

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 2022**

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 | |
|--|-----------------|-----------------|-----------------|------------------|
| | 31.12.2022 | 31.12.2021 | 31.12.2022 | 31.12.2021 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Revenue | 119,711 | 72,344 | 363,432 | 128,730 |
| Operating loss before exceptional item | (5,841) | (12,677) | (12,710) | (103,298) |
| Exceptional item | (15,518) | - | (15,518) | - |
| Operating loss | (21,359) | (12,677) | (28,228) | (103,298) |
| Interest expense | (2,516) | (702) | (6,095) | (2,439) |
| Interest income | 81 | 210 | 282 | 1,407 |
| Share of results of associated companies | (5,387) | (24,608) | (4,500) | (22,144) |
| Loss before tax | (29,181) | (37,777) | (38,541) | (126,474) |
| Tax (expense)/income | (3,470) | 6,642 | (6,196) | 23,426 |
| Loss for the period/year | (32,651) | (31,135) | (44,737) | (103,048) |
| <u>Attributable to:</u> | | | | |
| Shareholders of the Company | (31,814) | (29,645) | (40,710) | (91,752) |
| Non-controlling interests | (837) | (1,490) | (4,027) | (11,296) |
| | (32,651) | (31,135) | (44,737) | (103,048) |
| Basic Loss per Ordinary Share (sen) | (7.23) | (6.74) | (9.25) | (20.85) |
| 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 2021)

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 2022****UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

| | 3 months ended | | 12 months ended | |
|---|-----------------|-----------------|-----------------|-----------------|
| | 31.12.2022 | 31.12.2021 | 31.12.2022 | 31.12.2021 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Loss for the period/year | (32,651) | (31,135) | (44,737) | (103,048) |
| <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 | (665) | (358) | 962 | 1,218 |
| <i>Item that will not be reclassified subsequently to profit or loss:</i> | | | | |
| Re-measurement gains on defined benefit retirement obligations, net of taxes | - | 3,266 | - | 3,266 |
| Total comprehensive expense for the period/year | (33,316) | (28,227) | (43,775) | (98,564) |
| <i>Attributable to:</i> | | | | |
| Shareholders of the Company | (32,479) | (26,999) | (39,748) | (87,530) |
| Non-controlling interests | (837) | (1,228) | (4,027) | (11,034) |
| | (33,316) | (28,227) | (43,775) | (98,564) |

(The unaudited Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2021)

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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 2022**

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| | As at 31.12.2022 RM'000 | As at 31.12.2021 RM'000 |
|---|-------------------------------|-------------------------------|
| ASSETS | | |
| Non-current assets | | |
| Property, plant and equipment | 531,386 | 565,899 |
| Right-of-use assets | 16,450 | 16,700 |
| Investment properties | 287,700 | 287,700 |
| Interests in associates | 189,274 | 182,592 |
| Property development expenditure | 12,286 | 12,286 |
| Deferred tax assets | 59,439 | 62,141 |
| | <u>1,096,535</u> | <u>1,127,318</u> |
| Current assets | | |
| Inventories | 3,165 | 2,958 |
| Trade and other receivables, prepayments and deposits | 28,238 | 16,289 |
| Tax recoverable | 1,982 | 4,403 |
| Short-term fund placements | 82,448 | 56,471 |
| Cash and bank balances | 27,544 | 21,699 |
| | <u>143,377</u> | <u>101,820</u> |
| Total assets | <u>1,239,912</u> | <u>1,229,138</u> |
| EQUITY | | |
| Capital and reserves | | |
| Share capital | 544,501 | 544,501 |
| Reserves | 234,008 | 273,756 |
| Total equity attributable to shareholders of the Company | <u>778,509</u> | <u>818,257</u> |
| Non-controlling interests | 112,661 | 116,688 |
| Total equity | <u>891,170</u> | <u>934,945</u> |
| LIABILITIES | | |
| Non-current liabilities | | |
| Retirement benefit obligations | 24,563 | 21,868 |
| Lease liabilities | 293 | 363 |
| Deferred tax liabilities | 12,111 | 12,102 |
| Other non-current liabilities | 6,114 | - |
| | <u>43,081</u> | <u>34,333</u> |
| Current liabilities | | |
| Trade and other payables and accruals | 97,217 | 71,740 |
| Provisions | 868 | 2,585 |
| Contract liabilities | 11,400 | 9,836 |
| Lease liabilities | 694 | 575 |
| Short-term borrowings | 185,816 | 174,731 |
| Current tax liabilities | 340 | 393 |
| Amounts due to an associated company | 9,326 | - |
| | <u>305,661</u> | <u>259,860</u> |
| Total liabilities | <u>348,742</u> | <u>294,193</u> |
| Total equity and liabilities | <u>1,239,912</u> | <u>1,229,138</u> |
| Net Assets per Ordinary Share (RM) | 1.77 | 1.86 |
| 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 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 2022

