

SHANGRI-LA HOTELS (MALAYSIA) BERHAD

Reg. No: 197101000484 (10889-U)

(Incorporated in Malaysia)

**ANNOUNCEMENT OF UNAUDITED CONSOLIDATED RESULTS
FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2020**

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	
	31.12.2020 RM'000	31.12.2019 RM'000	31.12.2020 RM'000	31.12.2019 RM'000
Revenue	29,963	125,094	172,092	524,019
Operating (loss)/profit before exceptional item	(64,915)	11,025	(135,047)	83,915
Exceptional item	-	(695)	-	(695)
Operating (loss)/profit	(64,915)	10,330	(135,047)	83,220
Interest expense	(593)	(1,300)	(3,546)	(5,662)
Interest income	718	2,096	5,661	8,954
Share of results of associated companies	(8,569)	3,972	(4,929)	4,956
(Loss)/Profit before tax	(73,359)	15,098	(137,861)	91,468
Tax income/(expense)	13,579	(3,396)	29,171	(20,108)
(Loss)/Profit for the period/year	(59,780)	11,702	(108,690)	71,360
<u>Attributable to:</u>				
Shareholders of the Company	(54,433)	10,398	(96,808)	63,325
Non-controlling interests	(5,347)	1,304	(11,882)	8,035
	(59,780)	11,702	(108,690)	71,360
Basic (Loss)/Earnings per Ordinary Share (sen)	(12.37)	2.36	(22.00)	14.39
Diluted (Loss)/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 2019)

NA - not applicable

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(Incorporated in Malaysia)

**ANNOUNCEMENT OF UNAUDITED CONSOLIDATED RESULTS
FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2020**

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	3 months ended		12 months ended	
	31.12.2020	31.12.2019	31.12.2020	31.12.2019
	RM'000	RM'000	RM'000	RM'000
(Loss)/Profit for the period/year	(59,780)	11,702	(108,690)	71,360
<u>Other comprehensive (expense)/income</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	(1,188)	(1,239)	(581)	(619)
<i>Item that will not be reclassified subsequently to profit or loss:</i>				
Re-measurement losses on defined benefit retirement obligations, net of tax	-	(342)	-	(342)
Total comprehensive (expense)/income for the period/year	(60,968)	10,121	(109,271)	70,399
<i>Attributable to:</i>				
Shareholders of the Company	(55,621)	8,854	(97,389)	62,401
Non-controlling interests	(5,347)	1,267	(11,882)	7,998
	(60,968)	10,121	(109,271)	70,399

(The unaudited Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2019)

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**ANNOUNCEMENT OF UNAUDITED CONSOLIDATED RESULTS
FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2020**

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at 31.12.2020 RM'000	As at 31.12.2019 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	614,071	656,252
Right-of-use assets	17,274	17,461
Investment properties	287,700	288,530
Interests in associates	198,185	206,603
Property development expenditure	12,286	12,286
Deferred tax assets	38,315	11,359
	<u>1,167,831</u>	<u>1,192,491</u>
Current assets		
Inventories	3,229	3,733
Trade and other receivables, prepayments and deposits	23,119	37,485
Tax recoverable	4,825	2,862
Short-term fund placements	116,674	254,968
Cash and bank balances	13,056	21,105
	<u>160,903</u>	<u>320,153</u>
Total assets	<u>1,328,734</u>	<u>1,512,644</u>
EQUITY		
Capital and reserves		
Share capital	544,501	544,501
Reserves	361,286	511,475
Total equity attributable to shareholders of the Company	<u>905,787</u>	<u>1,055,976</u>
Non-controlling interests	127,722	139,604
Total equity	<u>1,033,509</u>	<u>1,195,580</u>
LIABILITIES		
Non-current liabilities		
Retirement benefits	24,612	27,141
Lease liabilities	396	441
Deferred tax liabilities	13,198	20,665
	<u>38,206</u>	<u>48,247</u>
Current liabilities		
Trade and other payables and accruals	83,538	86,983
Contract liabilities	10,302	18,996
Lease liabilities	920	836
Short-term borrowings	161,998	161,413
Current tax liabilities	261	589
	<u>257,019</u>	<u>268,817</u>
Total liabilities	<u>295,225</u>	<u>317,064</u>
Total equity and liabilities	<u>1,328,734</u>	<u>1,512,644</u>
Net Assets per Ordinary Share (RM) Attributable to Shareholders of the Company	2.06	2.40

(The unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2019)

