

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 2021**

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	
	31.12.2021 RM'000	31.12.2020 RM'000	31.12.2021 RM'000	31.12.2020 RM'000
Revenue	72,344	29,963	128,730	172,092
Operating loss	(12,677)	(64,915)	(103,298)	(135,047)
Interest expense	(702)	(593)	(2,439)	(3,546)
Interest income	210	718	1,407	5,661
Share of results of associated companies	(24,608)	(8,569)	(22,144)	(4,929)
Loss before tax	(37,777)	(73,359)	(126,474)	(137,861)
Tax income	6,642	13,579	23,426	29,171
Loss for the period/year	(31,135)	(59,780)	(103,048)	(108,690)
<u>Attributable to:</u>				
Shareholders of the Company	(29,645)	(54,433)	(91,752)	(96,808)
Non-controlling interests	(1,490)	(5,347)	(11,296)	(11,882)
	(31,135)	(59,780)	(103,048)	(108,690)
Basic Loss per Ordinary Share (sen)	(6.74)	(12.37)	(20.85)	(22.00)
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
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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	3 months ended		12 months ended	
	31.12.2021	31.12.2020	31.12.2021	31.12.2020
	RM'000	RM'000	RM'000	RM'000
Loss for the period/year	(31,135)	(59,780)	(103,048)	(108,690)
<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	(358)	(1,188)	1,218	(581)
<i>Item that will not be reclassified subsequently to profit or loss:</i>				
Remeasurement gains on defined benefit retirement obligations, net of taxes	3,266	-	3,266	-
Total comprehensive expense for the period/year	(28,227)	(60,968)	(98,564)	(109,271)
<i>Attributable to:</i>				
Shareholders of the Company	(26,999)	(55,621)	(87,530)	(97,389)
Non-controlling interests	(1,228)	(5,347)	(11,034)	(11,882)
	(28,227)	(60,968)	(98,564)	(109,271)

(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
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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at 31.12.2021 RM'000	As at 31.12.2020 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	565,899	614,071
Right-of-use assets	16,700	17,274
Investment properties	287,700	287,700
Interests in associates	182,592	198,185
Property development expenditure	12,286	12,286
Deferred tax assets	62,141	38,315
	<u>1,127,318</u>	<u>1,167,831</u>
Current assets		
Inventories	2,958	3,229
Trade and other receivables, prepayments and deposits	16,289	23,119
Tax recoverable	4,403	4,825
Short-term fund placements	56,471	116,674
Cash and bank balances	21,699	13,056
	<u>101,820</u>	<u>160,903</u>
Total assets	<u>1,229,138</u>	<u>1,328,734</u>
EQUITY		
Capital and reserves		
Share capital	544,501	544,501
Reserves	273,756	361,286
Total equity attributable to shareholders of the Company	<u>818,257</u>	<u>905,787</u>
Non-controlling interests	116,688	127,722
Total equity	<u>934,945</u>	<u>1,033,509</u>
LIABILITIES		
Non-current liabilities		
Retirement benefits	21,868	24,612
Lease liabilities	363	396
Deferred tax liabilities	12,102	13,198
	<u>34,333</u>	<u>38,206</u>
Current liabilities		
Trade and other payables and accruals	71,740	68,570
Provision	2,585	14,968
Contract liabilities	9,836	10,302
Lease liabilities	575	920
Short-term borrowings	174,731	161,998
Current tax liabilities	393	261
	<u>259,860</u>	<u>257,019</u>
Total liabilities	<u>294,193</u>	<u>295,225</u>
Total equity and liabilities	<u>1,229,138</u>	<u>1,328,734</u>
Net Assets per Ordinary Share (RM) Attributable to Shareholders of the Company	1.86	2.06

(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
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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 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 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
Balance at 1 January 2021	544,501	36,081	325,205	905,787	127,722	1,033,509
Net loss for the year	-	-	(91,752)	(91,752)	(11,296)	(103,048)
Exchange differences on translation of foreign operations and foreign currency loans forming part of net investment in foreign operations	-	1,218	-	1,218	-	1,218
Remeasurement gains on defined benefit retirement obligations, net of taxes	-	-	3,004	3,004	262	3,266
Total comprehensive income/(expense) for the year	-	1,218	(88,748)	(87,530)	(11,034)	(98,564)
Balance at 31 December 2021	544,501	37,299	236,457	818,257	116,688	934,945

(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
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UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2021