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2022

| <i>All figures in RM'000</i> | <u>Attributable to Shareholders of the Company</u> | | | Total equity | | |
|---|--|---------------------------------|----------------------|---|------------------------------|-----------------|
| | Share capital | Exchange Translation Reserve | Retained earnings | attributable to shareholders of the Company | Non-controlling interests | Total equity |
| | ← Non-distributable → | | ← Distributable → | | | |
| 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 |
| Balance at 1 January 2022 | 544,501 | 37,299 | 236,457 | 818,257 | 116,688 | 934,945 |
| Net loss for the year | - | - | (40,710) | (40,710) | (4,027) | (44,737) |
| Exchange differences on translation of foreign operations and foreign currency loans forming part of net investment in foreign operations | - | 962 | - | 962 | - | 962 |
| Total comprehensive income/(expense) for the year | - | 962 | (40,710) | (39,748) | (4,027) | (43,775) |
| Balance at 31 December 2022 | 544,501 | 38,261 | 195,747 | 778,509 | 112,661 | 891,170 |

(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 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 2022

UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT
For the year ended 31 December 2022

| | 31.12.2022 | 31.12.2021 |
|--|-----------------|-----------------|
| | RM'000 | RM'000 |
| Loss before tax | (38,541) | (126,474) |
| Adjustments for non-cash flow:- | | |
| Non-cash items | 74,357 | 80,044 |
| Non-operating items | 5,813 | 1,032 |
| Operating profit/(loss) before changes in working capital | 41,629 | (45,398) |
| Changes in working capital | | |
| Net change in current assets | (12,227) | 7,204 |
| Net change in current liabilities | 25,561 | (9,594) |
| Cash generated from/(used in) operations | 54,963 | (47,788) |
| Income taxes paid | (1,117) | (1,989) |
| Retirement benefits paid | (2,368) | (1,792) |
| Net cash inflow/(outflow) from operating activities | 51,478 | (51,569) |
| Investing activities | | |
| Interest income received | 282 | 1,407 |
| Purchase of property, plant and equipment | (14,066) | (5,534) |
| Net cash outflow from investing activities | (13,784) | (4,127) |
| Financing activities | | |
| Drawdown of borrowings | 5,865 | 80,931 |
| Repayment of borrowings | (5,000) | (73,531) |
| Payments of lease obligations | (688) | (877) |
| Interest expense paid | (6,049) | (2,387) |
| Net cash (outflow)/inflow from financing activities | (5,872) | 4,136 |
| Net increase/(decrease) in cash & cash equivalents | 31,822 | (51,560) |
| Cash & cash equivalents at beginning of the year | 78,170 | 129,730 |
| Cash & cash equivalents at end of financial year | 109,992 | 78,170 |

(The unaudited Condensed Consolidated Cash Flow Statement should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2021)

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 2022

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 2021. 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 2021, except for the adoption of amendments to Malaysian Financial Reporting Standards (“MFRSs”) that are relevant to its operations and effective for annual period beginning 1 January 2022, which are set out below.

| | |
|------------------------|--|
| Amendments to MFRS 3 | Business Combinations (<i>Reference to the Conceptual Framework</i>) |
| Amendments to MFRS 9 | Financial Instruments (<i>Annual Improvements to MFRS Standards 2018 - 2020</i>) |
| Amendments to MFRS 16 | Leases (<i>Covid-19 - Related Rent Concessions beyond 30 June 2021</i>) Leases (<i>Annual Improvements to MFRS Standards 2018 - 2020</i>) |
| Amendments to MFRS 116 | Property, Plant and Equipment (<i>Proceeds before Intended Use</i>) |
| Amendments to MFRS 137 | Provisions, Contingent Liabilities and Contingent Assets (<i>Onerous Contracts–Cost of Fulfilling a Contract</i>) |

The adoption of these amended MFRSs did not have a material impact on the financial statements or position of the Group.

