

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 2018

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 | |
|---|---------------------|---------------------|---------------------|---------------------|
| | 30.6.2018 RM'000 | 30.6.2017 RM'000 | 30.6.2018 RM'000 | 30.6.2017 RM'000 |
| Revenue | 115,737 | 122,992 | 267,221 | 253,128 |
| Operating profit | 21,048 | 21,889 | 59,682 | 48,497 |
| Interest expense | (1,163) | (929) | (2,182) | (1,757) |
| Interest income | 1,958 | 1,086 | 3,342 | 2,026 |
| Share of results of associated companies | (654) | (148) | (368) | 1,385 |
| Profit before tax | 21,189 | 21,898 | 60,474 | 50,151 |
| Tax expense | (4,648) | (6,988) | (15,416) | (14,971) |
| Profit for the period | 16,541 | 14,910 | 45,058 | 35,180 |
| <u>Attributable to:</u> | | | | |
| Shareholders of the Company | 14,974 | 13,284 | 40,519 | 32,687 |
| Non-controlling interests | 1,567 | 1,626 | 4,539 | 2,493 |
| | 16,541 | 14,910 | 45,058 | 35,180 |
| Basic Earnings per Ordinary Share (sen) | 3.40 | 3.02 | 9.21 | 7.43 |
| Diluted Earnings per Ordinary Share (sen) | NA | NA | NA | NA |

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

NA - not applicable

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

| | 3 months ended | | 6 months ended | |
|--|----------------|---------------|----------------|---------------|
| | 30.6.2018 | 30.6.2017 | 30.6.2018 | 30.6.2017 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Profit for the period | 16,541 | 14,910 | 45,058 | 35,180 |
| <u>Other comprehensive income/(expense)</u> | | | | |
| <i>Item that may be reclassified subsequently to profit or loss:</i> | | | | |
| Exchange differences arising on translation of financial statements of overseas associates | (866) | 457 | 40 | 687 |
| Total comprehensive income for the period | 15,675 | 15,367 | 45,098 | 35,867 |
| <u>Attributable to:</u> | | | | |
| Shareholders of the Company | 14,108 | 13,741 | 40,559 | 33,374 |
| Non-controlling interests | 1,567 | 1,626 | 4,539 | 2,493 |
| | 15,675 | 15,367 | 45,098 | 35,867 |

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

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ANNOUNCEMENT OF UNAUDITED CONSOLIDATED RESULTS
FOR THE SECOND QUARTER AND HALF YEAR ENDED 30 JUNE 2018

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| | As at 30.6.2018 RM'000 | As at 31.12.2017 RM'000 |
|---|------------------------------|-------------------------------|
| ASSETS | | |
| Non-current assets | | |
| Property, plant and equipment | 716,884 | 734,645 |
| Investment properties | 288,180 | 288,180 |
| Interest in associates | 217,740 | 218,657 |
| Property development expenditure | 12,286 | 12,286 |
| Deferred tax assets | 8,440 | 9,035 |
| | <u>1,243,530</u> | <u>1,262,803</u> |
| Current assets | | |
| Inventories | 4,826 | 5,343 |
| Trade and other receivables, prepayments and deposits | 31,623 | 35,201 |
| Tax recoverable | 5,637 | 6,596 |
| Short-term fund placements | 159,555 | - |
| Cash and bank balances | 71,253 | 175,555 |
| | <u>272,894</u> | <u>222,695</u> |
| Total assets | <u>1,516,424</u> | <u>1,485,498</u> |
| EQUITY | | |
| Capital and reserves | | |
| Share capital | 544,501 | 544,501 |
| Reserves | 504,513 | 516,754 |
| Total equity attributable to shareholders of the Company | <u>1,049,014</u> | <u>1,061,255</u> |
| Non-controlling interests | 128,229 | 123,690 |
| Total equity | <u>1,177,243</u> | <u>1,184,945</u> |
| LIABILITIES | | |
| Non-current liabilities | | |
| Retirement benefits | 24,249 | 23,152 |
| Deferred tax liabilities | 19,756 | 19,884 |
| | <u>44,005</u> | <u>43,036</u> |
| Current liabilities | | |
| Trade and other payables and accruals | 72,435 | 106,060 |
| Contract liabilities | 14,497 | - |
| Short-term borrowings | 151,059 | 149,262 |
| Current tax liabilities | 4,385 | 2,195 |
| Dividend payable | 52,800 | - |
| | <u>295,176</u> | <u>257,517</u> |
| Total liabilities | <u>339,181</u> | <u>300,553</u> |
| Total equity and liabilities | <u>1,516,424</u> | <u>1,485,498</u> |
| Net Assets per Ordinary Share (RM) Attributable to Shareholders of the Company | 2.38 | 2.41 |

