SHANGRI-LA HOTELS (MALAYSIA) BERHAD
10889-U

ANNUAL REPORT
–
2013


Rasa Ria Resort

CONTENTS

GROUP FINANCIAL HIGHLIGHTS

		2013 RM'000	2012 RM'000	2011 RM'000	2010 RM'000	2009 RM'000
RESULTS						
Revenue		**511,225**	469,572	429,731	422,002	367,371
Exceptional item		**29,744**	-	-	-	-
Profit before tax		**168,181**	102,470	80,838	91,282	51,505
Profit attributable to shareholders		**130,367**	67,389	55,768	69,959	35,353
Dividend-net		**79,200**	44,000	29,700	29,700	26,400
KEY BALANCE SHEET DATA						
Issued capital		**440,000**	440,000	440,000	440,000	440,000
Total assets employed		**1,283,214**	1,132,019	1,088,714	1,098,485	1,135,110
Shareholders' equity		**954,839**	868,932	833,721	808,559	748,275
Net borrowings		**17,763**	32,449	47,543	89,010	168,970
PER SHARE DATA						
Net earnings per share	(sen)	**29.63**	15.32	12.67	15.90	8.03
Net assets per share	(RM)	**2.17**	1.97	1.89	1.84	1.70
Dividend-gross	(sen)	**18.0**	10.0	9.0	9.0	8.0
FINANCIAL RATIOS						
Return on shareholders' equity	(%)	**13.7**	7.8	6.7	8.7	4.7
Return on total assets	(%)	**10.2**	6.0	5.1	6.4	3.1
Net borrowings to shareholders' equity	(%)	**1.9**	3.7	5.7	11.0	22.6

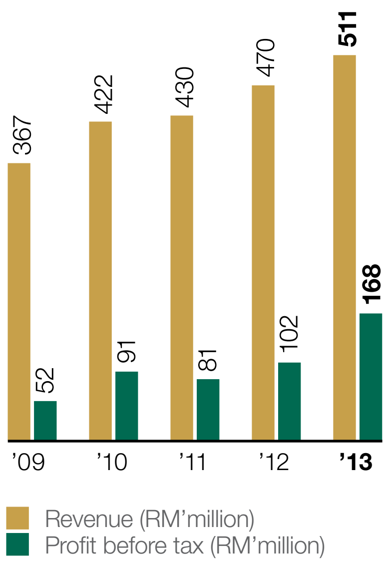
NOTES

1. Certain comparative figures for years 2012 and 2011 have been restated due to the retrospective application of the revised MFRS 119 - Employee Benefits, which came into effect on 1 January 2013.

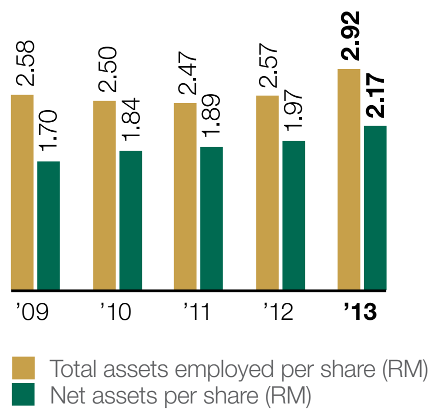
2. Dividends of RM79.200 million for the financial year ended 31 December 2013 consist of (a) the interim single tier dividend of 3 sen per share paid on 21 November 2013 amounting to RM13.200 million and (b) the proposed final single tier dividend of 10 sen per share and special single tier dividend of 5 sen per share totalling RM66.000 million. The proposed final single tier dividend of 10 sen per share and special single tier dividend of 5 sen per share for the financial year ended 31 December 2013 are subject to shareholders' approval at the Annual General Meeting of the Company to be held on 20 May 2014.

GROUP FINANCIAL HIGHLIGHTS

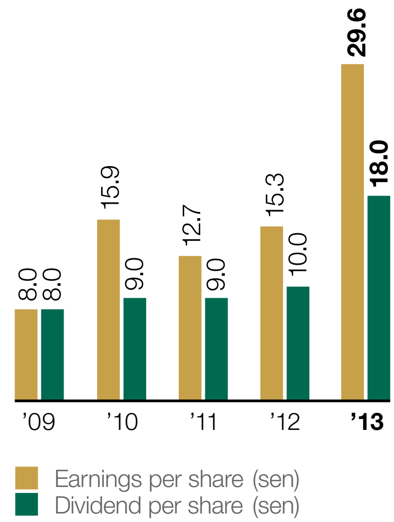
REVENUE & PROFIT BEFORE TAX



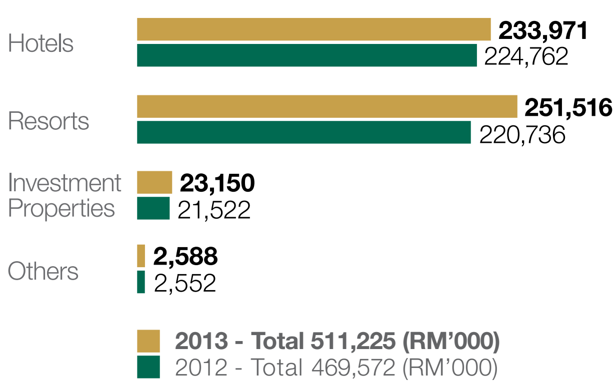
TOTAL ASSETS EMPLOYED PER SHARE & NET ASSETS PER SHARE



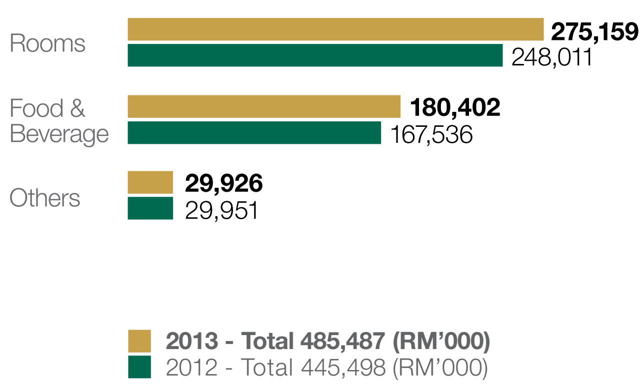
EARNINGS PER SHARE & DIVIDEND PER SHARE



REVENUE BY SEGMENT



REVENUE OF HOTELS & RESORTS BY DEPARTMENTS



CHAIRMAN'S STATEMENT

Dear Shareholders

I am pleased to report that 2013 was a rewarding year for our Group, with strong improvements in both revenue and in profit.


Rasa Ria Resort

Growth during the year was delivered by a buoyant performance from Rasa Ria Resort, along with increased contributions from all our other hotels, as well as from UBN Tower. At the same time, the overall financial results for 2013 were further boosted by non-operating items consisting of:

- the writeback of an impairment provision of RM29.744 million previously taken against the Group's investments in Myanmar, where the operating environment has continued to strengthen due to more stable economic and political conditions.
- our Group's share of a net fair value gain of RM7.292 million on the valuation of Shangri-La Residences, comprising two towers of 240 serviced apartments held by Shangri-La Yangon Company Ltd, our 22.22% associate, which commenced business operations in November 2013.
- fair value gains of RM4.817 million from the revaluation of our investment properties in Kuala Lumpur.

GROUP RESULTS

During the twelve months to 31 December 2013, our Group achieved a 9% growth in revenue to RM511.225 million from RM469.572 million recorded in 2012.

Group profit before tax for 2013 including non-operating items was RM168.181 million, an increase of 64% compared with RM102.470 million in the prior year. Consequently, the Group's net profit attributable to shareholders for 2013 improved by 93% to a record level of RM130.367 million from RM67.389 million in 2012. Earnings per share after non-operating items rose in tandem to 29.63 sen in 2013 as against 15.32 sen in 2012.

Excluding non-operating items and the related deferred tax on the revaluation gains from investment properties, the Group's net profit attributable to shareholders for 2013 was RM94.397 million, 40% up on the previous year.

In 2013, we further strengthened our financial position and balance sheet, with net assets attributable to shareholders increasing to RM954.839 million at the end of 2013, a rise of 10% from RM868.932 million a year before. This represented a net asset value per share of RM2.17 at end-2013, compared with RM1.97 at end-2012.

Over the year, strong cash flow generated from operations resulted in a healthy reduction in our net debt position from RM32.449 million at 31 December 2012 to RM17.763 million at 31 December 2013, with net gearing decreasing to 2% from 4% at the previous year-end.

CHAIRMAN'S STATEMENT

DIVIDENDS

In view of the robust results for 2013, your Board of Directors is pleased to recommend a final single tier dividend of 10 sen per share and a special single tier dividend of 5 sen per share. Together with the interim single tier dividend of 3 sen per share paid in November last year, this will give a total dividend payout of 18 sen per share for 2013, compared to a total of 10 sen per share for 2012.

Subject to the approval by shareholders at the Annual General Meeting of the Company to be held on 20 May 2014, the proposed final and special single tier dividends will be paid on 30 June 2014.

PERFORMANCE REVIEW

Throughout 2013, our hotels and resorts generally enjoyed more favourable market conditions as leisure and business travel continued to grow at a healthy pace. This led to increased demand and positive trading momentum across the portfolio.

At Rasa Ria Resort, revenue was up by 28% to RM113.255 million in 2013, reflecting a combination of the benefits from its fully renovated Garden Wing guestrooms, which were completed in May 2012, and a buoyant local market. The resort ended the year with a pre-tax profit of RM28.132 million, 79% higher than the RM15.688 million reported in 2012. Occupancy at the resort improved to 75% from 57% the previous year.

A healthy pick-up in leisure business enabled Rasa Sayang Resort to raise its occupancy to 67% in 2013 as against 62% in 2012. This contributed to an overall 5% improvement in revenue over 2012 to RM77.442 million, while pre-tax profit increased by 25% from RM15.342 million to RM19.129 million in 2013.

Golden Sands Resort also performed well in 2013, as a result of a good growth in the average room rate and in food and beverage sales. The resort generated a 4% increase in revenue to RM56.429 million, with pre-tax profit improving by 11% from RM14.477 million in the prior year to RM16.070 million. For 2013, room occupancy at the resort was 72%, the same as in 2012.

On the back of increased rooms and food and beverage business, Shangri-La Hotel Kuala Lumpur saw revenue grow by 4% during 2013 to RM192.589 million, with pre-tax profit rising to RM43.222 million from RM42.369 million the year before. The hotel's occupancy improved to 81% from 75% in 2012.

Elsewhere, there was also an encouraging performance by Traders Hotel Penang. Revenue increased by 5% over 2012 to RM41.382 million, mainly driven by a strong uplift in the average room rate. For 2013, the hotel posted a stronger pre-tax profit of RM7.813 million, compared with RM7.571 million the previous year. The hotel maintained a high occupancy level of 80% in 2013.

The combined rental revenue from our investment properties in Kuala Lumpur was RM23.150 million, up 8% on 2012. Excluding fair value gains from the year-end revaluation, their combined pre-tax profit for 2013 grew by 13% to RM15.234 million from RM13.493 million the prior year. These results reflected stronger contributions from UBN Tower, due to higher occupancy and average rental rates.

For the year ended 31 December 2013, the Group's share of net profits from Traders Yangon Company Ltd (TYCL) and Shangri-La Yangon Company Ltd, our associates in Myanmar, amounted to RM8.825 million, and included a share of a net fair value gain from the Shangri-La Residences. In 2012, our share of associate results of RM1.186 million related only to the contribution from TYCL, which owns the Traders Hotel Yangon.

INITIATIVES AND STRATEGIC DEVELOPMENT

In the intensely competitive business environment in which we operate, our major priorities are to drive stronger returns from each of our assets individually, and to improve our financial performance and operational effectiveness.

We are reinforcing our leadership position and competitiveness within the industry by maintaining and enhancing the quality of our portfolio through ongoing capital investment programmes, underpinned by product and service innovations, while maintaining our unrelenting focus on delivering the highest standards of service to our guests and customers.

It is encouraging to see the results of the significant investments we have made to improve our product offering in the Garden Wing at Rasa Ria Resort. As well as generating increased business levels, the newly renovated Garden Wing guestrooms are also achieving average rates significantly above the rates pre-renovation. We expect the upgraded Garden Wing of Rasa Ria Resort to generate further good growth in 2014 in a market with considerable opportunity.

Rasa Ria Resort

CHAIRMAN'S STATEMENT

Underlining our commitment to product and service quality, in March 2014 we commenced an enhancement programme of the existing Ocean Wing guestrooms at Rasa Ria Resort to refresh the rooms with new soft furnishings, with work scheduled to complete in the fourth quarter of 2014.

Meanwhile, the extension to the Ocean Wing currently under construction at Rasa Ria Resort is making satisfactory progress. The project, which started in March 2013 and comprises of two additional five-storey blocks of guestrooms with a total of 83 rooms, is planned for completion by the end of 2014. When completed, this new extension will afford Rasa Ria Resort significant opportunities for growth in the years to come.

In early April 2014 we began a comprehensive refurbishment of the guestrooms in the Garden Wing of Rasa Sayang Resort involving 189 guestrooms and suites. Expected to be completed in December 2014, the much improved room product will further strengthen the resort's premier position in the Penang hotel market.

In addition, we have plans to embark on a phased major renovation project for all the guestrooms at Traders Hotel Penang, including a complete upgrade of some public areas to enable the hotel to compete strongly in a highly competitive market. We are now working on the detailed interior designs and planning of the project, and we hope to be able to make a start on the first phase of the renovation in the latter part of 2014.

Our strong global sales and marketing platform combined with marketing innovation and expertise remain a competitive advantage for us. Over the past year, the effectiveness of our marketing programmes and rate strategies has generated healthy revenue growth across our portfolio of hotels, as well as spurring further penetration, particularly in the new high growth markets within Asia. The majority of our hotels increased their market shares during 2013, enabling them to enhance or maintain their competitive position in their respective marketplaces.

We are responding to the rising cost of operations by constantly driving greater operating efficiency across all areas of our business and by maintaining a rigorous control over operating costs. During the year, good cost management, together with procurement benefits and efficiency improvements, contributed to increased operating profit margins in almost all of our businesses as compared with 2012.

At the same time, we are strengthening the skills, expertise and capabilities of our employees at all levels through active training, learning and development programmes, as we focus our organisation on the continued delivery of our business goals. Their overall wellbeing remains an important priority and a range of initiatives is being undertaken to further promote their health, safety and welfare.

We are also continuing to invest in our information technology capabilities with new technologies which will help to deliver increased efficiency and continuous improvement in our operational execution.

We take our duty as a responsible corporate citizen seriously, with a commitment to the highest standards of integrity and ethical conduct across the organisation. We also firmly believe that it is essential for us to grow our business in a sustainable and responsible way. Overall, in 2013 we made further good progress with our corporate responsibility objectives which are integral to our business strategy.

Moving ahead, we will build on our strengths whilst staying focused on improving our financial and operational performance, as we strive to deliver enhanced financial returns and value to shareholders.

OUTLOOK

Although there is ongoing economic uncertainty, the outlook for our hotel business for 2014 appears to be encouraging. Our hotels and resorts should be able to grow their business further as they are in a strong position to benefit from the continuing positive demand trends in both the leisure and corporate travel markets.

Nonetheless, we anticipate that the guestroom refurbishments currently underway at Rasa Sayang Resort and Rasa Ria Resort, as well as the planned renovation of the guestrooms at Traders Hotel Penang, will have some dampening effect on their overall business operations during 2014.

For our investment properties, we expect UBN Tower to do reasonably well as the prime office rental market in Kuala Lumpur is likely to remain relatively stable through 2014. However, we continue to see limited growth opportunities for UBN Apartments against a very weak market backdrop.

APPRECIATION

On behalf of the Board, I would like to record my thanks to all our employees for their outstanding contributions to a successful 2013, and for their tireless commitment and dedication to our brand aspirations and values. I wish them a fulfilling year ahead.

My appreciation also goes to my colleagues on the Board for their invaluable counsel and support throughout 2013.

Finally, we thank you, our shareholders for your continued support.

TAN SRI A. RAZAK BIN RAMLI
Chairman
11 April 2014

OPERATIONS REVIEW
Hotels

Shangri-La Hotel Kuala Lumpur delivered better results in 2013. Revenue improved by 4%, reaching RM192.589 million as against RM185.476 million in 2012, and the hotel's pre-tax profit of RM43.222 million was 2% ahead of the RM42.369 million posted the year before.

Shangri-La Hotel Kuala Lumpur

In 2013, aggressive marketing and pricing strategies enabled the hotel to grow occupancy from 75% to 81%. Higher room night bookings were recorded in the corporate group and individual segments from Australia, Malaysia, Singapore and the UK. In addition, there was increased demand from the leisure group and individual segments from Malaysia, China and the UK. Attractive packages with special rates for tour groups also helped to enhance business volume at the weekends and during holiday seasons, especially from Taiwan and Malaysia. Consequently, total room revenue advanced 7% to RM93.396 million compared to the prior year's RM86.944 million, and rooms profit climbed 9% to RM72.979 million versus RM66.730 million in 2012.

The hotel's food and beverage revenue for 2013 gained 2% to RM92.881 million from RM91.034 million in 2012, mainly due to a greater contribution from the outlets. Most of the outlets reported higher covers, particularly *Lemon Garden Café* and *Arthur's Bar & Grill.* There was also a rise in the revenue earned by the hotel's banqueting operations, driven by a number of high-yield corporate functions, conventions and weddings which pushed up the average check. Nevertheless, owing to increased operating expenses, the hotel's food and beverage profit eased to RM36.381 million from the 2012 figure of RM37.142 million.

During the year, the hotel was named the *Best Business Hotel in Kuala Lumpur* in the Business Traveller Asia-Pacific Awards 2013. In addition, Travel + Leisure magazine recognised the hotel as among the world's best in its *2014 Travel + Leisure 500 List.* The hotel was also voted the *Best Hotel in Kuala Lumpur* by DestinAsian in its Readers Choice Awards 2014.

The hotel's main focus in 2014 is to expand its market share in the key corporate segments of Malaysia, Singapore, Japan, Australia and the UK. It will likewise seek to secure more business in the meeting and incentive segments from Malaysia, Singapore and Australia. In addition, it will concentrate on growing its convention business, mainly in the financial, education, oil and gas and pharmaceutical sectors. At the same time, it will continue to refine its yield-management strategy and drive upselling activities to improve room rates, especially for the Horizon rooms and suites. Meanwhile, greater efforts will be made to grow the hotel's customer base in the leisure markets of the Middle East, Hong Kong and Taiwan, and to drive business for weekends and holiday periods through attractive, value-added packages, targeting the Malaysian and Singaporean markets.

For the food and beverage business, new and creative food and beverage concepts and promotions will be introduced to draw higher patronage for the hotel's outlets. To win more repeat business at the outlets, the hotel will continue to promote its Golden Circle Recognition and Frequent Traveller programmes, and in March 2014 it launched a new food and beverage loyalty programme for the local community. In addition, to boost banqueting and outdoor catering business, sales and marketing initiatives will be intensified to capture more high-rated corporate events, government functions, weddings and social events.

OPERATIONS REVIEW
Hotels

A healthy increase in average room rates coupled with higher food and beverage business enabled **Traders Hotel Penang** to record an improved performance in 2013. Total revenue increased 5% to RM41.382 million as against RM39.286 million in 2012, while pre-tax profit grew 3% to RM7.813 million from RM7.571 million.

Rasa Ria Resort

An aggressive yield-management strategy drove up the average room rate by 13% over the prior year. Higher room rates were reported in all market segments, and especially in the corporate group and leisure group segments. The hotel also continued to enjoy greater demand from the corporate group segment of Malaysia and Singapore, and the leisure group segment of Indonesia and Japan. As a result, in 2013 the hotel achieved a high occupancy rate of 80%. Total room revenue advanced 7% to RM29.262 million from RM27.466 million in 2012, and rooms profit climbed 6% to RM21.838 million from RM20.532 million.

Meanwhile, better food and beverage results were underpinned mainly by higher average check at the coffee shop *The Islander* and by a strong contribution from banqueting, which posted increases in both covers and average check on the back of a rise in high-rated corporate events and meetings and social functions. The hotel's food and beverage revenue improved by 9% to RM10.570 million from RM9.675 million in 2012 and food and beverage profit was up 8% to RM2.334 million from RM2.168 million.

In 2014, the hotel aims to enlarge its share of the important corporate markets of Japan, Malaysia and Singapore. Extra emphasis will be placed on building its corporate customer base in the electronic and electrical sector. In addition, it will concentrate on growing the meeting and incentive segments of Malaysia and Singapore, and on securing new business in the long-stay segment. The hotel will also focus on expanding its leisure business from its key market of Indonesia, and on proactively promoting its weekend and holiday packages to the tour segment from China and Taiwan.

New and innovative dining concepts and promotions will be launched to encourage higher patronage at the food and beverage outlets. The hotel will introduce appealing events packages to attract more high-yield corporate events and social functions for its banqueting and outdoor catering business. To enhance guest satisfaction, still greater efforts will be made to improve customer service, and there will be a simultaneous drive to further lift operating efficiency.

To boost its competitiveness in the market, the hotel is now planning to undertake a major, phased renovation programme. This would involve upgrading all the guestrooms as well as certain public areas, and the hotel is looking into starting phase one at the end of 2014.

OPERATIONS REVIEW
Resorts

Rasa Sayang Resort & Spa

At **Rasa Sayang Resort,** stronger leisure demand in 2013 pushed total revenue up 5% to RM77.442 million from RM73.925 million in 2012. Meanwhile, the resort's pre-tax profit jumped 25% to RM19.129 million compared with RM15.342 million the year before.

Occupancy in 2013 rose to 67% from 62% in 2012. This was driven by higher room night bookings from the leisure individual segment of the Middle East and Malaysia, coupled with increased demand from the meeting and incentive segments of Malaysia and the UK and from the packages segment of Australia and Malaysia. As a result, total room revenue gained 4% to RM47.960 million as against RM45.969 million in 2012, and rooms profit climbed 6% to RM38.880 million from RM36.628 million the previous year.

The improved occupancy level together with successful food promotions helped spur the performance of the resort's food and beverage operations. All the outlets reported higher covers, especially the coffee shop *Spice Market Café* and *Feringgi Grill.* In addition, banqueting business did better on the back of a rise in the number of corporate meetings and social events. This fuelled an 8% increase in the resort's food and beverage revenue to RM25.222 million from RM23.331 million the prior year, as well as a 12% advance in profit to RM9.811 million from RM8.771 million in 2012.

The resort was named one of the 5-star winners in the *Best Resort Hotel in Malaysia* category at the 2013 International Hotel Awards, UK. It was also acclaimed for offering the *Best Hotel Services* in the 5-star resort category in the Malaysia Tourism Awards 2012/2013. In addition, the resort was ranked fifth in the *Top 25 Hotels for Services in Malaysia* by TripAdvisor in its Travellers' Choice Awards 2013.

Looking ahead, in 2014 the resort will focus its sales and marketing efforts on augmenting business volumes from the key leisure segments of Malaysia, the Middle East, Australia and the UK. It will likewise aim to win new customers from the emerging markets of China and Russia, and to expand its share of the corporate meetings business from Malaysia, Singapore and Hong Kong. Besides this, to grow its packages business, the resort will introduce more packages targeting the Malaysian and Singaporean markets. Simultaneously, it will seek to generate higher room rates through active up-selling efforts and a more effective yield-maximisation strategy.

To further develop its food and beverage business at the outlets, the resort will launch creative new food concepts, and will continue to work with major credit card merchants to offer cardholders special dining promotions. Meanwhile, to enhance its banqueting business, attractive value-added dining packages will be introduced to secure more corporate meetings, weddings and social functions.

In order to strengthen its market position, the resort will be refurbishing all 189 guestrooms in the Garden Wing. Work started on 1 April 2014 and is scheduled to complete by December 2014.

OPERATIONS REVIEW
Resorts

At **Golden Sands Resort,** higher average room rates and stronger food and beverage business led to a 4% increase in total revenue to RM56.429 million from RM54.049 million in 2012. In line with the growth in revenue, the resort's pre-tax profit advanced 11% to RM16.070 million compared with RM14.477 million the year before.

Rasa Ria Resort

While occupancy remained at the same level as the previous year at 72%, the resort's average room rate climbed 4%, resulting in a 4% rise in total room revenue to RM38.223 million from RM36.927 million in 2012. Profit also gained 4% to reach RM31.512 million in 2013 as against RM30.262 million the prior year. During 2013, the resort enjoyed higher room night bookings mainly from the leisure individual segment of the Middle East and Australia, and from the group tours segment of Hong Kong and Malaysia. At the same time, an effective rate management strategy enabled the resort to lift its average room rates in most market segments, particularly in the leisure group segment and the meeting and incentive segments.

The resort's food and beverage operations performed better, driven by a greater contribution from the high-yield corporate events and meetings secured by the banqueting business. The performance of the coffee shop *Garden Café* also improved on the back of increased covers and average checks. As a result, total food and beverage revenue was up 7% to RM15.603 million from RM14.608 million in 2012. The rise in revenue, coupled with tighter control over operating costs, pushed food and beverage profit up 27% to RM4.580 million from RM3.598 million in 2012.

In 2013, the resort was named winner of the *Best Hotel Services* in the 4-star resort category at the Malaysia Tourism Awards 2012/2013. It was also ranked number one in the *Top 5 Family Resorts in Malaysia* by Holidays with Kids, a leading Australian family travel magazine in its 2013 Readers' Choice Survey. In addition, the resort was voted the winner of *Best Service with a Smile* by Expatriate Lifestyle magazine in its Best of Malaysia Awards 2013.

Looking ahead, in 2014 the resort will focus its sales and marketing initiatives on boosting business volumes from its key leisure markets of Australia, the Middle East, Malaysia and the UK. Efforts will be made to further grow its meeting and incentive segments from Malaysia and Singapore as well as the group tours segment from Hong Kong and Japan. The resort will also focus on further enhancing service standards and on improving its room yield through a more active rate management strategy.

To further strengthen the resort's food and beverage business, innovative food and beverage concepts and attractive food promotions will continue to be launched to increase patronage at the outlets. Besides this, the resort will continue its dining promotions in partnership with major credit card merchants to stimulate demand from the local community. Meanwhile, in order to boost banqueting and outdoor catering business, attractive value-added banquet dining packages will be introduced to secure more high-yield corporate meetings, weddings and social events.

