

SHANGRI-LA HOTELS (MALAYSIA) BERHAD

Reg. No: 197101000484 (10889-U)

(Incorporated in Malaysia)

**ANNOUNCEMENT OF UNAUDITED CONSOLIDATED RESULTS
FOR THE SECOND QUARTER AND HALF YEAR ENDED 30 JUNE 2021**

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	
	30.6.2021 RM'000	30.6.2020 RM'000	30.6.2021 RM'000	30.6.2020 RM'000
Revenue	20,325	9,947	43,039	98,416
Operating loss	(29,771)	(44,341)	(58,087)	(44,358)
Interest expense	(560)	(1,056)	(1,141)	(2,311)
Interest income	400	1,713	926	3,991
Share of results of associated companies	1,070	689	2,115	2,210
Loss before tax	(28,861)	(42,995)	(56,187)	(40,468)
Tax income	5,746	10,443	9,903	9,660
Loss for the period	(23,115)	(32,552)	(46,284)	(30,808)
<u>Attributable to:</u>				
Shareholders of the Company	(20,102)	(29,084)	(39,674)	(27,053)
Non-controlling interests	(3,013)	(3,468)	(6,610)	(3,755)
	(23,115)	(32,552)	(46,284)	(30,808)
Basic Loss per Ordinary Share (sen)	(4.57)	(6.61)	(9.02)	(6.15)
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 2020)

NA - not applicable

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ANNOUNCEMENT OF UNAUDITED CONSOLIDATED RESULTS
FOR THE SECOND QUARTER AND HALF YEAR ENDED 30 JUNE 2021

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	3 months ended		6 months ended	
	30.6.2021	30.6.2020	30.6.2021	30.6.2020
	RM'000	RM'000	RM'000	RM'000
Loss for the period	(23,115)	(32,552)	(46,284)	(30,808)
<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	4	(370)	1,255	2,066
Total comprehensive expense for the period	(23,111)	(32,922)	(45,029)	(28,742)
<u>Attributable to:</u>				
Shareholders of the Company	(20,098)	(29,454)	(38,419)	(24,987)
Non-controlling interests	(3,013)	(3,468)	(6,610)	(3,755)
	(23,111)	(32,922)	(45,029)	(28,742)

(The unaudited Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2020)

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ANNOUNCEMENT OF UNAUDITED CONSOLIDATED RESULTS
FOR THE SECOND QUARTER AND HALF YEAR ENDED 30 JUNE 2021

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at 30.6.2021 RM'000	As at 31.12.2020 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	588,446	614,071
Right-of-use assets	17,099	17,274
Investment properties	287,700	287,700
Interests in associates	206,831	198,185
Property development expenditure	12,286	12,286
Deferred tax assets	49,877	38,315
	<u>1,162,239</u>	<u>1,167,831</u>
Current assets		
Inventories	2,953	3,229
Trade and other receivables, prepayments and deposits	23,136	23,119
Tax recoverable	4,110	4,825
Short-term fund placements	62,801	116,674
Cash and bank balances	7,558	13,056
	<u>100,558</u>	<u>160,903</u>
Total assets	<u>1,262,797</u>	<u>1,328,734</u>
EQUITY		
Capital and reserves		
Share capital	544,501	544,501
Reserves	322,867	361,286
Total equity attributable to shareholders of the Company	<u>867,368</u>	<u>905,787</u>
Non-controlling interests	121,112	127,722
Total equity	<u>988,480</u>	<u>1,033,509</u>
LIABILITIES		
Non-current liabilities		
Retirement benefits	26,694	24,612
Lease liabilities	532	396
Deferred tax liabilities	12,775	13,198
	<u>40,001</u>	<u>38,206</u>
Current liabilities		
Trade and other payables and accruals	40,414	68,570
Provision	15,338	14,968
Contract liabilities	9,173	10,302
Lease liabilities	676	920
Short-term borrowings	168,378	161,998
Current tax liabilities	337	261
	<u>234,316</u>	<u>257,019</u>
Total liabilities	<u>274,317</u>	<u>295,225</u>
Total equity and liabilities	<u>1,262,797</u>	<u>1,328,734</u>
Net Assets per Ordinary Share (RM)	1.97	2.06
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 2020)

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ANNOUNCEMENT OF UNAUDITED CONSOLIDATED RESULTS
FOR THE SECOND QUARTER AND HALF YEAR ENDED 30 JUNE 2021

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the 6 months ended 30 June 2021