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

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ANNOUNCEMENT OF UNAUDITED CONSOLIDATED RESULTS
FOR THE SECOND QUARTER AND HALF YEAR ENDED 30 JUNE 2018

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the 6 months ended 30 June 2018

| <i>All figures in RM'000</i> | <u>Attributable to Shareholders of the Company</u> | | | | Total equity attributable to | | |
|--|--|---------------|------------------------------|-------------------|------------------------------|---------------------------|--------------|
| | Share capital | Share premium | Exchange Translation Reserve | Retained earnings | shareholders of the Company | Non-controlling interests | Total equity |
| | ← Non-distributable → | | | ← Distributable → | | | |
| Balance at 1 January 2017 | 440,000 | 104,501 | (1,859) | 506,109 | 1,048,751 | 113,868 | 1,162,619 |
| Net profit for the period | - | - | - | 32,687 | 32,687 | 2,493 | 35,180 |
| Foreign currency translation differences | - | - | 687 | - | 687 | - | 687 |
| Total comprehensive income for the period | - | - | 687 | 32,687 | 33,374 | 2,493 | 35,867 |
| Transfer pursuant to Companies Act 2016 (note a) | 104,501 | (104,501) | - | - | - | - | - |
| Dividends | | | | | | | |
| - Final dividend for the financial year ended 31.12.2016 paid on 30.6.2017 | - | - | - | (48,400) | (48,400) | - | (48,400) |
| Balance at 30 June 2017 | 544,501 | - | (1,172) | 490,396 | 1,033,725 | 116,361 | 1,150,086 |
| Balance at 1 January 2018 | 544,501 | - | 47 | 516,707 | 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 payable on 2.7.2018 | - | - | - | (52,800) | (52,800) | - | (52,800) |
| Balance at 30 June 2018 | 544,501 | - | 87 | 504,426 | 1,049,014 | 128,229 | 1,177,243 |

Note a

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

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

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ANNOUNCEMENT OF UNAUDITED CONSOLIDATED RESULTS
FOR THE SECOND QUARTER AND HALF YEAR ENDED 30 JUNE 2018

UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT
For the 6 months ended 30 June 2018

| | 30.6.2018 | 30.6.2017 |
|---|----------------|-----------------|
| | RM'000 | RM'000 |
| Profit before tax | 60,474 | 50,151 |
| Adjustments for non-cash flow:- | | |
| Non-cash items | 33,573 | 36,864 |
| Non-operating items | (1,160) | (269) |
| Operating profit before changes in working capital | 92,887 | 86,746 |
| Changes in working capital | | |
| Net change in current assets | 4,095 | 2,214 |
| Net change in current liabilities | (19,128) | (4,648) |
| Cash generated from operations | 77,854 | 84,312 |
| Income taxes paid | (11,800) | (14,618) |
| Retirement benefits paid | (152) | (225) |
| Net cash inflow from operating activities | 65,902 | 69,469 |
| Investing activities | | |
| Interest income received | 3,342 | 2,026 |
| Purchase of property, plant and equipment | (14,015) | (61,226) |
| Short-term bank deposits with original maturities over 3 months | 44,840 | 46,440 |
| Net cash inflow/(outflow) from investing activities | 34,167 | (12,760) |
| Financing activities | | |
| Dividends paid to shareholders of the Company | - | (48,400) |
| Drawdown of borrowings | 2,206 | 1,664 |
| Interest expense paid | (2,182) | (1,757) |
| Net cash inflow/(outflow) from financing activities | 24 | (48,493) |
| Net increase in cash & cash equivalents | 100,093 | 8,216 |
| Cash & cash equivalents at beginning of the year | 130,715 | 96,328 |
| Cash & cash equivalents at end of financial period | 230,808 | 104,544 |
| Short-term bank deposits with original maturities over 3 months | - | - |
| Short-term fund placements and cash and bank balances in the statement of financial position | 230,808 | 104,544 |