SHANGRI-LA HOTELS (MALAYSIA) BERHAD
Reg. No: 197101000484 (10889-U)
(Incorporated in Malaysia)

ANNOUNCEMENT OF UNAUDITED CONSOLIDATED RESULTS
FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2020

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2020

<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 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	-	-	(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)
Exchange differences on translation of foreign operations and foreign currency loans forming part of net investment in foreign operations	-	(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 paid 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
Balance at 1 January 2020	544,501	36,662	474,813	1,055,976	139,604	1,195,580
Net loss for the year	-	-	(96,808)	(96,808)	(11,882)	(108,690)
Exchange differences on translation of foreign operations and foreign currency loans forming part of net investment in foreign operations	-	(581)	-	(581)	-	(581)
Total comprehensive expense for the year	-	(581)	(96,808)	(97,389)	(11,882)	(109,271)
Dividend:-						
- Second interim dividend for the financial year ended 31.12.2019 paid on 16.7.2020	-	-	(52,800)	(52,800)	-	(52,800)
Balance at 31 December 2020	544,501	36,081	325,205	905,787	127,722	1,033,509

(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 2019)

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 2020

UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT
For the year ended 31 December 2020

	31.12.2020	31.12.2019
	RM'000	RM'000
(Loss)/Profit before tax	(137,861)	91,468
Adjustments for non-cash flow:-		
Non-cash items	64,549	63,364
Non-operating items	(2,115)	(3,292)
Operating (loss)/profit before changes in working capital	(75,427)	151,540
Changes in working capital		
Net change in current assets	14,752	1,162
Net change in current liabilities	(11,639)	(498)
Cash (used in)/from operating activities	(72,314)	152,204
Income taxes paid	(7,543)	(18,898)
Retirement benefits paid	(1,214)	(1,398)
Net cash (outflow)/inflow from operating activities	(81,071)	131,908
Investing activities		
Interest income received	5,661	8,954
Purchase of property, plant and equipment	(16,550)	(30,801)
Net cash outflow from investing activities	(10,889)	(21,847)
Financing activities		
Dividends paid to shareholders of the Company	(52,800)	(66,000)
Dividend paid to a non-controlling shareholder of a subsidiary	(500)	(500)
Drawdown of borrowings	3,493	5,469
Interest element of lease rentals paid	(77)	(88)
Repayment of lease liabilities	(1,030)	(1,007)
Interest expense paid	(3,469)	(5,574)
Net cash outflow from financing activities	(54,383)	(67,700)
Net (decrease)/increase in cash & cash equivalents	(146,343)	42,361
Cash & cash equivalents at beginning of the year	276,073	233,712
Cash & cash equivalents at end of financial year	129,730	276,073

(The unaudited Condensed Consolidated Cash Flow Statement should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2019)

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ANNOUNCEMENT OF UNAUDITED CONSOLIDATED RESULTS
FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2020

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 2019. 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 2019, except for the adoption of amendments to Malaysian Financial Reporting Standards (“MFRS”) and interpretations that are relevant to its operations and effective for the financial period beginning 1 January 2020, which are set out below.

Amendments to MFRS 2	Share-based Payment
Amendments to MFRS 3	Business Combinations – <i>Definition of a Business</i>
Amendments to MFRS 7	Financial Instruments: Disclosures – <i>Interest Rate Benchmark Reform</i>
Amendments to MFRS 9	Financial Instruments – <i>Interest Rate Benchmark Reform</i>
Amendments to MFRS 101	Presentation of Financial Statements – <i>Definition of Material</i>
Amendments to MFRS 108	Accounting Policies, Changes in Accounting Estimates and Errors – <i>Definition of Material</i>
Amendments to MFRS 134	Interim Financial Reporting – <i>Definition of Material</i>
Amendments to MFRS 137	Provisions, Contingent Liabilities and Contingent Assets – <i>Definition of Material</i>
Amendments to MFRS 139	Financial Instruments: Recognition and Measurement – <i>Interest Rate Benchmark Reform</i>
Amendments to IC Interpretation 19	Extinguishing Financial Liabilities with Equity Instruments
Amendments to IC Interpretation 22	Foreign Currency Transactions and Advance Consideration

The adoption of these amendments to MFRSs and interpretations did not have a significant impact on the financial statements or position of the Group.

