

# SHANGRI-LA GROUP

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## **Shangri-La Asia Limited**

(Incorporated in Bermuda with limited liability)

website: [www.ir.shangri-la.com](http://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, 28 August 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 SECOND QUARTER AND HALF YEAR ENDED 30 JUNE 2019**

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

**UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT**

	3 months ended		6 months ended	
	30.6.2019 RM'000	30.6.2018 RM'000	30.6.2019 RM'000	30.6.2018 RM'000
<b>Revenue</b>	<b>119,850</b>	<b>115,737</b>	<b>257,208</b>	<b>267,221</b>
Operating profit	12,666	21,048	41,991	59,682
Interest expense	(1,476)	(1,163)	(2,905)	(2,182)
Interest income	2,376	1,958	4,575	3,342
Share of results of associated companies	237	(654)	1,063	(368)
<b>Profit before tax</b>	<b>13,803</b>	<b>21,189</b>	<b>44,724</b>	<b>60,474</b>
Tax expense	(3,094)	(4,648)	(9,648)	(15,416)
<b>Profit for the period</b>	<b>10,709</b>	<b>16,541</b>	<b>35,076</b>	<b>45,058</b>
<u>Attributable to:</u>				
Shareholders of the Company	9,560	14,974	31,675	40,519
Non-controlling interests	1,149	1,567	3,401	4,539
	<b>10,709</b>	<b>16,541</b>	<b>35,076</b>	<b>45,058</b>
Basic Earnings per Ordinary Share (sen)	2.17	3.40	7.20	9.21
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

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**ANNOUNCEMENT OF UNAUDITED CONSOLIDATED RESULTS**  
**FOR THE SECOND QUARTER AND HALF YEAR ENDED 30 JUNE 2019**

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

	3 months ended		6 months ended	
	30.6.2019	30.6.2018	30.6.2019	30.6.2018
	RM'000	RM'000	RM'000	RM'000
Profit for the period	10,709	16,541	35,076	45,058
<b><u>Other comprehensive income/(expense)</u></b>				
<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	439	(866)	(103)	40
<b>Total comprehensive income for the period</b>	<b>11,148</b>	<b>15,675</b>	<b>34,973</b>	<b>45,098</b>
<i>Attributable to:</i>				
<b>Shareholders of the Company</b>	9,999	14,108	31,572	40,559
Non-controlling interests	1,149	1,567	3,401	4,539
	<b>11,148</b>	<b>15,675</b>	<b>34,973</b>	<b>45,098</b>

*(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 SECOND QUARTER AND HALF YEAR ENDED 30 JUNE 2019**

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	As at 30.6.2019 RM'000	As at 31.12.2018 RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	675,002	704,991
Right-of-use assets	17,610	-
Investment properties	288,340	288,340
Interest in associates	205,484	210,039
Property development expenditure	12,286	12,286
Deferred tax assets	10,637	9,440
	<u>1,209,359</u>	<u>1,225,096</u>
<b>Current assets</b>		
Inventories	3,470	4,261
Trade and other receivables, prepayments and deposits	40,709	38,040
Tax recoverable	10,390	8,112
Short-term fund placements	243,461	205,245
Cash and bank balances	21,309	28,467
	<u>319,339</u>	<u>284,125</u>
<b>Total assets</b>	<u>1,528,698</u>	<u>1,509,221</u>
<b>EQUITY</b>		
<b>Capital and reserves</b>		
Share capital	544,501	544,501
Reserves	493,846	520,585
<b>Total equity attributable to shareholders of the Company</b>	<u>1,038,347</u>	<u>1,065,086</u>
Non-controlling interests	135,507	132,105
<b>Total equity</b>	<u>1,173,854</u>	<u>1,197,191</u>
<b>LIABILITIES</b>		
<b>Non-current liabilities</b>		
Retirement benefits	25,312	24,572
Lease liabilities	663	-
Deferred tax liabilities	22,714	22,007
	<u>48,689</u>	<u>46,579</u>
<b>Current liabilities</b>		
Trade and other payables and accruals	72,892	88,721
Contract liabilities	19,069	17,756
Lease liabilities	673	-
Short-term borrowings	160,349	157,523
Current tax liabilities	372	1,451
Dividend payable	52,800	-
	<u>306,155</u>	<u>265,451</u>
<b>Total liabilities</b>	<u>354,844</u>	<u>312,030</u>
<b>Total equity and liabilities</b>	<u>1,528,698</u>	<u>1,509,221</u>
Net Assets per Ordinary Share (RM)	2.36	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 SECOND QUARTER AND HALF YEAR ENDED 30 JUNE 2019**