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

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ANNOUNCEMENT OF UNAUDITED CONSOLIDATED RESULTS
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NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARD 134 ("MFRS 134")

A1 Accounting Policies

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

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

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

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

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

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

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

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NOTES PURSUANT TO MFRS 134

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

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

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

MFRS 16 – Leases (effective 1 January 2019)

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

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

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

A2 Revenue

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

| For the period ended 30 June 2018 (All figures in RM'000) | Hotels & Resorts | Investment Properties | Others | Total |
|--|------------------|-----------------------|--------|---------|
| <u>Major Goods/Service Lines</u> | | | | |
| 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 |
| Total revenue | 253,076 | 12,331 | 1,814 | 267,221 |

| For the period ended 30 June 2017 (All figures in RM'000) | Hotels & Resorts | Investment Properties | Others | Total |
|--|------------------|-----------------------|--------|---------|
| <u>Major Goods/Service Lines</u> | | | | |
| Revenue from rooms | 139,314 | - | - | 139,314 |
| Food and beverage sales | 86,914 | - | - | 86,914 |
| Rendering of ancillary services | 10,659 | - | - | 10,659 |
| Golf operations | 1,842 | - | - | 1,842 |
| Property rentals | - | 12,581 | - | 12,581 |
| Laundry services | - | - | 1,818 | 1,818 |
| Total revenue | 238,729 | 12,581 | 1,818 | 253,128 |

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NOTES PURSUANT TO MFRS 134

A3 Seasonal or Cyclical Factors

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

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

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

A5 Material Changes in Estimates

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

A6 Debt and Equity Securities

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

A7 Dividends Paid

There was no dividend paid during the financial period ended 30 June 2018.

A8 Segmental Reporting

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

| For the period ended 30 June 2018 (All figures in RM'000) | Hotels & Resorts | Investment Properties | Others | Inter-segment Elimination | Consolidated Total |
|--|---------------------|--------------------------|----------------|------------------------------|-----------------------|
| Segment Revenue | | | | | |
| Revenue from external customers | 253,076 | 12,331 | 1,814 | - | 267,221 |
| Inter-segment revenue | - | 1,141 | 1,420 | (2,561) | - |
| Total revenue | 253,076 | 13,472 | 3,234 | (2,561) | 267,221 |
| Segment Results | | | | | |
| Operating profit | 52,679 | 8,095 | 429 | (1,521) | 59,682 |
| Interest expense | (2,308) | - | (2,182) | 2,308 | (2,182) |
| Interest income | 5,367 | 224 | 59 | (2,308) | 3,342 |
| Share of results of associated companies | (2,225) | 1,857 | - | - | (368) |
| Profit before tax | 53,513 | 10,176 | (1,694) | (1,521) | 60,474 |
| As at 30 June 2018 (All figures in RM'000) | | | | | |
| Segment assets | 1,181,046 | 312,334 | 14,574 | (209,270) | 1,298,684 |
| Interest in associates | 8,700 | 209,040 | - | - | 217,740 |
| Total assets | 1,189,746 | 521,374 | 14,574 | (209,270) | 1,516,424 |

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 2018 and the date of this report that would materially affect the results of the Group for the financial period ended 30 June 2018.

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NOTES PURSUANT TO MFRS 134

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 2018.

A11 Changes in Contingent Liabilities or Contingent Assets

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

A12 Capital Commitments

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

| | RM'000 |
|-----------------------------------|--------|
| Authorised and contracted for | 11,251 |
| Authorised but not contracted for | 44,845 |
| | 56,096 |

A13 Related Party Transactions

6 months ended 30.6.2018

RM'000

Transactions with subsidiaries of the ultimate holding company

Payment of management, marketing and reservation fees to

Shangri-La International Hotel Management Ltd and Shangri-La International

Hotel Management Pte Ltd, wholly-owned subsidiaries of Shangri-La Asia Limited

9,394

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

B1 Review of Group Results 1st Half 2018 vs 1st Half 2017

For the six months to 30 June 2018, Group revenue rose by 6% to RM267.221 million from RM253.128 million for the same period in 2017. Group net profit attributable to shareholders for the six months was RM40.519 million, up 24% as compared to RM32.687 million the previous year.

