

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, 28 February 2020

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

Mr ZHUANG Chenchao

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

ANNOUNCEMENT OF UNAUDITED CONSOLIDATED RESULTS
FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2019

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

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT

	3 months ended		12 months ended	
	31.12.2019	31.12.2018	31.12.2019	31.12.2018
	RM'000	RM'000	RM'000	RM'000
Revenue	125,094	135,123	524,019	550,848
Operating profit before exceptional item	11,025	18,698	83,915	118,615
Exceptional item	(695)	(1,439)	(695)	(1,439)
Operating profit	10,330	17,259	83,220	117,176
Interest expense	(1,300)	(1,415)	(5,662)	(4,907)
Interest income	2,096	2,166	8,954	7,352
Share of results of associated companies	3,972	(10,800)	4,956	(11,673)
Profit before tax	15,098	7,210	91,468	107,948
Tax expense	(3,396)	(7,288)	(20,108)	(28,479)
Profit/(Loss) for the period/year	11,702	(78)	71,360	79,469
<u>Attributable to:</u>				
Shareholders of the Company	10,398	(856)	63,325	70,554
Non-controlling interests	1,304	778	8,035	8,915
	11,702	(78)	71,360	79,469
Basic Earnings per Ordinary Share (sen)	2.36	(0.19)	14.39	16.04
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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(Incorporated in Malaysia)

ANNOUNCEMENT OF UNAUDITED CONSOLIDATED RESULTS
FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2019

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	3 months ended		12 months ended	
	31.12.2019	31.12.2018	31.12.2019	31.12.2018
	RM'000	RM'000	RM'000	RM'000
Profit/(Loss) for the period/year	11,702	(78)	71,360	79,469
<u>Other comprehensive income/(expense)</u>				
<i>Item that may be reclassified subsequently to profit or loss:</i>				
Exchange differences arising from translation of foreign operations and foreign currency loans forming part of net investment in foreign operations	(1,239)	(253)	(619)	(723)
<i>Item that will not be reclassified subsequently to profit or loss:</i>				
Re-measurement (losses)/gains on defined benefit retirement obligations, net of tax	(342)	-	(342)	-
Total comprehensive income/(expense) for the period/year	10,121	(331)	70,399	78,746
<i>Attributable to:</i>				
Shareholders of the Company	8,854	(1,109)	62,401	69,831
Non-controlling interests	1,267	778	7,998	8,915
	10,121	(331)	70,399	78,746

(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 FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2019

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at 31.12.2019 RM'000	As at 31.12.2018 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	656,252	704,991
Right-of-use assets	17,461	-
Investment properties	288,530	288,340
Interest in associates	206,603	210,039
Property development expenditure	12,286	12,286
Deferred tax assets	11,359	9,440
	<u>1,192,491</u>	<u>1,225,096</u>
Current assets		
Inventories	3,733	4,261
Trade and other receivables, prepayments and deposits	37,485	38,040
Tax recoverable	2,862	8,112
Short-term fund placements	254,968	205,245
Cash and bank balances	21,105	28,467
	<u>320,153</u>	<u>284,125</u>
Total assets	<u>1,512,644</u>	<u>1,509,221</u>
EQUITY		
Capital and reserves		
Share capital	544,501	544,501
Reserves	511,475	520,585
Total equity attributable to shareholders of the Company	<u>1,055,976</u>	<u>1,065,086</u>
Non-controlling interests	139,604	132,105
Total equity	<u>1,195,580</u>	<u>1,197,191</u>
LIABILITIES		
Non-current liabilities		
Retirement benefits	27,141	24,572
Lease liabilities	441	-
Deferred tax liabilities	20,665	22,007
	<u>48,247</u>	<u>46,579</u>
Current liabilities		
Trade and other payables and accruals	86,983	88,721
Contract liabilities	18,996	17,756
Lease liabilities	836	-
Short-term borrowings	161,413	157,523
Current tax liabilities	589	1,451
	<u>268,817</u>	<u>265,451</u>
Total liabilities	<u>317,064</u>	<u>312,030</u>
Total equity and liabilities	<u>1,512,644</u>	<u>1,509,221</u>
Net Assets per Ordinary Share (RM)	2.40	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 FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2019**