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
For the 6 months ended 30 June 2019

<i>All figures in RM'000</i>	<u>Attributable to Shareholders of the Company</u>			<b>Total equity attributable to shareholders of the Company</b>		
	Share capital	Exchange Translation Reserve	Retained earnings	Non-controlling interests	Total equity	
	← Non-distributable →		← Distributable →			
<b>As previously reported at 1 January 2018</b>	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)	-	-	-
<b>Balance at 1 January 2018 as restated</b>	544,501	38,004	478,750	1,061,255	123,690	1,184,945
Net profit for the period	-	-	40,519	40,519	4,539	45,058
Foreign currency translation differences	-	40	-	40	-	40
Total comprehensive income for the period	-	40	40,519	40,559	4,539	45,098
Dividends						
- Final dividend for the financial year ended 31.12.2017 paid on 2.7.2018	-	-	(52,800)	(52,800)	-	(52,800)
<b>Balance at 30 June 2018 as restated</b>	544,501	38,044	466,469	1,049,014	128,229	1,177,243
<b>As previously reported at 1 January 2019</b>	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)
<b>Balance at 1 January 2019 as restated</b>	544,501	37,281	477,793	1,059,575	132,106	1,191,681
Net profit for the period	-	-	31,675	31,675	3,401	35,076
Foreign currency translation differences	-	(103)	-	(103)	-	(103)
Total comprehensive income/(expense) for the period	-	(103)	31,675	31,572	3,401	34,973
Dividends						
- Final dividend for the financial year ended 31.12.2018 payable on 15.7.2019	-	-	(52,800)	(52,800)	-	(52,800)
<b>Balance at 30 June 2019</b>	544,501	37,178	456,668	1,038,347	135,507	1,173,854

*(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 SECOND QUARTER AND HALF YEAR ENDED 30 JUNE 2019**

**UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT**  
**For the 6 months ended 30 June 2019**

	<b>30.6.2019</b>	<b>30.6.2018</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Profit before tax</b>	44,724	60,474
<b>Adjustments for non-cash flow:-</b>		
Non-cash items	32,215	33,573
Non-operating items	(1,670)	(1,160)
<b>Operating profit before changes in working capital</b>	<b>75,269</b>	<b>92,887</b>
<b>Changes in working capital</b>		
Net change in current assets	(1,878)	4,095
Net change in current liabilities	(14,016)	(19,128)
<b>Cash generated from operations</b>	<b>59,375</b>	<b>77,854</b>
Lease interest paid	(40)	-
Income taxes paid	(13,490)	(11,800)
Retirement benefits paid	(526)	(152)
<b>Net cash inflow from operating activities</b>	<b>45,319</b>	<b>65,902</b>
<b>Investing activities</b>		
Interest income received	4,575	3,342
Purchase of property, plant and equipment	(17,942)	(14,015)
Short-term bank deposits with original maturities over 3 months	-	44,840
<b>Net cash (outflow)/inflow from investing activities</b>	<b>(13,367)</b>	<b>34,167</b>
<b>Financing activities</b>		
Dividend paid to non-controlling shareholder of a subsidiary	(500)	-
Drawdown of borrowings	2,843	2,206
Repayment of leases	(372)	-
Interest expense paid	(2,865)	(2,182)
<b>Net cash (outflow)/inflow from financing activities</b>	<b>(894)</b>	<b>24</b>
<b>Net increase in cash &amp; cash equivalents</b>	<b>31,058</b>	<b>100,093</b>
Cash & cash equivalents at beginning of the year	233,712	130,715
<b>Cash &amp; cash equivalents at end of financial period</b>	<b>264,770</b>	<b>230,808</b>

*(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 SECOND QUARTER AND HALF YEAR ENDED 30 JUNE 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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**ANNOUNCEMENT OF UNAUDITED CONSOLIDATED RESULTS  
FOR THE SECOND QUARTER AND HALF YEAR ENDED 30 JUNE 2019**