Amendments Effective From 1 January 2021

The following amendments to the accounting standards issued by the Malaysian Accounting Standards Board (“MASB”) have been adopted by the Group from 1 January 2021 with no material impact on the Group’s financial statements and position:

Amendments to MFRS 7	Financial Instruments: Disclosures – <i>Interest Rate Benchmark Reform (Phase 2)</i>
Amendments to MFRS 9	Financial Instruments – <i>Interest Rate Benchmark Reform (Phase 2)</i>
Amendments to MFRS 16	Leases – <i>Covid 19-Related Rent Concessions and Interest Rate Benchmark Reform (Phase 2)</i>
Amendments to MFRS 139	Financial Instruments: Recognition and Measurement – <i>Interest Rate Benchmark Reform (Phase 2)</i>

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ANNOUNCEMENT OF UNAUDITED CONSOLIDATED RESULTS
FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2020

NOTES PURSUANT TO MFRS 134

A1 Accounting Policies (cont'd)

Amendments not yet Effective

A number of other amendments to MFRS have been issued and are relevant to the Group, effective in future years, which are not expected to significantly impact the Group's financial statements. The Group will adopt these amendments to MFRS from their effective dates as set out below.

		Effective for annual periods beginning on or after
Amendments to MFRS 3	Business Combinations	1 January 2022
Amendments to MFRS 9	Financial Instruments – <i>Derecognition of Financial Liabilities</i>	1 January 2022
Amendments to MFRS 116	Property, Plant and Equipment	1 January 2022
Amendments to MFRS 137	Provisions, Contingent Liabilities and Contingent Assets	1 January 2022
Amendments to MFRS 101	Presentation of Financial Statements	1 January 2023

In addition, MASB had earlier issued amendments to MFRS 10 – Consolidated Financial Statements and MFRS 128 – Investments in Associates and Joint Ventures, however the effective date of the amendments to MFRS 10 and MFRS 128 have been deferred by MASB. The Group will apply the amendments to MFRS 10 and MFRS 128 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 2020 <i>(All figures in RM'000)</i>	Hotels & Resorts	Investment Properties	Others	Total
<u>Major Goods/Service Lines</u>				
Revenue from rooms	78,723	-	-	78,723
Food and beverage sales	60,552	-	-	60,552
Rendering of ancillary services	6,309	-	-	6,309
Golf operations	2,191	-	-	2,191
Property rentals	-	22,294	-	22,294
Laundry services	-	-	2,023	2,023
Total revenue	147,775	22,294	2,023	172,092

For the year ended 31 December 2019 <i>(All figures in RM'000)</i>	Hotels & Resorts	Investment Properties	Others	Total
<u>Major Goods/Service Lines</u>				
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

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ANNOUNCEMENT OF UNAUDITED CONSOLIDATED RESULTS
FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2020

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 year ended 31 December 2020.

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 year ended 31 December 2020, except for the significant negative impact of the global Covid-19 pandemic on the Group's business operations and financial results as disclosed in notes B1 and B2.

As at 31 December 2020, the Group's shareholders' equity stood at RM905.787 million, a decline of RM150.189 million or 14% from RM1.056 billion as at end-2019. In tandem, the net asset value per share of the Group at 31 December 2020 fell to RM2.06 against RM2.40 at the previous year end. The decrease in shareholders' equity was largely attributable to the net loss for the financial year 2020 of RM96.808 million and the dividend payout to shareholders in the year of RM52.800 million being the second interim single-tier dividend of 12 sen per share in respect of financial year 2019.

Group total current liabilities of RM257.019 million at 31 December 2020 was higher compared to Group total current assets of RM160.903 million as at the same date. This was primarily due to the reduction in the Group's cash reserves, which were used during 2020 to support the working capital requirements for its hotel businesses as a result of the adverse effects of Covid-19 on their operational cash flows, as well as to fund the payment of the 2019 second interim single-tier dividend that was paid on 16 July 2020.

The Group has assessed the ongoing impact of Covid-19 on its future financial performance, cash flows and liquidity position under several plausible stress test scenarios which are linked to the Group's principal risks. Having considered the outcome of these assessments and after making appropriate enquiries, the Directors have a reasonable expectation that adequate resources exist for the Group to meet its obligations and to continue in operational existence for a period of at least twelve months from 31 December 2020.

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 2020.

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 2020.

A7 Dividends Paid

A second interim single-tier dividend of 12% or 12 sen per share for the financial year ended 31 December 2019 amounting to RM52.800 million was paid on 16 July 2020.