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 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 year	-	-	70,554	70,554	8,915	79,469
Foreign currency translation differences	-	(723)	-	(723)	-	(723)
Total comprehensive income/(expense) for the year	-	(723)	70,554	69,831	8,915	78,746
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)
Dividend paid to non-controlling interests of a subsidiary	-	-	-	-	(500)	(500)
Balance at 31 December 2018 as restated	544,501	37,281	483,304	1,065,086	132,105	1,197,191
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 year	-	-	63,325	63,325	8,035	71,360
Remeasurement of defined benefit retirement obligations	-	-	(305)	(305)	(37)	(342)
Foreign currency translation differences	-	(619)	-	(619)	-	(619)
Total comprehensive income/(expense) for the year	-	(619)	63,020	62,401	7,998	70,399
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 ended 31.12.2019 paid on 21.11.2019	-	-	(13,200)	(13,200)	-	(13,200)
Dividend payable to non-controlling interests of a subsidiary	-	-	-	-	(500)	(500)
Balance at 31 December 2019	544,501	36,662	474,813	1,055,976	139,604	1,195,580

(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)

SHANGRI-LA HOTELS (MALAYSIA) BERHAD
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ANNOUNCEMENT OF UNAUDITED CONSOLIDATED RESULTS
FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2019

UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT
For the year ended 31 December 2019

	31.12.2019	31.12.2018
	RM'000	RM'000
Profit before tax	91,468	107,948
Adjustments for non-cash flow:-		
Non-cash items	63,364	77,389
Non-operating items	(3,292)	(2,445)
Operating profit before changes in working capital	151,540	182,892
Changes in working capital		
Net change in current assets	1,162	(1,895)
Net change in current liabilities	(498)	(83)
Cash generated from operations	152,204	180,914
Income taxes paid	(18,898)	(29,021)
Retirement benefits paid	(1,398)	(1,091)
Net cash inflow from operating activities	131,908	150,802
Investing activities		
Interest income received	8,954	7,352
Purchase of property, plant and equipment	(30,801)	(34,032)
Short-term bank deposits with original maturities over 3 months	-	44,840
Net cash (outflow)/inflow from investing activities	(21,847)	18,160
Financing activities		
Dividends paid to shareholders of the Company	(66,000)	(66,000)
Dividend paid to a non-controlling shareholder of a subsidiary	(500)	-
Drawdown of borrowings	5,469	4,942
Interest element of lease rentals paid	(88)	-
Repayment of lease liabilities	(1,007)	-
Interest expense paid	(5,574)	(4,907)
Net cash outflow from financing activities	(67,700)	(65,965)
Net increase in cash & cash equivalents	42,361	102,997
Cash & cash equivalents at beginning of the year	233,712	130,715
Cash & cash equivalents at end of financial year	276,073	233,712

(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 FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 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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(10889-U)
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ANNOUNCEMENT OF UNAUDITED CONSOLIDATED RESULTS
FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 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	
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	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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(10889-U)
(Incorporated in Malaysia)

ANNOUNCEMENT OF UNAUDITED CONSOLIDATED RESULTS
FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2019

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 year ended 31 December 2019 <i>(All figures in RM'000)</i>	Hotels & Resorts	Investment Properties	Others	Total
Major Goods/Service Lines				
Revenue from rooms	280,826	-	-	280,826
Food and beverage sales	190,038	-	-	190,038
Rendering of ancillary services	19,399	-	-	19,399
Golf operations	3,759	-	-	3,759
Property rentals	-	26,339	-	26,339
Laundry services	-	-	3,658	3,658
Total revenue	494,022	26,339	3,658	524,019

For the year ended 31 December 2018 <i>(All figures in RM'000)</i>	Hotels & Resorts	Investment Properties	Others	Total
Major Goods/Service Lines				
Revenue from rooms	302,414	-	-	302,414
Food and beverage sales	195,330	-	-	195,330
Rendering of ancillary services	20,533	-	-	20,533
Golf operations	3,497	-	-	3,497
Property rentals	-	25,089	-	25,089
Laundry services	-	-	3,985	3,985
Total revenue	521,774	25,089	3,985	550,848

A3 Seasonal or Cyclical Factors

The business operations of the Group have not been materially affected by seasonal or cyclical factors during the financial year ended 31 December 2019.