OPERATIONS REVIEW
Resorts

2013 was a strong year for **Rasa Ria Resort,** which benefited both from the renovation of the Garden Wing guestrooms completed in May 2012 and from buoyant market conditions. Total revenue gained 28% to RM113.255 million from RM88.451 million in 2012, while pre-tax profit surged by 79% to RM28.132 million as against the previous year's RM15.688 million.

Rasa Ria Resort

During the year, the resort's occupancy level increased to 75% from 57% in 2012, driven mainly by stronger demand from the leisure group and leisure individual segments from China, Australia, Korea and the UK. In addition, there were higher room night bookings from the group tours segments from China and Taiwan. With healthy demand levels and an improved yield-management strategy, the resort also succeeded in growing its average room rates in almost all segments, especially the group tours and leisure individual segments. Total room revenue climbed 31% to RM66.318 million from RM50.705 million in 2012, and profit advanced 32% from RM42.828 million to RM56.698 million.

In line with improved occupancy, the resort's food and beverage operations also delivered robust results. Most of the outlets recorded a rise in covers, particularly the *Coffee Terrace, Tepi Laut* and *Kozan.* Banqueting business likewise performed well, on the back of an increase in corporate meetings and social events which spurred a growth in covers and average check. Total food and beverage revenue was up 26% to RM35.566 million from RM28.304 million last year, and profit jumped 34% to RM12.711 million from RM9.462 million.

In 2013, the resort received a number of prestigious awards recognising its product quality and service excellence. It was ranked fourth in the *Top 25 Luxury Hotels in Malaysia* by TripAdvisor in its Travellers' Choice Awards 2014. It also received the *Excellence Hotel Services* award in the 5-star resort category at the Sabah Tourism Awards 2013. Besides this, at the Malaysia Tourism Awards 2012/2013, the resort's Indian restaurant *Naan* won the *Best Indian Restaurant,* while its western restaurant, *Coast* won the *Best International Restaurant* award.

The extension to the Ocean Wing which started in March 2013 is progressing well. Targeted to complete in late 2014, the two new blocks will add 83 guestrooms to the resort's room inventory. The extension will reinforce the resort's leadership position in the market and provide a strong base for future growth. Meanwhile, the refurbishment of all guestrooms in the existing Ocean Wing, which began in March 2014, is scheduled for completion by November 2014.

In 2014, the resort will intensify its sales and marketing efforts to drive higher business volumes from the key leisure markets of Japan, Australia, Hong Kong, Korea and the UK. It will also aim to grow its market share in the emerging market of China and to secure more high-yield corporate meetings from Malaysia and Singapore. Simultaneously, it will continue to build cost efficiency and profitability throughout its operations, and will seek to further enhance its service offering to customers.

OPERATIONS REVIEW
Investment Properties

The Group's investment properties in Kuala Lumpur recorded a total combined rental revenue of RM23.150 million in 2013, 8% up on the 2012 figure of RM21.522 million. The combined pre-tax profit, meanwhile, surged 49% to RM20.051 million, as against RM13.493 million the year before.

The 2013 pre-tax profit included a RM4.817 million fair value gain arising from the revaluation of UBN Tower and UBN Apartments. Excluding this non-operating item, the combined pre-tax profit for 2013 climbed 13% to RM15.234 million. The enhanced performance of the Group's investment properties was driven by a rise in the occupancy level and average rental rate at UBN Tower.

The overall demand for prime office space in Kuala Lumpur remained broadly stable during 2013. Coupled with an aggressive marketing strategy, this enabled UBN Tower to improve occupancy from 79% in 2012 to 82% in 2013. Most of the new tenants secured in 2013 came from the oil and gas and construction sectors. A number of existing tenants also increased their office space to cater for their expansion programmes. The average rental rate at UBN Tower in 2013 grew 2% over the previous year, with higher rental rates being achieved both for new tenancies and renewals of existing tenancies. As a result, in 2013 the total rental revenue for UBN Tower rose 9% from RM19.123 million to RM20.847 million, while pre-tax profit, after excluding the fair value gain, stood at RM12.248 million, a 17% advance on the RM10.500 million reported in 2012.

Leasing activities for high-end apartments remained weak in 2013 due to the current oversupply and the intense levels of competition, especially from newly completed apartments in the Golden Triangle. Together with sluggish demand from expatriates, this led to rate undercutting by landlords to retain existing tenants and attract new ones. In these circumstances, the average occupancy rate at UBN Apartments fell to 61% from 68% in 2012, and total rental revenue dropped 4% to RM2.303 million from RM2.399 million the year before, with pre-tax profit, after excluding the fair value gain, dipping slightly to RM2.986 million.

Trading conditions in the prime office rental market in Kuala Lumpur are expected to remain broadly stable in 2014, which should help UBN Tower to further improve its performance. On the other hand, the high-end apartment rental market will remain very challenging as the existing oversupply coupled with more new apartments coming on stream will put extra pressure on occupancy and rental rates.

Moving ahead, greater efforts will be made to secure new tenants and grow rental yields while maintaining a strong relationship with tenants. Alongside this, increased emphasis will be placed on providing tenants with a higher standard of service and facilities. The two-year programme which started in December 2012 to upgrade and modernise all the 19 lifts in UBN Tower was completed in March 2014. At the same time, additional enhancements will be made to the security and safety of the two buildings.

CORPORATE STRUCTURE

SHANGRI-LA HOTELS (MALAYSIA) BERHAD

Hotels & Resorts

- **100%** Shangri-La Hotel (KL) Sdn Bhd
- **100%** Golden Sands Beach Resort Sdn Bhd
- **100%** Palm Beach Hotel Sdn Bhd
- **75%** Pantai Dalit Beach Resort Sdn Bhd
- **75%** Dalit Bay Golf & Country Club Berhad[1]
- **60%** Komtar Hotel Sdn Bhd

Investment Properties

- **100%** UBN Tower Sdn Bhd
- **100%** UBN Holdings Sdn Bhd

Investment Holding & Others

- **100%** Pantai Emas Sdn Bhd
- **100%** Madarac Corporation[2]
  - **23.5%** Traders Yangon Company Ltd[3]
  - **22.2%** Shangri-La Yangon Company Ltd[3]
  - **23.6%** Traders Square Company Ltd[3]
- **100%** Wisegain Sdn Bhd
- **100%** Hasil-Usaha Sdn Bhd
- **75%** Pantai Dalit Development Sdn Bhd[1]

[1] Held via Pantai Dalit Beach Resort Sdn Bhd
[2] Incorporated in British Virgin Islands
[3] Incorporated in Union of Myanmar

FINANCIAL CALENDAR

Year 2014

27 February
Announcement of Audited Consolidated Results for the 4th Quarter and Financial Year ended 31.12.2013

28 April
Issue of 2013 Annual Report

20 May
2014 Annual General Meeting to be held

20 May
Announcement of Unaudited Consolidated Results for the 1st Quarter ended 31.3.2014

5 June
Entitlement Date for the proposed 2013 Final and Special Dividends

30 June
Payment Date for the proposed 2013 Final and Special Dividends

Year 2013

20 May
Announcement of Unaudited Consolidated Results for the 1st Quarter ended 31.3.2013

28 August
Announcement of Unaudited Consolidated Results for the 2nd Quarter ended 30.6.2013

31 October
2013 Interim Dividend Entitlement Date

12 November
Announcement of Unaudited Consolidated Results for the 3rd Quarter ended 30.9.2013

21 November
2013 Interim Dividend Payment Date

31 December
Financial Year End

CORPORATE DATA

BOARD OF DIRECTORS

Tan Sri A. Razak bin Ramli
Chairman

Kuok Oon Kwong
Managing Director

Datin Rozina Mohd Amin
Executive Director

Dato' Haris Onn bin Hussein*

Dato' Seri Ismail Farouk Abdullah*

Dato' Khoo Eng Min

Datuk Supperamaniam a/l Manickam*

Dato' Dr Tan Tat Wai*

Tan Yew Jin

*Independent Non-Executive Directors

AUDIT COMMITTEE

Dato' Seri Ismail Farouk Abdullah
Chairman

Datuk Supperamaniam a/l Manickam

Tan Yew Jin

POLICY IMPLEMENTATION COMMITTEE - *Hotels & Resorts*

Kuok Oon Kwong
Chairman

Datin Rozina Mohd Amin

NOMINATION & REMUNERATION COMMITTEE

Dato' Dr Tan Tat Wai
Chairman

Dato' Seri Ismail Farouk Abdullah

Datuk Supperamaniam a/l Manickam

COMPANY SECRETARY

Datin Rozina Mohd Amin

REGISTERED OFFICE

13th Floor, UBN Tower
10 Jalan P. Ramlee
50250 Kuala Lumpur
Tel : (+60-3) 2026 1018
Fax : (+60-3) 2026 1068
Website : www.shangri-la.com

AUDITORS

KPMG
Level 10, KPMG Tower
8, First Avenue
Bandar Utama
47800 Petaling Jaya
Selangor Darul Ehsan

SHARE REGISTRAR

PPB Corporate Services Sdn Bhd
12th Floor, UBN Tower
10 Jalan P. Ramlee
50250 Kuala Lumpur
Tel : (+60-3) 2726 0088
Fax : (+60-3) 2726 0099

SOLICITORS

Puthucheary
Kadir, Andri & Partners

PRINCIPAL BANKERS

HSBC Bank Malaysia Berhad
Malayan Banking Berhad
RHB Bank Berhad

STOCK EXCHANGE LISTING

Bursa Malaysia Securities Berhad

PROFILE OF BOARD OF DIRECTORS

TAN SRI A. RAZAK BIN RAMLI

Board Chairman

MALAYSIAN, NON-INDEPENDENT NON-EXECUTIVE DIRECTOR

Tan Sri A. Razak bin Ramli was appointed to the Board of Shangri-La Hotels (Malaysia) Berhad ("SHMB") on 1 November 2004 and became Board Chairman of SHMB on 19 May 2005.

He graduated with a Bachelor of Arts (Honours) in Public Administration from University of Tasmania in 1971 and obtained a *Diplome Gestion Publique Institut International D'Administration Publique*, Paris in 1980. He started his career in the Policy Research Division of the Malaysian Prime Minister's Department and subsequently held the position of Principal Assistant Director in both the Public Services Department and the Technical Cooperation Division of the Economic Planning Unit. From 1985 to October 2004, he held various positions in the Ministry of International Trade & Industry (MITI), and his last position was as the Secretary General of MITI. He currently sits on the boards of other public listed companies namely, Ann Joo Resources Berhad, Favelle Favco Berhad and Lafarge Malayan Cement Berhad. He is also a board member of Hong Leong Bank Berhad, Hong Leong Islamic Bank Berhad, Hong Leong MSIG Takaful Berhad and Hong Leong Investment Bank Berhad.

Tan Sri A. Razak has no family relationship with any Director and/or major shareholder of SHMB, no conflict of interest with SHMB and no convictions for any offences within the past ten years. He attended all five Board meetings held in 2013. Age 65.

KUOK OON KWONG

Managing Director

SINGAPOREAN, NON-INDEPENDENT EXECUTIVE DIRECTOR

Madam Kuok Oon Kwong joined the Board on 14 November 1996 and was appointed as Managing Director on 16 November 1998. She is the Chairman of the Policy Implementation Committee and in her capacity as Managing Director, she oversees the Group's business operations.

Madam Kuok joined Shangri-La Hotel Limited, Singapore in 1986 where she gained extensive practical and business experience in hotel operations through her various senior management positions. She is also Executive Chairman of Shangri-La Hotel Limited, Singapore, Chairman/President of Makati Shangri-La Hotel & Resort, Inc., Edsa Shangri-La Hotel & Resort, Inc., Mactan Shangri-La Hotel & Resort, Inc. and a Director of Shangri-La Hotel Public Company Limited, Thailand. In addition, she also sits on the board of Allgreen Properties Limited, Singapore and previously served as a non-executive Director of Shangri-La Asia Limited, Hong Kong. Madam Kuok is an Advocate and Solicitor (Barrister-at-Law) of Gray's Inn, London.

Madam Kuok has no conflict of interest with SHMB and no convictions for any offences within the past ten years. She attended all five Board meetings held in 2013. Age 67.

PROFILE OF BOARD OF DIRECTORS

DATIN ROZINA MOHD AMIN

Executive Director

MALAYSIAN, NON-INDEPENDENT EXECUTIVE DIRECTOR

Datin Rozina Mohd Amin was appointed as an Executive Director of SHMB on 1 June 1998. She sits on the board of a number of companies in the SHMB Group and has also been a member of the Policy Implementation Committee since 1996. She has been with the Group for more than twenty years and has held various senior corporate positions within the Group before her present appointment as Executive Director. Datin Rozina is also Group Company Secretary, a position which she has held since August 1991, and oversees the Group's corporate finance, legal and company secretarial functions. She is an Associate Member of The Malaysian Institute of Chartered Secretaries and Administrators.

Datin Rozina Mohd Amin has no family relationship with any Director and/or major shareholder of SHMB, no conflict of interest with SHMB and no convictions for any offences within the past ten years. She attended all five Board meetings held in 2013. Age 54.

DATO' HARIS ONN BIN HUSSEIN

MALAYSIAN, INDEPENDENT NON-EXECUTIVE DIRECTOR

Dato' Haris Onn bin Hussein was appointed to the Board on 17 October 2006. He graduated from Cambridge University, United Kingdom, with a Bachelor of Arts Degree in Economics. He started his working career with Touche Ross & Co, London, an accounting firm, in 1989. In 1992, he returned to Malaysia to work with DCB Sakura Merchant Bankers Berhad and he subsequently joined Rohas Sdn Bhd as General Manager from 1993 to 1995. He was an executive director of Bell & Order Berhad (now known as Scomi Engineering Berhad) from 1996 to 2003. Currently, he is the Managing Director of Konsortium Lebuhraya Utara-Timur (KL) Sdn Bhd (KESTURI), the concession holder of Lebuhraya Duta-Ulu Kelang.

Dato' Haris Onn has no family relationship with any Director and/or major shareholder of SHMB, no conflict of interest with SHMB and no convictions for any offences within the past ten years. He attended four out of five Board meetings held in 2013. Age 47.

PROFILE OF BOARD OF DIRECTORS

DATO' SERI ISMAIL FAROUK ABDULLAH

MALAYSIAN, INDEPENDENT NON-EXECUTIVE DIRECTOR

Dato' Seri Ismail Farouk Abdullah was appointed to the Board on 23 June 1979. He is also the Chairman of the Audit Committee and is a member of the Nomination & Remuneration Committee. He holds a degree in Hotel Management from L'Ecole Hoteliere, Lausanne, Switzerland. His experience in the hospitality industry spans over thirty years both in Europe and Asia. He is actively involved in the development and management of hotels and resorts, travel and leisure, property development and education. He is currently the Executive Chairman of Impiana Group of Companies. He does not sit on the board of any other public listed company.

Dato' Seri Ismail Farouk has no family relationship with any Director and/or major shareholder of SHMB, no conflict of interest with SHMB and no convictions for any offences within the past ten years. He attended all five Board meetings held in 2013. Age 68.

DATO' KHOO ENG MIN

MALAYSIAN, NON-INDEPENDENT NON-EXECUTIVE DIRECTOR

Dato' Khoo Eng Min was appointed to the Board on 10 June 2008. He holds a Diploma in Business Administration from Brookes University, Oxford (United Kingdom) and is a member of the Royal Agricultural University, Cirencester (United Kingdom) in Rural Estate Management, United Kingdom. He joined PPB Oil Palms group of companies in 1987 and has held many senior positions within the plantation division including the position of Managing Director of PPB Oil Palms Berhad (2004-2008). Prior to this, he was with Dunlop Estates Berhad for about 21 years. He does not sit on the board of any other public listed company.

Dato' Khoo Eng Min has no family relationship with any Director and/or major shareholder of SHMB, no conflict of interest with SHMB and no convictions for any offences within the past ten years. He attended three out of five Board meetings held in 2013. Age 72.

TAN YEW JIN

MALAYSIAN, NON-INDEPENDENT NON-EXECUTIVE DIRECTOR

Mr Tan Yew Jin was appointed to the Board of SHMB on 17 October 2006 and is a member of the Audit Committee. He is a member of the Malaysian Institute of Accountants, Malaysian Institute of Certified Public Accountants, Fellow member of the Certified Public Accountants, Australia as well as a Fellow member of the Institute of Singapore Chartered Accountants. He joined FFM Group in 1966 and was the Deputy Managing Director of FFM Berhad (1998-2000). He previously held the positions of Executive Chairman of PPB Oil Palms Berhad (2000-2004), Deputy Chairman of Jerneh Asia Berhad (2001-2007) and was also a Director of PPB Group Berhad (2001-2007). He does not sit on the board of any other public listed company.

Mr Tan has no family relationship with any Director and/or major shareholder of SHMB, no conflict of interest with SHMB and no convictions for any offences within the past ten years. He attended all five Board meetings held in 2013. Age 72.

PROFILE OF BOARD OF DIRECTORS

DATUK SUPPERAMANIAM A/L MANICKAM

MALAYSIAN, INDEPENDENT NON-EXECUTIVE DIRECTOR

Datuk Supperamaniam a/l Manickam was appointed to the Board on 3 January 2005 and is a member of the Audit Committee and Nomination & Remuneration Committee. He holds a Bachelor of Arts (Honours) degree in Economics from the University of Malaya. Datuk Supperamaniam joined the Malaysian Administrative and Diplomatic Service in 1970 and was posted to the Ministry of Trade and Industry as Assistant Director. He served in the same Ministry for thirty-three years and was appointed as Deputy Secretary General of the Ministry of International Trade and Industry (MITI) from 1997 up to his official retirement in March 2000. In May 2000, he was appointed by the Government as Ambassador/Permanent Representative of Malaysia to the World Trade Organisation, Geneva, Switzerland and held the position until September 2003. During the tenure of his service, he represented Malaysia at various bilateral, regional and international conferences including Senior Officials Meetings as well as in Summits and Ministerial Conferences of APEC, World Trade Organisation (WTO), UNCTAD and ASEAN.

Since his retirement from government service, he now serves as a resource person and consultant to meetings, workshops and conferences organised by United Nations Agencies, regional and international organisations and foreign governments. He has also been appointed to serve as a member on several committees of the Government on Globalisation issues especially those relating to trade policy and negotiations. Currently, he is a Distinguished Fellow at the Institute of Strategic and International Studies (ISIS) Malaysia, a Visiting Professor of Macao University of Science and Technology (Faculty of Law) and also serves as an Adjunct Professor to the International Islamic University of Malaysia and Management & Science University (MSU) Kuala Lumpur. He was also the Advisor to the Federation of Malaysian Manufacturers on Trade Policy, WTO and Free Trade Agreement (FTA) Negotiations. He also sits on the board of Panasonic Manufacturing Malaysia Berhad.

Datuk Supperamaniam has no family relationship with any Director and/or major shareholder of SHMB, no conflict of interest with SHMB and no convictions for any offences within the past ten years. He attended all five Board meetings held in 2013. Age 69.

DATO' DR TAN TAT WAI

MALAYSIAN, INDEPENDENT NON-EXECUTIVE DIRECTOR

Dato' Dr Tan Tat Wai was appointed to the Board on 6 June 1995 and is currently the Chairman of the Nomination & Remuneration Committee. He holds a Bachelor of Science degree in Electrical Engineering and Economics from the Massachusetts Institute of Technology, a Master of Economics degree from University of Wisconsin (Madison) and a PhD in Economics from Harvard University. He started his career with Bank Negara Malaysia in 1978 undertaking research in economic policies. In 1984, he became a consultant to Bank Negara Malaysia, World Bank and the United Nations University for several years. He served as the Secretary and a member of the Council of Malaysian Invisible Trade set up to formulate policies to reduce Malaysia's deficit in service trade. Dato' Dr Tan represented Malaysia as a member of the APEC Business Advisory Council (ABAC) and the Council of Wawasan Open University. He was the President of Hospital Lam Wah Ee, Penang. Dato' Dr Tan is currently the Executive Director of Southern Steel Berhad and also sits on the boards of Malayan Banking Berhad, Mayban Trustees Berhad and NSL Ltd, Singapore.

Dato' Dr Tan has no family relationship with any Director and/or major shareholder of SHMB, no conflict of interest with SHMB and no convictions for any offences within the past ten years. He attended four out of five Board meetings held in 2013. Age 67.

STATEMENT ON CORPORATE GOVERNANCE

The Board is committed to high standards of corporate governance. It recognises that effective governance is fundamental to the Company's ability to deliver a sustainable growth in returns for its shareholders over the long term.

The Board strives to maintain the highest levels of accountability, integrity and business conduct through the Group's core values and Code of Ethics, which are fully embedded in every part of the organisation.

In accordance with the Listing Requirements of Bursa Malaysia Securities Berhad (Bursa Malaysia), this statement describes the way in which the Company has applied the principles and recommendations set out in the Malaysian Code on Corporate Governance 2012 (the 2012 Code).

Save for limited exceptions as explained within this statement, the Board considers that throughout the financial year to 31 December 2013, the Company complied with the principles and recommendations of the 2012 Code.

THE BOARD

Board Structure and Effectiveness

The Board of Directors is currently made up of nine members, comprising seven non-executive directors and two executive directors. The names and biographical details of each director in office at the date of this statement appear on pages 25 to 28.

The Board takes collective responsibility for the proper stewardship of the Company's business, and has established procedures which provide accountability, probity and a focus on the successful long-term performance of the Company for the benefit of its shareholders.

To enable it to oversee and control the business and affairs of the Company, the Board maintains a formal schedule of matters reserved to it for decision. This schedule of matters includes approval of: business strategy and objectives; corporate governance arrangements; financial reporting and audit; annual budgets and operating plans; major capital expenditure, acquisitions and disposals; appointments to the Board; dividend recommendations; treasury policies; and the overall system of internal control and risk management. The Board has put in place a formal structure of delegated authority, whereby specific aspects of the control and management of the Group have been delegated to the Managing Director and its Board committees.

The Board has delegated day-to-day operational decisions to the executive directors who are also responsible for monitoring financial performance, developing Group strategy and policy including capital expenditure budgets and reporting on these areas to the Board for approval.

Each of the non-executive directors brings considerable experience, and plays an important role in ensuring both that corporate strategic plans and business proposals are fully debated, and that no individual or group dominates the Board's decision-making processes. There is an ongoing effective and constructive working relationship between the non-executive directors and the executive directors, which is key to the overall strategic aims of the Company.

The roles of Chairman and the Managing Director are separate and clearly defined with the division of responsibilities set out in writing and agreed by the Board to ensure a balance of power and authority. The Chairman is responsible for the overall operation and leadership of the Board, whereas the Managing Director is responsible for leading and managing the Group's businesses, and implementing Board strategy and policy.

STATEMENT ON CORPORATE GOVERNANCE

Dato' Dr Tan Tat Wai is the Company's Senior Independent Non-Executive Director and Chairman of the Nomination and Remuneration Committee (NRC). In his role as the Senior Independent Director, he provides a sounding board for the Chairman and serves as an intermediary for the other directors if necessary. He is also available to meet with shareholders and assist in resolving concerns in cases where alternative channels are deemed inappropriate.

The Board comprises a diverse membership providing the necessary range of capabilities and perspectives to take the Company forward. In addition, there are currently two women on the Board, who make up 22% of the Board, reflecting the Company's commitment to gender diversity not only within its Board of Directors but at all levels throughout the Group.

Every year, the Board undertakes an assessment of its own performance and that of its committees and individual directors, with a view to enhancing the effectiveness and performance of the Board and its members. In 2013, the review process indicated that the Board and its committees are fulfilling their roles effectively, with good engagement, performance, contribution and time commitment from all members.

Board Independence

Of the seven non-executive directors on the Board, four are considered to be independent. As such, independent non-executive directors comprise more than one-third of the Board as required by the Listing Requirements of Bursa Malaysia.

The Board has adopted the criteria established by the NRC to assess independence, which are in line with the definition of "independent directors" under the Listing Requirements of Bursa Malaysia and are also consistent with the recommendations prescribed in the 2012 Code, except for the recommendation that the tenure of an independent director should not exceed a cumulative term of nine years.

The NRC and the Board are of the view that the tenure of an independent director should not be made a criterion for assessing independence as they strongly believe that the adopted criteria are sufficient to promote and safeguard independence.

The NRC and the Board have conducted their annual assessment of the independence of the four non-executive directors and have determined that each of them remains independent in character and judgement and that all are free of any relationship that might compromise their ability to exercise independent judgement. Further, the Company continues to benefit significantly from the expertise and skills they bring to their roles.

Specifically, the NRC and the Board considered that Dato' Dr Tan Tat Wai, Dato' Seri Ismail Farouk Abdullah and Datuk Supperamaniam a/l Manickam who have all served on the Board for more than nine years continue to demonstrate impartiality and objective judgement in the Board's deliberations in the best interests of the Company and its shareholders.

The other area of non-compliance is with respect to the recommendation of the 2012 Code that a board should comprise a majority of independent directors where the chairman is not an independent director. Currently, the Board is made up of five non-independent directors (including the Chairman) and four independent directors. In keeping with its aim of maintaining high governance standards, the Board will endeavour to meet the recommendation of the 2012 Code when considering future Board appointments to further strengthen its composition.

STATEMENT ON CORPORATE GOVERNANCE

Re-election of Directors

Under the Company's Articles of Association, all directors seek re-election at the first annual general meeting (AGM) following their appointment. The Articles also require one-third of the directors to retire by rotation each year and each director to seek re-election by the shareholders at the AGM at least once every three years. In accordance with section 129(6) of the Companies Act, 1965, directors of the Company over the age of 70 must submit themselves for re-appointment on an annual basis.

The names of the directors of the Company who are seeking re-election or re-appointment at the 43rd AGM of the Company to be held on 20 May 2014 are set out in the Notice of AGM.

Board Meetings

The Board meets on a quarterly basis, and supplementary meetings are held as and when necessary. A total of five Board meetings were held in 2013 and the attendance of the directors for each meeting is shown in the table below. There are a number of committee meetings between Board meetings and these are normally fully attended.

Board papers and other relevant information are distributed sufficiently in advance of meetings to allow directors to be properly briefed on all matters on the agenda for discussion. This also enables any director who is unable to attend a Board meeting to provide comments and discuss issues arising with the Chairman and other Board members.

The general managers of the Group's hotels and key senior executives are invited, when necessary and as appropriate, to attend Board meetings to make presentations on their operating business units and areas of responsibility.