SHANGRI-LA HOTELS (MALAYSIA) BERHAD
Reg. No: 197101000484 (10889-U)
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ANNOUNCEMENT OF UNAUDITED CONSOLIDATED RESULTS
FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2020

NOTES PURSUANT TO MFRS 134

A8 Segmental Reporting

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

For the year ended 31 December 2020 <i>(All figures in RM'000)</i>	Hotels & Resorts	Investment Properties	Others	Inter-segment Elimination	Consolidated Total
<u>Segment Revenue</u>					
Revenue from external customers	147,775	22,294	2,023	-	172,092
Inter-segment revenue	6,585	2,343	1,123	(10,051)	-
Total revenue	154,360	24,637	3,146	(10,051)	172,092
<u>Segment Results</u>					
Operating (loss)/profit	(142,624)	13,538	(221)	(5,740)	(135,047)
Interest expense	(5,082)	(225)	(3,525)	5,286	(3,546)
Interest income	8,948	374	116	(3,777)	5,661
Share of results of associated companies	(170)	(4,759)	-	-	(4,929)
(Loss)/profit before tax	(138,928)	8,928	(3,630)	(4,231)	(137,861)

As at 31 December 2020 <i>(All figures in RM'000)</i>	Hotels & Resorts	Investment Properties	Others	Inter-segment Elimination	Consolidated Total
Segment assets	947,788	352,739	7,634	(177,612)	1,130,549
Interest in associates	-	198,185	-	-	198,185
Total assets	947,788	550,924	7,634	(177,612)	1,328,734

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 2020 and the date of this report that would materially affect the results of the Group for the financial year ended 31 December 2020.

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 2020.

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Reg. No: 197101000484 (10889-U)
(Incorporated in Malaysia)

ANNOUNCEMENT OF UNAUDITED CONSOLIDATED RESULTS
FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2020

NOTES PURSUANT TO MFRS 134

A11 Changes in Contingent Liabilities or Contingent Assets

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

The crux of the MW Litigation concerns the Top-Up Structure implemented by the Group's hotels, whereby part of the service charge is converted to form part of the minimum wage, which is being disputed by the Union.

The hotel industry is awaiting a landmark decision of the Federal Court in respect of the Crystal Crown Hotel case to determine the law on whether service charge can be used to form part of minimum wage. The Federal Court heard the Crystal Crown Hotel case on 23 November 2020 but has reserved its judgment to an unspecified date. The decision of the Federal Court, being the apex court, may have an impact on the Group's on-going MW Litigation.

The Group is vigorously pursuing appropriate legal remedies in the MW Litigation. As permitted by MFRS 137.92, in order not to prejudice the outcome of the on-going MW Litigation and the interest of the Group, the Group has not made any further disclosures with respect to whether, or to what extent, provisions have been recognised and/or the amount of the contingent liabilities that have been disclosed in relation to the MW Litigation.

A12 Capital Commitments

Capital commitments for property, plant and equipment and investment properties not provided for as at 31 December 2020 are as follows:-

	RM'000
Authorised and contracted for	2,092
Authorised but not contracted for	6,885
	8,977

A13 Related Party Transactions

12 months ended 31.12.2020
RM'000

Transactions with subsidiaries of the ultimate holding company

Management, marketing and reservation fees to Shangri-La International Hotel Management Pte Ltd and Shangri-La Hotel Management (MY) Pte Ltd., including rental deposit from Family Heritage Gourmet Sdn Bhd.	6,328
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Transactions with a major shareholder of the Company

Office rental income from Kuok Brothers Sdn Berhad, PPB Group Berhad and Chemquest Sdn Bhd.	2,050
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ANNOUNCEMENT OF UNAUDITED CONSOLIDATED RESULTS
FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2020

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

B1 Review of Group Results Full Year 2020 vs Full Year 2019

As a result of the severe effects of the global Covid-19 pandemic, Group revenue for the twelve months to 31 December 2020 fell by 67% to RM172.092 million from RM524.019 million in 2019. Correspondingly, the Group recorded a net loss attributable to shareholders of RM96.808 million for the full year 2020, compared to a net profit of RM63.325 million in 2019.

The net loss in 2020 included non-operating items which totalled a net charge of RM10.537 million, versus a net gain of RM1.470 million in 2019. The non-operating items recognised in 2020 consisted of:-

- (i) the Group's share of net fair value losses of RM9.790 million from the year-end revaluation of the investment properties held through the Group's associates in Myanmar; and
- (ii) a net fair value loss of RM0.747 million on the revaluation of the Group's investment properties in Kuala Lumpur.