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

Exceptional Item

The exceptional item of RM0.695 million in the Group Income Statement for the year ended 31 December 2019 is in respect of a provision for impairment loss taken against the Group's investment in an associated company in Myanmar.

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

ANNOUNCEMENT OF UNAUDITED CONSOLIDATED RESULTS
FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2019

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 fourth quarter and financial year ended 31 December 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 year ended 31 December 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. An interim single tier dividend of 3% or 3 sen per share amounting to RM13.200 million for the year ended 31 December 2019 was paid on 21 November 2019.

A8 Segmental Reporting

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

For the year ended 31 December 2019 <i>(All figures in RM'000)</i>	Hotels & Resorts	Investment Properties	Others	Inter-segment Elimination	Consolidated Total
Segment Revenue					
Revenue from external customers	494,022	26,339	3,658	-	524,019
Inter-segment revenue	37,950	2,339	2,553	(42,842)	-
Total revenue	531,972	28,678	6,211	(42,842)	524,019
Segment Results					
Operating profit	68,717	17,280	(429)	(2,348)	83,220
Interest expense	(5,101)	(225)	(5,625)	5,289	(5,662)
Interest income	12,056	504	147	(3,753)	8,954
Share of results of associated companies	(4,030)	8,986	-	-	4,956
Profit before tax	71,642	26,545	(5,907)	(812)	91,468

As at 31 December 2019 <i>(All figures in RM'000)</i>	Hotels & Resorts	Investment Properties	Others	Inter-segment Elimination	Consolidated Total
Segment assets	1,084,246	354,080	15,217	(147,502)	1,306,041
Interest in associates	170	206,433	-	-	206,603
Total assets	1,084,416	560,513	15,217	(147,502)	1,512,644

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 31 December 2019 and the date of this report that would materially affect the results of the Group for the financial year ended 31 December 2019.

A10 Changes in the Composition of the Group

There were no changes in the composition of the Group during the financial year ended 31 December 2019.

SHANGRI-LA HOTELS (MALAYSIA) BERHAD
(10889-U)
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ANNOUNCEMENT OF UNAUDITED CONSOLIDATED RESULTS
FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2019

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 31 December 2019 are as follows:-

	RM'000
Authorised and contracted for	6,435
Authorised but not contracted for	93,565
	100,000

A13 Related Party Transactions

12 months ended 31.12.2019

RM'000

Transactions with subsidiaries of the ultimate holding company

Management, marketing and reservation fees to Shangri-La International Hotel Management Ltd, Shangri-La International Hotel Management Pte Ltd and Shangri-La Hotel Management (MY) Pte Ltd, wholly-owned subsidiaries of Shangri-La Asia Limited

18,350

Transactions with a major shareholder of the Company

Office rental income from Kuok Brothers Sdn Berhad, PPB Group Berhad and Chemquest Sdn Bhd

1,943

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ANNOUNCEMENT OF UNAUDITED CONSOLIDATED RESULTS
FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2019

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

B1 Review of Group Results Full Year 2019 vs Full Year 2018

For the year to 31 December 2019, Group revenue fell by 5% to RM524.019 million from RM550.848 million reported in 2018, due to lower revenue contributions across the Group's hotel businesses, reflecting the impact of a weaker business environment.

Group net profit attributable to shareholders for the full year 2019 was RM63.325 million, 10% below the prior year's profit of RM70.554 million in 2018.

The Group's net profit for 2019 included a net non-operating gain of RM1.470 million, versus a net charge for non-operating items of RM17.822 million in the previous year. Non-operating items in 2019 consisted of:-

- (i) a net gain of RM1.299 million which relates to the Group's share of fair value gains of RM1.994 million arising from the year-end revaluation of the investment properties held through associates in Myanmar, partly offset by a charge of RM0.695 million for impairment loss in an associated company, which is shown on the face of the income statement as an exceptional item.
- (ii) a RM0.171 million net fair value gain on revaluation of the Group's investment properties in Kuala Lumpur.