MEETING ATTENDANCE AT BOARD MEETINGS DURING THE YEAR ENDED 31 DECEMBER 2013

NAME	BOARD ATTENDANCE
Tan Sri A. Razak bin Ramli	5/5
Kuok Oon Kwong	5/5
Datin Rozina Mohd Amin	5/5
Dato' Haris Onn bin Hussein[1]	4/5
Dato' Seri Ismail Farouk Abdullah	5/5
Dato' Khoo Eng Min[2]	3/5
Datuk Supperamaniam a/l Manickam	5/5
Dato' Dr Tan Tat Wai[1]	4/5
Tan Yew Jin	5/5

1 Dato' Haris Onn bin Hussein and Dato' Dr Tan Tat Wai were absent from one meeting each due to prior business commitments which could not be re-scheduled.

2 Dato' Khoo Eng Min was unable to attend two scheduled meetings due to unavoidable personal commitments.

STATEMENT ON CORPORATE GOVERNANCE

Board Support and Information

The Company seeks to ensure that the Board is supplied with complete, accurate and timely information to enable it to discharge its responsibilities fully and efficiently. Directors are kept informed of progress on matters between Board meetings and of the latest issues affecting the Group. The Board is also updated regularly on relevant legislative and regulatory developments, as well as changes to accounting and corporate governance standards. The Group has a comprehensive system for reporting financial results to the Board.

All directors have access to the advice and services of the Group Company Secretary, other members of the Company's senior management team, and external advisors. The Group Company Secretary is responsible for ensuring that Board procedures are followed and that compliance with applicable rules and regulations are implemented throughout the Group. Directors may take independent professional advice in furtherance of their duties, if deemed necessary at the Company's expense.

Board Development and Induction for new Directors

The Company provides the necessary resources for developing and updating the directors' knowledge and skills in particular areas of relevance for example: strategic planning, corporate governance, risk management, accounting and finance, and directors' duties and responsibilities. In addition, workshops, seminars and presentations are made available to the directors.

In 2013, a full day in-house training programme was organised for the directors covering a broad range of topics including the interpretation and application of key International Financial Reporting Standards, the establishment of a Business Continuity Management Framework to mitigate the risks of business and operational failures as well as an assessment of the current trends in the global macroeconomic and financial environment.

All directors receive an induction on joining the Board. This typically involves management briefings and presentations about the Company's businesses, meetings with the Chairman, executive directors and key senior executives and visits to operations around the Group. The Group Company Secretary also provides guidance on directors' duties and on legal, regulatory and governance matters, with which the Company, Board and individual directors are required to comply.

Board Committees

The following committees have been established by the Board to assist in the discharge of its duties. All of the committees have written terms of reference clearly setting out their authority and duties. The minutes of committee meetings are made available to all directors on a timely basis.

1. AUDIT COMMITTEE (AC)
   The AC is made up of three non-executive directors, two of whom are independent including the Committee Chairman. The Committee meets as required, but not less than four times a year. Dato' Seri Ismail Farouk Abdullah chairs the AC and the other members are Datuk Supperamaniam a/l Manickam and Mr Tan Yew Jin.

   The AC is responsible for monitoring and reviewing: the Group's internal control and risk management; the integrity of the financial statements; the effectiveness of the internal audit function; and the Company's relationship with the external auditor, including its independence.

2. POLICY IMPLEMENTATION COMMITTEE (PIC)
   The PIC consists of the two executive directors under the chairmanship of the Managing Director and met on 15 occasions during 2013. The Committee oversees the overall strategic development and operational management and activities of the Group's hotel businesses. The respective general managers together with senior management attend the meetings to report on business performance, operational issues and project developments.

STATEMENT ON CORPORATE GOVERNANCE

3. NOMINATION AND REMUNERATION COMMITTEE (NRC)
   The NRC comprises only independent non-executive directors and is chaired by Dato' Dr Tan Tat Wai. The other members are Dato' Seri Ismail Farouk Abdullah and Datuk Supperamaniam a/l Manickam. The Committee met once during the year.

   The NRC is responsible for reviewing the balance, size and composition of the Board and its committees, having regard to the required blend of skills, experience, independence and diversity to ensure they operate effectively.

   It makes recommendations to the Board concerning all appointments to the Board and Board committees, and is also responsible for considering and recommending the overall remuneration framework for the executive directors.

Board Remuneration

The Company's general policy on the remuneration of executive directors is to offer competitive remuneration packages, which are designed to attract and retain high calibre executives, and to motivate the highest performance. The NRC advises the Board on the overall remuneration policy for the executive directors.

In determining the structure and level of individual remuneration packages, the NRC takes into account specific responsibilities, individual performance, the business performance of the Company and the general economic outlook. It aims to provide a balanced remuneration package, which consists of an appropriate level of basic salary and annual bonus that is linked to the achievement of annual targets related to the performance of the Company. The NRC makes comparisons with the remuneration practices and salary levels of comparable companies, particularly in the hotel industry, but exercises its own judgement as to whether such other practices are appropriate for the Company.

The non-executive directors of the Company are paid an annual fixed fee for serving on the Board, which is determined by the Board as a whole, subject to shareholders' approval at the AGM. No director is involved in deciding his or her own remuneration. The aggregate remuneration of the directors of the Company categorised into the appropriate components and analysed into bands of RM50,000 for the year ended 31 December 2013 is set out below.

CATEGORY	FEES & ALLOWANCES (RM)	SALARIES & BONUS (RM)	BENEFITS-IN-KIND (RM)
Executive directors	-	2,065,000	16,925
Non-executive directors	311,750	-	-
Total	**311,750**	**2,065,000**	**16,925**

AMOUNT OF REMUNERATION	EXECUTIVE DIRECTORS	NON-EXECUTIVE DIRECTORS
Below RM50,000	-	7
RM50,001 to RM100,000	-	1
RM100,001 to RM900,000	-	-
RM900,001 to RM950,000	1	-
RM950,001 to RM1,000,000	-	-
RM1,000,001 to RM1,050,000	-	-
RM1,050,001 to RM1,100,000	-	-
RM1,100,001 to RM1,150,000	1	-

STATEMENT ON CORPORATE GOVERNANCE

RELATIONS WITH SHAREHOLDERS

The Board is committed to ensuring the accurate and timely disclosure of information to all shareholders. The Company keeps shareholders abreast of the overall financial performance and the future developments of the Group by way of the annual report and accounts, quarterly announcements of results made through Bursa Malaysia, press releases and circulars to shareholders.

It also holds meetings with institutional investors and financial analysts on a regular basis each year to discuss matters relating to the Group's performance, business activities and growth plans and to respond to any queries they may have.

The AGM provides the Board with an opportunity to communicate with and answer questions from shareholders. The entire Board is also available to talk to shareholders before and after the meeting.

ACCOUNTABILITY AND AUDIT

Financial Reporting

In presenting the annual financial statements and quarterly announcements of results, the Board seeks to provide shareholders with a balanced and understandable assessment of the Group's financial position and prospects. The Audit Committee assists the Board in ensuring the reliability and integrity of the accounting and financial reporting process of the Company. In addition, it reviews the annual financial statements and quarterly financial reports before they are submitted to the Board for approval. A statement of the directors' responsibilities for preparing the financial statements is set out on page 50.

Risk Management and Internal Control

The Board has overall responsibility for overseeing the Group's system of internal control and for keeping its effectiveness under review, as well as for determining the nature and extent of the risks it is willing to take in achieving its strategic objectives.

It has established an ongoing process for identifying, evaluating and managing the significant business risks of the Group. The Group's system of risk management and internal control is described in more detail in the Statement on Risk Management and Internal Control on pages 35 to 37.

Relationship with Auditors

The Audit Committee of the Board provides an independent channel of communication for the external and internal auditors. The Board ensures that an objective and professional relationship is maintained with the external auditor through the Audit Committee which keeps under review the nature, scope and results of the external audit, its cost effectiveness and the independence and objectivity of the auditors. It also reviews the scope and extent of the activity of the internal audit function.

This Statement is made in accordance with a resolution of the Board of Directors dated 11 April 2014.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The Board acknowledges the importance of maintaining an effective risk management and internal control system.

The Board has ultimate responsibility for the Group's risk management and internal control system and for reviewing its effectiveness, adequacy and integrity, including its financial and operational controls and compliance with relevant laws and regulations. The Board has delegated the responsibility for the operation and review of the risk management and internal control system to the Audit Committee.

The Board recognises that the Group's risk management and internal control system is designed to manage, rather than eliminate the risk of failure to achieve the Group's business objectives, as it can only provide reasonable but not absolute assurance against material misstatement or loss.

The Board has established an on-going process and procedures for identifying, evaluating, monitoring and managing risks faced by the Group, which accord with the guidance on risk management and internal controls provided in the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers. These procedures ensure that the Board is aware of the key risks facing the Group and that the risk management and internal control system is regularly reviewed for effectiveness and adequacy.

The Board has received assurance from the Managing Director and Regional Financial Controller that the Group's risk management and internal control system is operating adequately and effectively in all material aspects.

The Board is of the view that the risk management and internal control system in place for the year under review and up to the date of approval of this statement is adequate and effective to protect the Group's employees and customers and to safeguard the interests of the Company and its shareholders.

KEY RISK MANAGEMENT AND INTERNAL CONTROL PROCESSES

The Group's risk assessment and evaluation are an integral part of its system of internal control. The Group has an established framework of procedures and internal controls with which the management of each operating business unit is required to comply. All the Group's operating business units are required to maintain systems of internal control appropriate to the nature and scale of their business activities, and to address all significant operational, financial and compliance risks.

Each of the Group's operating business units is accountable for identifying and documenting its major risks, and assessing their potential impact and likelihood of occurrence, together with the mitigating controls that would need to be implemented to manage those risks. Action plans are developed and monitored continuously to ensure compliance, and these plans are regularly reviewed by the Audit Committee and the Board. The Group's risk profile is updated periodically to reflect the changing business environment and to enable the implementation of control strategies to manage new risks on a timely basis.

This review is supported by the Internal Audit Department (IAD) of the Company's ultimate holding company, which monitors the continuing effectiveness of the Group's risk management and internal control system and reports to the Audit Committee of the Board on any control failings and the appropriate corrective action.

The key elements of the Group's internal control system are described below.

- **Organisation structure with clearly defined lines of responsibility and delegated authority**
  The Group has in place an organisation structure with key responsibilities clearly defined for the Board, the Board committees and the executive management of the Group's major operating units.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

- **Independence of Audit Committee**
  The Audit Committee of the Board currently comprises three non-executive directors, two of whom are independent, and has full access to both the internal and external auditors.

- **Documented internal policies and procedures**
  Key policies and control procedures regulating financial and operating activities are clearly documented in manuals for the hotel operating units. Compliance with the controls set out in the manuals is monitored by monthly self assessment reports from the finance heads of each operating unit and by a rolling programme of internal audit reviews. Every operating business unit has a detailed Delegation of Authority Manual covering all areas of operation specifying transactions/activities and their required level of approval/authorisation. These manuals are subject to regular reviews and updates to reflect the changing business risks and to resolve any operational deficiencies.

- **Detailed budgeting process**
  Detailed annual budgets are prepared by individual operating units containing business strategies, financial and operating targets, performance indicators and capital expenditure proposals, which are reviewed by the Policy Implementation Committee (PIC) of the Board. The Board approves the consolidated Group budget with objectives for each operating unit.

- **Comprehensive system of financial reporting**
  A comprehensive system is in place for reporting financial information to the executive management of major operating units, the executive directors and the Board. Detailed management accounts are prepared by each operating unit based on an annual budget with monthly reports compared against budget, analysis of significant variances and key performance indicators, and regular re-forecasting.

  The Board also reviews the treasury reports on a quarterly basis, which analyse the Group's funding requirements and monitor the Group's borrowings and exposure to interest rate risk. Other important areas, such as legal and regulatory compliance and insurance risk management, are monitored and reviewed by the PIC on a continuous basis.

  The PIC and senior management periodically update the Board on the Group's operations and on any significant changes in the business and external environment that may have an impact on the financial position of the Group.

- **Established capital expenditure approval process**
  The Group has formal procedures for the appraisal of major capital expenditure, which must be approved by the Board, as well as detailed procedures and authority levels relating to all other capital expenditure. There are also clear procedures for obtaining approval for asset disposals and major business transactions.

- **Employee competency**
  To enhance employee competencies and proficiencies, the Group undertakes continuous training and development. The Group also places great emphasis on communicating information relating to business plans and performance to employees so as to encourage participation and to create awareness of the financial and economic factors affecting the Group. This is achieved through established communication channels between executive management and employees, ad-hoc briefings and periodic in-house publications.

  The Group's hotel operating units have in place a Code of Conduct, to which all employees are signatories, governing standards of ethical behaviour in dealing with customers, suppliers and fellow employees. The Shangri-La's Strategic Plan sets out for all employees the guiding principles for achieving market leadership, and the goals and financial objectives of the Group's hotels.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

- **Internal Audit**
  Internal audit plays a critical role in the objective assessment of the Group's business processes by providing the Audit Committee of the Board with reasonable independent assurance on the effectiveness and integrity of the Group's internal control system.

  The Audit Committee of the Board is assisted by the IAD of the Company's ultimate holding company. The role of the IAD is to perform independent reviews and to monitor and ensure compliance with the Group's policies, procedures and systems of internal control.

  The IAD reports to the Audit Committee of the Board regarding the effectiveness of the risk and control management, and also recommends improvements in controls. The audits performed by the IAD are based on risk-based audit plans approved by the Audit Committee.

  The Audit Committee of the Board considers significant control matters and receives regular reports from the IAD and reports its findings and conclusions to the full Board on a quarterly basis.

- **Whistleblowing and whistleblower protection policy**
  The Group has in place a Whistleblowing and Whistleblower Protection Policy to demonstrate its commitment to conducting its business according to the highest standards of openness, probity and accountability. This policy aims to enable employees and business associates to report suspected wrongdoing as soon as possible, knowing that their confidentiality will be respected and that their report will be taken seriously and investigated as appropriate. It will also provide a way for employees and business associates to raise any other concerns, and for such concerns to be addressed.

In 2013, no material losses requiring mention in the Annual Report were incurred arising from weaknesses in internal control identified during the year.

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

The external auditors have reviewed this Statement on Risk Management and Internal Control pursuant to the scope set out in the Recommended Practice Guide ("RPG") 5 (Revised), ***Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report*** issued by the Malaysian Institute of Accountants ("MIA") for inclusion in the Annual Report of the Group for the year ended 31 December 2013, and reported to the Board that nothing has come to their attention that cause them to believe that the Statement intended to be included in the Annual Report of the Group, in all material respects:

a) has not been prepared in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, or
b) is factually inaccurate.

RPG 5 (Revised) does not require the external auditors to consider whether the Directors' Statement on Risk Management and Internal Control covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk management and internal control system including the assessment and opinion by the Board of Directors and management thereon. The auditors are also not required to consider whether the processes described to deal with material internal control aspects of any significant problems disclosed in the Annual Report will, in fact, remedy the problems.

This Statement is made in accordance with a resolution of the Board of Directors dated 11 April 2014.

AUDIT COMMITTEE REPORT

ROLE OF THE AUDIT COMMITTEE

The Board has delegated to the Audit Committee (AC) responsibility for overseeing financial reporting, for the internal risk management and control functions, and for making recommendations to the Board in relation to the appointment of the Company's internal and external auditors. In line with its terms of reference, the duties and responsibilities of the AC include:

- Monitoring the integrity of the Group's financial statements and any announcements relating to the Group's financial results, and reviewing significant financial reporting judgments and accounting policies before they are submitted to the Board for approval;
- Reviewing the adequacy and effectiveness of the Group's internal financial controls and risk management system;
- Monitoring and reviewing the role and effectiveness of the Group's internal audit function; and
- Overseeing the Company's relationship with the external auditor, including reviewing and monitoring its objectivity and independence.

The AC is regularly updated on accounting and legislative changes through comprehensive reports by the Group Regional Financial Controller and other senior finance managers.

COMPOSITION OF THE COMMITTEE

The AC consists of three non-executive directors, two of whom are independent including the Chairman. The members of the AC are Dato' Seri Ismail Farouk Abdullah, Datuk Supperamaniam a/l Manickam and Mr Tan Yew Jin. It is chaired by Dato' Seri Ismail Farouk Abdullah. There were no changes in the composition of the AC during the year.

The AC held four meetings in 2013 and there was full attendance at all four meetings. The executive directors, the Group Regional Financial Controller, the Group Finance Manager, the Director of Corporate Internal Audit and representatives of the external auditor are normally invited to attend meetings. The Chairman of the AC reports the outcome and recommendations of the AC meetings to the full Board on a quarterly basis, the minutes of meetings having been provided to all Board members.

The attendance of each member at the AC meetings held in the year ended 31 December 2013 is shown in the table below.

NAME OF MEMBER	TOTAL ATTENDANCE
Dato' Seri Ismail Farouk Abdullah, Chairman (Independent Non-Executive Director)	4/4
Datuk Supperamaniam a/l Manickam (Independent Non-Executive Director)	4/4
Tan Yew Jin (Non-Independent Non-Executive Director)	4/4

AUDIT COMMITTEE REPORT

ACTIVITIES DURING THE YEAR

The main activities of the AC in 2013 are set out below. The AC:

- Reviewed the quarterly and annual results announcements;
- Considered the critical accounting policies and practices, and reviewed the significant accounting issues and key areas of judgement in connection with the preparation of the Group's financial statements;
- Reviewed the external auditor's audit strategy plan and its report on its review and audit of the Group's annual financial statements;
- Reviewed the terms of engagement of the external auditor and its effectiveness at the end of the audit process, including the objectivity and independence of the external auditor;
- Assessed the scope and effectiveness of the systems established to identify, evaluate, manage and monitor key financial and non-financial risks;
- Monitored the integrity of the Group's internal financial controls with reference to regular detailed reports from the Director of Corporate Internal Audit on the management of key risks and control issues across all business areas; and
- Monitored and reviewed the plans, work and effectiveness of the internal audit function, including actions taken to address any weaknesses or failures in internal controls.

EXTERNAL AUDITOR

In reviewing the independence of the external auditor, the AC considered a number of factors, including the experience and tenure of the external auditor; the nature and level of the services provided by the external auditor; and the external auditor's written confirmation that it has remained independent in accordance with relevant professional and regulatory requirements. The AC has established a policy on the engagement of the external auditor to supply non-audit services, the implementation of which it monitors.

Based on the review conducted in 2013, the AC was satisfied with the performance of the external auditor and the effectiveness of the audit process. It has therefore recommended to the Board that the external auditor be reappointed. Acting on this recommendation, the Board agreed to recommend to shareholders at the Annual General Meeting in 2014 the re-appointment of the external auditor for a period of one year.

INTERNAL AUDIT FUNCTION

The Group's internal audit function is carried out by the Internal Audit Department (IAD) of the Company's ultimate holding company. The IAD is responsible for reviewing and providing assurance on the effectiveness, adequacy and integrity of the Group's system of internal control and risk management, and compliance with Group policies and procedures.

For the financial year ended 31 December 2013, the total cost of the internal audit services rendered by the IAD of the Company's ultimate holding company amounted to RM59,500.

AUDIT COMMITTEE REPORT

TERMS OF REFERENCE OF THE COMMITTEE

1. Membership

1.1 The members of the AC shall be appointed by the Board and shall consist of not less than three members, the majority of whom shall be independent non-executive directors in accordance with the definition provided under Paragraph 1.01 of the Listing Requirements of Bursa Malaysia Securities Berhad (Bursa Malaysia). If membership for any reason falls below three members, the Board of Directors shall, within one month of that event, appoint such number of new members as may be required to fulfil the minimum requirement.

1.2 No alternate directors shall be appointed to the AC.

1.3 At least one member of the AC must be a member of the Malaysian Institute of Accountants or a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act 1967.

1.4 The Chairman of the AC shall be an independent non-executive Director appointed by the Board.

1.5 The term of office and performance of the AC and each of its members shall be reviewed by the Board annually.

2. Meetings

2.1 Meetings of the AC shall be held at least four times a year.

2.2 The quorum for a meeting of the AC shall be two members. At meetings of the AC a majority of the members must be independent non-executive directors. In the absence of the Chairman, the members present shall elect a chairman for the meeting from amongst the members present.

2.3 The meetings of the AC shall normally be attended by the executive directors and the Director of Corporate Internal Audit. The AC may also request other directors, members of senior management, counsels, and the internal and external auditors to participate in the AC meetings, as necessary.

2.4 The AC shall meet the external auditor at least once a year without members of senior management and executive directors present.

2.5 Minutes of the AC meetings shall be tabled at the meeting of the Board of Directors. The AC, through its Chairman, shall report on each meeting to the Board of Directors.

3. Authority

In the performance of its duties and responsibilities, the AC shall:

a. Have authority to investigate any activity within its Terms of Reference;

b. Have access to the resources required to perform its duties within its Terms of Reference;

c. Have full and unrestricted access to any employee and information pertaining to the Group;

d. Have direct communication with the external auditors and members of the IAD who carry out the internal audit function of the Group; and

e. Be able to engage independent professional advisers or to secure the attendance of outsiders with relevant experience and expertise at the Company's expense, if the AC considers this necessary.

AUDIT COMMITTEE REPORT

4. Functions & Duties

The AC shall carry out the following functions and duties:

a. Review the external audit plan and scope of work before the audit commences.

b. Review the adequacy of the internal audit plan and its scope of audit and ensure that the internal audit function has the necessary authority and resources to carry out its work.

c. Review the quarterly results and annual financial statements of the Company and Group before submission to the Board. The review will focus primarily on:

- Any changes in or implementation of major accounting policies and practices;
- Significant and unusual events;
- Significant adjustments arising from the audit;
- Going concern assumptions; and
- Compliance with accounting standards and regulatory requirements.

d. Review and assess the adequacy and effectiveness of the systems of internal control and the efficiency of the Group's operations, in particular those relating to areas of significant risks; and assess the internal process for determining and managing the principal risks throughout the Group.

e. Review the scope of the internal and external auditors' evaluation of the Group's systems of internal control.

f. Review audit reports prepared by the internal and external auditors, the major findings, and the management's responses thereto, and ensure that appropriate action is taken in respect of these reports.

g. Review appraisals or assessments of the performance of the staff members of the internal audit function.

h. Approve the appointment and/or termination of the Director of Corporate Internal Audit and senior executives in the internal audit function.

i. Be informed of resignations of internal audit staff members and provide the resigning staff members with an opportunity to submit their reasons for resigning.

j. Direct any special investigations to be carried out by the IAD.

k. Discuss any problems arising from the external audit including the assistance given by employees of the Group to the external auditor and any matters the external auditor may wish to discuss.

l. Nominate the external auditor and recommend the external audit fee for approval by the Board of Directors; and consider any questions of resignation or dismissal, resources and capability.

m. Review the effectiveness of the system for monitoring compliance with applicable laws and regulatory requirements.

n. Review any related party transactions and conflicts of interest that may arise within the Company or the Group including any transactions, procedures or conduct that raise questions of management integrity.

o. Where the AC is of the view that a matter it has reported to the Board of Directors has not been satisfactorily resolved, resulting in a breach of the Listing Requirements of Bursa Malaysia, to promptly report the matter to Bursa Malaysia.

p. Perform other duties as directed by the Board of Directors.

CORPORATE SOCIAL RESPONSIBILITY

As a responsible corporate citizen, we are fully committed to sound principles of Corporate Social Responsibility (CSR). CSR is integral to the way we conduct our business and underpins our long-term growth strategy. We strive to build on our CSR programme and initiatives, which aim for high standards of social and environmental business practices across our operations.

We place a strong focus on engagement with our stakeholders at all levels including employees, customers, shareholders and local communities. We also continue to work closely and participate in extensive dialogue with local authorities and government bodies at both national and local levels on environment-related issues to deliver common goals and objectives.

Each of our hotel properties has a formalised CSR committee, comprising members of senior management. The role of each committee is to oversee the ongoing development and implementation of the Group's CSR policies and practices, as well as to monitor progress in the key areas of environmental management, employment, health and safety, community support, and supply chain management.

THE ENVIRONMENT

We acknowledge our responsibilities for managing and reducing the impact that our business has on the environment, and are committed to making continuous improvements in environmental performance. Each of our hotel properties follows an Environmental Management System (EMS) Manual, which helps to identify and address the immediate and long-term impact of the hotel's operations on its local environment.

ISO 14001 Environmental Management System

Our hotels have made considerable strides over the past years in the continued development of their environmental management systems for the protection of the environment. This has resulted in all of our hotels having attained ISO 14001 accreditation, an international standard of environmental management intended to assist organisations to achieve environmental goals.

Energy and Water Efficiency, Waste Management

Significant investment has been made in initiatives to improve efficiency in the use of resources including energy and water throughout the Group. Our hotels continue to roll out energy-saving measures such as replacing older equipment with energy-efficient alternatives, utilising LED lighting and reducing the usage of chemicals within its operations. Shangri-La Hotel Kuala Lumpur recently modernised all its lifts and escalators. The new escalators have built-in sensors to detect passengers approaching and operate at a low speed when on stand-by mode to reduce energy usage. UBN Tower has also modernised all its lifts and will be completing the modernisation of its escalators in the fourth quarter of 2014.

All of our hotels have completed a programme to replace low efficiency chillers with new environmentally friendly CFC-free high efficiency chillers except for one remaining chiller at Traders Hotel Penang which will be replaced in 2015. Shangri-La Hotel Kuala Lumpur has also converted the use of LPG to natural gas for all boilers and in all kitchen areas aimed at achieving improved air quality. Rasa Sayang Resort has switched from using diesel burning boilers to heat pumps to reduce both diesel fuel consumption and emissions, while Golden Sands has plans to convert in the near future.

CORPORATE SOCIAL RESPONSIBILITY

To further enhance energy efficiencies, all of our hotels have installed guestroom electronic control systems, as well as high efficiency lighting in guestrooms and certain public areas. Shangri-La Hotel Kuala Lumpur and Rasa Ria Resort have converted all outdoor garden lighting to use energy saving LED bulbs.

Several measures have been introduced to reduce water usage such as the installation of water-saving flush systems and other water-saving devices in the guestroom bathrooms as well as the public area washrooms. Sub-meters have been installed throughout the hotels to monitor and measure energy and water consumption, and to enable the setting of targets for improvement.