Amendments Effective From 1 January 2023

The following amendments to the accounting standards issued by the Malaysian Accounting Standards Board (“MASB”) have been adopted by the Group from 1 January 2023 with no significant effect on the Group’s financial statements and position:

| | |
|------------------------|--|
| Amendments to MFRS 101 | Presentation of Financial Statements (<i>Disclosures of Accounting Policies</i>) |
| Amendments to MFRS 108 | Accounting Policies, Changes in Accounting Estimates and Errors (<i>Definition of Accounting Estimates</i>) |
| Amendments to MFRS 112 | Income Taxes (<i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>) |

Amendments not yet Effective

Other amendments to MFRS as set out below have been issued and are relevant to the Group effective for annual period beginning on or after 1 January 2024 which are not expected to have a material impact on the financial statements of the Group. The Group will adopt these amendments from their effective dates.

| | |
|------------------------|--|
| Amendments to MFRS 16 | Leases (<i>Lease Liability in a Sale and Leaseback</i>) |
| Amendments to MFRS 101 | Presentation of Financial Statements (<i>Non-current Liabilities with Covenants and Classification of Liabilities as Current or Non-current</i>) |

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

ANNOUNCEMENT OF UNAUDITED CONSOLIDATED RESULTS
FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2022

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 31 December 2022 <i>(All figures in RM'000)</i> | Hotels & Resorts | Investment Properties | Others | Total |
|--|---------------------|--------------------------|--------------|----------------|
| <u>Major Goods/Service Lines</u> | | | | |
| Revenue from rooms | 183,468 | - | - | 183,468 |
| Food and beverage sales | 140,359 | - | - | 140,359 |
| Rendering of ancillary services | 12,275 | - | - | 12,275 |
| Golf operations | 3,328 | - | - | 3,328 |
| Property rentals | - | 20,925 | - | 20,925 |
| Laundry services | - | - | 3,077 | 3,077 |
| Total revenue | 339,430 | 20,925 | 3,077 | 363,432 |

| 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 |

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 2022.

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 2022, except for (i) the ongoing business recovery of the Group's hotel operations from the pandemic as disclosed in notes B1 and B2, and (ii) a non-operating charge of RM15.518 million which has been recognised in the financial year 2022 for impairment losses on loans relating to an associated company in Myanmar, which is presented in the income statement as an exceptional item.

As at 31 December 2022, Group shareholders' equity was RM778.509 million, a decrease of RM39.748 million, as compared to RM818.257 million at the end of December 2021. Correspondingly, the Group's net asset value per share at 31 December 2022 declined to RM1.77 from RM1.86 at the previous year-end. This was due to the net loss of RM40.710 million recorded in the year ended 31 December 2022, partially offset by favourable currency translation effects.

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 2022

NOTES PURSUANT TO MFRS 134

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

Group total current assets at 31 December 2022 rose by RM41.557 million to RM143.377 million from RM101.820 million at the end of December 2021, driven mostly by increased deposits, cash and bank balances reflecting the stronger cash flows generated by the Group's hotel operations during 2022 as business levels recovered steadily from the impacts of the pandemic, partly offset by repayment of debt, cash used in operating activities and capital expenditure.

Group total current liabilities grew by RM45.801 million to RM305.661 million at 31 December 2022, as against RM259.860 million at the end of December 2021, primarily arising from an increase in trade payables in line with higher business volumes across the Group's hotel businesses, combined with an adverse foreign exchange impact on the translation of the Group's US dollar bank borrowings with strengthening USD exchange rates against the Ringgit and the amounts due to an associated company in Myanmar within twelve months from the reporting period.

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 2022.

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 2022.

A7 Dividends Paid

No dividends were paid during the financial year ended 31 December 2022.