<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 →			
Balance at 1 January 2020	544,501	36,662	474,813	1,055,976	139,604	1,195,580
Net loss for the period	-	-	(27,053)	(27,053)	(3,755)	(30,808)
Exchange differences on translation of foreign operations and foreign currency loans forming part of net investment in foreign operations	-	2,066	-	2,066	-	2,066
Total comprehensive income/(expense) for the period	-	2,066	(27,053)	(24,987)	(3,755)	(28,742)
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 30 June 2020	544,501	38,728	394,960	978,189	135,849	1,114,038
Balance at 1 January 2021	544,501	36,081	325,205	905,787	127,722	1,033,509
Net loss for the period	-	-	(39,674)	(39,674)	(6,610)	(46,284)
Exchange differences on translation of foreign operations and foreign currency loans forming part of net investment in foreign operations	-	1,255	-	1,255	-	1,255
Total comprehensive income/(expense) for the period	-	1,255	(39,674)	(38,419)	(6,610)	(45,029)
Balance at 30 June 2021	544,501	37,336	285,531	867,368	121,112	988,480

(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 2020)

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ANNOUNCEMENT OF UNAUDITED CONSOLIDATED RESULTS
FOR THE SECOND QUARTER AND HALF YEAR ENDED 30 JUNE 2021

UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT
For the 6 months ended 30 June 2021

	30.6.2021	30.6.2020
	RM'000	RM'000
Loss before tax	(56,187)	(40,468)
Adjustments for non-cash flow:-		
Non-cash items	28,624	29,216
Non-operating items	215	(1,680)
Operating loss before changes in working capital	(27,348)	(12,932)
Changes in working capital		
Net change in current assets	334	13,395
Net change in current liabilities	(28,830)	(46,510)
Cash used in operating activities	(55,844)	(46,047)
Income taxes paid	(1,291)	(4,614)
Retirement benefits paid	(838)	(352)
Net cash outflow from operating activities	(57,973)	(51,013)
Investing activities		
Interest income received	926	3,991
Purchase of property, plant and equipment	(1,817)	(8,580)
Net cash outflow from investing activities	(891)	(4,589)
Financing activities		
Dividend paid to a non-controlling shareholder of a subsidiary	-	(500)
Drawdown of borrowings	1,104	2,288
Interest element of lease rentals paid	(30)	(38)
Repayment of lease liabilities	(470)	(509)
Interest expense paid	(1,111)	(2,273)
Net cash outflow from financing activities	(507)	(1,032)
Net decrease in cash & cash equivalents	(59,371)	(56,634)
Cash & cash equivalents at beginning of the year	129,730	276,073
Cash & cash equivalents at end of financial period	70,359	219,439

(The unaudited Condensed Consolidated Cash Flow Statement should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2020)

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ANNOUNCEMENT OF UNAUDITED CONSOLIDATED RESULTS
FOR THE SECOND QUARTER AND HALF YEAR ENDED 30 JUNE 2021

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 2020. 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 2020, except for the adoption of amendments to Malaysian Financial Reporting Standards (“MFRS”) that are relevant to its operations and effective for the financial period beginning 1 January 2021, which are set out below.

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>

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

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
Amendments to MFRS 108	Accounting Policies, Changes in Accounting Estimates and Errors	1 January 2023
Amendments to MFRS 112	Income Taxes	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.

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NOTES PURSUANT TO MFRS 134

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 2021 <i>(All figures in RM'000)</i>	Hotels & Resorts	Investment Properties	Others	Total
Major Goods/Service Lines				
Revenue from rooms	12,930	-	-	12,930
Food and beverage sales	16,280	-	-	16,280
Rendering of ancillary services	1,814	-	-	1,814
Golf operations	825	-	-	825
Property rentals	-	10,734	-	10,734
Laundry services	-	-	456	456
Total revenue	31,849	10,734	456	43,039

For the period ended 30 June 2020 <i>(All figures in RM'000)</i>	Hotels & Resorts	Investment Properties	Others	Total
Major Goods/Service Lines				
Revenue from rooms	48,576	-	-	48,576
Food and beverage sales	32,861	-	-	32,861
Rendering of ancillary services	3,671	-	-	3,671
Golf operations	1,270	-	-	1,270
Property rentals	-	11,190	-	11,190
Laundry services	-	-	848	848
Total revenue	86,378	11,190	848	98,416

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 2021.

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 2021 except for the ongoing impacts of the Covid-19 pandemic on the Group's business operations and financial results as disclosed in notes B1 and B2.