	31.12.2021	31.12.2020
	RM'000	RM'000
Loss before tax	(126,474)	(137,861)
Adjustments for non-cash flow:-		
Non-cash items	80,044	64,549
Non-operating items	1,032	(2,115)
Operating loss before changes in working capital	(45,398)	(75,427)
Changes in working capital		
Net change in current assets	7,204	14,752
Net change in current liabilities	(9,594)	(11,639)
Cash used in operating activities	(47,788)	(72,314)
Income taxes paid	(1,989)	(7,543)
Retirement benefits paid	(1,792)	(1,214)
Net cash outflow from operating activities	(51,569)	(81,071)
Investing activities		
Interest income received	1,407	5,661
Purchase of property, plant and equipment	(5,534)	(16,550)
Net cash outflow from investing activities	(4,127)	(10,889)
Financing activities		
Dividends paid by the Company	-	(52,800)
Dividend paid to a non-controlling shareholder of a subsidiary	-	(500)
Drawdown of borrowings	80,931	3,493
Repayment of borrowings	(73,531)	-
Payments of lease obligations	(877)	(1,107)
Interest expense paid	(2,387)	(3,469)
Net cash inflow/(outflow) from financing activities	4,136	(54,383)
Net decrease in cash & cash equivalents	(51,560)	(146,343)
Cash & cash equivalents at beginning of the year	129,730	276,073
Cash & cash equivalents at end of financial year	78,170	129,730

(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
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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 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 Effective From 1 January 2022

The following amendments to the accounting standards issued by the Malaysia Accounting Standards Board (“MASB”) have been adopted by the Group from 1 January 2022 with no material impact on the Group’s financial statements and position:

Amendments to MFRS 3	Business Combinations
Amendments to MFRS 9	Financial Instruments
Amendments to MFRS 116	Property, Plant and Equipment
Amendments to MFRS 137	Provisions, Contingent Liabilities and Contingent Assets
Amendments to MFRS 16	Leases – <i>Covid-19-Related Rent Concessions beyond 30 June 2021</i>

ANNOUNCEMENT OF UNAUDITED CONSOLIDATED RESULTS
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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 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.

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 2021 <i>(All figures in RM'000)</i>	Hotels & Resorts	Investment Properties	Others	Total
<u>Major Goods/Service Lines</u>				
Revenue from rooms	55,255	-	-	55,255
Food and beverage sales	45,794	-	-	45,794
Rendering of ancillary services	3,939	-	-	3,939
Golf operations	2,029	-	-	2,029
Property rentals	-	20,628	-	20,628
Laundry services	-	-	1,085	1,085
Total revenue	107,017	20,628	1,085	128,730

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

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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 year ended 31 December 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 year ended 31 December 2021, except for the continued adverse impact of the global Covid-19 pandemic on the Group's business operations and financial results as disclosed in notes B1 and B2.

Group shareholders' equity at 31 December 2021 dropped by 10% or RM87.530 million to RM818.257 million from RM905.787 million at end-2020. The decrease was driven by the net loss of RM91.752 million for the financial year 2021, partially offset by remeasurement gains on the Group's retirement benefit obligations and favourable foreign exchange translation differences. Correspondingly, the Group's net asset value per share fell to RM1.86 at 31 December 2021 against RM2.06 at the previous year-end.

The Group's total current liabilities were RM259.860 million at 31 December 2021, higher than the total current assets of RM101.820 million as at the same date, largely attributable to a significant reduction in the Group's cash reserves. During 2021, the Group used its cash reserves mostly to support the working capital requirements of its hotel operations as a result of business disruptions from the Covid-19 pandemic, as well as to fund payments relating to the organisational restructuring exercise implemented by the Group hotels.

In light of the continuing adverse impact of Covid-19 on the Group and the uncertainty over the timing and scale of a market 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 for a period of at least 12 months from 31 December 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 fourth quarter and financial year ended 31 December 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 year ended 31 December 2021.

A7 Dividends Paid

No dividends were paid during the financial year ended 31 December 2021.

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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 2021 <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	107,017	20,628	1,085	-	128,730
Inter-segment revenue	-	2,345	597	(2,942)	-
Total revenue	107,017	22,973	1,682	(2,942)	128,730
<u>Segment Results</u>					
Operating (loss)/profit	(127,192)	13,220	(8,504)	19,178	(103,298)
Interest expense	(5,389)	(225)	(2,330)	5,505	(2,439)
Interest income	5,051	296	74	(4,014)	1,407
Share of results of associated companies	-	(22,144)	-	-	(22,144)
Loss before tax	(127,530)	(8,853)	(10,760)	20,669	(126,474)

As at 31 December 2021 <i>(All figures in RM'000)</i>	Hotels & Resorts	Investment Properties	Others	Inter-segment Elimination	Consolidated Total
Segment assets	895,927	354,494	6,614	(210,489)	1,046,546
Interest in associates	-	182,592	-	-	182,592
Total assets	895,927	537,086	6,614	(210,489)	1,229,138

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 2021 and the date of this report that would materially affect the results of the Group for the financial year ended 31 December 2021.

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 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.