Recently, Shangri-La Hotel Kuala Lumpur, Rasa Ria Resort and Rasa Sayang Resort were once again honoured with the ASEAN Green Hotel Award for 2014. This award is given to hotels that are environmentally friendly and adopt energy conservation measures based on the 11 criteria and 25 requirements of the ASEAN Green Hotel Standard. The criteria are:

- Environmental policy and hotel operation activities
- Use of green products
- Cooperation with local community and organisations
- Human resources development
- Solid waste management
- Energy efficiency
- Water efficiency
- Indoor and outdoor air quality management
- Noise pollution control
- Waste water treatment and management
- Management of toxic and chemical waste disposal

Rasa Sayang Resort was also named winner in the *"Best Sustainable Hotel for Malaysia"* category of the Asia Pacific Hotel Awards 2013-2014 at the International Hotel Awards, UK for its environmental and sustainability practices.

Our hotels continue to explore opportunities to improve their waste management programmes through the recycling of waste such as glass bottles, paper, plastics, metal and used cooking oil via a number of segregation and recycling programmes with various partners. Increased efforts are also being made to ensure that the majority of cleaning materials used by our hotels are biodegradable. In addition, all our hotels use recycled paper for the printing of guestroom collaterals.

In 2011, Rasa Sayang Resort and Golden Sands Resort in Penang and Rasa Ria Resort in Sabah installed a water purification system, which now enables the three resorts to bottle their own drinking water in recyclable glass bottles. This is more sustainable and reduces plastic bottle waste while creating a more eco-friendly environment.

The group's 18-hole Dalit Bay golf course in Pantai Dalit, Sabah is fully irrigated by recycled treated waste water from the sewage treatment plant at the property.

CORPORATE SOCIAL RESPONSIBILITY

Conservation and Biodiversity

In line with our commitment to biodiversity conservation and habitat protection, each of our resorts has a ***"Sanctuary, Shangri-La's Care for Nature Project"***. At Rasa Ria Resort in Sabah, we have the ***Orangutan Care Project*** and at Rasa Sayang Resort and Golden Sands Resort in Penang, we have the ***Turtle Care Project***.

To protect and enhance conservation of the natural environment, Rasa Ria Resort in Sabah has dedicated 64 acres of its forested hills to a nature reserve. This nature reserve is home to various species of birds and small animals and an abundance of indigenous flora.

In collaboration with the Sabah Wildlife Department, abandoned baby orangutans are rehabilitated in the nature reserve under the care of the resort's trained forest rangers. In 2013, another two orangutans were successfully rehabilitated and moved to the next stage of the programme for eventual release into the wild, bringing the total number of rehabilitated orangutans to 40 since 1996.

The Nature Interpretation Centre at the resort, which opened in 2005, features facilities such as a veterinary clinic, an animal food preparation kitchen, a nocturnal watch area, a reference library and a number of nature trails. Complementing these, a treetop canopy walkway was completed in 2009 and has been well received by visitors and the local community.

Rasa Ria Resort's nature reserve and its supporting facilities aim to raise greater environmental awareness and at the same time provide an enriching educational experience for visitors, local communities and students from all around Sabah. In 2013, there were 39,631 visitors, bringing the total number to 365,878 visitors since the nature reserve opened in 1996.

At Rasa Sayang Resort and Golden Sands Resort in Penang, we have the ***Turtle Care Project*** which aims to demonstrate our commitment both to creating awareness of the need for turtle conservation and to increasing the survival rate of hatching turtles. A Turtle Eco Centre has been set up onsite that uses informative displays to tell visitors about environmental protection and the conservation of turtle species. It also highlights the efforts carried out by the resorts for the ***Turtle Care Project***.

Our turtle conservation efforts are supported by a variety of activities such as educational and awareness-building games designed to engage the local community, local schools, resort guests and other visitors. In 2013, 120 primary school children joined our Sea No Plastic programme, which included an interactive talk on recycling by the Malaysian Nature Society, as well as story-telling and role-playing. The programme included a tour of the Eco Centre in which the children learned about the life cycle of the turtle, and the role they can play in turtle conservation. Other events, such as World Oceans Day, have also taken place in the Eco Centre.

Since 1990, turtle landings have been recorded at three main beaches, all located within the sanctuary of the Penang National Park.

CORPORATE SOCIAL RESPONSIBILITY

EMPLOYEES

Our employees are central to the continued success of our business and our reputation for service excellence.

As a preferred employer, the Group embraces diversity and operates a non-discriminatory employment policy, providing equal opportunities in all aspects of employment. We aim to recruit and retain employees through appropriate and competitive salary and benefits.

The Group has a comprehensive set of policies that embody its approach to employees and establish a framework for high standards of ethical behaviour and values. The Group's human resource policies and procedures covering various areas are regularly reviewed to keep abreast of industry benchmarks and best practices.

The Workplace and People Development

The Group endeavours to provide a working environment that fosters the continuous development and motivation of employees at all levels to enable them to maximise their potential and capabilities within the organisation. The Group supports and encourages internal promotion.

Every hotel employee is required to participate in the ***Shangri-La Care Programme*** which is designed to promote the understanding and daily practice of the Group's core values and code of ethics. The programme consists of four modules called ***Shangri-La Hospitality from a Caring Family, Delighting and Engaging with Guests, Taking Ownership*** and ***Recovering to Gain Loyalty.***

The Group hotels also operate a wide range of service and functional skills training activities for all levels of employees, including training programmes to develop and improve the management and leadership skills of top talent and high potential employees.

Each of the Group hotels has dedicated training facilities to conduct internal training courses for its employees, and employees also participate in a range of external training and development programmes. The Group has in place four core development programmes for managerial employees with high potential, namely the ***Corporate Service Executive Trainee Programme***, the ***Corporate Executive Trainee Programme,*** the ***Corporate Management Trainee Programme*** and the ***Corporate Trainee Programme.***

The Group also provides opportunities for select employees to attend training at the Shangri-La Academy in China through its certificate, diploma and management development programmes. In 2013, a total of 47 employees from the Group's hotels and resorts attended the Academy.

To increase the employment opportunities of people with disabilities (PWDs), the Group helps PWDs to cultivate specialised skills during their employment. The Group's target is for 2% of each hotel's staff to be PWDs working in various divisions and as at the end of 2013 Shangri-La Hotel Kuala Lumpur and Traders Hotel Penang have exceeded the target while the other three hotels are making good progress to achieve the target. Rasa Ria Resort has also received a Gold Award from the Social Security Organisation (SOCSO) for its initiative in employing PWDs under the ***Return to Work*** programme.

Employee feedback and suggestions are encouraged through our staff opinion surveys, speak-up programmes, team meetings and two-way dialogue sessions. Employees are kept fully informed of business developments through a variety of communication channels.

CORPORATE SOCIAL RESPONSIBILITY

HEALTH AND SAFETY

The Group regards the health and safety of all its employees, customers and the general public as of paramount importance.

We are committed to delivering high standards in health and safety matters across all aspects of our operations to ensure a safe and secure environment. All employees receive full training on a regular basis on health and safety awareness covering fire, security, food safety, hygiene and sanitation.

Our health and safety policies and procedures promote a strong safety culture and encourage good practice, as well as compliance with all applicable laws and regulations. Annual internal audits are conducted throughout the Group hotels to ensure that health and safety management systems are properly implemented and maintained.

Food Safety

Our hotels place a strong emphasis on ensuring the highest level of food safety and on managing food safety risks under the stringent Shangri-La Food Safety Management System (SFSMS).

The SFSMS is a comprehensive system covering the receiving, preparing, cooking and serving of food items, and safeguards against the cross-contamination of products. This system is regularly reviewed to ensure that it remains effective and complies with all regulatory requirements. Each hotel has a dedicated food hygienist responsible for monitoring the implementation of food safety.

More significantly, four of our hotels and resorts have now attained HACCP (Hazard Analysis and Critical Control Point System) certification, namely Shangri-La Hotel Kuala Lumpur in 2006, Rasa Sayang Resort in 2008, Rasa Ria Resort in January 2009, and Golden Sands Resort in December 2010. HACCP is a global food safety standard system and is one of the most sought-after accreditations in the hospitality industry. Rasa Sayang Resort was the first hotel in Penang to attain this certification and Traders Hotel Penang is working towards obtaining HACCP certification by the end of 2014.

OHSAS 18001 Occupational Health and Safety Management System

Following the lead of Shangri-La Hotel Kuala Lumpur in achieving OHSAS 18001 certification in 2006, Rasa Ria Resort, Rasa Sayang Resort and Golden Sands Resort successfully obtained OHSAS 18001 certification in 2011, reflecting their commitment to maintaining and improving a safe and healthy work environment. Traders Hotel Penang is in the process of obtaining the certification by the end of 2014. OHSAS 18001 is an international occupational health and safety management system which helps organisations to control and manage the health and safety risks associated with their business activities.

CORPORATE SOCIAL RESPONSIBILITY

THE COMMUNITY

We are conscious of our responsibility to act as a good corporate citizen and encourage our hotels to engage with local communities in their areas of operation. *"Embrace, Shangri-La's Care for People Project"* aims to build, strengthen and sustain local communities through various specific education and health projects, infrastructural support, fundraising, living skills training and hotel apprenticeships.

Our hotels provide not only positive economic benefits through employment opportunities but also significant training support for developing the capabilities of many locals so as to groom them for senior roles.

All the Group hotels provide practical training on various aspects of hotel operations for students from local Institutes of Higher Learning. In Sabah, Rasa Ria Resort works closely with the human resources department of the State Ministry of Human Resources to provide a hotel attachment training programme for both graduates and school leavers. At the same time, Traders Hotel Penang supports the *Young Enterprise Programme,* a joint initiative with the American Chamber of Commerce to assist students from local government schools to gain knowledge of business planning and operations.

Our hotels are involved in a wide range of initiatives for the benefit of local communities both through annual blood donation campaigns and through the active involvement of our employees, who volunteer for beach-cleaning and for visits to hospitals, orphanages, homes for old folk and the blind. The hotels also support local communities through fundraising and sponsorship activities for charities as well as making donations in kind such as blankets, towels, linen, used uniforms and furniture.

For many years, Shangri-La Hotel Kuala Lumpur's *Embrace, Gift of Life Project* has benefited hundreds of less fortunate children from all over Malaysia who are in urgent need of critical life-saving medical treatments and artificial limbs. In 2013, the hotel sponsored heart surgery for nine children through its annual fundraising initiatives and its own donations. Meanwhile, Rasa Sayang Resort sponsored heart surgery for two children under its *Embrace, Gift of Life Project* and Golden Sands Resort sponsored artificial limbs for two recipients under its *Embrace, Gift of Limb Project*.

Our hotels in Penang, namely Rasa Sayang Resort, Golden Sands Resort and Traders Hotel Penang, continued the meal sponsorship programme in 2013, which was initiated in 2009 for the Lighthouse Community Service Centre. The three hotels take turns to prepare the meals on a monthly basis. The Lighthouse Centre is a charitable organisation which is dependent on public donations and sponsorship to provide meals in addition to basic bathroom and laundry facilities for the poor and homeless. The Lighthouse Centre currently feeds an average of 120 people a day.

In addition, under *Embrace, Shangri-La's Care for People Project* the three Penang hotels and Rasa Ria Resort, Sabah run an ongoing series of community programme aimed at improving the lives of the less fortunate.

Traders Hotel Penang is extending its support to the Bright Sparks Learning Centre of the Lighthouse, where underprivileged children and young adults seeking shelter at the Lighthouse are provided with guidance on their school work, as well as some vocational skills training designed to empower them to lead independent lives in the future.

Similarly, Rasa Sayang Resort is helping the Penang Shan Children's Home to improve its facilities and build a better environment for the children, while staff from the resort offer the children educational, health and living skills support.

Meanwhile, Golden Sands Resort is assisting the Crystal Family Home, Penang to enhance the children's overall living conditions. Like Rasa Sayang Resort, it also provides the children with educational, health and living skills support via both donation drives and training for the home's staff.

CORPORATE SOCIAL RESPONSIBILITY

THE COMMUNITY (cont'd)

Further, Rasa Ria Resort supports SMK Sri Nangka, a secondary school in Tuaran with about 800 students living mainly in fishing villages within the Tuaran District, and SMK Tamparuli Pendidikan Khas, a secondary school for students with learning disabilities established in 2005. A comprehensive programme has been drawn up for the students of both schools, aimed at creating a more conducive and healthy learning environment.

In respect of SMK Sri Nangka, for 2013 Rasa Ria Resort continued to sponsor 20 underprivileged students for a daily meal. 88 students benefited from books sponsorship, 15 students were rewarded with book vouchers for excelling in their school examinations and four students received scholarships to pursue a Diploma in Culinary Arts and a Diploma in Pastry Arts at a local college in Kota Kinabalu. Meanwhile, in 2013, seven students from SMK Sri Nangka were selected to participate in training at the resort during a term break.

In addition to these initiatives, the Group regularly makes corporate donations to national fundraising campaigns for emergency relief for the victims of natural disasters.

SUPPLY CHAIN

We acknowledge that many social and environmental impacts derive from activities in our supply chain. We therefore continually seek ways and identify opportunities to enhance environmental standards in the supply chain.

Our hotels provide CSR guidelines to their major suppliers and procedures are in place to monitor implementation. Adherence to CSR guidelines is monitored through both scheduled and unannounced site visits to suppliers' premises. Where supplier audits show shortcomings, a programme of improvement is encouraged for implementation leading to compliance.

In accordance with Shangri-La's Corporate Purchasing Policy, suppliers are required to comply with its Supplier Code of Conduct, which is included as an appendix to every supplier contract and which is regularly reviewed to ensure compliance. The code is closely aligned with Shangri-La's core values and incorporates recognised international best practices in the areas of labour and human rights, health and safety, environment impact, ethics and management commitment.

Demonstrating our commitment to a sustainable supply chain, Rasa Ria Resort in Sabah continues to work closely with its major suppliers to reduce the quantity and improve the environmental quality of packaging materials used in delivery. At the same time, our hotels in Penang assist their local poultry and seafood suppliers in the effective implementation of HACCP.

EXTERNAL RECOGNITION

SHANGRI-LA HOTEL KUALA LUMPUR

- ASEAN Green Hotel Award 2014
- ASEAN Green Hotel Award 2012
- Human Resources Development (Service Sector) 2011 Human Resources Minister Award
- ASEAN Green Hotel Award 2010
- Prime Minister's CSR Awards 2009 (Environment Category)
- ASEAN Green Hotel Award 2008-2009
- Human Resources Development (Service Sector) 2004 Human Resources Minister Award
- Hospitality Asia Platinum Awards 2003/2004 (Malaysia Series) for the Best Human Resources Department
- National HR Excellence Awards 2003 (Main Award Category)
- Prime Minister's Quality Award 1997 for Management Excellence

RASA SAYANG RESORT

- ASEAN Green Hotel Award 2014
- Best Sustainable Hotel for Malaysia, Asia Pacific Hotel Awards 2013-2014, International Hotel Awards, UK
- ASEAN Green Hotel Award 2012
- ASEAN Green Hotel Award 2010
- ASEAN Green Hotel Award 2008-2009
- Prime Minister's Hibiscus Award 2000/2001 for Exceptional Achievement in Environmental Performance

GOLDEN SANDS RESORT

- Prime Minister's Hibiscus Award 2002/2003 for Notable Achievement in Environmental Performance

RASA RIA RESORT

- ASEAN Green Hotel Award 2014
- ASEAN Green Hotel Award 2010
- Prime Minister's Hibiscus Award 2000/2001 for Notable Achievement in Environmental Performance

TRADERS HOTEL PENANG

- Human Resource Development (Service Sector) 2008 Human Resources Minister Award

ADDITIONAL COMPLIANCE INFORMATION

1. NON-AUDIT FEES

Non-audit fees paid by the Company and its subsidiaries to the external auditors, Messrs KPMG, and its affiliated companies for the financial year ended 31 December 2013 amounted to RM161,489.

The majority of the payment to KPMG Tax Services Sdn Bhd relates to the filing of tax returns for the Company and its subsidiaries, including services rendered for the application process in respect of obtaining approval from the Malaysian Investment Development Authority (MIDA) for Investment Tax Allowance for a subsidiary of the Group. The payment to KPMG was in respect of the review of the Statement on Risk Management and Internal Control, and the disclosure of realised and unrealised profits/losses.

	RM
KPMG Tax Services Sdn Bhd	**134,489**
KPMG	**27,000**
Total	**161,489**

2. MATERIAL CONTRACTS INVOLVING DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

Other than those disclosed in the financial statements of the Group and of the Company for the financial year ended 31 December 2013, there were no material contracts entered into by the Company or its subsidiaries, involving the interests of Directors and substantial shareholders.

STATEMENT ON DIRECTORS' RESPONSIBILITY

in relation to the audited financial statements for the year ended 31 December 2013

The Directors are required by the Companies Act, 1965 to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and the Group as at the end of the financial year and of the profit or loss for that period.

The Directors consider that in preparing the financial statements for the year ended 31 December 2013 on pages 61 to 124, the Group has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, and that all applicable approved Malaysian Financial Reporting Standards issued by the Malaysian Accounting Standards Board in Malaysia have been followed, subject to any explanations and any material departures disclosed in the notes to the financial statements.

The Directors have responsibility for ensuring that the Company and the Group keep accounting records which disclose, with reasonable accuracy, the financial position of the Company and the Group and which enable them to ensure that the financial statements comply with the Companies Act, 1965. The Directors have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to seek to prevent and detect fraud and other irregularities.

FINANCIAL STATEMENTS
CONTENTS

DIRECTORS' REPORT
for the year ended 31 December 2013

The Directors have pleasure in submitting their report together with the audited financial statements of the Group and of the Company for the year ended 31 December 2013.

PRINCIPAL ACTIVITIES

The Group is engaged in the operation of hotels and beach resorts, a golf course and clubhouse, property management and investment and commercial laundry.

The principal activities of the Company are investment holding and the operation of a beach resort, namely Rasa Sayang Resort. There has been no significant change in the nature of these activities during the financial year.

RESULTS FOR THE FINANCIAL YEAR

	GROUP RM'000	COMPANY RM'000
Profit attributable to:		
Shareholders of the Company	130,367	121,074
Non-controlling interests	9,441	-
	139,808	121,074

RESERVES AND PROVISIONS

There were no material transfers to or from reserves and provisions during the financial year except as disclosed in the financial statements.

ISSUE OF SHARES

The Company did not issue any shares during the financial year.

DIVIDENDS

Since the end of the previous financial year, the Company paid:

i) a final single tier dividend of 7 sen per ordinary share, totalling RM30,800,000 in respect of the year ended 31 December 2012 on 28 June 2013; and
ii) an interim single tier dividend of 3 sen per ordinary share, totalling RM13,200,000 in respect of the year ended 31 December 2013 on 21 November 2013.

DIRECTORS' REPORT
for the year ended 31 December 2013

The Board has proposed a final single tier dividend of 10 sen and a special single tier dividend of 5 sen per ordinary share, totalling RM66,000,000 for the financial year ended 31 December 2013. The proposed final and special dividends have not been accounted for and are pending shareholders' approval at the forthcoming Annual General Meeting, which is scheduled to be held on 20 May 2014. The final and special dividends, if approved by the shareholders shall be accounted for as an appropriation of retained earnings in the financial year ending 31 December 2014.

DIRECTORS OF THE COMPANY

The Directors of the Company in office since the date of the last Directors' Report are:

DIRECTORS

Tan Sri A. Razak bin Ramli — Chairman

Kuok Oon Kwong — Managing Director

Datin Rozina Mohd Amin — Executive Director

Dato' Haris Onn bin Hussein

Dato' Seri Ismail Farouk Abdullah

Dato' Khoo Eng Min

Datuk Supperamaniam a/l Manickam

Dato' Dr Tan Tat Wai

Tan Yew Jin

Ravinder Singh Grewal Sarbjit S (Resigned on 25 March 2013)

ALTERNATE DIRECTOR

Joseph Patrick Stevens (Ceased as Alternate Director to Ravinder Singh Grewal Sarbjit S on 25 March 2013)

In accordance with Article 95 of the Company's Articles of Association, Madam Kuok Oon Kwong and Datin Rozina Mohd Amin retire by rotation from the Board at the forthcoming Annual General Meeting and being eligible, offer themselves for re-election.

Dato' Khoo Eng Min and Mr Tan Yew Jin, who have attained the age of seventy (70) years, retire in accordance with Section 129(2) of the Companies Act, 1965 and offer themselves for re-appointment in accordance with Section 129(6) of the said Act to hold office until the next Annual General Meeting of the Company.

DIRECTORS' REPORT

for the year ended 31 December 2013

DIRECTORS' INTERESTS IN SHARES

According to the Register of Directors' Shareholdings, the particulars of interests and deemed interests of Directors who held office at the end of the financial year (including the interests of the spouse or children of the Directors who themselves are not Directors of the Company) in shares and share options in the Company and a related corporation are as follows:

	As at 1.1.2013	Acquired	(Disposed)	As at 31.12.2013
THE COMPANY	Number of Ordinary Shares of RM1.00 each			
DIRECT INTERESTS				
Tan Sri A. Razak bin Ramli	-	-	-	-
Kuok Oon Kwong	-	-	-	-
Datin Rozina Mohd Amin	-	-	-	-
Dato' Haris Onn bin Hussein	-	-	-	-
Dato' Seri Ismail Farouk Abdullah	200,000	-	(190,000)	10,000
Dato' Khoo Eng Min - own	5,000	-	-	5,000
- others	9,000[1]	-	-	9,000[1]
Datuk Supperamaniam a/l Manickam	-	-	-	-
Dato' Dr Tan Tat Wai	-	-	-	-
Tan Yew Jin	5,000	-	-	5,000
DEEMED INTERESTS				
Kuok Oon Kwong	10,000	-	-	10,000
Tan Yew Jin	20,000	-	-	20,000
RELATED CORPORATION				
SHANGRI-LA ASIA LIMITED ("SAL") - ULTIMATE HOLDING COMPANY	Number of Ordinary Shares of HKD1.00 each			
DIRECT INTERESTS IN SAL				
Tan Sri A. Razak bin Ramli	-	-	-	-
Kuok Oon Kwong - own	182,938	-	-	182,938
- others	231,124[1]	-	-	231,124[1]
Datin Rozina Mohd Amin	-	-	-	-
Dato' Haris Onn bin Hussein	-	-	-	-
Dato' Seri Ismail Farouk Abdullah	-	-	-	-
Dato' Khoo Eng Min	-	-	-	-
Datuk Supperamaniam a/l Manickam	-	-	-	-
Dato' Dr Tan Tat Wai	-	-	-	-
Tan Yew Jin	120,856	-	-	120,856
DEEMED INTERESTS IN SAL				
Kuok Oon Kwong	170,768	-	-	170,768

NOTE[1]: shares held directly by spouse/child. In accordance with Section 134(12)(c) of the Companies Act, 1965, the interests and deemed interests of the spouse/child in the shares of the Company and its related corporations (other than wholly-owned subsidiaries) shall be treated as the interests of the Director.

DIRECTORS' REPORT
for the year ended 31 December 2013

SHARE OPTIONS IN SAL

	Option period	Exercise price per share option	Number of Ordinary Shares of HKD1.00 each granted under the option			
			As at 1.1.2013	Granted	Exercised	As at 31.12.2013
Kuok Oon Kwong	28.4.2006 - 27.4.2015	HKD11.60	150,000	-	-	150,000
	28.4.2007 - 27.4.2015	HKD11.60	150,000	-	-	150,000
	16.6.2007 - 15.6.2016	HKD14.60	60,000	-	-	60,000
	16.6.2008 - 15.6.2016	HKD14.60	60,000	-	-	60,000
Datin Rozina Mohd Amin	28.4.2006 - 27.4.2015	HKD11.60	25,000	-	-	25,000
	28.4.2007 - 27.4.2015	HKD11.60	25,000	-	-	25,000
	16.6.2007 - 15.6.2016	HKD14.60	10,000	-	-	10,000
	16.6.2008 - 15.6.2016	HKD14.60	10,000	-	-	10,000

Other than as disclosed above, none of the Directors held any shares as at 31 December 2013, nor acquired or disposed any shares during the course of the year, in any other related corporations of the Company.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by Directors as shown in the financial statements) by reason of a contract made by the Company or a related corporation with a Director or with a firm of which a Director is a member, or with a company in which a Director has a substantial financial interest.

There were no arrangements during and at the end of the financial year which had the object of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of the Company or any other body corporate other than the share options granted by the ultimate holding company to certain Directors of the Company.

DIRECTORS' REPORT
for the year ended 31 December 2013

OTHER STATUTORY INFORMATION

Before the financial statements of the Group and of the Company were made out, the Directors took reasonable steps to ascertain that:

i) all known bad debts have been written off and adequate provision made for doubtful debts, and

ii) all current assets have been stated at the lower of cost and net realisable value.

At the date of this report, the Directors are not aware of any circumstances:

i) which would render the amount written off for bad debts, or the amount of the provision for doubtful debts, in the Group and in the Company inadequate to any substantial extent, or

ii) which would render the value attributed to the current assets in the financial statements of the Group and of the Company misleading, or

iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate, or

iv) not otherwise dealt with in this report or in the financial statements that would render any amount stated in the financial statements of the Group and of the Company misleading.

At the date of this report, there does not exist:

i) any charge on the assets of the Group or of the Company that has arisen since the end of the financial year and which secures the liabilities of any other person, or

ii) any contingent liability in respect of the Group or of the Company that has arisen since the end of the financial year.

No contingent liability or other liability of any company in the Group has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

In the opinion of the Directors, except for the exceptional item disclosed in Note 16.2 to the financial statements, the results of the operations of the Group and of the Company for the financial year ended 31 December 2013 have not been substantially affected by any item, transaction or event of a material and unusual nature.

In the opinion of the Directors, no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report, which would affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made.

DIRECTORS' REPORT
for the year ended 31 December 2013

ULTIMATE HOLDING COMPANY

The Directors regard Shangri-La Asia Limited, a company incorporated in Bermuda and listed on The Stock Exchange of Hong Kong Limited and the Singapore Exchange Securities Trading Limited as the ultimate holding company.