During 2019, Shangri-La Hotel Kuala Lumpur recorded an 8% drop in overall revenue to RM171.363 million, largely driven by a weaker average daily rate coupled with lower food and beverage business. As a result, the hotel's pre-tax-profit for 2019 decreased to RM25.865 million from RM40.422 million in 2018. Occupancy of the hotel was 67%, the same level as in 2018.

Revenue for Rasa Ria Resort fell by 4% in the year to RM137.261 million as higher food and beverage revenue was offset by a reduction in rooms revenue. This led to a decline of 11% in pre-tax profit to RM37.370 million, compared with RM41.868 million in 2018. Occupancy at the resort dropped to 68% from 71% in 2018, reflecting a slowdown in visitor arrivals from its key markets.

In line with softer levels of leisure demand, Rasa Sayang Resort saw revenue slip by 3% to RM83.555 million, with pre-tax profit decreasing from RM17.000 million in 2018 to RM11.887 million. The resort's occupancy was 70%, compared to 74% in the prior year.

The performance of Golden Sands resort was also affected by weaker leisure business. Occupancy for the resort declined to 71% from 78% in 2018, contributing to a 9% fall in revenue over 2018 to RM54.365 million. The resort closed the year with a reduced pre-tax profit of RM7.909 million, as compared to RM14.226 million the year before.

At Hotel Jen Penang, revenue in 2019 was broadly flat at RM42.014 million, with an increase in rooms revenue being offset by lower food and beverage revenue. However, the hotel's pre-tax profit for the year was down by 45% to RM1.836 million, compared with the prior year's profit because of higher operating expenses and depreciation. Occupancy for the hotel was 77%, up from 74% in 2018.

The Group's investment properties in Kuala Lumpur achieved a 5% growth in combined rental revenue to RM28.678 million for 2019. Excluding fair value gains, their combined pre-tax profit for 2019 also improved by 5% to RM17.369 million from RM16.570 million in the prior year.

In the year ended 31 December 2019, the Group's share of results from associates in Myanmar was a profit of RM4.956 million, against a loss of RM11.673 million in 2018. The result for the year was mainly underpinned by net fair value gains from the year-end revaluation of Shangri-La Serviced Apartments and Sule Square, as compared to the net fair value losses recorded in 2018.

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

ANNOUNCEMENT OF UNAUDITED CONSOLIDATED RESULTS
FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2019

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

B2 Comparison of Group Results 4th Quarter 2019 vs 3rd Quarter 2019

The Group's revenue for the fourth quarter ended 31 December 2019 was RM125.094 million, a decrease of 12% compared with RM141.717 million in the third quarter ended 30 September 2019. Group net profit attributable to shareholders for the fourth quarter fell in tandem to RM10.398 million from RM21.252 million in the third quarter 2019.

The fourth quarter results mainly reflected the lower operating performances by the Group's resorts in Sabah and Penang as a result of reductions in occupancy rates. These were partially mitigated by a higher contribution from the Group's associates in Myanmar primarily due to the favourable impact of fair value gains recognised at the end of 2019.

During the quarter, Rasa Ria Resort witnessed a significant decline in visitor arrivals, with occupancy down to 58% from 76% in the third quarter 2019, which contributed to a 30% drop in overall revenue to RM28.464 million. Revenues at both Rasa Sayang Resort and Golden Sands Resort were also lower in comparison with the third quarter 2019 because of weaker occupancy rates. Occupancy at Rasa Sayang Resort for the fourth quarter dipped to 63% from 75% in the 2019 third quarter, while occupancy for Golden Sands Resort declined from 77% to 67%.

Elsewhere, revenue from Shangri-La Hotel Kuala Lumpur recorded a 5% reduction against the third quarter 2019, owing to a lower occupancy of 63% versus 74%. At Hotel Jen Penang, occupancy fell to 78% from 89%, with revenue down by 3% on the third quarter 2019.

For the three-month period to 31 December 2019, the combined rental revenue from the Group's investment properties in Kuala Lumpur was RM7.335 million, 2% higher than in the preceding third quarter of the year.

B3 Prospects for 2020

The outlook for the Group's hotel businesses is more difficult and challenging during 2020 in an uncertain operating environment.