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NOTES PURSUANT TO MFRS 134

A12 Capital Commitments

Capital commitments for property, plant and equipment and investment properties not provided for as at 31 December 2021 are as follows:-

	RM'000
Authorised and contracted for	1,748
Authorised but not contracted for	19,118
	20,866

A13 Related Party Transactions

12 months ended 31.12.2021
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.	4,785
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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.	2,085
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NOTES REQUIRED BY THE LISTING REQUIREMENTS OF BURSA MALAYSIA – PART A OF APPENDIX 9B

B1 Review of Group Results Full Year 2021 vs Full Year 2020

For the year to 31 December 2021, Group revenue fell by 25% to RM128.730 million from RM172.092 million in 2020 when the impact of Covid-19 was only severely felt from March 2020 onwards. The Group's net loss attributable to shareholders for the year was RM91.752 million, compared to a net loss of RM96.808 million in 2020.

The financial results for the full year 2021 were negatively affected by:-

- i) further losses sustained by all the Group's hotel businesses due to Covid-19 disruptions. The losses from operations were partly cushioned by the absence of provisions recognised in 2020 for organisational restructuring employee-related costs and for the backwages payable in respect of the Minimum Wage Litigation; and
- ii) a net non-operating charge of RM24.719 million against a net charge of RM10.537 million in 2020, relating to the Group's share of net fair value losses arising from the year-end revaluation of the investment properties held through its associates in Myanmar.

In 2021, the performances of the Group's hotel businesses continued to be hampered by Covid-19 and the economic impact of the restrictive measures employed by governments to control the spread of the pandemic. Widespread travel restrictions, health-travel related requirements and border closures significantly curtailed both international and leisure travel. This, combined with tighter pandemic-related business restrictions and containment measures nationwide which remained in place for most of 2021 led to reduced business levels across the Group's hotels and resorts.

Revenue from Shangri-La Hotel Kuala Lumpur declined by 27% over 2020 to RM31.509 million, owing to weaker rooms and food and beverage business. The hotel closed the year with a pre-tax loss of RM37.304 million, as compared to a loss of RM52.603 million in 2020. The hotel's occupancy was 8%, versus 13% the previous year.

Amid lacklustre market conditions, revenue at Rasa Ria Resort decreased by 34% to RM20.268 million from RM30.614 million in 2020. For the year, the resort's pre-tax loss was RM28.836 million compared to a loss of RM34.983 million in 2020. The resort had a lower occupancy of 14% in 2021 resulting from a slump in visitor arrivals.

Faced with subdued levels of leisure demand, Rasa Sayang Resort saw its occupancy dip to 21% from 32% in 2020, contributing to an overall revenue decline of 31% during the year to RM24.481 million. The resort turned in a pre-tax loss of RM14.753 million, as compared to a loss of RM18.385 million in 2020.

The performance of Golden Sands Resort was also impacted by a shortfall in leisure business, with occupancy decreasing to 26% from 35% last year, which resulted in a 16% reduction in revenue to RM19.644 million. The resort registered a pre-tax loss of RM9.062 million, compared with a loss of RM10.324 million in the prior year.

Revenue for Hotel Jen Penang was down by 31% to RM8.906 million, in line with a drop in occupancy from 27% in 2020 to 18%. The hotel ended the year with a pre-tax loss of RM12.833 million, versus a loss of RM15.280 million in 2020.

The Group's investment properties in Kuala Lumpur produced a lower combined rental revenue of RM22.973 million, 7% below that of 2020, while their pre-tax profit fell by 3% from RM13.687 million in the previous year to RM13.291 million.

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

B1 Review of Group Results Full Year 2021 vs Full Year 2020 (cont'd)

For 2021, the Group's share of losses from its associates in Myanmar increased to RM22.144 million from RM4.929 million in 2020, primarily reflecting the unfavourable impact of the fair value losses from the year-end revaluation of Sule Square and the Shangri-La Serviced Apartments in Yangon. Pursuant to the requirements of MFRS 128, the Group's unrecognised share of losses for the year ended 31 December 2021 in Traders Yangon Company Ltd ("TYCL") in which it holds a 23.5% stake amounted to RM6.523 million. TYCL owns and operates Sule Shangri-La Yangon, the Group's associate hotel.

B2 Comparison of Group Results 4th Quarter 2021 vs 3rd Quarter 2021

The Group's revenue for the fourth quarter ended 31 December 2021 grew to RM72.344 million from RM13.347 million in the third quarter ended 30 September 2021, with improved contributions mostly from the Group's resorts in Penang. Nevertheless, the Group posted an increased net loss attributable to shareholders of RM29.645 million for the fourth quarter 2021, as against a net loss of RM22.433 million in the third quarter 2021, primarily due to the higher share of associated companies' losses of RM24.608 million which included fair value losses recognised at year-end 2021.