AUDITORS

The auditors, Messrs KPMG, have indicated their willingness to accept re-appointment.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:

TAN SRI A. RAZAK BIN RAMLI
Chairman

KUOK OON KWONG
Managing Director

Kuala Lumpur,
27 February 2014

STATEMENT BY DIRECTORS

pursuant to Section 169(15) of the Companies Act, 1965

We, TAN SRI A. RAZAK BIN RAMLI and KUOK OON KWONG, being two of the Directors of SHANGRI-LA HOTELS (MALAYSIA) BERHAD state that, in the opinion of the Directors, the financial statements set out on pages 61 to 123 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2013 and of their financial performance and cash flows for the year then ended.

The Company has provided an additional information of the breakdown on Realised and Unrealised Profits/Losses in Note 31 to the financial statements for the year ended 31 December 2013 in compliance with the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Malaysia").

The information has been prepared in accordance with the Guidance of Special Matter No.1 - *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure* as issued by the Malaysian Institute of Accountants and based on the format prescribed by Bursa Malaysia.

Signed on behalf of the Directors in accordance with a resolution of the Directors:

TAN SRI A. RAZAK BIN RAMLI
Chairman

KUOK OON KWONG
Managing Director

Kuala Lumpur,
27 February 2014

STATUTORY DECLARATION

pursuant to Section 169(16) of the Companies Act, 1965

I, TAY KENG HOCK, the Officer primarily responsible for the financial management of SHANGRI-LA HOTELS (MALAYSIA) BERHAD, do solemnly and sincerely declare that the financial statements set out on pages 61 to 124 are to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the abovenamed TAY KENG HOCK at Kuala Lumpur in Wilayah Persekutuan on 27 February 2014.

Before me:

Commissioner for Oaths
Kuala Lumpur

INDEPENDENT AUDITORS' REPORT

to the members of Shangri-La Hotels (Malaysia) Berhad

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of Shangri-La Hotels (Malaysia) Berhad, which comprise the statements of financial position as at 31 December 2013 of the Group and of the Company, and income statements, statements of comprehensive income, statements of changes in equity and cash flow statements of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 61 to 123.

Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as of 31 December 2013 and of their financial performance and cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

INDEPENDENT AUDITORS' REPORT

to the members of Shangri-La Hotels (Malaysia) Berhad

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:

a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries have been properly kept in accordance with the provisions of the Act.

b) We are satisfied that the accounts of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.

c) Our audit reports on the accounts of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

OTHER REPORTING RESPONSIBILITIES

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The information set out in Note 31 to the financial statements has been compiled by the Company as required by the Bursa Malaysia Securities Berhad Listing Requirements and is not required by the Malaysian Financial Reporting Standards or International Financial Reporting Standards. We have extended our audit procedures to report on the process of compilation of such information. In our opinion, the information has been properly compiled, in all material respects, in accordance with the Guidance of Special Matter No.1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements,* issued by the Malaysian Institute of Accountants and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

OTHER MATTERS

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

KPMG
Firm Number: AF 0758
Chartered Accountants

Chong Dee Shiang
Approval Number: 2782/09/14(J)
Chartered Accountant

Petaling Jaya, Selangor
27 February 2014

STATEMENTS OF FINANCIAL POSITION

as at 31 December 2013

		GROUP			COMPANY		
	Note	**31.12.2013 RM'000**	31.12.2012 RM'000 Restated	1.1.2012 RM'000 Restated	**31.12.2013 RM'000**	31.12.2012 RM'000 Restated	1.1.2012 RM'000 Restated
ASSETS							
Non-current assets							
Property, plant and equipment	3	**707,788**	730,885	731,059	**95,253**	100,594	106,278
Investment properties	4	**280,860**	269,280	266,899	**-**	-	-
Investments in subsidiaries	5	**-**	-	-	**459,188**	459,188	459,188
Interests in associates	6	**152,154**	50,726	16,723	**-**	-	-
Property development expenditure	7	**12,286**	12,286	12,286	**-**	-	-
Deferred tax assets	14	**-**	2,127	5,580	**-**	2,127	5,361
		1,153,088	1,065,304	1,032,547	**554,441**	561,909	570,827
Current assets							
Inventories	8	**8,440**	8,911	8,809	**1,134**	1,077	989
Trade and other receivables, prepayments and deposits	9	**27,533**	29,138	23,938	**258,838**	215,260	205,044
Tax recoverable	9	**434**	1,061	1,765	**279**	1,027	1,027
Cash and cash equivalents	10	**93,719**	27,605	21,655	**81,260**	10,749	9,626
		130,126	66,715	56,167	**341,511**	228,113	216,686
Total assets		**1,283,214**	1,132,019	1,088,714	**895,952**	790,022	787,513
EQUITY							
Share capital	11	**440,000**	440,000	440,000	**440,000**	440,000	440,000
Reserves		**514,839**	428,932	393,721	**348,852**	271,759	263,375
Total equity attributable to shareholders of the Company		**954,839**	868,932	833,721	**788,852**	711,759	703,375
Non-controlling interests		**94,712**	86,314	82,817	**-**	-	-
Total equity		**1,049,551**	955,246	916,538	**788,852**	711,759	703,375
LIABILITIES							
Non-current liabilities							
Long-term borrowings	12	**-**	-	5,306	**-**	-	-
Retirement benefits	13	**17,864**	15,058	14,663	**574**	411	351
Deferred tax liabilities	14	**16,423**	15,540	11,675	**835**	-	-
		34,287	30,598	31,644	**1,409**	411	351
Current liabilities							
Short-term borrowings	12	**111,482**	60,054	63,892	**-**	7,200	6,300
Trade and other payables	15	**86,077**	83,042	75,887	**105,691**	70,652	77,487
Current tax liabilities		**1,817**	3,079	753	**-**	-	-
		199,376	146,175	140,532	**105,691**	77,852	83,787
Total liabilities		**233,663**	176,773	172,176	**107,100**	78,263	84,138
Total equity and liabilities		**1,283,214**	1,132,019	1,088,714	**895,952**	790,022	787,513

The accompanying notes form an integral part of the financial statements.

INCOME STATEMENTS

for the year ended 31 December 2013

		GROUP		COMPANY	
	Note	**2013 RM'000**	2012 RM'000 Restated	**2013 RM'000**	2012 RM'000
Revenue	16.1	**511,225**	469,572	**112,342**	112,795
Operating profit before exceptional item		**129,716**	102,760	**55,843**	51,077
Exceptional item	16.2	**29,744**	-	**70,776**	-
Operating profit	16.1	**159,460**	102,760	**126,619**	51,077
Interest income	17	**1,312**	444	**1,184**	302
Interest expense	18	**(1,416)**	(1,920)	**(2,022)**	(1,667)
Share of results of associated companies	19	**8,825**	1,186	**-**	-
Profit before tax		**168,181**	102,470	**125,781**	49,712
Tax expense	21	**(28,373)**	(30,373)	**(4,707)**	(8,351)
Profit for the year		**139,808**	72,097	**121,074**	41,361
Profit attributable to:					
Shareholders of the Company		**130,367**	67,389	**121,074**	41,361
Non-controlling interests		**9,441**	4,708	**-**	-
Profit for the year		**139,808**	72,097	**121,074**	41,361
Basic earnings per ordinary share (sen)	22	**29.63**	15.32		

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF COMPREHENSIVE INCOME
for the year ended 31 December 2013

	Note	GROUP 2013 RM'000	GROUP 2012 RM'000 Restated	COMPANY 2013 RM'000	COMPANY 2012 RM'000 Restated
Profit for the year		**139,808**	72,097	**121,074**	41,361
Other comprehensive income, net of tax					
Items that will not be reclassified subsequently to profit or loss					
Remeasurement of defined retirement benefit liability		**(503)**	611	**19**	23
Other comprehensive income for the year, net of tax	16.3	**(503)**	611	**19**	23
Total comprehensive income for the year		**139,305**	72,708	**121,093**	41,384
Total comprehensive income attributable to:					
Shareholders of the Company		**129,907**	68,211	**121,093**	41,384
Non-controlling interests		**9,398**	4,497	**-**	-
Total comprehensive income for the year		**139,305**	72,708	**121,093**	41,384

The accompanying notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2013

		Attributable to shareholders of the Company					
		Non-distributable		Distributable			
	Note	Share capital RM'000	Share premium RM'000	Retained earnings RM'000	Total equity attributable to shareholders of the Company RM'000	Non-controlling interests RM'000	Total equity RM'000
GROUP							
At 1 January 2012, as previously reported		440,000	104,501	290,126	834,627	82,855	917,482
Effect of adopting MFRS 119 (revised) - Employee Benefits	30	-	-	(906)	(906)	(38)	(944)
At 1 January 2012, as restated		440,000	104,501	289,220	833,721	82,817	916,538
Remeasurement of defined retirement benefit liability	16.3	-	-	822	822	(211)	611
Total other comprehensive income for the year		-	-	822	822	(211)	611
Profit for the year		-	-	67,389	67,389	4,708	72,097
Total comprehensive income for the year		-	-	68,211	68,211	4,497	72,708
Dividends to shareholders	23	-	-	(33,000)	(33,000)	-	(33,000)
Dividend to non-controlling interests of a subsidiary		-	-	-	-	(1,000)	(1,000)
At 31 December 2012/ 1 January 2013, as restated		**440,000**	**104,501**	**324,431**	**868,932**	**86,314**	**955,246**
Remeasurement of defined retirement benefit liability	16.3	**-**	**-**	**(460)**	**(460)**	**(43)**	**(503)**
Total other comprehensive income for the year		**-**	**-**	**(460)**	**(460)**	**(43)**	**(503)**
Profit for the year		**-**	**-**	**130,367**	**130,367**	**9,441**	**139,808**
Total comprehensive income for the year		**-**	**-**	**129,907**	**129,907**	**9,398**	**139,305**
Dividends to shareholders	23	**-**	**-**	**(44,000)**	**(44,000)**	**-**	**(44,000)**
Dividend to non-controlling interests of a subsidiary		**-**	**-**	**-**	**-**	**(1,000)**	**(1,000)**
At 31 December 2013		**440,000**	**104,501**	**410,338**	**954,839**	**94,712**	**1,049,551**
		Note 11					

The accompanying notes form an integral part of the financial statements.

STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2013

		Attributable to shareholders of the Company			
		Non-distributable		Distributable	
	Note	**Share capital RM'000**	**Share premium RM'000**	**Retained earnings RM'000**	**Total RM'000**
COMPANY					
At 1 January 2012, as previously reported		440,000	104,501	158,852	703,353
Effect of adopting MFRS 119 (revised)					
- Employee Benefits	30	-	-	22	22
At 1 January 2012, as restated		440,000	104,501	158,874	703,375
Remeasurement of defined retirement benefit liability	16.3	-	-	23	23
Total other comprehensive income for the year		-	-	23	23
Profit for the year		-	-	41,361	41,361
Total comprehensive income for the year		-	-	41,384	41,384
Dividends to shareholders	23	-	-	(33,000)	(33,000)
At 31 December 2012/1 January 2013, as restated		**440,000**	**104,501**	**167,258**	**711,759**
Remeasurement of defined retirement benefit liability	16.3	**-**	**-**	**19**	**19**
Total other comprehensive income for the year		**-**	**-**	**19**	**19**
Profit for the year		**-**	**-**	**121,074**	**121,074**
Total comprehensive income for the year		**-**	**-**	**121,093**	**121,093**
Dividends to shareholders	23	**-**	**-**	**(44,000)**	**(44,000)**
At 31 December 2013		**440,000**	**104,501**	**244,351**	**788,852**
		Note 11			

The accompanying notes form an integral part of the financial statements.

CASH FLOW STATEMENTS

for the year ended 31 December 2013

	Note	GROUP 2013 RM'000	GROUP 2012 RM'000 Restated	COMPANY 2013 RM'000	COMPANY 2012 RM'000
Cash flows from operating activities					
Profit before tax		**168,181**	102,470	**125,781**	49,712
Adjustments for:					
(Write back)/Allowance for impairment loss on					
- trade receivables		**(84)**	(51)	**62**	(21)
- amount due from a subsidiary		**-**	-	**-**	(2,912)
- loans to associates		**-**	(3,825)	**-**	-
Depreciation on property, plant and equipment	3	**54,942**	53,220	**6,903**	8,072
Exceptional item	16.2	**(29,744)**	-	**(70,776)**	-
Fair value gain of investment properties	4	**(4,817)**	-	**-**	-
Interest expense	18	**1,416**	1,920	**2,022**	1,667
Interest income	17	**(1,312)**	(444)	**(1,184)**	(302)
Loss/(Gain) on disposal of property, plant and equipment		**197**	(14)	**-**	2
Retirement benefits charged	13	**2,731**	2,498	**188**	96
Property, plant and equipment written off		**861**	1,118	**-**	264
Share of results of associated companies		**(8,825)**	(1,186)	**-**	-
Unrealised (gain)/loss on foreign exchange		**(5,435)**	2,761	**(5,759)**	2,879
Dividend income		**-**	-	**(34,900)**	(38,870)
Operating profit before changes in working capital		**178,111**	158,467	**22,337**	20,587
Change in inventories		**471**	(102)	**(57)**	(88)
Change in trade and other receivables, prepayments and deposits		**1,689**	(5,149)	**(741)**	41
Change in trade and other payables		**3,035**	6,995	**1,575**	297
Cash generated from operations		**183,306**	160,211	**23,114**	20,837
Dividend received		**-**	-	**33,870**	22,835
Tax paid		**(25,807)**	(20,229)	**(1,003)**	(125)
Retirement benefits paid		**(619)**	(1,288)	**-**	(5)
Net cash generated from operating activities		**156,880**	138,694	**55,981**	43,542

The accompanying notes form an integral part of the financial statements.

CASH FLOW STATEMENTS

for the year ended 31 December 2013

	Note	GROUP 2013 RM'000	GROUP 2012 RM'000 Restated	COMPANY 2013 RM'000	COMPANY 2012 RM'000
Cash flows from investing activities					
Acquisition of property, plant and equipment		**(32,965)**	(54,240)	**(1,562)**	(2,656)
Acquisition of investment properties		**(6,763)**	(2,381)	**-**	-
Interest received		**1,312**	444	**1,184**	302
Proceeds from disposal of property, plant and equipment		**62**	90	**-**	2
Net cash used in investing activities		**(38,354)**	(56,087)	**(378)**	(2,352)
Cash flows from financing activities					
Dividend paid to shareholders of the Company		**(44,000)**	(33,000)	**(44,000)**	(33,000)
Dividend paid to non-controlling interests of a subsidiary		**(1,000)**	(840)	**-**	-
Loans to associates		**(52,063)**	(32,817)	**-**	-
Net advances from/(to) subsidiaries		**-**	-	**68,130**	(6,300)
Interest paid		**(1,416)**	(1,920)	**(2,022)**	(1,667)
Net drawndown/(repayment) of revolving credits		**46,067**	34,178	**(7,200)**	900
Net repayments of term loans		**-**	(42,258)	**-**	-
Net cash (used in)/generated from financing activities		**(52,412)**	(76,657)	**14,908**	(40,067)
Net increase in cash and cash equivalents		**66,114**	5,950	**70,511**	1,123
Cash and cash equivalents at 1 January		**27,605**	21,655	**10,749**	9,626
Cash and cash equivalents at 31 December	(i)	**93,719**	27,605	**81,260**	10,749

(i) **Cash and cash equivalents**

Cash and cash equivalents included in the cash flow statements comprise the following statements of financial position amounts:

	Note	GROUP 2013 RM'000	GROUP 2012 RM'000	COMPANY 2013 RM'000	COMPANY 2012 RM'000
Deposits placed with licensed banks	10	**77,497**	8,004	**75,170**	6,070
Cash and bank balances	10	**16,222**	19,601	**6,090**	4,679
		93,719	27,605	**81,260**	10,749

The accompanying notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2013

Shangri-La Hotels (Malaysia) Berhad is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad. The addresses of its registered office and principal place of business are as follows:

Registered office
13th Floor, UBN Tower
10 Jalan P. Ramlee
50250 Kuala Lumpur

Principal place of business
Shangri-La's Rasa Sayang Resort & Spa
10th Mile, Batu Feringgi Beach
11100 Penang

The consolidated financial statements of the Company as at and for the financial year ended 31 December 2013 comprise the Company and its subsidiaries (together referred to as the "Group" and individually referred to as "Group entities") and the Group's interest in associates.

The Group is engaged in the operation of hotels and beach resorts, a golf course and clubhouse, property management and investment and commercial laundry. The principal activities of the Company are investment holding and the operation of a beach resort, namely Rasa Sayang Resort.

The ultimate holding company is Shangri-La Asia Limited, a company incorporated in Bermuda and listed on The Stock Exchange of Hong Kong Limited and the Singapore Exchange Securities Trading Limited. The immediate holding company is Hoopersville Limited, a company incorporated in the British Virgin Islands.

The financial statements were approved by the Board of Directors on 27 February 2014.

1. BASIS OF PREPARATION

a) Statement of compliance

The financial statements of the Group and the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

With effect from 1 January 2013, the Group adopted a number of new or revised MFRSs and amendments to MFRSs that are relevant to its operations. The changes in accounting policies and the effect of adopting the new and revised MFRSs and amendments to MFRSs are set out in Note 30 to the financial statements.

The Group and the Company have not applied the following MFRSs and amendments to MFRSs that have been issued by the Malaysian Accounting Standards Board ("MASB"), which are relevant to the Group's operations, but are not effective for the financial year ended 31 December 2013:

NOTES TO THE FINANCIAL STATEMENTS
31 December 2013

Amendments effective for annual periods beginning on or after 1 January 2014
Amendments to MFRS 10, *Consolidated Financial Statements: Investment Entities*
Amendments to MFRS 12, *Disclosure of Interests in Other Entities: Investment Entities*
Amendments to MFRS 127, *Separate Financial Statements (2011): Investment Entities*
Amendments to MFRS 132, *Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities*
Amendments to MFRS 136, *Impairment of Assets - Recoverable Amount Disclosures for Non-Financial Assets*

Amendments effective for annual periods beginning on or after 1 July 2014
Amendments to MFRS 3, *Business Combinations (Annual Improvements 2010-2012 Cycle and 2011-2013 Cycle)*
Amendments to MFRS 8, *Operating Segments (Annual Improvements 2010-2012 Cycle)*
Amendments to MFRS 13, *Fair Value Measurement (Annual Improvements 2010-2012 Cycle and 2011-2013 Cycle)*
Amendments to MFRS 116, *Property, Plant and Equipment (Annual Improvements 2010-2012 Cycle)*
Amendments to MFRS 119, *Employee Benefits - Defined Benefit Plans: Employee Contributions*
Amendments to MFRS 124, *Related Party Disclosures (Annual Improvements 2010-2012 Cycle)*
Amendments to MFRS 140, *Investment Property (Annual Improvements 2011-2013 Cycle)*

MFRSs and amendments effective for a date yet to be confirmed by MASB
MFRS 9, *Financial Instruments* (2009)
MFRS 9, *Financial Instruments* (2010)
MFRS 9, *Financial Instruments - Hedge Accounting and Amendments to MFRS 9, MFRS 7 and MFRS 139*
Amendments to MFRS 7, *Financial Instruments: Disclosures - Mandatory Effective Date of MFRS 9 and Transition Disclosures*

The Group and the Company will apply the abovementioned standards and amendments:

- from the annual period beginning on 1 January 2014 for those amendments that are effective for annual periods beginning on or after 1 January 2014; and

- from the annual period beginning on 1 January 2015 for those amendments that are effective for annual periods beginning on or after 1 July 2014.

The initial application of the abovementioned standards and amendments are not expected to have any material impact to the financial statements of the Group and the Company.

b) Basis of measurement

The financial statements have been prepared on the historical cost basis except for investment properties as explained in Note 2(f).

c) Functional and presentation currency

These financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional currency. All financial information presented in RM has been rounded to the nearest thousand, unless otherwise stated.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2013

d) Use of estimates and judgements

The preparation of the financial statements in conformity with MFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amount recognised in the financial statements other than those disclosed in Note 4 - Valuation of Investment Properties and Note 13 - Retirement Benefits.

2. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to the periods presented in these financial statements and have been applied consistently by Group entities, unless otherwise stated.

a) Basis of consolidation

i) SUBSIDIARIES

Subsidiaries are entities, including unincorporated entities, controlled by the Group. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The Group adopted MFRS 10, *Consolidated Financial Statements* in the current financial year. This resulted in changes to the following policies:

- Control exists when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. In the previous financial years, control exists when the Group has the ability to exercise its power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.
- Potential voting rights are considered when assessing control only when such rights are substantive. In the previous financial years, potential voting rights are considered when assessing control when such rights are presently exercisable.
- The Group considers it has *de facto* power over an investee when, despite not having the majority voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return. In the previous financial years, the Group did not consider *de facto* power in its assessment of control.

The adoption of MFRS 10 has no significant impact to the financial statements of the Group.

Investments in subsidiaries are measured in the Company's statement of financial position at cost less any impairment losses. The cost of investments includes transaction costs.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2013

ii) BUSINESS COMBINATIONS

Business combinations are accounted for using the acquisition method from the acquisition date, which is the date on which control is transferred to the Group.

For new acquisitions, the Group measures the cost of goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

For each business combination, the Group elects whether it measures the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets at the acquisition date.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

iii) ACQUISITIONS OF NON-CONTROLLING INTERESTS

The Group treats all changes in its ownership interest in a subsidiary that do not result in a loss of control as equity transactions between the Group and its non-controlling interests holders. Any difference between the Group's share of net assets before and after the change, and any consideration received or paid, is adjusted to or against Group reserves.

iv) LOSS OF CONTROL

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as an equity accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

v) ASSOCIATES

Associates are entities, including unincorporated entities, in which the Group has significant influence, but not control, over the financial and operating policies.

Investments in associates are accounted for in the consolidated financial statements using the equity method less any impairment losses. The cost of investment includes transaction costs. The consolidated financial statements include the Group's share of profit or loss and other comprehensive income of the equity accounted associates, after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

When the Group's share of losses exceeds its interest in an associate, the carrying amount of that interest including any long-term investment is reduced to nil, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the associate.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2013

v) ASSOCIATES (cont'd)

When the Group ceases to have significant influence over an associate, any retained interest in the former associate at the date when significant influence is lost is measured at fair value and this amount is regarded as the initial carrying amount of a financial asset. The difference between the fair value of any retained interest plus proceeds from the interest disposed of and the carrying amount of the investment at the date when equity method is discontinued is recognised in the profit or loss.

When the Group's interest in an associate decreases but does not result in a loss of significant influence, any retained interest is not re-measured. Any gain or loss arising from the decrease in interest is recognised in profit or loss. Any gains or losses previously recognised in other comprehensive income are also reclassified proportionately to profit or loss if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets or liabilities.

Investments in associates are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investment includes transaction costs.

vi) NON-CONTROLLING INTERESTS

Non-controlling interests at the end of the reporting date, being the equity in a subsidiary not attributable directly or indirectly to the equity holders of the Company, are presented in the consolidated statement of financial position and statement of changes in equity within equity, separately from equity attributable to the owners of the Company. Non-controlling interests in the results of the Group are presented in the consolidated income statement and statement of comprehensive income as an allocation of the profit or loss and the comprehensive income for the year between non-controlling interests and the shareholders of the Company.

Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

vii) TRANSACTIONS ELIMINATED ON CONSOLIDATION

Intra-group balances, transactions and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

Unrealised gains arising from transactions with associates are eliminated against the investment to the extent of the Group's interest in the associate. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2013

b) Foreign currency

i) FOREIGN CURRENCY TRANSACTIONS

Transactions in foreign currencies are translated to the respective functional currencies of the Group entities at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date.

Non-monetary assets and liabilities denominated in foreign currencies are not retranslated at the end of the reporting date, except for those that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

Foreign currency differences arising on retranslation are recognised in profit or loss.

ii) OPERATIONS DENOMINATED IN FUNCTIONAL CURRENCIES OTHER THAN RINGGIT MALAYSIA

The assets and liabilities of operations in functional currencies other than RM, including goodwill and fair value adjustments arising on acquisition, are translated to RM at exchange rates at the end of the reporting date. The income and expenses of operations in functional currencies other than RM are translated to RM at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income and accumulated in the foreign currency translation reserve ("FCTR") in equity. However, if the operation is a non-wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint-control is lost, the cumulative amount in the FCTR related to that foreign operation is reclassified to profit or loss as part of the profit or loss on disposal.

When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

In the consolidated financial statements, when settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and are presented within equity in the FCTR in equity.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2013

c) Financial instruments

i) INITIAL RECOGNITION AND MEASUREMENT

A financial asset or a financial liability is recognised in the statement of financial position when, and only when, the Group or the Company becomes a party to the contractual provisions of the instrument.

A financial instrument is recognised initially, at its fair value plus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial instrument.

An embedded derivative is recognised separately from the host contract and accounted for as a derivative if, and only if, it is not closely related to the economic characteristics and risks of the host contract and the host contract is not categorised at fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with policy applicable to the nature of the host contract.

ii) FINANCIAL INSTRUMENT CATEGORIES AND SUBSEQUENT MEASUREMENT

The Group and the Company categorise financial instruments as follows:

Financial assets

Loans and receivables

Loans and receivables category comprises debt instruments that are not quoted in an active market.

Financial assets categorised as loans and receivables are subsequently measured at amortised cost using the effective interest method.

All financial assets are subject to review for impairment (see Note 2(i)(i)).

Financial liabilities

All financial liabilities are subsequently measured at amortised cost.

iii) FINANCIAL GUARANTEE CONTRACTS

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantee contracts are classified as deferred income and are amortised to profit or loss using a straight-line method over the contractual period or, when there is no specified contractual period, recognised in profit or loss upon discharge of the guarantee. When settlement of a financial guarantee contract becomes probable, an estimate of the obligation is made. If the carrying value of the financial guarantee contract is lower than the obligation, the carrying value is adjusted to the obligation amount and accounted for as a provision.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2013

iv) DERECOGNITION

A financial asset or part of it is derecognised when, and only when, the contractual rights to the cash flows from the financial asset expire or the financial asset is transferred to another party without retaining control or substantially all risks and rewards of the asset. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in the profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in the profit or loss.

d) Property, plant and equipment

i) RECOGNITION AND MEASUREMENT

Items of property, plant and equipment are stated at cost less any accumulated depreciation and any impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes the cost of materials and direct labour. For qualifying assets, borrowing costs are capitalised in accordance with the Group's accounting policy. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

The cost of property, plant and equipment recognised as a result of a business combination is based on fair value at acquisition date. The fair value of property is the estimated amount for which a property could be exchanged on the date of acquisition between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. The fair value of other items of plant and equipment is based on the quoted market prices for similar items when available and replacement cost when appropriate.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The gain or loss on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised net within "other operating income" or "other operating expense" respectively in profit or loss.

ii) SUBSEQUENT COSTS

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced component is derecognised to the profit or loss. The costs of the day-to-day servicing of property, plant and equipment are recognised in the profit or loss as incurred.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2013

d) Property, plant and equipment (cont'd)

iii) DEPRECIATION

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed, and if a component has a useful life that is different from the remainder of that asset, then that component is depreciated separately.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Freehold land is not depreciated. Property, plant and equipment under construction are not depreciated until the assets are ready for their intended use.