At 30 June 2021, the Group's shareholders' equity stood at RM867.368 million, a decline of RM38.419 million or 4% as against RM905.787 million as at 31 December 2020. Correspondingly, the net asset value per share of the Group at 30 June 2021 fell to RM1.97 from RM2.06 at the previous year-end. The decrease in shareholders' equity was attributable to the net loss incurred of RM39.674 million for the first six months ended 30 June 2021, partially offset by foreign exchange translation gains.

In addition, at 30 June 2021, the Group's current liabilities exceeded its current assets by RM133.758 million. This largely reflected a deterioration in the Group's cash reserves which was used during the first six-month period of 2021 to fund working capital requirements for the Group hotels due to the continued operational and financial impact of Covid-19, as well as to fund payments relating to the organisational restructuring exercise carried out by the Group hotels.

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NOTES PURSUANT TO MFRS 134

A4 Unusual Items affecting Assets, Liabilities, Equity, Net Income or Cash Flows (cont'd)

Given the evolving Covid-19 situation and the uncertainty over the timing and pace of a business recovery, the Group has considered the ongoing effects of the pandemic on its future performance, cash flows and liquidity. The Group's projected cash flows were stress tested against a range of plausible downside scenarios including the risk of further setbacks to recovery, taking into account the overall financial position and principal risks of the Group. Having reviewed the detailed outcome of these assessments and after making appropriate enquiries, the Directors have a reasonable expectation that the Group will have adequate resources to meet its operating cash requirements and financial obligations, and to continue in operational existence over a period of at least 12 months from 30 June 2021.

A5 Material Changes in Estimates

There were no changes in estimates of amounts reported in prior interim periods or changes in estimates of amounts reported in prior financial years, which have a material effect on the financial statements for the second quarter and financial period ended 30 June 2021.

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 2021.

A7 Dividends Paid

No dividend was paid during the financial period ended 30 June 2021.

A8 Segmental Reporting

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

For the period ended 30 June 2021 <i>(All figures in RM'000)</i>	Hotels & Resorts	Investment Properties	Others	Inter-segment Elimination	Consolidated Total
Segment Revenue					
Revenue from external customers	31,849	10,734	456	-	43,039
Inter-segment revenue	-	1,175	192	(1,367)	-
Total revenue	31,849	11,909	648	(1,367)	43,039
Segment Results					
Operating (loss)/profit	(58,696)	6,992	(1,759)	(4,624)	(58,087)
Interest expense	(2,512)	(111)	(1,130)	2,612	(1,141)
Interest income	2,617	143	39	(1,873)	926
Share of results of associated companies	-	2,115	-	-	2,115
(Loss)/profit before tax	(58,591)	9,139	(2,850)	(3,885)	(56,187)
As at 30 June 2021 <i>(All figures in RM'000)</i>					
Segment assets	899,739	353,779	6,728	(204,280)	1,055,966
Interest in associates	-	206,831	-	-	206,831
Total assets	899,739	560,610	6,728	(204,280)	1,262,797

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NOTES PURSUANT TO MFRS 134

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 2021 and the date of this report that would materially affect the results of the Group for the financial period ended 30 June 2021.

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 2021.

A11 Changes in Contingent Liabilities or Contingent Assets

There were no changes in contingent liabilities and assets of the Group since the last annual balance sheet date as at 31 December 2020 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 2021 are as follows:-

	RM'000
Authorised and contracted for	1,765
Authorised but not contracted for	6,394
	8,159

A13 Related Party Transactions

6 months ended 30.6.2021
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.	1,589
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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.	1,043
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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 2021 vs 1st Half 2020

Due to business disruptions resulting from Covid-19, Group revenue in the six months ended 30 June 2021 fell by 56% to RM43.039 million from RM98.416 million for the same period in 2020. The Group's net loss attributable to shareholders for the six months was RM39.674 million, 47% higher than the net loss of RM27.053 million in the first half 2020.

The financial results of the Group reflected the full half-year impact of Covid-19, as compared to the first six months of 2020 when its effects were only severely felt from March 2020 onwards.

Throughout the last six months, the Group's hotel operations were weighed down by the continuing impact of Covid-19 and ongoing government actions to control the pandemic, with tight border controls, travel restrictions and lockdowns remaining in place. The situation was further aggravated by a surge in Covid-19 infections domestically, prompting the re-instatement of stringent pandemic-related business restrictions and containment measures which significantly reduced rooms and food and beverage business at the Group's hotels.

Amid poor market conditions, revenue from Shangri-La Hotel Kuala Lumpur fell by 53% in the first six months of 2021 to RM12.025 million. In tandem, the hotel turned in a pre-tax loss of RM19.237 million, as against a loss of RM18.238 million for the first six months of 2020. The hotel's occupancy was 7%, versus 18% the previous year.