**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	
<b>Assets</b>				
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
<b>Total assets</b>	<b>1,509,221</b>	<b>-</b>	<b>(3,811)</b>	<b>1,505,410</b>
<b>Total equity attributable to shareholders of the Company</b>				
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
<b>Total Equity</b>	<b>1,197,191</b>	<b>-</b>	<b>(5,510)</b>	<b>1,191,681</b>
<b>Liabilities</b>				
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
<b>Total liabilities</b>	<b>312,030</b>	<b>-</b>	<b>1,699</b>	<b>313,729</b>
<b>Total equity and liabilities</b>	<b>1,509,221</b>	<b>-</b>	<b>(3,811)</b>	<b>1,505,410</b>
<b>Net assets per share (RM)</b>	<b>2.42</b>	<b>-</b>	<b>(0.01)</b>	<b>2.41</b>

**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	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



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**ANNOUNCEMENT OF UNAUDITED CONSOLIDATED RESULTS**  
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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.

<b>For the period ended 30 June 2019</b> <i>(All figures in RM'000)</i>	Hotels & Resorts	Investment Properties	Others	Total
<b><u>Major Goods/Service Lines</u></b>				
Revenue from rooms	137,218	-	-	137,218
Food and beverage sales	93,495	-	-	93,495
Rendering of ancillary services	9,810	-	-	9,810
Golf operations	1,931	-	-	1,931
Property rentals	-	13,019	-	13,019
Laundry services	-	-	1,735	1,735
<b>Total revenue</b>	<b>242,454</b>	<b>13,019</b>	<b>1,735</b>	<b>257,208</b>

<b>For the period ended 30 June 2018</b> <i>(All figures in RM'000)</i>	Hotels & Resorts	Investment Properties	Others	Total
<b><u>Major Goods/Service Lines</u></b>				
Revenue from rooms	146,681	-	-	146,681
Food and beverage sales	94,710	-	-	94,710
Rendering of ancillary services	9,861	-	-	9,861
Golf operations	1,824	-	-	1,824
Property rentals	-	12,331	-	12,331
Laundry services	-	-	1,814	1,814
<b>Total revenue</b>	<b>253,076</b>	<b>12,331</b>	<b>1,814</b>	<b>267,221</b>

**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 June 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 June 2019.

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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 second quarter and financial period ended 30 June 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 June 2019.

**A7 Dividends Paid**

There was no dividend paid during the financial period ended 30 June 2019.

**A8 Segmental Reporting**

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

<b>For the period ended 30 June 2019</b> <i>(All figures in RM'000)</i>	Hotels & Resorts	Investment Properties	Others	Inter-segment Elimination	Consolidated Total
<b>Segment Revenue</b>					
Revenue from external customers	242,454	13,019	1,735	-	257,208
Inter-segment revenue	-	1,136	1,238	(2,374)	-
<b>Total revenue</b>	<b>242,454</b>	<b>14,155</b>	<b>2,973</b>	<b>(2,374)</b>	<b>257,208</b>
<b>Segment Results</b>					
Operating profit	35,645	8,464	(19)	(2,099)	41,991
Interest expense	(2,396)	(112)	(2,880)	2,483	(2,905)
Interest income	5,964	263	73	(1,725)	4,575
Share of results of associated companies	(2,076)	3,139	-	-	1,063
<b>Profit before tax</b>	<b>37,137</b>	<b>11,754</b>	<b>(2,826)</b>	<b>(1,341)</b>	<b>44,724</b>

<b>As at 30 June 2019</b> <i>(All figures in RM'000)</i>	Hotels & Resorts	Investment Properties	Others	Inter-segment Elimination	Consolidated Total
Segment assets	1,072,736	352,981	15,023	(117,526)	1,323,214
Interest in associates	2,112	203,372	-	-	205,484
<b>Total assets</b>	<b>1,074,848</b>	<b>556,353</b>	<b>15,023</b>	<b>(117,526)</b>	<b>1,528,698</b>

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

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**ANNOUNCEMENT OF UNAUDITED CONSOLIDATED RESULTS**  
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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 June 2019 are as follows:-

	RM'000
Authorised and contracted for	6,756
Authorised but not contracted for	32,577
	39,333