During 2020, border closures and widespread lockdowns, combined with public health and safety measures applied by governments around the world to contain the Covid-19 pandemic resulted in an unprecedented drop in occupancies and in food and beverage sales across the Group's hotel operations. These factors led to a record deterioration in the business performances and financial results of all the Group's hotels and resorts.

Owing to the disruption from the Covid-19 pandemic, revenue from Shangri-La Hotel Kuala Lumpur dropped by 75% over 2019 to RM43.094 million, and therefore the hotel closed the year with a pre-tax loss of RM52.603 million, compared with a profit of RM25.865 million in 2019. The hotel had a reduced occupancy of 13%, versus 67% the previous year.

Faced with a slump in visitor arrivals, Rasa Ria Resort saw its occupancy decline from 68% in 2019 to 16%, which contributed to a 78% fall in revenue to RM30.614 million. The resort consequently turned in a pre-tax loss of RM34.983 million in 2020, as compared to a profit of RM37.370 million in 2019.

Overall occupancy at Rasa Sayang Resort fell to 32% from 70% in 2019 due to depressed levels of leisure business, with revenue down by 58% from 2019 to RM35.238 million. The resort made a pre-tax loss of RM18.385 million, versus a profit of RM11.887 million the year before.

The results from Golden Sands Resort were also negatively impacted by a substantial shortfall in leisure demand. Occupancy of the resort decreased to 35% from 71% in 2019, leading to a drop of 57% in revenue to RM23.310 million. The resort registered a pre-tax loss of RM10.324 million, as against a profit of RM7.909 million the previous year.

Reflecting reduced levels of business, occupancy at Hotel Jen Penang declined to 27% from 77% in 2019, with revenue falling by 69% during the year to RM12.820 million. In tandem, the hotel incurred a pre-tax loss of RM15.280 million, compared with a profit of RM1.836 million in 2019.

The Group's investment properties in Kuala Lumpur reported a lower combined rental revenue of RM24.637 million, 14% below that of 2019. Excluding fair value changes, their combined pre-tax profit for 2020 dropped to RM14.517 million from RM17.369 million in the prior year.

For the year ended 31 December 2020, the Group's share of results from associated companies in Myanmar was a loss of RM4.929 million, as compared to a profit of RM4.956 million in 2019. The Group's share of loss in Traders Yangon Company Ltd, its 23.5% associate which owns Sule Shangri-La Yangon amounted to RM7.380 million in 2020, of which RM7.210 million was not recognised in accordance with the requirements of MFRS 128.

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ANNOUNCEMENT OF UNAUDITED CONSOLIDATED RESULTS
FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2020

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

B2 Comparison of Group Results 4th Quarter 2020 vs 3rd Quarter 2020

In the fourth quarter to 31 December 2020, the Group posted a 31% decrease in revenue to RM29.963 million from RM43.713 million for the third quarter ended 30 September 2020. The Group's net loss attributable to shareholders for the fourth quarter 2020 was RM54.433 million, compared to RM15.322 million in the third quarter 2020.

The fourth quarter financial results reflected the weaker performances by the Group's hotel operations as the resurgence in local cases and re-tightening of Covid-19 related restrictions during the period led to substantially lower levels of business across the Group hotels and resorts. The overall results were further impacted by one-off costs relating to the organisational restructuring implemented by the Group's hotel businesses, as well as by its share of losses from associates of RM8.569 million, which had included fair value losses recognised at year-end 2020.

In the quarter, occupancy at Shangri-La Hotel Kuala Lumpur fell to 7% against 10% in the third quarter 2020, while occupancy for Rasa Ria Resort reduced from 17% to 6%. Both Rasa Sayang Resort and Golden Sands Resort also recorded lower occupancy levels of 20% and 28% respectively when compared to the 2020 third quarter. At Hotel Jen Penang, occupancy declined to 19% in the fourth quarter 2020 from 33% in the preceding quarter.

The combined rental revenue from the Group's investment properties in Kuala Lumpur for the three months to 31 December 2020 was down by 3% to RM6.049 million, compared with the third quarter 2020.

B3 Prospects for 2021

Moving forward, overall business conditions for the Group's hotel operations remain highly volatile and uncertain amidst the evolving Covid-19 pandemic. The ongoing global travel restrictions, along with new waves of infections and renewed containment measures taken to control the pandemic will continue to dampen the performances of the Group's hotel businesses, particularly in the first half of 2021.

Notwithstanding encouraging news around the development and deployment of vaccines, the hotel and travel industry is expected to experience a slow and gradual recovery from the Covid-19 crisis and its economic effects. The pace of recovery in the near term will depend largely on the actions taken around the world to bring the Covid-19 situation under control.