The Group's financial performance for the first half year was underpinned by improved contributions from Shangri-La Hotel Kuala Lumpur and Hotel Jen Penang, and was further boosted by a lower net unrealised foreign exchange translation loss on the Group's US dollar loans to its associates in Myanmar.

Overall revenue for Shangri-La Hotel Kuala Lumpur in the first half 2018 increased by 10% to RM90.533 million, buoyed by a healthy growth in food and beverage business from its fully renovated banqueting facilities and all-day dining restaurant. The hotel achieved a pre-tax profit of RM20.871 million, 38% more than the first six months of 2017. Occupancy of the hotel for the period edged up to 66% from 65% the previous year.

At Hotel Jen Penang, revenue grew by 55% to RM20.945 million, compared with the first half 2017 when the hotel's operations were disrupted by the renovation work to its guestrooms. The hotel posted a pre-tax profit of RM2.493 million versus a loss of RM3.630 million in the first half 2017, which included asset write-offs related to the renovation. A healthy upturn in corporate demand drove occupancy up to 77% from 55% in 2017.

In the half year, revenue from Rasa Ria Resort remained largely flat at RM68.785 million, as despite higher rooms revenue there was a reduction in food and beverage business. The resort's pre-tax profit was RM20.573 million, a decrease of 5% against the first half 2017. Occupancy at the resort for the period was 71%.

Revenue for Rasa Sayang Resort in the first half 2018 fell by 2% to RM42.313 million, reflecting the combined impact of a reduced occupancy level of 74% and lower food and beverage sales. The resort's pre-tax profit of RM9.206 million was 17% down on the prior year period.

Golden Sands Resort saw revenue decline by 4% during the first half 2018 to RM27.821 million, mostly due to a dip in contribution from its food and beverage operations, with pre-tax profit decreasing by 12% from the first half last year to RM6.182 million. The resort's occupancy rate stood at 76% for the six-month period of 2018.

The Group's investment properties in Kuala Lumpur reported a lower combined rental revenue of RM13.472 million for the first half 2018 as a result of softer occupancy rates, while their pre-tax profit dropped from RM8.514 million in the half year 2017 to RM8.319 million.

For the half year ended 30 June 2018, the Group's share of results from its associates in Myanmar was a loss of RM0.368 million, compared with a profit of RM1.385 million in the same period last year. This was attributed to a decline in the operating performances of Sule Shangri-La Yangon and the Shangri-La serviced apartments owing to continued weak market conditions.

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

B2 Comparison of Group Results 2nd Quarter 2018 vs 1st Quarter 2018

The Group's revenue for the second quarter ended 30 June 2018 was down by 24% to RM115.737 million, compared with the first quarter ended 31 March 2018. Group net profit for the second quarter 2018 fell correspondingly to RM14.974 million from RM25.545 million in the first quarter 2018.

The second quarter results reflected the lower operating performances across most of the Group's hotel operations, as a result of decreases in occupancies and average room rates.

During the quarter, Rasa Ria Resort witnessed a shortfall in visitor arrivals from its key markets, with decreased occupancy of 61% leading to a 31% fall in revenue from the first quarter 2018 to RM28.154 million. At Rasa Sayang Resort, slower leisure demand resulted in a weaker occupancy level of 61%, with revenue down by 39% on the first quarter 2018. Likewise, overall revenue from Golden Sands Resort declined by 25% against the first quarter 2018 owing to a drop in occupancy from 84% to 69%. In addition, Shangri-La Hotel Kuala Lumpur also saw its revenue slip by 19% when compared to the first quarter 2018 in line with lower business levels both in rooms and in food and beverage operations.

Hotel Jen Penang, on the other hand delivered a growth of 12% in revenue over the first quarter 2018 to RM11.058 million, benefiting from an improvement in occupancy from 75% to 80%.

The Group's investment properties reported a small decrease in combined rental revenue to RM6.703 million from RM6.769 million in the first quarter 2018.

B3 Prospects for 2018

The operating environment for the Group's hotels and resorts as a whole for the second half of 2018 is expected to stay broadly positive, supported by continuing trends in both the leisure and business travel markets.