**A13 Related Party Transactions**

6 months ended 30.6.2019  
RM'000

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**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	8,961
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**SHANGRI-LA HOTELS (MALAYSIA) BERHAD**  
**(10889-U)**  
**(Incorporated in Malaysia)**

**ANNOUNCEMENT OF UNAUDITED CONSOLIDATED RESULTS**  
**FOR THE SECOND QUARTER AND HALF YEAR ENDED 30 JUNE 2019**

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

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**B1 Review of Group Results 1st Half 2019 vs 1st Half 2018**

In the six months to 30 June 2019, Group revenue fell by 4% to RM257.208 million from RM267.221 million for the same period in 2018. Group net profit attributable to shareholders for the first six months reduced by 22% to RM31.675 million, as compared with RM40.519 million reported in the previous year.

The Group's financial performance for the half year 2019 reflects the lower operating results from across its hotel businesses due to reductions in occupancy levels and room rates.

In response to weaker business levels in rooms and food and beverage operations, revenue from Shangri-La Hotel Kuala Lumpur dropped by 6% from the first half 2018 to RM85.344 million, with pre-tax profit declining by 35% to RM13.564 million. Occupancy for the hotel was 65%, compared to 66% in the prior year period.

At Rasa Ria Resort, revenue for the first six months of 2019 showed a small decrease of 1% to RM68.101 million, with lower room revenues being largely offset by higher revenues from food and beverage. Pre-tax profit of the resort was RM18.390 million, 11% less than the first half 2018. The resort's occupancy was 69%, as against 71% in 2018.

On the back of lacklustre leisure demand, occupancy for Rasa Sayang Resort dipped to 71% from 74% for the six-month period in 2018, with revenue falling by 2% to RM41.630 million. The resort made a pre-tax profit of RM6.946 million, 25% below that of the first six months last year.

The performance of Golden Sands Resort was also affected by subdued leisure demand, with occupancy declining to 69% from 76% in the first half 2018. The resort's revenue of RM25.547 million was 8% lower than the first six months of 2018, while its pre-tax profit fell from RM6.182 million in the previous year to RM3.558 million.

For Hotel Jen Penang, a slowdown in business from the corporate sector reduced occupancy to 71% from 77% in the first half 2018, with overall revenue down by 9% to RM19.083 million. The hotel recorded a pre-tax loss of RM0.325 million, compared to a profit of RM2.493 million in the first half 2018.

The Group's investment properties in Kuala Lumpur achieved an increased combined rental revenue of RM14.155 million, and their pre-tax profit was up by 4% from the first half 2018 to RM8.615 million.

For the first six months ended 30 June 2019, the Group's share of profits from associates in Myanmar was RM1.063 million, compared to its share of losses of RM0.368 million in the same period last year. The improved result was mostly driven by a stronger operating performance by Sule Square, the commercial complex in Yangon held by Traders Square Company Ltd, the Group's 23.6% associated company.

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ANNOUNCEMENT OF UNAUDITED CONSOLIDATED RESULTS  
FOR THE SECOND QUARTER AND HALF YEAR ENDED 30 JUNE 2019

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

**B2 Comparison of Group Results 2nd Quarter 2019 vs 1st Quarter 2019**

Group revenue for the second quarter ended 30 June 2019 was RM119.850 million, down 13% from RM137.358 million in the first quarter ended 31 March 2019. The Group's net profit for the period fell in tandem to RM9.560 million from RM22.115 million in the first quarter 2019.

The lower financial results in the second quarter were attributable to a decline in revenue and profit contributions from the Group's hotel operations in softer market conditions.

During the period, Rasa Sayang Resort saw occupancy decrease to 62% from 80% in the first quarter 2019, reflecting a marked drop in leisure arrivals from its key markets, which contributed to a fall of 25% in revenue to RM17.852 million. In addition, occupancy at Golden Sands Resort slipped to 67% from 72%, with overall revenue reducing by 14% over the first quarter 2019. At Rasa Ria Resort, revenue declined by 11% from the 2019 first quarter on account of a weaker occupancy level of 66%, versus 72%.

Equally, revenue from Shangri-La Hotel Kuala Lumpur was down by 10% on the first quarter 2019, due to lower rooms and food and beverage business. Elsewhere, Hotel Jen Penang posted a revenue decline of 8% against the first quarter 2019 in line with a drop in occupancy from 73% to 69%.