As for the Group's investment properties in Kuala Lumpur, the performances of UBN Tower and UBN Apartments are likely to stay subdued through 2021, given the prevailing sluggish economic climate and weak business sentiments. Meanwhile, the outlook for the Group's associates in Myanmar is expected to be more challenging due to heightened political risk and economic uncertainty, following the military coup in early February 2021.

SHANGRI-LA HOTELS (MALAYSIA) BERHAD
Reg. No: 197101000484 (10889-U)
(Incorporated in Malaysia)

ANNOUNCEMENT OF UNAUDITED CONSOLIDATED RESULTS
FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2020

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

	3 months ended		12 months ended	
	31.12.2020 RM'000	31.12.2019 RM'000	31.12.2020 RM'000	31.12.2019 RM'000
Current taxation				
- Company and subsidiaries	1,135	5,055	3,980	22,904
Deferred taxation	(15,467)	(1,455)	(33,927)	(2,138)
Under/(over) provision in respect of prior years				
- Company and subsidiaries	753	(204)	776	(658)
	(13,579)	3,396	(29,171)	20,108

For the year ended 31 December 2020, the Group recorded a tax income of RM29.171 million, as compared to a tax charge of RM20.108 million in the prior year. This was due to the deferred tax assets recognised by the Group's hotel businesses arising from the tax losses incurred in the financial year 2020. The Group's effective tax rate on the tax income of RM29.171 million for the full year 2020 was 21%, compared to the statutory tax rate of 24% reflecting the impact of certain expenses which are not deductible for tax purposes.

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 2020 were RM161.998 million, compared with RM161.413 million at 31 December 2019.

<i>(All figures in RM'000)</i>	As at 31 December 2020	As at 31 December 2019
<u>Secured</u>		
Short Term	-	-
Long Term	-	-
<u>Unsecured</u>		
Short Term	161,998 *	161,413 **
Long Term	-	-
Total	161,998	161,413

* Amounts drawdown as at 31 December 2020 comprised HKD42.800 million and USD17.270 million from two offshore banks in Labuan, and USD17.500 million from a local bank.

** Amounts drawdown as at 31 December 2019 comprised HKD42.800 million and USD16.440 million from two offshore banks in Labuan, and USD17.500 million from a local bank.

There were no debt securities in the financial year ended 31 December 2020.

SHANGRI-LA HOTELS (MALAYSIA) BERHAD
Reg. No: 197101000484 (10889-U)
(Incorporated in Malaysia)

ANNOUNCEMENT OF UNAUDITED CONSOLIDATED RESULTS
FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2020

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 2020.

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 2020.

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

In view of the net loss recorded by the Group in 2020 and the continued adverse effects of the global Covid-19 pandemic on the Group's hotel operations, the Board does not propose the payment of dividends for the financial year ended 31 December 2020.

B11 (Loss)/Earnings per Share

The basic (loss)/earnings per ordinary share for the year ended 31 December 2020 have been calculated as follows:-

	3 months ended		12 months ended	
	31.12.2020	31.12.2019	31.12.2020	31.12.2019
(Loss)/Profit attributable to shareholders of the Company (<i>RM'000</i>)	(54,433)	10,398	(96,808)	63,325
No. of ordinary shares in issue (<i>'000</i>)	440,000	440,000	440,000	440,000
Basic (Loss)/Earnings Per Share (<i>sen</i>)	(12.37)	2.36	(22.00)	14.39

Diluted (Loss)/Earnings per Share

Not applicable.

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ANNOUNCEMENT OF UNAUDITED CONSOLIDATED RESULTS
FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2020

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	
	31.12.2020 RM'000	31.12.2019 RM'000	31.12.2020 RM'000	31.12.2019 RM'000
Net (loss)/profit for the period/year is arrived at after (charging)/crediting:-				
Interest expense	(593)	(1,300)	(3,546)	(5,662)
Depreciation	(14,817)	(15,059)	(59,840)	(62,628)
<u>Exceptional item</u>				
Impairment loss on the Group's investment in an associated company in Myanmar	-	(695)	-	(695)
Net foreign exchange gain/(loss)	37	(753)	(223)	(753)
(Allowance)/write back for doubtful debts - trade and other receivables	(104)	43	(118)	79
Interest income	718	2,096	5,661	8,954

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 2020.

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 2019.

By Order of the Board

Datin Rozina Mohd Amin
Company Secretary

Kuala Lumpur
25 February 2021