Overall business conditions in the hotel industry have weakened significantly with the outbreak in China of Covid-19 from late January 2020 onwards. This has triggered a sharp fall in both leisure and corporate travel as a result of travel restrictions and growing concerns and cases globally and in particular, the Asia-Pacific region. The situation is adversely affecting occupancy across the Group's hotels and resorts.

The impact of Covid-19 will continue to weigh heavily on the business levels of the Group's hotel operations until the spread of the virus is contained and normal travel patterns resume. To mitigate the effects of declining revenues, the Group's hotel businesses have responded by implementing comprehensive cost containment plans as well as to defer non-essential capital expenditure.

As for the Group's investment properties in Kuala Lumpur, the growth prospects for UBN Tower and UBN Apartments are likely to soften through the course of 2020 amidst slower economic conditions.

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

ANNOUNCEMENT OF UNAUDITED CONSOLIDATED RESULTS
FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 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/year under review is as follows:-

	3 months ended		12 months ended	
	31.12.2019 RM'000	31.12.2018 RM'000	31.12.2019 RM'000	31.12.2018 RM'000
Current taxation				
- Company and subsidiaries	5,055	6,046	22,904	30,085
Deferred taxation	(1,455)	5,304	(2,138)	5,869
Over provision in respect of prior years				
- Company and subsidiaries	(204)	(4,062)	(658)	(7,475)
	3,396	7,288	20,108	28,479

The Group's effective tax rate for the year ended 31 December 2019 was 22%, which is lower than the statutory tax rate of 24% mainly because of the availability of the investment tax allowance (ITA) incentive at two subsidiary hotels for the renovation projects undertaken by the hotels.

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 31 December 2019 were RM161.413 million, compared with RM157.523 million at 31 December 2018.

<i>(All figures in RM'000)</i>	As at 31 December 2019	As at 31 December 2018
<u>Secured</u>		
Short Term	-	-
Long Term	-	-
<u>Unsecured</u>		
Short Term	161,413 *	157,523 **
Long Term	-	-
Total	161,413	157,523

* Amounts drawdown as at 31 December 2019 comprised HKD42.800 million and USD16.440 million from two offshore banks in Labuan, and USD17.5 million from a local bank.

** Amounts drawdown as at 31 December 2018 comprised HKD42.800 million and USD15.120 million from two offshore banks in Labuan, and USD17.5 million from a local bank.

There were no debt securities in the financial year ended 31 December 2019.

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

ANNOUNCEMENT OF UNAUDITED CONSOLIDATED RESULTS
FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 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 31 December 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 year ended 31 December 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 Directors are recommending a final single tier dividend of 12 sen per share for the financial year ended 31 December 2019 (2018: final single tier dividend of 12 sen per share) for approval by shareholders at the forthcoming Annual General Meeting of the Company to be held on Friday, 29 May 2020.

The proposed final single tier dividend of 12 sen per share, together with the interim single tier dividend of 3 sen per share paid on 21 November 2019, will give a total dividend of 15 sen per share for the financial year ended 31 December 2019 (2018: a total dividend of 15 sen per share, comprising an interim single tier of 3 sen per share and a final single tier of 12 sen per share). The proposed final single tier dividend of 12 sen per share, if approved at the Annual General Meeting will be paid on Thursday, 16 July 2020.

NOTICE IS HEREBY GIVEN that the proposed final single tier dividend of 12 sen per share for the financial year ended 31 December 2019 will be payable to shareholders whose names appear on the Record of Depositors on Thursday, 18 June 2020.

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 Thursday, 18 June 2020 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 year ended 31 December 2019 have been calculated as follows:-

	3 months ended		12 months ended	
	31.12.2019	31.12.2018	31.12.2019	31.12.2018
Profit attributable to shareholders of the Company (<i>RM'000</i>)	10,398	(856)	63,325	70,554
No. of ordinary shares in issue (<i>'000</i>)	440,000	440,000	440,000	440,000
Basic Earnings Per Share (<i>sen</i>)	2.36	(0.19)	14.39	16.04

Diluted Earnings per Share

Not applicable.