The estimated useful lives for the current and comparative periods are as follows:

• Leasehold land	30 to 99 years
• Hotel buildings and other buildings	Lower of underlying land lease period or 50 years
• Integral plant and machinery	15 years
• Golf course and its related buildings	60 years
• Furniture, fixtures and equipment	4 to 20 years
• Motor vehicles	5 years

Depreciation method, useful lives and residual values are reassessed at end of the reporting period, and adjusted as appropriate.

e) Leased assets

i) FINANCE LEASE

Leases in terms of which the Group or the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

Leasehold land which in substance is a finance lease is classified as property, plant and equipment.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2013

ii) OPERATING LEASE

Leases, where the Group does not assume substantially all the risks and rewards of the ownership are classified as operating leases and, except for property interest held under operating lease, the leased assets are not recognised on the Group's statement of financial position. Property interest held under an operating lease, which is held to earn rental income or for capital appreciation or both, is classified as investment property and measured using fair value model.

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense, over the term of the lease. Contingent rentals are charged to profit or loss in the reporting period in which they are incurred.

f) Investment properties

i) INVESTMENT PROPERTIES CARRIED AT FAIR VALUE

Investment properties are properties which are owned or held under a leasehold interest to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in production or supply of goods or services or for administrative purposes.

Investment properties are measured initially at cost and subsequently at fair value with changes therein recognised in profit or loss for the period in which they arise. Where the fair value of the investment property under construction is not reliably determinable, the investment property under construction is measured at cost until either its fair value becomes reliably determinable or construction is complete, whichever is earlier.

Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, any other costs directly attributable to bringing the investment property to a working condition for their intended use and capitalised borrowing costs.

An investment property is derecognised on its disposal, or when it is permanently withdrawn from use and no future economic benefits are expected from its disposal. The difference between the net disposal proceeds and the carrying amount is recognised in profit or loss in which the item is derecognised.

ii) RECLASSIFICATION TO/FROM INVESTMENT PROPERTY

When an item of property, plant and equipment is transferred to investment property following a change in its use, any difference arising at the date of transfer between the carrying amount of the item immediately prior to transfer and its fair value is recognised directly in equity as a revaluation of property, plant and equipment. However, if a fair value gain reverses a previous impairment loss, the gain is recognised in profit or loss. Upon disposal of an investment property, any surplus previously recorded in equity is transferred to retained earnings; the transfer is not made through profit or loss.

When the use of a property changes such that it is reclassified as property, plant and equipment or inventories, its fair value at the date of reclassification becomes its cost for subsequent accounting.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2013

g) Inventories

Inventories are measured at the lower of cost and net realisable value.

The cost of inventories is based on the weighted average cost formula, and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

h) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in fair value with original maturities of three months or less, and are used by the Group and the Company in the management of their short term commitments. For the purpose of the statements of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

i) Impairment of assets

i) FINANCIAL ASSETS

All financial assets (except for financial assets categorised as fair value through profit or loss, investments in subsidiaries and investments in associates) are assessed at each reporting date whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. Losses expected as a result of future events, no matter how likely, are not recognised. For an investment in an equity instrument, a significant or prolonged decline in the fair value below its cost is an objective evidence of impairment. If any such objective evidence exists, then the financial asset's recoverable amount is estimated.

An impairment loss in respect of loans and receivables is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account.

If, in a subsequent period, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed, to the extent that the asset's carrying amount does not exceed what the carrying amount would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2013

ii) OTHER ASSETS

The carrying amounts of other assets (except for inventories, deferred tax assets and investment properties that are measured at fair value) are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets (known as "cash-generating unit").

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit exceeds its estimated recoverable amount.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (or the group of cash-generating units) and then to reduce the carrying amount of the other assets in the cash-generating unit (or a group of cash-generating units) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

j) Employee benefits

i) SHORT-TERM EMPLOYEE BENEFITS

Short-term employee benefit obligations in respect of salaries, annual bonuses and paid annual leave are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

The Group's contributions to statutory pension funds are charged to profit or loss in the year to which they relate. Once the contributions have been paid, the Group has no further payment obligations.

NOTES TO THE FINANCIAL STATEMENTS

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j) Employee benefits (cont'd)

ii) DEFINED RETIREMENT BENEFIT PLANS

Certain companies in the Group provide retirement benefits for its unionised employees in accordance with Collective Union Agreement, which is operated on an unfunded defined benefit.

The Group's net obligation in respect of defined retirement benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined retirement benefit liability is performed by a qualified actuary using the projected unit credit method once every three years. When the calculation results in a potential asset for the Group, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

As a result of adopting the revised MFRS 119 (2011), Employee Benefits, the Group has changed its accounting policy in respect of the basis for determining the income or expense relating to its post employment defined retirement benefit plans. The Group has previously recognised actuarial gains and losses as income and expense in the income statement when the net cumulative unrecognised actuarial gains or losses exceed ten percent of the present value of the defined retirement benefit liability. Unvested past service costs were recognised as an expense in the income statement on a straight line basis over the average vesting period until the benefits become vested.

With the adoption of revised MFRS 119 (2011), remeasurements of the net defined retirement benefit liability, which comprise actuarial gains and losses and the effect of the asset ceiling (if any, excluding interest), are now recognised immediately in other comprehensive income. The Group determines the net interest expense or income on the net defined retirement benefit liability or asset for the period by applying the discount rate used to measure the defined retirement benefit liability at the beginning of the annual period to the then net defined retirement benefit liability or asset, taking into account any changes in the net defined retirement liability or asset during the period as a result of contributions and benefit payments.

Net interest expense and other expenses relating to defined retirement benefit plans are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

The change in accounting policy has been made retrospectively. The effects from the adoption of the revised MFRS 119 (2011) are disclosed in Note 30.

NOTES TO THE FINANCIAL STATEMENTS

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k) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

l) Revenue recognition and other income

i) HOTEL AND GOLF OPERATIONS
Revenue from the provision of rooms, food and beverage, other departments sales, laundry service fees and golf related income are recognised when services are rendered.

ii) LAUNDRY SERVICES
Revenue from the provision of laundry services by non-hotel operations is recognised when services are rendered.

iii) RENTAL INCOME
Rental income from investment properties is recognised in the profit or loss on a straight-line basis over the term of the lease.

iv) DIVIDEND INCOME
Dividend income from subsidiaries is recognised when the right to receive payment is established.

v) INTEREST INCOME
Interest income is recognised as it accrues, using the effective interest method.

m) Borrowing costs

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

NOTES TO THE FINANCIAL STATEMENTS

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n) Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

Where investment properties are carried at their fair value in accordance with the accounting policy set out in Note 2(f), the amount of deferred tax recognised is measured using the tax rates that would apply on sale of those assets at their carrying value at the reporting date unless the property is depreciable and is held with the objective to consume substantially all of the economic benefits embodied in the property over time, rather than through sale. In all other case, the amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities using tax rates enacted or substantively enacted at the reporting date. Deferred tax assets and liabilities are not discounted.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Unutilised investment tax allowance, being tax incentive that is not a tax base of an asset, is recognised as a deferred tax asset to the extent that it is probable that the future taxable profits will be available against which the unutilised tax incentive can be utilised.

o) Earnings per share

The Group presents basic earnings per share (“EPS”) data for its ordinary shares.

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year.

NOTES TO THE FINANCIAL STATEMENTS

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p) Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segment's operating results are reviewed regularly by the chief operating decision maker, to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

q) Contingent liabilities

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is not recognised in the statements of financial position and disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

r) Fair value measurement

From 1 January 2013, the Group adopted MFRS 13, *Fair Value Measurement* which prescribed that fair value of an asset or a liability, except for share-based payment and lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

In accordance with the transitional provision of MFRS 13, the Group applied the new fair value measurement guidance prospectively, and has not provided any comparative fair value information for new disclosures. The adoption of MFRS 13 has not significantly affected the measurements of the Group's assets or liabilities other than the additional disclosures.

NOTES TO THE FINANCIAL STATEMENTS

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3. PROPERTY, PLANT AND EQUIPMENT

GROUP	Freehold land RM'000	Leasehold land unexpired period less than 50 years RM'000	Leasehold land unexpired period more than 50 years RM'000	Hotel buildings and other buildings RM'000	Integral plant and machinery RM'000	Golf course and its related buildings RM'000	Furniture, fixtures, equipment and motor vehicles RM'000	Renovation and contract in-progress RM'000	Total RM'000
COST									
At 1 January 2012	44,880	4,123	19,681	623,976	139,170	48,856	361,558	24,215	1,266,459
Additions	-	-	-	435	2,035	-	13,313	38,457	54,240
Disposals	-	-	-	(16)	-	-	(1,701)	-	(1,717)
Write off	-	-	-	(17)	(415)	-	(4,057)	-	(4,489)
Transfer	-	-	-	2,012	216	-	55,264	(57,492)	-
Reclassification	-	-	-	(108)	(5,773)	-	5,881	-	-
At 31 December 2012/ 1 January 2013	**44,880**	**4,123**	**19,681**	**626,282**	**135,233**	**48,856**	**430,258**	**5,180**	**1,314,493**
Additions	**-**	**-**	**-**	**286**	**1,614**	**-**	**18,396**	**12,669**	**32,965**
Disposals	**-**	**-**	**-**	**(55)**	**(201)**	**(65)**	**(2,175)**	**-**	**(2,496)**
Write off	**-**	**-**	**-**	**(333)**	**(36)**	**-**	**(27,773)**	**-**	**(28,142)**
Transfer	**-**	**-**	**-**	**-**	**580**	**-**	**363**	**(943)**	**-**
Reclassification	**-**	**-**	**-**	**(2,012)**	**2,012**	**-**	**-**	**-**	**-**
At 31 December 2013	**44,880**	**4,123**	**19,681**	**624,168**	**139,202**	**48,791**	**419,069**	**16,906**	**1,316,820**

NOTES TO THE FINANCIAL STATEMENTS

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GROUP	Freehold land RM'000	Leasehold land unexpired period less than 50 years RM'000	Leasehold land unexpired period more than 50 years RM'000	Hotel buildings and other buildings RM'000	Integral plant and machinery RM'000	Golf course and its related buildings RM'000	Furniture, fixtures, equipment and motor vehicles RM'000	Renovation and contract in-progress RM'000	Total RM'000
DEPRECIATION AND IMPAIRMENT LOSS									
At 1 January 2012									
Accumulated depreciation	-	974	4,054	208,066	89,819	11,391	215,214	-	529,518
Accumulated impairment loss	-	-	-	-	-	5,882	-	-	5,882
	-	974	4,054	208,066	89,819	17,273	215,214	-	535,400
Depreciation for the year	-	125	204	12,975	5,431	720	33,765	-	53,220
Disposals	-	-	-	(6)	-	-	(1,635)	-	(1,641)
Write off	-	-	-	(5)	(413)	-	(2,953)	-	(3,371)
Reclassification	-	-	-	1,384	(1,542)	-	158	-	-
At 31 December 2012/ 1 January 2013									
Accumulated depreciation	**-**	**1,099**	**4,258**	**222,414**	**93,295**	**12,111**	**244,549**	**-**	**577,726**
Accumulated impairment loss	**-**	**-**	**-**	**-**	**-**	**5,882**	**-**	**-**	**5,882**
	-	**1,099**	**4,258**	**222,414**	**93,295**	**17,993**	**244,549**	**-**	**583,608**
Depreciation for the year	**-**	**125**	**208**	**12,962**	**5,559**	**720**	**35,368**	**-**	**54,942**
Disposals	**-**	**-**	**-**	**(29)**	**(184)**	**(39)**	**(1,985)**	**-**	**(2,237)**
Write off	**-**	**-**	**-**	**(83)**	**(36)**	**-**	**(27,162)**	**-**	**(27,281)**
At 31 December 2013									
Accumulated depreciation	**-**	**1,224**	**4,466**	**235,264**	**98,634**	**12,792**	**250,770**	**-**	**603,150**
Accumulated impairment loss	**-**	**-**	**-**	**-**	**-**	**5,882**	**-**	**-**	**5,882**
	-	**1,224**	**4,466**	**235,264**	**98,634**	**18,674**	**250,770**	**-**	**609,032**
CARRYING AMOUNTS									
At 31 December 2012/ 1 January 2013	**44,880**	**3,024**	**15,423**	**403,868**	**41,938**	**30,863**	**185,709**	**5,180**	**730,885**
At 31 December 2013	**44,880**	**2,899**	**15,215**	**388,904**	**40,568**	**30,117**	**168,299**	**16,906**	**707,788**

NOTES TO THE FINANCIAL STATEMENTS

31 December 2013

3. PROPERTY, PLANT AND EQUIPMENT (cont'd)

COMPANY	Freehold land RM'000	Leasehold land unexpired period less than 50 years RM'000	Hotel buildings RM'000	Integral plant and machinery RM'000	Furniture, fixtures, equipment and motor vehicles RM'000	Renovation and contract in-progress RM'000	Total RM'000
COST							
At 1 January 2012	1,012	3,938	103,506	23,440	44,767	112	176,775
Additions	-	-	156	473	1,510	517	2,656
Disposals	-	-	-	-	(23)	-	(23)
Write off	-	-	-	(4)	(1,378)	-	(1,382)
Transfer	-	-	-	216	409	(625)	-
At 31 December 2012/ 1 January 2013	**1,012**	**3,938**	**103,662**	**24,125**	**45,285**	**4**	**178,026**
Additions	**-**	**-**	**-**	**195**	**940**	**427**	**1,562**
Disposals	**-**	**-**	**-**	**(28)**	**(50)**	**-**	**(78)**
Write off	**-**	**-**	**-**	**-**	**(30)**	**-**	**(30)**
Transfer	**-**	**-**	**-**	**-**	**4**	**(4)**	**-**
At 31 December 2013	**1,012**	**3,938**	**103,662**	**24,292**	**46,149**	**427**	**179,480**
DEPRECIATION							
At 1 January 2012	-	905	24,533	11,506	33,553	-	70,497
Depreciation for the year	-	122	2,079	1,896	3,975	-	8,072
Disposals	-	-	-	-	(19)	-	(19)
Write off	-	-	-	(2)	(1,116)	-	(1,118)
At 31 December 2012/ 1 January 2013	**-**	**1,027**	**26,612**	**13,400**	**36,393**	**-**	**77,432**
Depreciation for the year	**-**	**122**	**2,072**	**1,925**	**2,784**	**-**	**6,903**
Disposals	**-**	**-**	**-**	**(28)**	**(50)**	**-**	**(78)**
Write off	**-**	**-**	**-**	**-**	**(30)**	**-**	**(30)**
At 31 December 2013	**-**	**1,149**	**28,684**	**15,297**	**39,097**	**-**	**84,227**
CARRYING AMOUNTS							
At 31 December 2012/ 1 January 2013	**1,012**	**2,911**	**77,050**	**10,725**	**8,892**	**4**	**100,594**
At 31 December 2013	**1,012**	**2,789**	**74,978**	**8,995**	**7,052**	**427**	**95,253**

NOTES TO THE FINANCIAL STATEMENTS

31 December 2013

Group

Hotel properties at 31 December 2013 are all located in Malaysia and comprised the following:

Property	Location	Usage	Title
Rasa Sayang Resort & Spa	Batu Feringgi Beach, Penang	304 room resort	Freehold
Shangri-La Hotel Kuala Lumpur	Jalan Sultan Ismail, Kuala Lumpur	662 room hotel	Freehold
Traders Hotel Penang	Magazine Road, Penang	444 room hotel	Leasehold
Golden Sands Resort	Batu Feringgi Beach, Penang	387 room resort	Freehold
Palm Beach Resort	Batu Feringgi Beach, Penang	Vacant land	Freehold
Rasa Ria Resort	Tuaran, Sabah	417 room resort	Leasehold

4. INVESTMENT PROPERTIES

	GROUP	
	2013	2012
	RM'000	RM'000
At 1 January	**269,280**	266,899
Additions	**6,763**	2,381
Fair value gain recognised in the income statement	**4,817**	-
At 31 December	**280,860**	269,280
At fair value:		
Freehold land	**37,800**	35,000
Buildings	**243,060**	234,280
	280,860	269,280

The following are recognised in the income statements in respect of investment properties:

	GROUP	
	2013	2012
	RM'000	RM'000
Rental income	**23,150**	21,522
Direct operating expenses:		
- income generating investment properties	**(9,715)**	(9,713)

NOTES TO THE FINANCIAL STATEMENTS

31 December 2013

4. INVESTMENT PROPERTIES (cont'd)

Fair value information

Fair value of investment properties are categorised as follows:

	2013			
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
GROUP				
Land	-	-	37,800	37,800
Buildings	-	-	243,060	243,060
	-	-	280,860	280,860

Policy on transfer between levels

The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.

Level 1 fair value

Level 1 fair value is derived from quoted price (unadjusted) in active markets for identical investment properties that the entity can access at the measurement date.

Level 2 fair value

Level 2 fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for the investment property, either directly or indirectly.

Level 2 fair values of land and buildings have been generally derived using the sales comparison approach. Sales price of comparable properties in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is price per square foot of comparable properties.

Transfer between Level 1 and 2 fair values

There is no transfer between Level 1 and 2 fair values during the financial year.

Level 3 fair value

Level 3 fair value is estimated using unobservable inputs for the investment property.

The following table shows a reconciliation of Level 3 fair values:

	2013 RM'000
At 1 January	269,280
Additions	6,763
Gains and losses recognised in income statement	
Change in fair value - Other income - Unrealised	4,817
At 31 December	280,860

NOTES TO THE FINANCIAL STATEMENTS

31 December 2013

The following table shows the valuation techniques used in the determination of fair values within Level 3, as well as the significant unobservable inputs used in the valuation models.

Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Investment method/Income approach - involves a 2-stage capitalisation of income:		The estimated fair value would increase (decrease) if:
• 1st stage (Term Value) - the net current rent (i.e. rent passing) is capitalised for the unexpired period of each tenancy. Net current rent is derived after deducting outgoings/ expenses. This gives the value of the property for the unexpired duration for the existing tenancies.	• Net current rent of RM2.70 to RM4.10 per square foot; • Capitalisation rate (yield) of 6% per annum.	• Net current rent were higher (lower); • Capitalisation rate were lower (higher).
• 2nd stage (Reversion Value) - the estimated net current market rent is capitalised to perpetuity to arrive at the reversion value. Net current market rent is derived from current rent achieved for the property after deducting outgoing/expenses.	• Net current market rent of RM3.10 to RM4.60 per square foot; • Capitalisation rate (yield) of 6.5% per annum.	• Net current market rent were higher (lower); • Capitalisation rate were lower (higher).
Total market value is the aggregate of Term Value and Reversion Value.		
Comparison method - entails analysis of sales of comparable properties, making adjustments for similarities and dissimilarities in arriving at the market value of the property valued.	• Market value of land and building at RM472 per square foot.	• Market value of land and building were higher (lower).

Valuation processes applied by the Group for Level 3 fair value

The fair value of investment properties is determined by external independent property valuers, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued. The valuer provides the fair value of the Group's investment property portfolio every year. Changes in Level 3 fair values are analysed by the management every year after obtaining valuation report from the valuer.

NOTES TO THE FINANCIAL STATEMENTS

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5. INVESTMENTS IN SUBSIDIARIES

	COMPANY	
	2013	2012
	RM'000	RM'000
Unquoted shares, at cost	**459,188**	459,188

Details of the subsidiaries are as follows:

Name of subsidiary	Principal activities	Effective ownership interest 2013 %	2012 %
Shangri-La Hotel (KL) Sdn Bhd	Operation of a city hotel	**100**	100
Komtar Hotel Sdn Bhd	Operation of a city hotel	**60**	60
Golden Sands Beach Resort Sdn Bhd	Operation of a beach resort	**100**	100
UBN Holdings Sdn Bhd	Investment holding and property investment	**100**	100
UBN Tower Sdn Bhd	Property investment and office management	**100**	100
Pantai Emas Sdn Bhd	Operation of a commercial laundry	**100**	100
Madarac Corporation	Investment holding	**100**	100
Palm Beach Hotel Sdn Bhd (Note a)	Operation of a beach resort	**100**	100
Wisegain Sdn Bhd	Investment holding*	**100**	100
Hasil-Usaha Sdn Bhd	Dormant	**100**	100
Pantai Dalit Beach Resort Sdn Bhd	Operation of a beach resort	**75**	75
Dalit Bay Golf & Country Club Berhad	Operation of a golf course together with clubhouse and related facilities	**75**	75
Pantai Dalit Development Sdn Bhd	Property development*	**75**	75

All the subsidiaries are incorporated in Malaysia except for Madarac Corporation, which is incorporated in the British Virgin Islands.

NOTE

a. The Company ceased its operation of a beach resort on 29 February 1996.

* The subsidiaries remain dormant during the year.

NOTES TO THE FINANCIAL STATEMENTS

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6. INTERESTS IN ASSOCIATES

	GROUP	
	2013	2012
	RM'000	RM'000
Unquoted shares, at cost	**3,557**	3,557
Loans to associates	**192,095**	129,236
	195,652	132,793
Share of post-acquisition results of associates	**(50,790)**	(52,323)
Share of fair value gain of investment property, net of deferred tax	**7,292**	-
Allowance for impairment losses on unquoted shares and loans to associates (Note 16.2)	**-**	(29,744)
	152,154	50,726

Details of the material associates are as follows:

Name of entity	Principal place of business/Country of incorporation	Principal activities	Effective ownership interest and voting interest **2013 %**	2012 %
Traders Yangon Company Ltd ("TYCL")	Union of Myanmar	The principal activities of the Company are carrying on business of owner and operator of a hotel.	**23.53**	23.53
Shangri-La Yangon Company Ltd ("SYCL")	Union of Myanmar	The principal activities of the Company are to develop, own and operate a hotel and apartment complex for long term investment.	**22.22**	22.22
Traders Square Company Ltd ("TSCL")	Union of Myanmar	The principal activities of the Company are to develop, own and operate a commercial complex for long term investment.	**23.56**	23.56

NOTES TO THE FINANCIAL STATEMENTS

31 December 2013

6. INTERESTS IN ASSOCIATES (cont'd)

The following table summarises the information of the Group's material associates, adjusted for any difference in accounting policies and reconciles the information to the carrying amount of the Group's interests in the associates.

GROUP	TYCL RM'000	SYCL RM'000	TSCL RM'000	Total RM'000
Summarised financial information				
As at 31 December 2013				
Non-current assets	**233,424**	**347,699**	**69,149**	**650,272**
Current assets	**37,867**	**33,639**	**58,206**	**129,712**
Non-current liabilities	**(417,095)**	**(345,952)**	**(122,507)**	**(885,554)**
Current liabilities	**(27,666)**	**(35,035)**	**(4,556)**	**(67,257)**
Net (liabilities)/assets	**(173,470)**	**351**	**292**	**(172,827)**
Year ended 31 December 2013				
Profit from operations	**10,332**	**28,777**	**-**	**39,109**
Group's share of results				
Year ended 31 December 2013				
Group's share of profit or loss from continuing operations	**2,431**	**6,394**	**-**	**8,825**
Group's share of total comprehensive income	**2,431**	**6,394**	**-**	**8,825**
Reconciliation of net assets to carrying amount				
As at 31 December 2013				
Group's share of net (liabilities)/assets	**(40,817)**	**78**	**69**	**(40,670)**
Loans to associates	**86,380**	**76,858**	**28,857**	**192,095**
Share of fair value gain of investment property, net of deferred tax	**-**	**7,292**	**-**	**7,292**
Share of depreciation on investment property	**-**	**407**	**-**	**407**
Unrealised foreign exchange loss	**(6,759)**	**(195)**	**(16)**	**(6,970)**
Carrying amount in the statement of financial position	**38,804**	**84,440**	**28,910**	**152,154**
Summarised financial information				
As at 31 December 2012				
Non-current assets	185,981	155,719	30,534	372,234
Current assets	53,148	59,474	2,791	115,413
Non-current liabilities	(386,913)	(188,275)	(28,748)	(603,936)
Current liabilities	(24,141)	(20,924)	(4,303)	(49,368)
Net (liabilities)/assets	(171,925)	5,994	274	(165,657)
Year ended 31 December 2012				
Profit from operations	5,042	-	-	5,042

NOTES TO THE FINANCIAL STATEMENTS

31 December 2013

GROUP	TYCL RM'000	SYCL RM'000	TSCL RM'000	Total RM'000
Group's share of results				
Year ended 31 December 2012				
Group's share of profit or loss from continuing operations	1,186	-	-	1,186
Group's share of total comprehensive income	1,186	-	-	1,186
Reconciliation of net assets to carrying amount				
As at 31 December 2012				
Group's share of net (liabilities)/assets	(40,454)	1,332	65	(39,057)
Loans to associates	80,644	41,824	6,768	129,236
Allowance for impairment losses on unquoted shares and loans to associates	(2,789)	(22,860)	(4,095)	(29,744)
Unrealised foreign exchange loss	(9,553)	(144)	(12)	(9,709)
Carrying amount in the statement of financial position	27,848	20,152	2,726	50,726

The Group's interests in TYCL, SYCL and TSCL are held via its wholly-owned subsidiary, Madarac Corporation.

The loans to associates, namely TYCL, SYCL and TSCL are unsecured and repayable on demand, provided that such demand is made by shareholders holding not less than 51% interest in the respective associates. As at 31 December 2013, loans to associates comprise of RM62,631,000 (2012: RM58,472,000) which are interest-free and RM129,464,000 (2012: RM70,764,000) which bear interest ranging between 0.73% to 2.05% (2012: 0.78% to 1.05%) per annum.

The loans to associates form part of the Group's net interests in associates and are stated at cost less accumulated impairment.

7. PROPERTY DEVELOPMENT EXPENDITURE

The property development expenditure of the Group represents development expenditure incurred by certain subsidiaries. Included in property development expenditure is interest capitalised amounting to RM4,142,000 (2012: RM4,142,000).