For the three-month period to 30 June 2019, the Group's investment properties in Kuala Lumpur reported a slightly lower combined rental revenue of RM7.056 million, when compared to the first quarter 2019.

**B3 Prospects for 2019**

The overall operating environment for the Group's hotel businesses continues to be challenging amidst the ongoing uncertain economic climate, with sluggish demand trends in both the corporate and leisure travel markets, weighing on occupancy levels. Nonetheless, the Group's hotels and resorts are well positioned to take advantage of any improvements in the market.

The performances of the Group's investment properties in Kuala Lumpur are expected to remain generally stable. UBN Tower and UBN Apartments should see occupancy rates hold relatively steady through the second half of 2019.

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**ANNOUNCEMENT OF UNAUDITED CONSOLIDATED RESULTS**  
**FOR THE SECOND QUARTER AND HALF YEAR ENDED 30 JUNE 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		6 months ended	
	30.6.2019 RM'000	30.6.2018 RM'000	30.6.2019 RM'000	30.6.2018 RM'000
Current taxation				
- Company and subsidiaries	3,563	4,543	10,128	14,944
Deferred taxation	(431)	100	(485)	467
(Over)/under provision in respect of prior years				
- Company and subsidiaries	(38)	5	5	5
	3,094	4,648	9,648	15,416

The Group's effective tax rate for the half year ended 30 June 2019 was 22%. This rate was lower than the statutory tax rate of 24%, mainly because of the availability of the Investment Tax Allowance incentives for two subsidiary hotels within the Group for their renovation projects.

**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 June 2019 were RM160.349 million, compared with RM151.059 million at 30 June 2018.

<i>(All figures in RM'000)</i>	As at 30 June 2019	As at 30 June 2018
<b>Secured</b>		
Short Term	-	-
Long Term	-	-
<b>Unsecured</b>		
Short Term	160,349 *	151,059 **
Long Term	-	-
<b>Total</b>	<b>160,349</b>	<b>151,059</b>

\* Amounts drawdown as at 30 June 2019 comprised HKD42.8 million and USD15.810 million from two offshore banks in Labuan, and USD17.5 million from a local bank.

\*\* Amounts drawdown as at 30 June 2018 comprised HKD42.8 million and USD14.460 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 June 2019.

**SHANGRI-LA HOTELS (MALAYSIA) BERHAD**  
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**ANNOUNCEMENT OF UNAUDITED CONSOLIDATED RESULTS**  
**FOR THE SECOND QUARTER AND HALF YEAR ENDED 30 JUNE 2019**

**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 June 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 June 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**

The Board has declared an interim single tier dividend of 3 sen or 3% per ordinary share in respect of the financial year ending 31 December 2019 (2018 interim single tier dividend : 3 sen or 3% per ordinary share). The interim dividend is payable on Thursday, 21 November 2019.

NOTICE IS HEREBY GIVEN that the interim dividend will be paid to shareholders whose names appear in the Record of Depositors on Friday, 1 November 2019.

A Depositor shall qualify for entitlement to the dividend only in respect of:-

- (i) Shares transferred into the Depositor's securities account before 4.00 p.m. on Friday, 1 November 2019 in respect of transfers.
- (ii) Shares bought on the Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of the Bursa Malaysia Securities Berhad.

**B11 Earnings per Share**

The basic earnings per ordinary share for the six (6) months ended 30 June 2019 have been calculated as follows:-

	3 months ended		6 months ended	
	30.6.2019	30.6.2018	30.6.2019	30.6.2018
Profit attributable to shareholders of the Company (RM'000)	9,560	14,974	31,675	40,519
No. of ordinary shares in issue ('000)	440,000	440,000	440,000	440,000
Basic Earnings Per Share (sen)	2.17	3.40	7.20	9.21

**Diluted Earnings per Share**

Not applicable.