A8 Segmental Reporting

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

| For the period ended 31 December 2022 <i>(All figures in RM'000)</i> | Hotels & Resorts | Investment Properties | Others | Inter-segment Elimination | Consolidated Total |
|--|---------------------|--------------------------|-----------------|------------------------------|-----------------------|
| Segment Revenue | | | | | |
| Revenue from external customers | 339,430 | 20,925 | 3,077 | - | 363,432 |
| Inter-segment revenue | - | 2,286 | 1,289 | (3,575) | - |
| Total revenue | 339,430 | 23,211 | 4,366 | (3,575) | 363,432 |
| Segment Results | | | | | |
| Operating (loss)/profit | (13,259) | 12,731 | (18,771) | (8,929) | (28,228) |
| Interest expense | (5,891) | (225) | (5,796) | 5,817 | (6,095) |
| Interest income | 4,585 | 25 | 5 | (4,333) | 282 |
| Share of results of associated companies | - | (4,500) | - | - | (4,500) |
| (Loss)/profit before tax | (14,565) | 8,031 | (24,562) | (7,445) | (38,541) |

| As at 31 December 2022 <i>(All figures in RM'000)</i> | Hotels & Resorts | Investment Properties | Others | Inter-segment Elimination | Consolidated Total |
|---|---------------------|--------------------------|--------------|------------------------------|-----------------------|
| Segment assets | 873,178 | 356,788 | 5,546 | (184,874) | 1,050,638 |
| Interest in associates | - | 189,274 | - | - | 189,274 |
| Total assets | 873,178 | 546,062 | 5,546 | (184,874) | 1,239,912 |

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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 2022

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 31 December 2022 and the date of this report that would materially affect the results of the Group for the financial year ended 31 December 2022.

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 2022.

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 2021 to the date of this report.

A12 Capital Commitments

Capital commitments for property, plant and equipment and investment properties not provided for as at 31 December 2022 are as follows:-

| | RM'000 |
|-----------------------------------|---------------|
| Authorised and contracted for | 7,605 |
| Authorised but not contracted for | 30,364 |
| | <u>37,969</u> |

A13 Related Party Transactions

12 months ended 31.12.2022
RM'000

Transactions with subsidiaries of the ultimate holding company

| | |
|---|--------|
| - Management, marketing and reservation fees to Shangri-La Hotel Management (MY) Pte Ltd. | 12,166 |
| - Office rental income from Shangri-La Shared Services Sdn Bhd | 1,153 |

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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ANNOUNCEMENT OF UNAUDITED CONSOLIDATED RESULTS
FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2022

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

B1 Review of Group Results Full Year 2022 vs Full Year 2021

For the year to 31 December 2022, Group revenue rose by 182% to RM363.432 million compared to RM128.730 million in 2021. Group net loss attributable to shareholders dropped in tandem by 56% to RM40.710 million in 2022 from the net loss of RM91.752 million the year before.

The overall financial results for 2022 primarily reflected positive contributions from the Group's resorts in Penang and the substantially reduced losses made by Shangri-La Hotel Kuala Lumpur and Rasa Ria Resort, supported by a steady rebound in business levels both in rooms and in food and beverage operations, following the lifting of pandemic restrictions and the reopening of borders through 2022.

The net loss in 2022 included a lower net charge for non-operating items amounting to RM21.053 million versus a net charge of RM24.719 million in the prior year. The non-operating items recognised in 2022 were made up of:-

- i) the Group's share of net fair value losses of RM5.535 million arising from the year-end revaluation of the investment properties held by its associates in Myanmar, and
- ii) a loan impairment loss of RM15.518 million relating to Traders Yangon Company Ltd, the Group's 23.5% associate which owns Sule Shangri-La Yangon hotel. This impairment charge is disclosed as an exceptional item on the face of the income statement.

At the operating level, Rasa Sayang Resort recovered well in line with improved levels of leisure demand. This enabled the resort to achieve an overall occupancy of 63% in 2022 compared with 21% in 2021, which led to a 207% growth in revenue during 2022 to RM75.178 million. The resort closed the year with a pre-tax profit of RM7.022 million, reversing the loss of RM14.753 million in 2021.