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

ANNOUNCEMENT OF UNAUDITED CONSOLIDATED RESULTS
FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 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		12 months ended	
	31.12.2019 RM'000	31.12.2018 RM'000	31.12.2019 RM'000	31.12.2018 RM'000
Net profit for the period/year is arrived at after charging:-				
Interest expense	(1,300)	(1,415)	(5,662)	(4,907)
Depreciation	(15,059)	(15,899)	(62,628)	(63,546)
<u>Exceptional item</u>				
Impairment loss on the Group's investment in an associated company in Myanmar <i>(refer to Note A4)</i>	(695)	(1,439)	(695)	(1,439)
Foreign exchange loss	(805)	(377)	(805)	(3,667)
Allowance for doubtful debts - trade receivables	(62)	-	(62)	(147)
and after crediting:-				
Interest income	2,096	2,166	8,954	7,352
Foreign exchange gain	52	175	52	5,337
Write back of allowance for doubtful debts - trade receivables	105	48	141	9

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 year ended 31 December 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 February 2020

Quarterly rpt on consolidated results for the financial period ended 31 Dec 2019

SHANGRI-LA HOTELS (MALAYSIA) BERHAD

Financial Year End	31 Dec 2019
Quarter	4 Qtr
Quarterly report for the financial period ended	31 Dec 2019
The figures	have not been audited

Attachments

[4th Qtr 31 December 2019 Results.pdf](#)
1.3 MB

Default Currency

Other Currency

Currency: Malaysian Ringgit (MYR)

SUMMARY OF KEY FINANCIAL INFORMATION 31 Dec 2019

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
	31 Dec 2019	31 Dec 2018	31 Dec 2019	31 Dec 2018
	\$\$'000	\$\$'000	\$\$'000	\$\$'000
1 Revenue	125,094	135,123	524,019	550,848
2 Profit/(loss) before tax	15,098	7,210	91,468	107,948
3 Profit/(loss) for the period	11,702	-78	71,360	79,469
4 Profit/(loss) attributable to ordinary equity holders of the parent	10,398	-856	63,325	70,554
5 Basic earnings/(loss) per share (Subunit)	2.36	-0.19	14.39	16.04
6 Proposed/Declared dividend per share (Subunit)	12.00	12.00	15.00	15.00
	AS AT END OF CURRENT QUARTER		AS AT PRECEDING FINANCIAL YEAR END	
7 Net assets per	2.3999		2.4207	

share attributable to ordinary equity holders of the parent (\$\$)		
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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	28 Feb 2020
Category	Financial Results
Reference Number	FRA-28022020-00039

Final Dividend

SHANGRI-LA HOTELS (MALAYSIA) BERHAD

Entitlement subject	Final Dividend
Entitlement description	Final single tier dividend of 12 sen per ordinary share
Ex-Date	17 Jun 2020
Entitlement date	18 Jun 2020
Entitlement time	5:00 PM
Financial Year End	31 Dec 2019
Period	
Share transfer book & register of members will be	to closed from (both dates inclusive) for the purpose of determining the entitlement
Payment Date	16 Jul 2020
a.Securities transferred into the Depositor's Securities Account before 4:30 pm in respect of transfers	18 Jun 2020
b.Securities deposited into the Depositor's Securities Account before 12:30 pm in respect of securities exempted from mandatory deposit	
c. Securities bought on the Exchange on a cum entitlement basis according to the Rules of the Exchange.	
Number of new shares/securities issued (units) (If applicable)	
Entitlement indicator	Currency
Announced Currency	Malaysian Ringgit (MYR)
Disbursed Currency	Malaysian Ringgit (MYR)
Entitlement in Currency	Malaysian Ringgit (MYR) 0.1200
Par Value (if applicable)	
Registrar or Service Provider name, address, telephone no	PPB CORPORATE SERVICES SDN BHD 12th Floor, UBN Tower 10 Jalan P. Ramlee 50250 Kuala Lumpur Wilayah Persekutuan Malaysia Tel:03-2726 0088 Fax:03-2726 0099

Remarks :

The payment of the final dividend is subject to shareholders' approval at the forthcoming Annual General Meeting of the Company which will be held on Friday, 29 May 2020.

Announcement Info

Company Name	SHANGRI-LA HOTELS (MALAYSIA) BERHAD
Stock Name	SHANG
Date Announced	28 Feb 2020
Category	Entitlement(Notice of Book Closure)
Reference Number	ENT-24022020-00005
Corporate Action ID	MY200224DVCA0004