Following a relaxation of local Covid-19 containment measures and the reopening of interstate borders from October 2021 onwards, the Group's hotel operations benefited from a steady pick-up in rooms and food and beverage business from the domestic market over the course of the fourth quarter, notably at Rasa Sayang Resort and Golden Sands Resort.

Supported by an upturn in domestic leisure travel demand, overall occupancy at Rasa Sayang Resort rose to 62% from 5% in the third quarter 2021, whereas occupancy at Golden Sands Resort strengthened from 6% to 74%. Equally, Rasa Ria Resort achieved a higher occupancy of 32% against the third quarter 2021.

At the same time, Shangri-La Hotel Kuala Lumpur and Hotel Jen Penang also recorded growth in occupancy levels to 16% and 44% respectively when compared to the third quarter 2021.

For the fourth quarter 2021, the combined rental revenue from the Group's investment properties in Kuala Lumpur was RM5.582 million, up 2% from the third quarter 2021.

B3 Prospects for 2022

Looking ahead, the business environment for the Group's hotel operations will remain challenging and volatile due to the ongoing impact of the global Covid-19 crisis, the uncertainty around the pandemic as well as current geopolitical challenges.

While global travel has started to return gradually on the back of increasing vaccination rates and the opening up of some borders to international travel, the Group's hotel businesses are expected to experience a prolonged recovery from the pandemic, with domestic business driving the recovery in the near term.

The overall performances of the Group's investment properties in Kuala Lumpur are likely to be sluggish during 2022 amid continued economic uncertainties and slowing demand trends.

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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		12 months ended	
	31.12.2021 RM'000	31.12.2020 RM'000	31.12.2021 RM'000	31.12.2020 RM'000
Current taxation				
- Company and subsidiaries	16	1,135	3,118	3,980
Deferred taxation	(6,670)	(15,467)	(27,842)	(33,927)
Overprovision in respect of prior year				
- Company and subsidiaries	12	753	1,298	776
	(6,642)	(13,579)	(23,426)	(29,171)

The effective tax rate of the Group for the year ended 31 December 2021 was 19%. This was lower than the statutory rate of 24% mainly due to an overprovision of deferred tax assets recognised in a subsidiary hotel relating to the previous year, coupled with the non-recognition of tax losses arising during the year 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 31 December 2021 were RM174.731 million, compared with RM161.998 million at 31 December 2020.

<i>(All figures in RM'000)</i>	As at 31 December 2021	As at 31 December 2020
Secured		
Short Term	-	-
Long Term	-	-
Unsecured		
Short Term	174,731 *	161,998 **
Long Term	-	-
Total	174,731	161,998

* Amounts drawdown as at 31 December 2021 comprised HKD42.800 million and USD17.429 million from two offshore banks in Labuan and USD17.920 million from a local bank as well as a drawdown of RM5.000 million from a local bank.

** 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.

There were no debt securities in the financial year ended 31 December 2021.

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B8 Financial Instruments

Derivatives

There were no outstanding derivative financial instruments as at 31 December 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 year ended 31 December 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.

Following the withdrawal of the MW Litigation, the Group's hotels made payments of backwages under the various Minimum Wage Orders to the Unionised rank & file employees on 19 August 2021, and thereafter, to eligible former employees.

B10 Dividend

In light of the substantial losses recorded by the Group in 2021 and taking into consideration the prolonged adverse impact of Covid-19 on the Group's hotel operations, the Board does not recommend the payment of dividends in respect of the financial year ended 31 December 2021.

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B11 Loss per Share

The basic loss per ordinary share for the year ended 31 December 2021 have been calculated as follows:-

	3 months ended		12 months ended	
	31.12.2021	31.12.2020	31.12.2021	31.12.2020
Loss attributable to shareholders of the Company (RM'000)	(29,645)	(54,433)	(91,752)	(96,808)
No. of ordinary shares in issue ('000)	440,000	440,000	440,000	440,000
Basic Loss Per Share (sen)	(6.74)	(12.37)	(20.85)	(22.00)

Diluted (Loss)/Earnings per Share

Not applicable.

B12 Notes to the Statement of Comprehensive Income

	3 months ended		12 months ended	
	31.12.2021 RM'000	31.12.2020 RM'000	31.12.2021 RM'000	31.12.2020 RM'000
Net loss for the period/year is arrived at after (charging)/crediting:-				
Interest expense	(702)	(593)	(2,439)	(3,546)
Depreciation	(13,230)	(14,817)	(54,676)	(59,840)
Net foreign exchange gain/(loss)	(17)	37	(115)	(223)
Write back of/(allowance for) doubtful debts - trade and other receivables	6	(104)	103	(118)
Interest income	210	718	1,407	5,661

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 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
28 February 2022