For the Group's investment properties, UBN Tower should see the prime office rental market in Kuala Lumpur remain fairly steady over the course of 2018, while the performance of UBN Apartments will continue to be sluggish in a challenging market.

ANNOUNCEMENT OF UNAUDITED CONSOLIDATED RESULTS
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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 | |
|--|---------------------|---------------------|---------------------|---------------------|
| | 30.6.2018 RM'000 | 30.6.2017 RM'000 | 30.6.2018 RM'000 | 30.6.2017 RM'000 |
| Current taxation | | | | |
| - Company and subsidiaries | 4,543 | 6,223 | 14,944 | 12,744 |
| Deferred taxation | 100 | 699 | 467 | 2,161 |
| (Over)/under provision in respect of prior years | | | | |
| - Company and subsidiaries | 5 | 66 | 5 | 66 |
| | 4,648 | 6,988 | 15,416 | 14,971 |

The Group recorded an effective tax rate of 25% for the first half year ended 30 June 2018. This was higher compared with the statutory tax rate of 24% largely because the net losses incurred by certain subsidiaries of the Group during the six-month period in 2018 cannot be used to offset the taxable profits of other subsidiaries.

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 2018 were RM151.059 million, compared with RM168.478 million at 30 June 2017.

| <i>(All figures in RM'000)</i> | As at 30 June 2018 | As at 30 June 2017 |
|--------------------------------|--------------------|--------------------|
| <u>Secured</u> | | |
| Short Term | - | - |
| Long Term | - | - |
| | - | - |
| <u>Unsecured</u> | | |
| Short Term | 151,059 * | 168,478 ** |
| Long Term | - | - |
| Total | 151,059 | 168,478 |

* 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.

** Amounts drawdown as at 30 June 2017 comprised HKD42.8 million and USD15.753 million from two offshore banks in Labuan, and USD18.0 million from a local bank.

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

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

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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 June 2018.

Gains/losses arising from fair value changes of financial liabilities

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

B9 Changes in Material Litigation

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

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 2018 (2017 interim single tier dividend : 3 sen or 3% per ordinary share). The interim dividend is payable on Friday, 23 November 2018.

NOTICE IS HEREBY GIVEN that the interim dividend will be paid to shareholders whose names appear in the Record of Depositors on Friday, 2 November 2018.

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, 2 November 2018 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 2018 have been calculated as follows:-

| | 3 months ended | | 6 months ended | |
|--|----------------|-----------|----------------|-----------|
| | 30.6.2018 | 30.6.2017 | 30.6.2018 | 30.6.2017 |
| Profit attributable to shareholders of the Company (<i>RM'000</i>) | 14,974 | 13,284 | 40,519 | 32,687 |
| No. of ordinary shares in issue (<i>'000</i>) | 440,000 | 440,000 | 440,000 | 440,000 |
| Basic Earnings Per Share (<i>sen</i>) | 3.40 | 3.02 | 9.21 | 7.43 |

Diluted Earnings per Share

Not applicable.

ANNOUNCEMENT OF UNAUDITED CONSOLIDATED RESULTS
FOR THE SECOND QUARTER AND HALF YEAR ENDED 30 JUNE 2018

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 | |
|---|---------------------|---------------------|---------------------|---------------------|
| | 30.6.2018 RM'000 | 30.6.2017 RM'000 | 30.6.2018 RM'000 | 30.6.2017 RM'000 |
| Net profit for the period is arrived at after charging:- | | | | |
| Interest expense | (1,163) | (929) | (2,182) | (1,757) |
| Depreciation | (15,821) | (16,000) | (31,658) | (31,120) |
| Foreign exchange loss | (6,503) | (7,969) | (589) | (11,860) |
| Allowance for doubtful debts - trade receivables | (126) | - | (112) | - |
| and after crediting:- | | | | |
| Interest income | 1,958 | 1,086 | 3,342 | 2,026 |
| Foreign exchange gain | 10,286 | 5,152 | 409 | 7,655 |
| Write back of allowance for doubtful debts - trade receivables | - | 15 | - | 73 |

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

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

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

By Order of the Board

Datin Rozina Mohd Amin
Company Secretary

Kuala Lumpur
29 August 2018