Underpinned by stronger domestic leisure business, Golden Sands Resort saw occupancy grow from 26% in 2021 to 62%, with revenue rising by 161% over the prior year to RM51.271 million. Consequently, the resort turned in a pre-tax profit of RM3.839 million for 2022 compared to the loss of RM9.062 million in 2021.

In 2022, Shangri-La Hotel Kuala Lumpur posted a revenue growth of 264% to RM114.599 million, largely driven by a buoyant performance from its food and beverage operations. The hotel reported a pre-tax loss of RM6.987 million in 2022, an improvement of 81% versus the loss of RM37.304 million in 2021. Occupancy of the hotel for 2022 was 35% compared to 8% in 2021.

At Rasa Ria Resort, revenue grew by 214% over 2021 to RM63.583 million, helped by an increased occupancy of 34% from 14% the previous year. As a result, the resort narrowed its pre-tax loss to RM15.463 million in 2022 from a loss of RM28.836 million in 2021.

Revenue for the year from Hotel Jen Penang was RM30.908 million, 247% above that of RM8.906 million in 2021, in response to a higher occupancy of 49% in 2022 compared to 18% in the prior year. The hotel made a lower pre-tax loss of RM0.508 million in 2022, a reduction of 96% from last year's loss of RM12.833 million.

For the twelve months of 2022, the Group's investment properties in Kuala Lumpur produced a small increase of 1% in combined rental revenue to RM23.211 million, whilst their pre-tax profit was down by 6% from RM13.291 million in the previous year to RM12.531 million.

In the year ended 31 December 2022, the Group's share of losses from associates fell to RM4.500 million from RM22.144 million in 2021. This was mostly due to lower fair value losses of RM5.535 million recorded by Shangri-La Serviced Apartments and Sule Square at year-end 2022, as compared to RM24.719 million at the previous year-end. Pursuant to the requirements of MFRS 128, the Group's unrecognised share of losses both for 2022 and cumulatively in Traders Yangon Company Ltd amounted to RM20.957 million.

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ANNOUNCEMENT OF UNAUDITED CONSOLIDATED RESULTS
FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2022

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

B2 Comparison of Group Results 4th Quarter 2022 vs 3rd Quarter 2022

Group revenue for the fourth quarter to 31 December 2022 was RM119.711 million, an improvement of 12% from RM107.287 million in the third quarter ended 30 September 2022.

However, the Group recorded a net loss attributable to shareholders of RM31.814 million in the fourth quarter 2022, as against a net profit of RM6.062 million for the third quarter 2022, largely due to weaker contributions from Shangri-La Hotel Kuala Lumpur and from the Group's resorts in Penang as revenue increases during the period were more than offset by sharply higher operational costs. Alongside this, the Group's overall results in the fourth quarter 2022 were further impacted by a provision made for impairment loan losses totalling RM15.518 million in respect of an associate in Myanmar and by its share of associated companies' losses of RM5.387 million versus share of profits of RM0.280 million in the third quarter 2022.

In the quarter, occupancy at Shangri-La Hotel Kuala Lumpur rose to 53% from 41% in the third quarter 2022, leading to a 15% increase in revenue over the third quarter 2022. Revenues at the Group's resorts in Penang and Sabah also improved against the third quarter 2022, mainly driven by a healthy uplift in the average daily rates. Occupancy for Rasa Sayang Resort eased from 72% in the third quarter 2022 to 69%, while occupancy levels at Golden Sands Resort and Rasa Ria Resort remained largely flat at 69% and 42% respectively.

Additionally, Hotel Jen Penang grew its revenue by 17% from the third quarter 2022, helped by an increased occupancy of 60% coupled with better food and beverage sales.

The combined rental revenue from the Group's investment properties in Kuala Lumpur of RM5.877 million for the fourth quarter 2022 was comparable to that in the third quarter 2022.

B3 Prospects for 2023

Looking forward, the overall business environment for the Group's hotel operations will continue to be challenging in 2023 with ongoing market volatility and economic uncertainty.

Nonetheless, momentum in both leisure and corporate travel remains positive going into 2023. The Group's hotels and resorts are expected to show further growth in business levels during 2023 as they are well-positioned to benefit from the continued recovery in demand, particularly from their key domestic and regional travel markets, and from the relaxation of China's border restrictions.

