Inter-segment Elimination	Consolidated Total
Segment assets	1,052,114	354,140	15,051	(125,055)	1,296,250
Interest in associates	721	207,506	-	-	208,227
Total assets	1,052,835	561,646	15,051	(125,055)	1,504,477

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 2019 and the date of this report that would materially affect the results of the Group for the financial period ended 30 September 2019.

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 2019.

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NOTES PURSUANT TO MFRS 134

A11 Changes in Contingent Liabilities or Contingent Assets

Similar to many Unionised hotels in Malaysia, the Group's hotels, namely Rasa Sayang Resort, Shangri-La Hotel Kuala Lumpur, Hotel Jen Penang and Golden Sands Resort Penang ("the Group hotels") are involved in litigation proceedings at various stages with the National Union of Hotel, Bar and Restaurant Workers Peninsular Malaysia ("Union") arising from the minimum wage order, which first came into effect for the hotel industry on 1 October 2013.

The subject matter of the litigation essentially concerns the Top-Up Structure implemented by the Group hotels, whereby part of the service charge is converted to form part of the minimum wage. This is being disputed by the Union and the matter is currently pending in the Court of Appeal.

The Group companies are subject to claims and litigation from time to time arising in the ordinary course of business, and provisions are made if, based on available information and professional advice, liabilities are considered likely to arise.

At this juncture, the Group has made no provision for the potential financial liability of the pending litigation of the minimum wage issue as it cannot predict with any certainty the final outcome of the on-going litigation. This is because the legislation on the minimum wage is as yet untested in the Federal Court and the hotel industry in general is awaiting a landmark decision of the apex court to give clarity on the law on whether service charge can be used to form part of the minimum wage. The Group may incur financial liabilities depending on the final outcome of the on-going minimum wage litigation.

A12 Capital Commitments

Capital commitments for property, plant and equipment and investment properties not provided for as at 30 September 2019 are as follows:-

	RM'000
Authorised and contracted for	5,967
Authorised but not contracted for	28,975
	34,942

A13 Related Party Transactions

9 months ended 30.9.2019

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	14,038
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ANNOUNCEMENT OF UNAUDITED CONSOLIDATED RESULTS
FOR THE THIRD QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 2019

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

B1 Review of Group Results Nine Months 2019 vs Nine Months 2018

In the nine months to 30 September 2019, Group revenue fell by 4% to RM398.925 million, compared with RM415.725 million for the same period in 2018. Group net profit attributable to shareholders for the period was RM52.927 million, a drop of 26% from RM71.410 million reported in 2018.

The reduced earnings of the Group during the first nine months were attributable to the lower performances across the Group's hotel operations, owing to a decline in occupancies and room rates.

Reflecting decreased rooms and food and beverage business, revenue from Shangri-La Hotel Kuala Lumpur for the nine months 2019 dropped by 5% to RM129.529 million, with pre-tax profit reducing from RM30.842 million in the same period last year to RM20.186 million. Occupancy for the hotel for the nine months 2019 was 68%.

Overall revenue for Rasa Ria Resort declined by 3% to RM108.797 million, and pre-tax profit was RM33.781 million, 11% below that of the nine-month period in 2018. A shortfall in visitor arrivals from the resort's key leisure markets led to a reduction in occupancy to 72% from 74% the previous year.

At Rasa Sayang Resort, revenue was down by 3% on the first nine months of 2018 to RM63.132 million, and pre-tax profit fell from RM13.440 million in the prior year period to RM10.714 million. On account of a slowdown in leisure business, occupancy of the resort edged lower from 75% to 72%.

There were also weaker results at Golden Sands Resort due to lacklustre leisure demand. The resort registered a 9% fall in revenue to RM40.429 million in line with a decreased occupancy of 72%, versus 78% for the nine months 2018. Pre-tax profit of the resort for the period was RM6.994 million, compared with RM11.153 million in the nine months 2018.

Revenue from Hotel Jen Penang slipped by 3% in the nine months 2019 to RM30.704 million, mainly affected by a softer average room rate in a competitive market. As a result, the hotel's pre-tax profit dropped to RM0.976 million from RM3.501 million in the first nine months last year. Occupancy of the hotel for the period was broadly flat at 77%.

The investment properties of the Group in Kuala Lumpur delivered an improvement of 5% in combined rental revenue to RM21.343 million for the nine months 2019, while their pre-tax profit increased to RM13.100 million from RM12.587 million the previous year.

For the nine months ended 30 September 2019, the Group's share of results from associates in Myanmar was a profit of RM0.984 million, as compared to a loss of RM0.873 million in the corresponding period in 2018. This was largely underpinned by an improved performance from Sule Square, the commercial complex in Yangon held by Traders Square Company Ltd, the Group's 23.6% associated company.

ANNOUNCEMENT OF UNAUDITED CONSOLIDATED RESULTS
FOR THE THIRD QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 2019

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

B2 Comparison of Group Results 3rd Quarter 2019 vs 2nd Quarter 2019

Group revenue for the third quarter ended 30 September 2019 was RM141.717 million, up 18% from RM119.850 million in the second quarter ended 30 June 2019. Correspondingly, Group net profit for the period grew to RM21.252 million, compared with RM9.560 million in the second quarter 2019.

The financial results in the third quarter reflect the better performances of the Group's hotel businesses compared to the second quarter 2019, with higher contributions mainly from Rasa Ria Resort and the Group's resorts in Penang.