8. INVENTORIES

	GROUP		COMPANY	
	2013 RM'000	2012 RM'000	**2013 RM'000**	2012 RM'000
Food, beverage and tobacco	**3,939**	3,859	**556**	554
Room supplies	**458**	587	**115**	131
Other supplies	**4,043**	4,465	**463**	392
	8,440	8,911	**1,134**	1,077
Recognised in profit or loss:				
Inventories recognised as cost of sales	**70,412**	59,402	**8,941**	8,461

NOTES TO THE FINANCIAL STATEMENTS

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9. TRADE AND OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS AND TAX RECOVERABLE

		GROUP		COMPANY	
	Note	**2013 RM'000**	2012 RM'000	**2013 RM'000**	2012 RM'000
Trade					
Trade receivables		**20,204**	21,968	**4,479**	3,994
Less: Allowance for impairment loss		**(250)**	(334)	**(64)**	(2)
		19,954	21,634	**4,415**	3,992
Non-trade					
Amount due from subsidiaries	a	**-**	-	**218,054**	246,961
Less: Allowance for impairment loss	16.2	**-**	-	**-**	(70,776)
		-	-	**218,054**	176,185
Other receivables		**1,570**	1,815	**730**	544
Deposits		**2,842**	3,399	**236**	168
Dividends receivable		**-**	-	**34,900**	33,870
		24,366	26,848	**258,335**	214,759
Prepayments		**3,167**	2,290	**503**	501
		27,533	29,138	**258,838**	215,260
Tax recoverable	b	**434**	1,061	**279**	1,027

NOTE

a. Amount due from subsidiaries represents payments made on behalf and loans to a subsidiary which are unsecured, interest-free and repayable on demand, except for an amount of RM Nil (2012: RM2,650,000) which bears interest at Nil (2012: 2.5%) per annum.

b. Tax recoverable is in respect of excess taxes paid, which are refundable and are subject to the agreement by the Inland Revenue Board.

10. CASH AND CASH EQUIVALENTS

		GROUP		COMPANY	
	Note	**2013 RM'000**	2012 RM'000	**2013 RM'000**	2012 RM'000
Deposits placed with licensed banks		**77,497**	8,004	**75,170**	6,070
Cash and bank balances	a	**16,222**	19,601	**6,090**	4,679
		93,719	27,605	**81,260**	10,749

NOTE

a. Cash and bank balances of the Group and of the Company includes an amount of RM9,851,000 (2012: RM9,907,000) and RM1,918,000 (2012: RM2,268,000) respectively which earns interest.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2013

11. CAPITAL AND RESERVES

Share capital

	GROUP AND COMPANY			
	Amount 2013 RM'000	**Number of shares 2013 '000**	Amount 2012 RM'000	Number of shares 2012 '000
Authorised:				
Ordinary shares of RM1 each	**500,000**	**500,000**	500,000	500,000
Issued and fully paid:				
Ordinary shares of RM1 each	**440,000**	**440,000**	440,000	440,000

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

12. BORROWINGS

	GROUP		COMPANY	
	2013 RM'000	2012 RM'000	**2013 RM'000**	2012 RM'000
Current				
Unsecured revolving credits	**111,482**	60,054	**-**	7,200

13. RETIREMENT BENEFITS

	GROUP		COMPANY	
	2013 RM'000	2012 RM'000 Restated	**2013 RM'000**	2012 RM'000 Restated
Present value of unfunded liability	**17,864**	15,058	**574**	411
Recognised defined retirement benefit liability	**17,864**	15,058	**574**	411

The Company and certain companies in the Group make contributions to an unfunded defined retirement benefit scheme in accordance with the Collective Union Agreement that provide pension benefits to employees upon retirement. Under the scheme, eligible employees are entitled to retirement benefits based on length of services and last drawn salary of the employees concerned.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2013

13. RETIREMENT BENEFITS (cont'd)

Movements in the present value of the defined retirement benefit liability

	Defined retirement benefit liability		Fair value of plan assets		Net defined retirement benefit liability	
	2013 RM'000	2012 RM'000 Restated	**2013 RM'000**	2012 RM'000	**2013 RM'000**	2012 RM'000 Restated
GROUP						
Balance at 1 January	**15,058**	14,663	**-**	-	**15,058**	14,663
Included in income statement						
Current service cost	**688**	862	**-**	-	**688**	862
Past service cost	**1,268**	855	**-**	-	**1,268**	855
Interest cost	**775**	781	**-**	-	**775**	781
	2,731	2,498	**-**	-	**2,731**	2,498
Included in other comprehensive income						
Remeasurement loss/(gain)	**694**	(815)	**-**	-	**694**	(815)
Other						
Benefits paid	**(619)**	(1,288)	**-**	-	**(619)**	(1,288)
Balance at 31 December	**17,864**	15,058	**-**	-	**17,864**	15,058
COMPANY						
Balance at 1 January	**411**	351	**-**	-	**411**	351
Included in income statement						
Current service cost	**82**	78	**-**	-	**82**	78
Past service cost	**85**	-	**-**	-	**85**	-
Interest cost	**21**	18	**-**	-	**21**	18
	188	96	**-**	-	**188**	96
Included in other comprehensive income						
Remeasurement gain	**(25)**	(31)	**-**	-	**(25)**	(31)
Other						
Benefits paid	**-**	(5)	**-**	-	**-**	(5)
Balance at 31 December	**574**	411	**-**	-	**574**	411

In 2013, the retirement benefits plans have been amended to reflect the new legal requirements pertaining to the minimum retirement age of 60 years. As a consequence of the change in the retirement age, a past service cost was recognised immediately in the income statement.

The latest actuarial valuation on the Group's obligation for its defined retirement benefit plan was carried out as at 31 December 2013.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2013

Actuarial assumptions
Principal actuarial assumptions at the reporting date (expressed as weighted averages):

	GROUP		COMPANY	
	2013 %	2012 %	**2013 %**	2012 %
Discount rate at 31 December	**5.50**	5.25	**5.50**	5.25
Future salary growth	**4.00 - 7.00**	4.00 - 7.00	**7.00**	7.00

At 31 December 2013, the weighted-average duration of the defined retirement benefit liability of the Group was 14.8 years (2012: 8.6 years) and the Company was 20.9 years (2012: 16.5 years).

Sensitivity analysis
Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined retirement benefit liability by the amounts shown below.

	GROUP		COMPANY	
	Defined retirement benefit liability			
	Increase RM'000	**Decrease RM'000**	**Increase RM'000**	**Decrease RM'000**
2013				
Discount rate (1% movement)	**(2,112)**	**2,505**	**(100)**	**127**
Future salary growth (1% movement)	**2,667**	**(2,276)**	**130**	**(104)**

Although the analysis does not account to the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

14. DEFERRED TAX ASSETS/(LIABILITIES)

Recognised deferred tax assets/(liabilities)
The amounts, determined after appropriate offsetting, are as follows:

	GROUP		COMPANY	
	2013 RM'000	2012 RM'000 Restated	**2013 RM'000**	2012 RM'000 Restated
Deferred tax assets	**-**	2,127	**-**	2,127
Deferred tax liabilities	**(16,423)**	(15,540)	**(835)**	-

Deferred tax assets and liabilities are offset where there is legally enforceable right to set off current tax assets against current tax liabilities and where the deferred taxes relate to the same taxation authority.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2013

14. DEFERRED TAX ASSETS/(LIABILITIES) (cont'd)

Deferred tax assets/(liabilities) are attributable to the following:

	Assets		Liabilities		Net	
	2013 RM'000	2012 RM'000 Restated	**2013 RM'000**	2012 RM'000 Restated	**2013 RM'000**	2012 RM'000 Restated
GROUP						
Property, plant and equipment	**-**	-	**(27,956)**	(31,218)	**(27,956)**	(31,218)
Investment properties	**-**	-	**(5,883)**	-	**(5,883)**	-
Provisions	**4,712**	4,208	**-**	-	**4,712**	4,208
Retirement benefit plan	**4,416**	3,717	**-**	-	**4,416**	3,717
Unutilised tax losses	**718**	1,139	**-**	-	**718**	1,139
Unutilised investment tax allowances	**7,570**	8,741	**-**	-	**7,570**	8,741
Tax assets/(liabilities)	**17,416**	17,805	**(33,839)**	(31,218)	**(16,423)**	(13,413)
Set off	**(17,416)**	(15,678)	**17,416**	15,678	**-**	-
Net deferred tax assets/(liabilities)	**-**	2,127	**(16,423)**	(15,540)	**(16,423)**	(13,413)
COMPANY						
Property, plant and equipment	**-**	-	**(7,517)**	(7,368)	**(7,517)**	(7,368)
Provisions	**680**	651	**-**	-	**680**	651
Retirement benefit plan	**143**	103	**-**	-	**143**	103
Unutilised investment tax allowances	**5,859**	8,741	**-**	-	**5,859**	8,741
Tax assets/(liabilities)	**6,682**	9,495	**(7,517)**	(7,368)	**(835)**	2,127
Set off	**(6,682)**	(7,368)	**6,682**	7,368	**-**	-
Net deferred tax assets/(liabilities)	**-**	2,127	**(835)**	-	**(835)**	2,127

NOTES TO THE FINANCIAL STATEMENTS

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Movements in temporary differences during the year

	At 1.1.12 RM'000 Restated	Recognised in income statement (Note 21) RM'000	Recognised in other comprehensive income (Note 16.3) RM'000	At 31.12.12/ 1.1.13 RM'000 Restated	Recognised in income statement (Note 21) RM'000	Recognised in other comprehensive income (Note 16.3) RM'000	At 31.12.13 RM'000
GROUP							
Property, plant and equipment	(28,992)	(2,226)	-	**(31,218)**	**3,262**	**-**	**(27,956)**
Investment properties	-	-	-	**-**	**(5,883)**	**-**	**(5,883)**
Provisions	2,618	1,590	-	**4,208**	**504**	**-**	**4,712**
Retirement benefit plan	3,666	255	(204)	**3,717**	**508**	**191**	**4,416**
Unabsorbed capital allowances	3,608	(3,608)	-	**-**	**-**	**-**	**-**
Unutilised tax losses	751	388	-	**1,139**	**(421)**	**-**	**718**
Unutilised investment tax allowances	12,254	(3,513)	-	**8,741**	**(1,171)**	**-**	**7,570**
Net deferred tax liabilities	(6,095)	(7,114)	(204)	**(13,413)**	**(3,201)**	**191**	**(16,423)**
COMPANY							
Property, plant and equipment	(6,850)	(518)	-	**(7,368)**	**(149)**	**-**	**(7,517)**
Provisions	416	235	-	**651**	**29**	**-**	**680**
Retirement benefit plan	88	23	(8)	**103**	**46**	**(6)**	**143**
Unutilised tax losses	751	(751)	-	**-**	**-**	**-**	**-**
Unutilised investment tax allowances	10,956	(2,215)	-	**8,741**	**(2,882)**	**-**	**5,859**
Net deferred tax assets/(liabilities)	5,361	(3,226)	(8)	**2,127**	**(2,956)**	**(6)**	**(835)**

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items:

	GROUP 2013 RM'000	2012 RM'000
Taxable temporary differences	**(1,598)**	(1,834)
Unabsorbed capital allowances	**9,254**	8,583
Unutilised tax losses	**12,428**	12,428
	20,084	19,177
Deferred tax assets at 25% (2012: 25%)	**5,021**	4,794

Deferred tax assets have not been recognised in respect of these items because it may not be probable that future taxable profit will be available against which the Group can utilise the benefits there from.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2013

15. TRADE AND OTHER PAYABLES

		GROUP		COMPANY	
	Note	**2013 RM'000**	2012 RM'000	**2013 RM'000**	2012 RM'000
Trade					
Trade payables		**22,897**	25,353	**3,272**	2,628
Amount due to subsidiaries	a	**-**	-	**403**	449
		22,897	25,353	**3,675**	3,077
Non-trade					
Amount due to subsidiaries	b	**-**	-	**92,358**	58,894
Other payables		**40,238**	35,277	**6,501**	6,869
Accrued expenses		**22,942**	22,412	**3,157**	1,812
		86,077	83,042	**105,691**	70,652

NOTE

a. The amount due to subsidiaries is subject to normal trade terms.

b. The amount due to subsidiaries represent advances received from subsidiaries which are unsecured, interest free and repayable on demand, except for an amount of RM85,548,000 (2012: RM52,272,000) which bears interest ranging between 2.50% to 3.30% (2012: 2.50% to 3.15%) per annum.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2013

16. OPERATING PROFIT AND STATEMENTS OF COMPREHENSIVE INCOME

16.1 Operating profit

	Note	GROUP 2013 RM'000	GROUP 2012 RM'000 Restated	COMPANY 2013 RM'000	COMPANY 2012 RM'000
Revenue					
Hotel and golf operations		**485,487**	445,498	**77,442**	73,925
Rental		**23,150**	21,522	**-**	-
Dividend income		**-**	-	**34,900**	38,870
Laundry services		**2,588**	2,552	**-**	-
		511,225	469,572	**112,342**	112,795
Cost of services		**(198,005)**	(181,856)	**(26,740)**	(26,148)
		313,220	287,716	**85,602**	86,647
Administrative expenses		**(67,717)**	(64,472)	**(12,358)**	(11,402)
Other operating expenses		**(132,136)**	(125,992)	**(23,298)**	(24,288)
Other operating income		**46,093**	5,508	**76,673**	120
Operating profit		**159,460**	102,760	**126,619**	51,077
Operating profit is arrived at after charging:					
Auditors' remuneration:- Audit fees		**260**	260	**68**	68
- Non-audit fees		**161**	181	**44**	45
Allowance for impairment loss on trade receivables		**83**	51	**64**	5
Bad debts written off		**-**	26	**-**	-
Depreciation on property, plant and equipment	3	**54,942**	53,220	**6,903**	8,072
Hire of motor vehicles		**360**	360	**-**	-
Hire of equipment		**149**	139	**-**	-
Loss on disposal of property, plant and equipment		**197**	43	**-**	2
Personnel expenses (including key management personnel):					
- contributions to Employee's Provident Fund		**9,722**	8,420	**1,961**	1,659
- retirement benefits charged	13	**2,731**	2,498	**188**	96
- wages, salaries and others		**108,541**	99,491	**17,748**	15,036
Property, plant and equipment written off		**861**	1,118	**-**	264
Rental of apartments		**853**	1,001	**-**	-
Realised loss on foreign exchange		**-**	7	**-**	-
Unrealised loss on foreign exchange		**5,361**	3,825	**-**	2,879
and after crediting:					
Impairment loss written back on amount due from a subsidiary		**-**	-	**-**	2,912
Impairment loss written back on loans to associates		**-**	3,825	**-**	-
Impairment loss written back on trade receivables		**167**	102	**2**	26
Exceptional item (included under other operating income)	16.2	**29,744**	-	**70,776**	-
Fair value gain of investment properties	4	**4,817**	-	**-**	-
Gain on disposal of property, plant and equipment		**-**	57	**-**	-
Gross dividends from unquoted subsidiaries		**-**	-	**34,900**	38,870
Rental income from: - subsidiary		**-**	-	**120**	120
- others		**951**	800	**-**	-
Realised gain on foreign exchange		**480**	402	**18**	-
Unrealised gain on foreign exchange		**10,796**	1,064	**5,759**	-

NOTES TO THE FINANCIAL STATEMENTS

31 December 2013

16. OPERATING PROFIT AND STATEMENTS OF COMPREHENSIVE INCOME (cont'd)

16.2 Exceptional item

GROUP

The exceptional item of RM29,744,000 in the current year represents the write back of allowance for impairment loss of RM3,557,000 on the Group's investments in associates in Myanmar; namely Traders Yangon Company Ltd, Shangri-La Yangon Company Ltd and Traders Square Company Ltd, and the write back of allowance for impairment loss on loans to these associates of RM26,187,000.

COMPANY

The exceptional item of RM70,776,000 in the current year represents the write back of allowance for impairment loss on amount due from Madarac Corporation, a wholly-owned subsidiary incorporated in the British Virgin Islands, which owns the Group's associates in Myanmar.

16.3 Other comprehensive income

	2013			2012		
	Before tax RM'000	**Tax benefit/ (expense) RM'000**	**Net of tax RM'000**	**Before tax** RM'000	**Tax benefit/ (expense)** RM'000	**Net of tax** RM'000
GROUP						
Items that will not be reclassified subsequently to profit or loss						
Remeasurement of defined retirement benefit liability	**(694)**	**191**	**(503)**	815	(204)	611
COMPANY						
Items that will not be reclassified subsequently to profit or loss						
Remeasurement of defined retirement benefit liability	**25**	**(6)**	**19**	31	(8)	23

17. INTEREST INCOME

	GROUP		**COMPANY**	
	2013 RM'000	2012 RM'000	**2013 RM'000**	2012 RM'000
Interest income on:				
Deposits placed with licensed banks	**1,312**	444	**1,144**	266
Subsidiaries	**-**	-	**40**	36
	1,312	444	**1,184**	302

NOTES TO THE FINANCIAL STATEMENTS
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18. INTEREST EXPENSE

	GROUP		COMPANY	
	2013 RM'000	2012 RM'000	**2013 RM'000**	2012 RM'000
Interest expense on:				
Revolving credits	**1,416**	931	**234**	341
Term loans	**-**	989	**-**	-
Subsidiaries	**-**	-	**1,788**	1,326
	1,416	1,920	**2,022**	1,667

19. SHARE OF RESULTS OF ASSOCIATED COMPANIES

	GROUP		COMPANY	
	2013 RM'000	2012 RM'000	**2013 RM'000**	2012 RM'000
Share of profit after tax of associates	**1,533**	1,186	**-**	-
Share of fair value gain of investment property, net of deferred tax	**7,292**	-	**-**	-
	8,825	1,186	**-**	-

20. KEY MANAGEMENT PERSONNEL COMPENSATION

The key management personnel compensations are as follows:

	GROUP		COMPANY	
	2013 RM'000	2012 RM'000	**2013 RM'000**	2012 RM'000
Directors				
- Fees	**291**	317	**291**	317
- Remuneration and allowances	**2,086**	1,815	**2,086**	1,815
Other short-term employee benefits (including estimated monetary value of benefits-in-kind)	**17**	28	**17**	28
Total short-term employee benefits	**2,394**	2,160	**2,394**	2,160

Key management personnel comprises all the Directors of the Group having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly, and comprise the Executive Directors and Non-Executive Directors of the Group.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2013

21. TAX EXPENSE

Recognised in profit or loss:

	GROUP		COMPANY	
	2013 RM'000	2012 RM'000 Restated	**2013 RM'000**	2012 RM'000
Current tax expense				
Malaysian - current year	**25,463**	22,977	**1,603**	5,035
Malaysian - prior years	**(291)**	282	**148**	90
	25,172	23,259	**1,751**	5,125
Deferred tax expense				
Origination of temporary differences	**5,554**	5,631	**2,918**	3,226
(Over)/Under provision in prior years	**(2,353)**	1,483	**38**	-
	3,201	7,114	**2,956**	3,226
Total tax expense	**28,373**	30,373	**4,707**	8,351
Reconciliation of tax expense				
Profit before tax	**168,181**	102,470	**125,781**	49,712
Tax at Malaysian tax rate of 25% (2012: 25%)	**42,045**	25,617	**31,445**	12,428
Non-deductible expenses	**3,971**	3,270	**983**	609
Non-taxable income	**(11,863)**	(386)	**(27,859)**	(4,718)
Tax incentives	**(460)**	(521)	**(12)**	(58)
Deferred tax assets not recognised	**227**	8	**-**	-
Deferred tax assets on investment tax allowance (Note a)	**(8,882)**	-	**-**	-
Deferred tax on fair value gain of investment properties	**5,883**	-	**-**	-
Other items	**96**	620	**(36)**	-
	31,017	28,608	**4,521**	8,261
(Over)/Under provision in prior years - current tax expense	**(291)**	282	**148**	90
- deferred tax expense	**(2,353)**	1,483	**38**	-
	28,373	30,373	**4,707**	8,351

NOTE

a. In August 2012, a subsidiary was granted Investment Tax Allowance ("ITA") incentive from the Malaysian Investment Development Authority ("MIDA") in respect of the hotel's renovation projects. The ITA incentive was subject to the subsidiary meeting all the conditions set by MIDA. Subsequently in August 2013, the subsidiary received confirmation from MIDA that all conditions pertaining to the ITA incentive have been complied with.

NOTES TO THE FINANCIAL STATEMENTS
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22. EARNINGS PER ORDINARY SHARE

Basic earnings per ordinary share
The calculation of basic earnings per share at 31 December 2013 was based on the profit attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding calculated as follows:

	GROUP	
	2013	2012 Restated
Profit attributable to shareholders of the Company (RM'000)	**130,367**	67,389
Weighted average number of ordinary shares outstanding during the year ('000)	**440,000**	440,000
Basic earnings per share (sen)	**29.63**	15.32

Diluted earnings per ordinary share
No diluted earnings per ordinary share was presented as there is no dilutive potential ordinary shares.

23. DIVIDENDS

Dividends recognised in the current year by the Company are:

		Total amount RM'000	Date of payment
2013			
Ordinary			
Interim 2013	- 3 sen single tier	**13,200**	**21 November 2013**
Final 2012	- 7 sen single tier	**30,800**	**28 June 2013**
Total amount		**44,000**	
2012			
Ordinary			
Interim 2012	- 3 sen single tier	13,200	14 November 2012
Final 2011	- 6 sen less tax at 25%	19,800	28 June 2012
Total amount		33,000	

The Board has proposed a final single tier dividend of 10 sen and a special single tier dividend of 5 sen per ordinary share, totalling RM66,000,000 for the financial year ended 31 December 2013. The proposed final and special dividends have not been accounted for and are pending shareholders' approval at the forthcoming Annual General Meeting, which is scheduled to be held on 20 May 2014. The final and special dividends, if approved by the shareholders shall be accounted for as an appropriation of retained earnings in the financial year ending 31 December 2014.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2013

24. OPERATING SEGMENTS

Segment information is presented in respect of the Group's business segments which offer different services. The Group's chief operating decision maker reviews internal management reports on a regular basis. The Group's business activities are predominantly located in Malaysia.

Business segments

The Group comprises the following reportable segments:

Hotels, resorts and golf course	Hotel, beach resort and golf course business.
Investment properties	Rental from offices, shoplots and apartments and rental of car parks.

The Group's other operations include commercial laundry services and investment holding. None of these segments meets any of the quantitative thresholds for determining reportable segments in 2013 or 2012.

Performance is measured based on segment profit before tax as included in the internal management reports that are reviewed by the Group's chief operating decision maker. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

Segment assets

The total of segment asset is measured based on all assets of a segment, as included in the internal management reports that are reviewed by the Group's chief operating decision maker. Segment total asset is used to measure the return of assets of each segment.

Geographical segments

The Group is domiciled in Malaysia. All revenue from external customers and revenue with other operating segments of the Group, profit before tax and current and non-current assets (other than interests in associates) are attributed to and located in Malaysia.

Major customers

There were no customers with revenue equal or more than 10% of the Group's total revenue for the year ended 31 December 2013 (2012: Nil).

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31 December 2013

	Hotels, resorts and golf course		Investment properties		Others		Total		Eliminations of inter-segment transactions		Consolidated	
	2013 RM'000	2012 RM'000 Restated	**2013 RM'000**	2012 RM'000	**2013 RM'000**	2012 RM'000	**2013 RM'000**	2012 RM'000 Restated	**2013 RM'000**	2012 RM'000	**2013 RM'000**	2012 RM'000 Restated
BUSINESS SEGMENTS												
Revenue from external customers	**485,487**	445,498	**23,150**	21,522	**2,588**	2,552	**511,225**	469,572	**-**	-	**511,225**	469,572
Inter-segment revenue	**34,900**	38,870	**1,959**	1,968	**3,598**	3,785	**40,457**	44,623	**(40,457)**	(44,623)	**-**	-
Total segment revenue	**520,387**	484,368	**25,109**	23,490	**6,186**	6,337	**551,682**	514,195	**(40,457)**	(44,623)	**511,225**	469,572
Operating profit	**218,849**	129,816	**19,674**	13,143	**29,655**	5,811	**268,178**	148,770	**(108,718)**	(46,010)	**159,460**	102,760
Interest income	**2,680**	1,315	**377**	350	**30**	117	**3,087**	1,782	**(1,775)**	(1,338)	**1,312**	444
Interest expense	**(2,025)**	(2,761)	**-**	-	**(1,166)**	(497)	**(3,191)**	(3,258)	**1,775**	1,338	**(1,416)**	(1,920)
Share of results of associated companies	**8,825**	1,186	**-**	-	**-**	-	**8,825**	1,186	**-**	-	**8,825**	1,186
Profit before tax	**228,329**	129,556	**20,051**	13,493	**28,519**	5,431	**276,899**	148,480	**(108,718)**	(46,010)	**168,181**	102,470
Allowance for impairment loss on loans and receivables	**83**	51	**-**	-	**-**	-	**83**	51	**-**	-	**83**	51
Allowance for impairment loss written back on loans and receivables	**(100,687)**	(8,025)	**-**	-	**-**	-	**(100,687)**	(8,025)	**70,776**	4,098	**(29,911)**	(3,927)
Capital expenditure	**29,954**	53,448	**92**	405	**2,919**	387	**32,965**	54,240	**-**	-	**32,965**	54,240
Depreciation	**53,930**	52,476	**312**	320	**700**	424	**54,942**	53,220	**-**	-	**54,942**	53,220
Tax expense	**18,587**	26,768	**9,659**	3,352	**127**	253	**28,373**	30,373	**-**	-	**28,373**	30,373
Segment assets before interests in associates	**1,066,653**	949,416	**305,268**	261,199	**12,927**	16,084	**1,384,848**	1,226,699	**(253,788)**	(145,406)	**1,131,060**	1,081,293
Interests in associates	**152,154**	50,726	**-**	-	**-**	-	**152,154**	50,726	**-**	-	**152,154**	50,726
Total segment assets	**1,218,807**	1,000,142	**305,268**	261,199	**12,927**	16,084	**1,537,002**	1,277,425	**(253,788)**	(145,406)	**1,283,214**	1,132,019

NOTES TO THE FINANCIAL STATEMENTS

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25. FINANCIAL INSTRUMENTS

25.1 Categories of financial instruments

The table below provides an analysis of financial instruments categorised as follows:

a) Loans and receivables ("L&R");
b) Financial liabilities measured at amortised cost ("FL").