At Rasa Ria Resort, occupancy dropped to 12% from 20% in the first half 2020, reflecting a steep slump in visitor arrivals from its key markets. This led to a 64% decline in revenue to RM7.619 million, and therefore the resort recorded a pre-tax loss of RM15.137 million, compared to a loss of RM9.212 million in the first six months of 2020.

On the back of a sharp downturn in leisure demand, occupancy at Rasa Sayang Resort decreased to 8% from 32% in the first half 2020, with a consequent 75% fall in revenue to RM4.721 million. The resort made a pre-tax loss of RM9.909 million, as compared to a loss of RM4.963 million in the first half 2020.

Similarly, Golden Sands Resort saw its revenue drop by 64% from the first six months of 2020 to RM4.118 million, in line with a reduction in occupancy from 32% in the prior year to 13%. The resort incurred a pre-tax loss of RM6.895 million for the period, compared with a loss of RM3.971 million in the first half of last year.

The performance of Hotel Jen Penang was also affected by substantially lower levels of business, with occupancy down to 11% from 29% in the 2020 half year, resulting in an overall decline of 68% in revenue to RM2.470 million. The hotel closed the first half 2021 with a higher pre-tax loss of RM7.072 million, as compared to a loss of RM6.161 million the year before.

The Group's investment properties in Kuala Lumpur posted a combined rental revenue of RM11.909 million for the first half of 2021, 4% lower than in 2020, while their combined pre-tax profit reduced from RM7.416 million in the same period last year to RM7.024 million.

For the half-year ended 30 June 2021, the Group's share of profits from its associates in Myanmar was RM2.115 million, versus RM2.210 million in the corresponding period in 2020. Pursuant to the requirements of MFRS 128, the Group's unrecognised share of losses for the six-month period to 30 June 2021 in Traders Yangon Company Ltd ("TYCL") in which it holds a 23.5% stake amounted to RM3.187 million. TYCL owns and operates Sule Shangri-La Yangon, the Group's associate hotel.

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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 2021 vs 1st Quarter 2021

Group revenue for the second quarter ended 30 June 2021 was RM20.325 million, 11% down from RM22.714 million in the first quarter ended 31 March 2021, largely due to a decline in revenue contributions from the Group's resorts in Penang. The Group's net loss attributable to shareholders for the second quarter 2021 of RM20.102 million was higher than the net loss of RM19.572 million in the first quarter 2021.

During the period, the Group's hotel businesses witnessed a significant slowdown in domestic demand and economic activity. Operating conditions generally worsened as the quarter progressed, resulting from the re-imposition of stricter pandemic containment measures and restrictions on inter-state domestic travel due to a resurgence in local Covid-19 cases. These restrictive measures put increased pressure on occupancy levels and placed severe constraints on food and beverage operations, especially at Rasa Sayang Resort and Golden Sands Resort.

Against this backdrop, the Group's hotel businesses reported reduced occupancy levels for the second quarter 2021, and consequently saw substantial further losses from their operations in the period.

At Rasa Sayang Resort, occupancy fell to 6% against 10% in first quarter 2021, while occupancy at Golden Sands Resort dropped from 17% to 9%. Both Shangri-La Hotel Kuala Lumpur and Rasa Ria Resort also showed a reduction in occupancy levels to 6% and 10% respectively for the second quarter 2021. Additionally, occupancy for Hotel Jen Penang slipped to 9%, versus 12% in the 2021 first quarter.

For the three months to 30 June 2021, the combined rental revenue from the Group's investment properties in Kuala Lumpur decreased by 2% from the first quarter 2021 to RM5.897 million.

B3 Prospects for 2021

Notwithstanding the increasing pace of vaccination rollouts, business conditions for the Group's hotel operations are expected to remain very challenging and volatile during the second half of 2021 due to the uncertainties surrounding the developments of Covid-19, particularly with the spread of more aggressive strains of the virus.

The ongoing repercussions of Covid-19 on international and domestic travel alongside the re-introduction of significant containment and restrictive measures both globally and domestically to contain fresh waves of Covid-19 cases will have a further dampening effect on the operating performances of the Group's hotels.

The Group's investment properties in Kuala Lumpur are expected to face continued lacklustre trading conditions through 2021, given the prevailing weak economic climate and business sentiments.