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**ANNOUNCEMENT OF UNAUDITED CONSOLIDATED RESULTS**  
**FOR THE SECOND QUARTER AND HALF YEAR ENDED 30 JUNE 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		6 months ended	
	30.6.2019 RM'000	30.6.2018 RM'000	30.6.2019 RM'000	30.6.2018 RM'000
<b>Net profit for the period is arrived at after charging:-</b>				
Interest expense	(1,476)	(1,163)	(2,905)	(2,182)
Depreciation	(15,832)	(15,821)	(31,687)	(31,658)
Foreign exchange loss	-	(6,503)	-	(589)
Allowance for doubtful debts - trade receivables	-	(126)	-	(112)
<b>and after crediting:-</b>				
Interest income	2,376	1,958	4,575	3,342
Foreign exchange gain	-	10,286	-	409
Write back of allowance for doubtful debts - trade receivables	30	-	26	-

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 June 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**  
**28 August 2019**



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

## SHANGRI-LA HOTELS (MALAYSIA) BERHAD

Financial Year End 31 Dec 2019  
 Quarter 2 Qtr  
 Quarterly report for the financial period ended 30 Jun 2019  
 The figures have not been audited

### Attachments

[2nd Qtr 30 June 2019 Results.pdf](#)  
 532.1 kB

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

### SUMMARY OF KEY FINANCIAL INFORMATION 30 Jun 2019

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
	30 Jun 2019	30 Jun 2018	30 Jun 2019	30 Jun 2018
	\$\$'000	\$\$'000	\$\$'000	\$\$'000
1 Revenue	119,850	115,737	257,208	267,221
2 Profit/(loss) before tax	13,803	21,189	44,724	60,474
3 Profit/(loss) for the period	10,709	16,541	35,076	45,058
4 Profit/(loss) attributable to ordinary equity holders of the parent	9,560	14,974	31,675	40,519
5 Basic earnings/(loss) per share (Subunit)	2.17	3.40	7.20	9.21
6 Proposed/Declared dividend per share (Subunit)	3.00	3.00	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 (\$\$)	2.3599		2.4207	

**Remarks :**

The Board has declared an interim single tier dividend of 3 sen or 3% per ordinary share in respect of the financial year ending 31 December 2019 (2018 interim single tier dividend : 3 sen or 3% per ordinary share). The interim dividend is payable on Thursday, 21 November 2019.

The interim dividend will amount to RM13.200 million and will be reflected in the financial statements for the quarter ending 30 September 2019.

**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

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**Announcement Info**

<b>Company Name</b>	SHANGRI-LA HOTELS (MALAYSIA) BERHAD
<b>Stock Name</b>	SHANG
<b>Date Announced</b>	28 Aug 2019
<b>Category</b>	Financial Results
<b>Reference Number</b>	FRA-28082019-00052

## Interim Dividend

### SHANGRI-LA HOTELS (MALAYSIA) BERHAD

<b>EX-date</b>	31 Oct 2019
<b>Entitlement date</b>	01 Nov 2019
<b>Entitlement time</b>	05:00 PM
<b>Entitlement subject</b>	Interim Dividend
<b>Entitlement description</b>	Interim single tier dividend of 3 sen per ordinary share
<b>Period of interest payment</b>	to
<b>Financial Year End</b>	31 Dec 2019
<b>Share transfer book &amp; register of members will be</b>	to closed from (both dates inclusive) for the purpose of determining the entitlement
<b>Registrar or Service Provider name, address, telephone no</b>	PPB CORPORATE SERVICES SDN BHD 12th Floor, UBN Tower 10 Jalan P. Ramlee 50250 Kuala Lumpur Tel: 03-2726 0088 Fax: 03-2726 0099
<b>Payment date</b>	21 Nov 2019
<b>a. Securities transferred into the Depositor's Securities Account before 4:30 pm in respect of transfers</b>	01 Nov 2019
<b>b. Securities deposited into the Depositor's Securities Account before 12:30 pm in respect of securities exempted from mandatory deposit</b>	
<b>c. Securities bought on the Exchange on a cum entitlement basis according to the Rules of the Exchange.</b>	
<b>Number of new shares/securities issued (units) (If applicable)</b>	
<b>Entitlement indicator</b>	Currency
<b>Currency</b>	Malaysian Ringgit (MYR)
<b>Entitlement in Currency</b>	0.03
<b>Par Value (if applicable)</b>	

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#### Announcement Info

<b>Company Name</b>	SHANGRI-LA HOTELS (MALAYSIA) BERHAD
<b>Stock Name</b>	SHANG
<b>Date Announced</b>	28 Aug 2019
<b>Category</b>	Entitlement(Notice of Book Closure)
<b>Reference Number</b>	ENT-20082019-00012