Stronger visitor arrivals allowed Rasa Ria Resort to raise its occupancy to 76% from 66% in the second quarter 2019, leading to a 27% increase in revenue to RM40.696 million. Both Rasa Sayang Resort and Golden Sands Resort also recorded revenue growth when compared to the second quarter 2019, due to improvements in occupancy levels. Rasa Sayang Resort saw occupancy move up to 75% from 62%, while occupancy for Golden Sands Resort rose to 77%, against 67% in the second quarter 2019.

Overall results for Shangri-La Hotel Kuala Lumpur benefited from a higher level of rooms and food and beverage business, with revenue up by 9% over the 2019 second quarter. There was also an improved performance by Hotel Jen Penang during the third quarter 2019, driven by an encouraging pick-up in corporate business.

In the three-month period to 30 September 2019, the combined rental revenue from the Group's investment properties in Kuala Lumpur increased to RM7.188 million, 2% more than the second quarter 2019.

B3 Prospects for 2019

Against ongoing economic uncertainty, the outlook for the Group's hotel businesses as a whole for the rest of 2019 remains challenging, with overall activity levels across both the corporate and leisure travel markets continuing to show subdued momentum. Nevertheless, the Group's hotels and resorts are in a good position to capitalise on any improvements in market conditions.

The business environment for the Group's investment properties in Kuala Lumpur is likely to be reasonably steady through 2019, which should help UBN Tower and UBN Apartments to maintain stable occupancy levels.

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 2019

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	
	30.9.2019 RM'000	30.9.2018 RM'000	30.9.2019 RM'000	30.9.2018 RM'000
Current taxation				
- Company and subsidiaries	7,721	9,095	17,849	24,039
Deferred taxation	(198)	98	(683)	565
(Over)/under provision in respect of prior years				
- Company and subsidiaries	(459)	(3,418)	(454)	(3,413)
	7,064	5,775	16,712	21,191

The Group's effective tax rate in the nine months to 30 September 2019 was 22%, as compared to the statutory tax rate of 24%. The lower effective tax rate for the period was largely attributable to the availability of Investment Tax Allowances (ITA) for the renovation projects undertaken by two subsidiary hotels within the Group.

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 2019 were RM163.865 million, compared with RM156.154 million at 30 September 2018.

<i>(All figures in RM'000)</i>	As at 30 September 2019	As at 30 September 2018
<u>Secured</u>		
Short Term	-	-
Long Term	-	-
<u>Unsecured</u>		
Short Term	163,865 *	156,154 **
Long Term	-	-
Total	163,865	156,154

* Amounts drawdown as at 30 September 2019 comprised HKD42.8 million and USD16.150 million from two offshore banks in Labuan, and USD17.5 million from a local bank.

** 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.

There were no debt securities in the financial period ended 30 September 2019.

SHANGRI-LA HOTELS (MALAYSIA) BERHAD
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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 2019.

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 2019.

B9 Changes in Material Litigation

There was no material litigation pending as at the date of this report, except as disclosed in Note A11.

B10 Dividend

An interim single tier dividend of 3 sen or 3% per ordinary share in respect of the financial year ending 31 December 2019 was declared on 28 August 2019 and paid on Thursday, 21 November 2019.

B11 Earnings per Share

The basic earnings per ordinary share for the nine (9) months ended 30 September 2019 have been calculated as follows:-

	3 months ended		9 months ended	
	30.9.2019	30.9.2018	30.9.2019	30.9.2018
Profit attributable to shareholders of the Company (RM'000)	21,252	30,891	52,927	71,410
No. of ordinary shares in issue ('000)	440,000	440,000	440,000	440,000
Basic Earnings Per Share (sen)	4.83	7.02	12.03	16.23

Diluted Earnings per Share

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 2019

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	
	30.9.2019 RM'000	30.9.2018 RM'000	30.9.2019 RM'000	30.9.2018 RM'000
Net profit for the period is arrived at after charging:-				
Interest expense	(1,457)	(1,310)	(4,362)	(3,492)
Depreciation	(15,882)	(15,989)	(47,569)	(47,647)
Foreign exchange loss	-	(3,783)	-	(3,374)
Allowance for doubtful debts - trade receivables	-	(74)	-	(186)
and after crediting:-				
Interest income	2,283	1,844	6,858	5,186
Foreign exchange gain	-	5,835	-	5,246
Write back of allowance for doubtful debts - trade receivables	10	-	36	-

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 for the financial period ended 30 September 2019.

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 2018.

By Order of the Board

Datin Rozina Mohd Amin
Company Secretary

Kuala Lumpur
22 November 2019

Quarterly rpt on consolidated results for the financial period ended 30 Sep 2019

SHANGRI-LA HOTELS (MALAYSIA) BERHAD

Financial Year End 31 Dec 2019
 Quarter 3 Qtr
 Quarterly report for the financial period ended 30 Sep 2019
 The figures have not been audited

Attachments

[3rd Qtr 30 September 2019 Results.pdf](#)
 1.4 MB

Default Currency	Other Currency
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Currency: **Malaysian Ringgit (MYR)**

SUMMARY OF KEY FINANCIAL INFORMATION 30 Sep 2019

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
	30 Sep 2019	30 Sep 2018	30 Sep 2019	30 Sep 2018
	\$\$'000	\$\$'000	\$\$'000	\$\$'000
1 Revenue	141,717	148,504	398,925	415,725
2 Profit/(loss) before tax	31,646	40,264	76,370	100,738
3 Profit/(loss) for the period	24,582	34,489	59,658	79,547
4 Profit/(loss) attributable to ordinary equity holders of the parent	21,252	30,891	52,927	71,410
5 Basic earnings/(loss) per share (Subunit)	4.83	7.02	12.03	16.23
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 (\$\$)	2.3798		2.4207	

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	22 Nov 2019
Category	Financial Results
Reference Number	FRA-31102019-00004