The Group's investment properties in Kuala Lumpur will likely see continued sluggish demand weigh on their operating performances through the course of 2023 amidst soft market conditions.

B4 Variance on Profit Forecast/Profit Guarantee

Not applicable.

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 2022

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

B5 Taxation

| | 3 months ended | | 12 months ended | |
|---------------------------------|----------------------|----------------------|----------------------|----------------------|
| | 31.12.2022 RM'000 | 31.12.2021 RM'000 | 31.12.2022 RM'000 | 31.12.2021 RM'000 |
| <u>Company and subsidiaries</u> | | | | |
| <u>Current taxation</u> | | | | |
| - current period | (475) | (16) | (3,512) | (3,118) |
| - in respect of prior years | 3 | 591 | 27 | 574 |
| | (472) | 575 | (3,485) | (2,544) |
| <u>Deferred taxation</u> | | | | |
| - current period | (416) | 6,670 | 4,066 | 27,842 |
| - in respect of prior year | (2,582) | (603) | (6,777) | (1,872) |
| | (2,998) | 6,067 | (2,711) | 25,970 |
| | (3,470) | 6,642 | (6,196) | 23,426 |

In the year ended 31 December 2022, the Group had a lower effective tax rate of 16%, as compared with the statutory tax rate of 24%, mainly because of adjustments made to the Group's deferred tax balances in respect of the prior year and the non-recognition of tax losses 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 2022 were RM185.816 million, compared with RM174.731 million at 31 December 2021.

| <i>(All figures in RM'000)</i> | As at 31 December 2022 | As at 31 December 2021 |
|--------------------------------|------------------------|------------------------|
| <u>Secured</u> | | |
| Short Term | - | - |
| Long Term | - | - |
| | - | - |
| <u>Unsecured</u> | | |
| Short Term | 185,816 * | 174,731 ** |
| Long Term | - | - |
| Total | 185,816 | 174,731 |

* Amounts drawdown as at 31 December 2022 comprised HKD42.800 million and USD18.669 million from two offshore banks in Labuan, and USD18.000 million from a local bank.

** 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.

There were no debt securities in the financial year ended 31 December 2022.

B8 Financial Instruments

Derivatives

There were no outstanding derivative financial instruments as at 31 December 2022.

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 2022.

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 2022

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

B9 Changes in Material Litigation

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

B10 Dividend

Reflecting the further losses sustained by the Group in the financial year 2022, the Board does not recommend the payment of dividends in respect of the year ended 31 December 2022.

B11 Loss per Share

The basic loss per ordinary share for the year ended 31 December 2022 have been calculated as follows:-

| | 3 months ended | | 12 months ended | |
|---|----------------|------------|-----------------|------------|
| | 31.12.2022 | 31.12.2021 | 31.12.2022 | 31.12.2021 |
| Loss attributable to shareholders of the Company (RM'000) | (31,814) | (29,645) | (40,710) | (91,752) |
| No. of ordinary shares in issue ('000) | 440,000 | 440,000 | 440,000 | 440,000 |
| Basic Loss Per Share (sen) | (7.23) | (6.74) | (9.25) | (20.85) |

Diluted Earnings/(Loss) per Share

Not applicable.

B12 Notes to the Statement of Comprehensive Income

| | 3 months ended | | 12 months ended | |
|--|----------------|------------|-----------------|------------|
| | 31.12.2022 | 31.12.2021 | 31.12.2022 | 31.12.2021 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Net loss for the period/year is arrived at after (charging)/crediting:- | | | | |
| Interest expense | (2,516) | (702) | (6,095) | (2,439) |
| Depreciation | (11,737) | (13,230) | (49,076) | (54,676) |
| Allowance for loan impairment losses relating to an associated company | (15,518) | - | (15,518) | - |
| Net foreign exchange gain/(loss) | 63 | (17) | (121) | (115) |
| (Allowance for)/write back of doubtful debts - trade and other receivables | (69) | 6 | (71) | 103 |
| Interest income | 81 | 210 | 282 | 1,407 |

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 2022.

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 2021.

By Order of the Board

Datin Rozina Mohd Amin
Company Secretary

Kuala Lumpur
27 February 2023