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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

	3 months ended		6 months ended	
	30.6.2021	30.6.2020	30.6.2021	30.6.2020
	RM'000	RM'000	RM'000	RM'000
Current taxation				
- Company and subsidiaries	1,129	204	2,076	1,792
Deferred taxation	(6,938)	(10,670)	(13,254)	(11,475)
Overprovision in respect of prior year				
- Company and subsidiaries	63	23	1,275	23
	(5,746)	(10,443)	(9,903)	(9,660)

The Group's effective tax rate for the first six months ended 30 June 2021 was 18%. This rate was lower than the statutory tax rate of 24% mainly because of an overprovision of deferred tax assets in a subsidiary hotel relating to the prior year and the non-recognition of deferred tax assets on losses arising in the period in certain 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 2021 were RM168.378 million, compared with RM171.351 million at 30 June 2020.

<i>(All figures in RM'000)</i>	As at 30 June 2021	As at 30 June 2020
<u>Secured</u>		
Short Term	-	-
Long Term	-	-
	-	-
<u>Unsecured</u>		
Short Term	168,378 *	171,351 **
Long Term	-	-
Total	168,378	171,351

* Amounts drawdown as at 30 June 2021 comprised HKD42.800 million and USD17.410 million from two offshore banks in Labuan, and USD17.630 million from a local bank.

** Amounts drawdown as at 30 June 2020 comprised HKD42.800 million and USD16.980 million from two offshore banks in Labuan, and USD17.500 million from a local bank.

There were no debt securities in the financial period ended 30 June 2021.

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B8 Financial Instruments

Derivatives

There were no outstanding derivative financial instruments as at 30 June 2021.

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 2021.

B9 Changes in Material Litigation

The Group's hotels, namely Rasa Sayang Resort, Shangri-La Hotel Kuala Lumpur, Hotel Jen Penang and Golden Sands Resort were 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 ("MWOs"), the first of which came into effect on 1 October 2013 for the hotel industry ("MW Litigation").

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

On 24 March 2021, the Federal Court in the Crystal Crown Hotel Appeal delivered its landmark decision determining that as a matter of law, hotels are not entitled to utilise employees' service charge to satisfy their statutory obligation to pay the minimum wage and service charge cannot be utilised to top up the minimum wage. The Federal Court emphasised that its ruling was based on interpretation of law and not predicated on facts. The Federal Court also ruled that the minimum wage legislation is a social legislation and therefore, overrides factors such as financial implications on the hotel industry.

As a result of the apex court's pronouncement, the Group concluded that further pursuing the MW Litigation would not yield a favourable outcome.

Accordingly, the Group's hotels withdrew their MW Litigation in the various courts by way of an amicable resolution with the Union for a global settlement for all the Minimum Wage Orders (MWOs 2012, 2016, 2018 and 2020). The Group's hotels duly filed the Notices of Discontinuance in the various courts, the latest of which were filed in July 2021.

On 19 August 2021, the Group's hotels made payments of the backwages under the various Minimum Wages Orders to the Unionised rank & file employees.

B10 Dividend

No interim dividend has been declared by the Directors for the financial year ending 31 December 2021 in light of the significant uncertainty relating to the Covid-19 situation and its continuing negative impact on the Group's business operations.

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B11 Loss per Share

The basic loss per ordinary share for the six (6) months ended 30 June 2021 have been calculated as follows:-

	3 months ended		6 months ended	
	30.6.2021	30.6.2020	30.6.2021	30.6.2020
Loss attributable to shareholders of the Company (RM'000)	(20,102)	(29,084)	(39,674)	(27,053)
No. of ordinary shares in issue ('000)	440,000	440,000	440,000	440,000
Basic Loss Per Share (sen)	(4.57)	(6.61)	(9.02)	(6.15)

Diluted (Loss)/Earnings per Share

Not applicable.

B12 Notes to the Statement of Comprehensive Income

	3 months ended		6 months ended	
	30.6.2021 RM'000	30.6.2020 RM'000	30.6.2021 RM'000	30.6.2020 RM'000
Net (loss)/profit for the period is arrived at after (charging)/crediting:-				
Interest expense	(560)	(1,056)	(1,141)	(2,311)
Depreciation	(13,799)	(14,952)	(27,905)	(30,037)
Net foreign exchange loss	(29)	(55)	(59)	(243)
Write back of/(allowance for) doubtful debts - trade and other receivables	1	(164)	75	(147)
Interest income	400	1,713	926	3,991

Other than the above which have been included in the statement of comprehensive income, there were no impairment of assets, gain or loss on disposal of quoted or unquoted investments or properties for the financial period ended 30 June 2021.

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 2020.

By Order of the Board

Datin Rozina Mohd Amin
Company Secretary

Kuala Lumpur
30 August 2021