	Note	Carrying amount 31.12.2013 RM'000	L&R/ (FL) 31.12.2013 RM'000	Carrying amount 31.12.2012 RM'000	L&R/ (FL) 31.12.2012 RM'000
FINANCIAL ASSETS					
GROUP					
Trade and other receivables	9	**24,366**	**24,366**	26,848	26,848
Cash and cash equivalents	10	**93,719**	**93,719**	27,605	27,605
		118,085	**118,085**	54,453	54,453
COMPANY					
Trade and other receivables	9	**258,335**	**258,335**	214,759	214,759
Cash and cash equivalents	10	**81,260**	**81,260**	10,749	10,749
		339,595	**339,595**	225,508	225,508
FINANCIAL LIABILITIES					
GROUP					
Borrowings	12	**(111,482)**	**(111,482)**	(60,054)	(60,054)
Trade and other payables	15	**(86,077)**	**(86,077)**	(83,042)	(83,042)
		(197,559)	**(197,559)**	(143,096)	(143,096)
COMPANY					
Borrowings	12	**-**	**-**	(7,200)	(7,200)
Trade and other payables	15	**(105,691)**	**(105,691)**	(70,652)	(70,652)
		(105,691)	**(105,691)**	(77,852)	(77,852)

25.2 Net gains and losses arising from financial instruments

Net gains/(losses) arising from financial instruments comprises interest income/(expense), foreign exchange gains/(losses) and allowance for impairment (losses)/write back.

	GROUP		COMPANY	
	2013 RM'000	2012 RM'000	**2013 RM'000**	2012 RM'000
Net gains/(losses) on:				
Loans and receivables	**41,936**	495	**77,675**	356
Financial liabilities measured at amortised cost	**(6,777)**	(856)	**(2,022)**	(1,667)
	35,159	(361)	**75,653**	(1,311)

There were no gains/(losses) arising from fair value changes of financial instruments for the year ended 31 December 2013 (31 December 2012: Nil).

NOTES TO THE FINANCIAL STATEMENTS
31 December 2013

25. FINANCIAL INSTRUMENTS

25.3 Financial risk management
Exposure to credit, interest rate, currency and liquidity risks arise in the normal course of the Group's business.

25.4 Credit risk
Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from its receivables from customers. The Company's exposure to credit risk arises principally from its receivables from customers, loans and advances to subsidiaries and financial guarantees given to banks for credit facilities granted to a subsidiary.

Receivables
Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit facilities. The credit evaluation includes reviewing financial statements and information regarding the Directors and bankers of these companies. Past histories with the companies will be considered and if necessary, reference checks are made. New companies requiring credit facilities are required to place adequate interest-free deposits or provide a bank guarantee. The Group and the Company also require each and every reservation by a corporate customer to be supported by a letter of authorisation signed by an authorised signatory.

At the reporting date, there were no significant concentrations of credit risk. The maximum exposure to credit risk for the Group and for the Company is represented by the carrying amount of each financial asset in the statements of financial position.

Management has taken reasonable steps to ensure that receivables that are neither past due nor impaired are stated at their realisable values. A significant portion of these receivables are regular customers that have been transacting with the Group. The Group uses ageing analysis to monitor the credit quality of the receivables. Any receivables having significant balances past due more than three (3) months, which are deemed to have higher credit risk, are monitored individually.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2013

25. FINANCIAL INSTRUMENTS

25.4 Credit risk (cont'd)

The ageing of trade receivables as at the reporting date was:

	Note	Gross RM'000	Individual impairment RM'000	Collective impairment RM'000	Net RM'000
GROUP					
31 December 2013					
Not past due		**17,020**	**-**	**-**	**17,020**
1-3 months past due		**2,810**	**-**	**-**	**2,810**
4-6 months past due		**185**	**(63)**	**-**	**122**
Over 6 months past due		**189**	**(187)**	**-**	**2**
	9	**20,204**	**(250)**	**-**	**19,954**
31 December 2012					
Not past due		17,688	-	-	17,688
1-3 months past due		3,304	-	-	3,304
4-6 months past due		626	-	-	626
Over 6 months past due		350	(334)	-	16
	9	21,968	(334)	-	21,634
COMPANY					
31 December 2013					
Not past due		**3,852**	**-**	**-**	**3,852**
1-3 months past due		**552**	**-**	**-**	**552**
4-6 months past due		**11**	**-**	**-**	**11**
Over 6 months past due		**64**	**(64)**	**-**	**-**
	9	**4,479**	**(64)**	**-**	**4,415**
31 December 2012					
Not past due		3,064	-	-	3,064
1-3 months past due		883	-	-	883
4-6 months past due		45	-	-	45
Over 6 months past due		2	(2)	-	-
	9	3,994	(2)	-	3,992

NOTES TO THE FINANCIAL STATEMENTS
31 December 2013

25. FINANCIAL INSTRUMENTS

The movements in the allowance for impairment losses of trade receivables during the year were:

	GROUP		COMPANY	
	2013 RM'000	2012 RM'000	**2013 RM'000**	2012 RM'000
At 1 January	**334**	389	**2**	23
Allowance for impairment loss recognised	**83**	51	**64**	5
Allowance for impairment loss written off against trade receivables	**-**	(4)	**-**	-
Allowance for impairment loss written back	**(167)**	(102)	**(2)**	(26)
At 31 December	**250**	334	**64**	2

The allowance account in respect of trade receivables is used to record impairment losses. Unless the Group and the Company is satisfied that recovery of the amount is possible, the amount considered irrecoverable is written off against the receivable directly.

Financial guarantees
The Company provides unsecured financial guarantees to banks in respect of banking facilities granted to a subsidiary. The Company monitors on an ongoing basis the results of the subsidiary and repayments made by the subsidiary.

The maximum exposure to credit risk amounts to RM111,482,000 (2012: RM52,854,000) representing the outstanding banking facilities of the subsidiary as at the reporting date. As at the reporting date, there was no indication that the subsidiary would default on repayment.

The financial guarantees have not been recognised since the fair value on initial recognition were not material.

Inter-company balances
The Company provides unsecured loans and advances to subsidiaries. The Company monitors the results of the subsidiaries regularly.

As at the reporting date, the maximum exposure to credit risk is represented by their carrying amounts in the statements of financial position.

As at the reporting date, there was no indication that the loans and advances to the subsidiaries are not recoverable.

The movement in the allowance for impairment losses provided for a wholly-owned subsidiary, Madarac Corporation (Note 9) during the year was:

		COMPANY	
	Note	**2013 RM'000**	2012 RM'000
At 1 January		**70,776**	73,688
Reversal for impairment losses recognised	16.2	**(70,776)**	(2,912)
At 31 December		-	70,776

NOTES TO THE FINANCIAL STATEMENTS
31 December 2013

25. FINANCIAL INSTRUMENTS

25.5 Interest rate risk

The Group's variable rate bank borrowings are exposed to a risk of change in cash flows due to changes in interest rates.

The borrowings of the Group and of the Company as at the reporting date comprise short-term borrowings, which are rolled over at short intervals of one (1) to three (3) months and term loans, which are repayable over various periods not exceeding five (5) years.

The Group and the Company monitor the interest rates of borrowings offered by the financial institutions on a monthly basis. The interest expense incurred are compared against the approved budget and reported to the Board of Directors ("the Board") and ultimate holding company.

The Company's advances from subsidiaries of RM85,548,000 (2012: RM52,272,000) bears interests at fixed rate ranging between 2.50% to 3.30% (2012: 2.50% to 3.15%) per annum.

Excess funds are placed with licensed banks for certain periods during which the interest rates are fixed. The management reviews the rates at regular intervals.

Exposure to interest rate risk

The interest rate profile of the Group's and the Company's significant interest bearing financial instruments, based on the carrying amounts as at the reporting date was:

	GROUP		COMPANY	
	2013 RM'000	2012 RM'000	**2013 RM'000**	2012 RM'000
Fixed rate instruments				
Advances from subsidiaries	**-**	-	**(85,548)**	(52,272)
Advances to a subsidiary	**-**	-	**-**	2,650
Cash and cash equivalents	**87,348**	17,911	**77,088**	8,338
Floating rate instruments				
Unsecured revolving credits	**(111,482)**	(60,054)	**-**	(7,200)

NOTES TO THE FINANCIAL STATEMENTS
31 December 2013

25. FINANCIAL INSTRUMENTS

Interest rate risk sensitivity analysis for fixed rate instruments
The Company does not account for its advances from/to subsidiaries at fair value through profit or loss. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

Interest rate risk sensitivity analysis for floating rate instruments
A change of one (1) percent in interest rates at the reporting date would have increased/(decreased) equity and profit after tax by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

	Equity		Profit after tax	
	1% Increase RM'000	**1% Decrease RM'000**	**1% Increase RM'000**	**1% Decrease RM'000**
GROUP				
31 December 2013				
Floating rate instruments				
Unsecured revolving credits	**-**	**-**	**(836)**	**836**
Cash flow sensitivity (net)	**-**	**-**	**(836)**	**836**
31 December 2012				
Floating rate instruments				
Unsecured revolving credits	-	-	(450)	450
Cash flow sensitivity (net)	-	-	(450)	450
COMPANY				
31 December 2013				
Floating rate instruments				
Unsecured revolving credits	**-**	**-**	**-**	**-**
Cash flow sensitivity (net)	**-**	**-**	**-**	**-**
31 December 2012				
Floating rate instruments				
Unsecured revolving credits	-	-	(54)	54
Cash flow sensitivity (net)	-	-	(54)	54

NOTES TO THE FINANCIAL STATEMENTS

31 December 2013

25. FINANCIAL INSTRUMENTS

25.6 Foreign currency risk

The Group and the Company incur minimal foreign currency risk on sales, purchases and borrowings that are denominated in a currency other than Ringgit Malaysia. Hence, the Board considers this risk to be insignificant. As at the reporting date, the Group and the Company have minimal foreign currency transactions. The currencies giving rise to this risk are primarily *U.S. Dollar (USD)* and *Hong Kong Dollar (HKD)*.

Exposure to foreign currency risk

The Group's exposure to foreign currency risk, based on carrying amounts as at the reporting date was:

	2013 Denominated in		2012 Denominated in	
	USD RM'000	**HKD RM'000**	USD RM'000	HKD RM'000
GROUP				
Unsecured revolving credit	**90,109**	**21,373**	32,892	19,962
COMPANY				
Amount due from a subsidiary	**79,618**	**7,146**	74,332	6,674

Currency risk sensitivity analysis

A five (5) percent strengthening of RM against USD and HKD at the reporting date would have increased/(decreased) equity and profit after tax by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

	Equity		**Profit after tax**	
	2013 RM'000	2012 RM'000	**2013 RM'000**	2012 RM'000
GROUP				
USD	**-**	-	**4,505**	1,645
HKD	**-**	-	**1,069**	998
	-	-	**5,574**	2,643
COMPANY				
USD	**-**	-	**(3,981)**	(3,717)
HKD	**-**	-	**(357)**	(334)
	-	-	**(4,338)**	(4,051)

A five (5) percent weakening of RM against USD and HKD at the reporting date would have had equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

NOTES TO THE FINANCIAL STATEMENTS

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25. FINANCIAL INSTRUMENTS

25.7 Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's exposure to liquidity risk arises principally from its various payables and bank borrowings.

The Group and the Company maintain a level of cash and cash equivalents and bank facilities deemed adequate by the management to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they fall due.

Maturity analysis

The following table indicates the maturity profile of the Group's and the Company's financial liabilities at the reporting date based on undiscounted contractual payments:

	Note	Carrying amount RM'000	Contractual interest rate per annum %	Contractual cash flows RM'000	Under 1 year RM'000	1-2 years RM'000	2-5 years RM'000	More than 5 years RM'000
GROUP								
31 December 2013								
Unsecured revolving credits	12	**(111,482)**	**0.9 - 1.7**	**(113,165)**	**(113,165)**	**-**	**-**	**-**
Trade and other payables	15	**(86,077)**	**-**	**(86,077)**	**(86,077)**	**-**	**-**	**-**
		(197,559)		**(199,242)**	**(199,242)**	**-**	**-**	**-**
31 December 2012								
Unsecured revolving credits	12	(60,054)	1.7 - 3.8	(61,086)	(61,086)	-	-	-
Trade and other payables	15	(83,042)	-	(83,042)	(83,042)	-	-	-
		(143,096)		(144,128)	(144,128)	-	-	-
COMPANY								
31 December 2013								
Trade and other payables	15	**(12,930)**	**-**	**(12,930)**	**(12,930)**	**-**	**-**	**-**
Amount due to subsidiaries	15	**(85,548)**	**2.5 - 3.3**	**(87,687)**	**(87,687)**	**-**	**-**	**-**
Amount due to subsidiaries	15	**(7,213)**	**-**	**(7,213)**	**(7,213)**	**-**	**-**	**-**
		(105,691)		**(107,830)**	**(107,830)**	**-**	**-**	**-**
31 December 2012								
Unsecured revolving credits	12	(7,200)	3.8	(7,474)	(7,474)	-	-	-
Trade and other payables	15	(11,309)	-	(11,309)	(11,309)	-	-	-
Amount due to subsidiaries	15	(52,272)	2.5 - 3.2	(53,578)	(53,578)	-	-	-
Amount due to subsidiaries	15	(7,071)	-	(7,071)	(7,071)	-	-	-
		(77,852)		(79,432)	(79,432)	-	-	-

NOTES TO THE FINANCIAL STATEMENTS
31 December 2013

25. FINANCIAL INSTRUMENTS

25.8 Fair value information
The carrying amounts of cash and cash equivalents, short term receivables and payables and short term borrowings reasonably approximate fair values due to the relatively short term nature of these financial instruments.

It was not practicable to estimate the fair value of the Group's investment in unquoted shares due to the lack of comparable quoted market prices in an active market and the fair value cannot be reliably measured.

26. CAPITAL MANAGEMENT

The Group's objectives when managing capital is to maintain a strong capital base and safeguard the Group's ability to continue as a going concern, so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Directors monitor and are determined to maintain an optimal debt-to-equity ratio that complies with debt covenants and regulatory requirements.

There were no changes in the Group's approach to capital management during the year.

The Company also complies with Bursa Malaysia's Listing Requirements on capital requirement.

27. CAPITAL COMMITMENTS

	GROUP		COMPANY	
	2013	2012	**2013**	2012
	RM'000	RM'000	**RM'000**	RM'000
CAPITAL EXPENDITURE COMMITMENTS				
Property, plant and equipment				
Contracted but not provided for	**2,911**	5,757	**837**	121
Authorised but not contracted for	**209,571**	233,921	**34,449**	37,413
Investment properties				
Contracted but not provided for	**2,097**	5,645	**-**	-
Authorised but not contracted for	**1,263**	135	**-**	-
	215,842	245,458	**35,286**	37,534

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28. CONTINGENT LIABILITIES

COMPANY

Corporate Guarantees (unsecured)

In July 2013, the Company issued a Corporate Guarantee to The Bank of East Asia Limited, Labuan Branch ("BEA") for an amount up to USD30,000,000 in respect of a Short Term Revolving Credit ("STRC") facility of USD30,000,000 granted to Madarac Corporation ("Madarac"), the Company's wholly-owned subsidiary incorporated in the British Virgin Islands.

Prior to 2013, the Company had issued the following Corporate Guarantees in favour of banks in respect of STRC facilities granted to Madarac.

a) USD18,000,000 Corporate Guarantee to Malayan Banking Berhad ("Maybank"); and

b) HKD50,600,000 Corporate Guarantee to The Bank of Tokyo-Mitsubishi UFJ Ltd., Labuan ("UFJ Bank").

29. RELATED PARTIES

For the purposes of these financial statements, parties are considered to be related to the Group if the Group or the Company has the ability, directly or indirectly, to control or jointly control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control. Related parties may be individuals or other entities.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly and comprises the Executive Directors and Non-Executive Directors of the Group.

The Group has a related party relationship with its associates, its holding company, subsidiaries of its holding company and corporations in which certain Directors have direct or indirect financial interests.

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29. RELATED PARTIES (cont'd)

Significant related party transactions

The terms and conditions of the related party transactions are based on negotiated terms. The significant related party transactions of the Group and the Company are shown below.

GROUP	Transactions amount for the year ended RM'000	Gross balance outstanding RM'000	Net balance outstanding RM'000	Allowance for impairment loss RM'000	Impairment loss recognised/ (write back) for the year ended RM'000
2013					
Associated companies					
Loans given					
- Traders Yangon Company Ltd	**-**	**86,380**	**86,380**	**-**	**(473)**
- Shangri-La Yangon Company Ltd	**31,221**	**76,858**	**76,858**	**-**	**(21,672)**
- Traders Square Company Ltd	**20,842**	**28,857**	**28,857**	**-**	**(4,042)**
Subsidiaries of Shangri-La Asia Limited					
Management, marketing and reservation fees paid or payable					
- Shangri-La International Hotel Management Ltd	**13,197**	**1,538**	**1,538**	**-**	**-**
Management fees paid or payable					
- Shangri-La International Hotel Management Pte Ltd	**2,432**	**332**	**332**	**-**	**-**
Corporations in which Kuok Oon Kwong, Director of the Company, has direct or indirect financial interests					
Office rental income received or receivable					
- Kuok Brothers Sdn Bhd	**782**	**-**	**-**	**-**	**-**
- PPB Group Berhad	**784**	**-**	**-**	**-**	**-**
- PPB Oil Palms Berhad	**300**	**-**	**-**	**-**	**-**
- PGEO Marketing Sdn Bhd	**277**	**-**	**-**	**-**	**-**
- Chemquest Sdn Bhd	**130**	**-**	**-**	**-**	**-**
2012					
Associated companies					
Loans given					
- Traders Yangon Company Ltd	12,276	80,644	80,171	473	(2,516)
- Shangri-La Yangon Company Ltd	17,815	41,824	20,152	21,672	(1,056)
- Traders Square Company Ltd	2,726	6,768	2,726	4,042	(253)
Subsidiaries of Shangri-La Asia Limited					
Management, marketing and reservation fees paid or payable					
- Shangri-La International Hotel Management Ltd	11,900	1,484	1,484	-	-
Management fees paid or payable					
- Shangri-La International Hotel Management Pte Ltd	2,253	323	323	-	-
Corporations in which Kuok Oon Kwong, Director of the Company, has direct or indirect financial interests					
Project management fees paid or payable					
- PPB Hartabina Sdn Bhd	58	58	58	-	-
Office rental income received or receivable					
- Kuok Brothers Sdn Bhd	444	-	-	-	-
- PPB Group Berhad	457	-	-	-	-
- PPB Oil Palms Berhad	175	-	-	-	-
- PGEO Marketing Sdn Bhd	161	-	-	-	-
- Chemquest Sdn Bhd	76	-	-	-	-

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31 December 2013

COMPANY	Transactions amount for the year ended RM'000	Gross balance outstanding RM'000	Net balance outstanding RM'000	Allowance for impairment loss RM'000	Impairment loss recognised/ (write back) for the year ended RM'000
2013					
Subsidiaries					
Interest income received or receivable	**40**	**40**	**40**	**-**	**-**
Rental income received or receivable	**120**	**-**	**-**	**-**	**-**
Interest expense paid or payable	**1,788**	**240**	**240**	**-**	**-**
Laundry service fees paid or payable	**1,391**	**120**	**120**	**-**	**-**
Subsidiaries of Shangri-La Asia Limited					
Management, marketing and reservation fees paid or payable					
- Shangri-La International Hotel Management Ltd	**2,134**	**232**	**232**	**-**	**-**
Management fees paid or payable					
- Shangri-La International Hotel Management Pte Ltd	**356**	**41**	**41**	**-**	**-**
2012					
Subsidiaries					
Interest income received or receivable	36	36	36	-	-
Rental income received or receivable	120	-	-	-	-
Interest expense paid or payable	1,326	127	127	-	-
Laundry service fees paid or payable	1,375	260	260	-	-
Subsidiaries of Shangri-La Asia Limited					
Management, marketing and reservation fees paid or payable					
- Shangri-La International Hotel Management Ltd	2,151	267	267	-	-
Management fees paid or payable					
- Shangri-La International Hotel Management Pte Ltd	340	37	37	-	-

NOTES TO THE FINANCIAL STATEMENTS

31 December 2013

30. SIGNIFICANT CHANGES IN ACCOUNTING POLICIES

With effect from 1 January 2013, the Group and the Company adopted the following new or revised MFRS and amendments to MFRS that are relevant and effective for annual periods beginning on or after 1 July 2012 or 1 January 2013.

Amendments effective for annual periods beginning on or after 1 July 2012

- Amendments to MFRS 101, *Presentation of Items of Other Comprehensive Income*

MFRSs effective for annual periods beginning on or after 1 January 2013

- MFRS 10, *Consolidated Financial Statements*
- MFRS 12, *Disclosure of Interests in Other Entities*
- MFRS 13, *Fair Value Measurement*
- MFRS 119, *Employee Benefits* (2011)
- MFRS 127, *Separate Financial Statements* (2011)
- MFRS 128, *Investments in Associates and Joint Ventures* (2011)
- Amendments to MFRS 1, *First-time Adoption of Financial Reporting Standards (Annual Improvements 2009-2011 Cycle)*
- Amendments to MFRS 7, *Financial Instruments: Disclosures - Offsetting Financial Assets and Financial Liabilities*
- Amendments to MFRS 10, *Consolidated Financial Statements: Transition Guidance*
- Amendments to MFRS 12, *Disclosure of Interests in Other Entities: Transition Guidance*
- Amendments to MFRS 101, *Presentation of Financial Statements (Annual Improvements 2009-2011 Cycle)*
- Amendments to MFRS 116, *Property, Plant and Equipment (Annual Improvements 2009-2011 Cycle)*
- Amendments to MFRS 132, *Financial Instruments: Presentation (Annual Improvements 2009-2011 Cycle)*
- Amendments to MFRS 134, *Interim Financial Reporting (Annual Improvements 2009-2011 Cycle)*

The adoption of the above new or revised MFRS and amendments to MFRS did not result in any substantial changes to the Group's accounting policies nor have any impact on the financial statements of the Group and the Company, except for the adoption of MFRS 119 (revised) - *Employee Benefits*.

30.1 MFRS 119 (revised) - Employee Benefits

With effect from 1 January 2013, the Group and the Company adopted the MFRS 119 (revised) - *Employee Benefits*. The revised standard requires actuarial gains and losses to be recognised immediately in other comprehensive income and past service costs immediately in the income statement.

The Group and the Company have previously recognised actuarial gains and losses as income and expense in the income statement when the net cumulative unrecognised actuarial gains or losses exceed ten (10) percent of the present value of the defined retirement benefit liability. Unvested past service costs were recognised as an expense in the income statement on a straight line basis over the average vesting period until the benefits become vested.

This change in accounting policy has been applied retrospectively in accordance with the requirements of the standard. Accordingly, the 2012 comparatives have been restated.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2013

30. SIGNIFICANT CHANGES IN ACCOUNTING POLICIES

The financial effects of adopting MFRS 119 (revised) are summarised below:

	1.1.2012			31.12.2012		
GROUP	**As previously reported** RM'000	**Effect of adopting MFRS 119 (revised)** RM'000	**As restated** RM'000	**As previously reported** RM'000	**Effect of adopting MFRS 119 (revised)** RM'000	**As restated** RM'000
CONSOLIDATED STATEMENT OF FINANCIAL POSITION						
Non-current assets						
Deferred tax assets	5,587	(7)	5,580	2,142	(15)	2,127
Total equity attributable to shareholders of the Company						
Share capital	440,000	-	440,000	440,000	-	440,000
Share premium	104,501	-	104,501	104,501	-	104,501
Retained earnings	290,126	(906)	289,220	324,455	(24)	324,431
	834,627	(906)	833,721	868,956	(24)	868,932
Non-controlling interests	82,855	(38)	82,817	86,563	(249)	86,314
Non-current liabilities						
Retirement benefits	13,404	1,259	14,663	14,694	364	15,058
Deferred tax liabilities	11,997	(322)	11,675	15,646	(106)	15,540

NOTES TO THE FINANCIAL STATEMENTS

31 December 2013

30. SIGNIFICANT CHANGES IN ACCOUNTING POLICIES

30.1 MFRS 119 (revised) - Employee Benefits (cont'd)

	31.12.2012		
GROUP	**As previously reported** RM'000	**Effect of adopting MFRS 119 (revised)** RM'000	**As restated** RM'000
CONSOLIDATED INCOME STATEMENT			
Operating profit	102,680	80	102,760
Profit before tax	102,390	80	102,470
Tax expense	(30,353)	(20)	(30,373)
Profit for the year	72,037	60	72,097
Attributable to:			
Shareholders of the Company	67,329	60	67,389
Non-controlling interests	4,708	-	4,708
	72,037	60	72,097
Basic earnings per ordinary share (sen)	15.30	0.02	15.32
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME			
Profit for the year	72,037	60	72,097
Items that will not be reclassified subsequently to profit or loss			
Remeasurement of defined retirement benefit liability, net of tax	-	611	611
	72,037	671	72,708
Attributable to:			
Shareholders of the Company	67,329	882	68,211
Non-controlling interests	4,708	(211)	4,497
	72,037	671	72,708
CONSOLIDATED CASH FLOW STATEMENT			
Profit before tax	102,390	80	102,470
Adjustments for non-cash flows:			
Retirement benefits charged	2,578	(80)	2,498

NOTES TO THE FINANCIAL STATEMENTS
31 December 2013

30. SIGNIFICANT CHANGES IN ACCOUNTING POLICIES

	1.1.2012			31.12.2012		
COMPANY	**As previously reported** RM'000	**Effect of adopting MFRS 119 (revised)** RM'000	**As restated** RM'000	**As previously reported** RM'000	**Effect of adopting MFRS 119 (revised)** RM'000	**As restated** RM'000
STATEMENT OF FINANCIAL POSITION						
Non-current assets						
Deferred tax assets	5,368	(7)	5,361	2,142	(15)	2,127
Total equity attributable to shareholders of the Company						
Share capital	440,000	-	440,000	440,000	-	440,000
Share premium	104,501	-	104,501	104,501	-	104,501
Retained earnings	158,852	22	158,874	167,213	45	167,258
	703,353	22	703,375	711,714	45	711,759
Non-current liabilities						
Retirement benefits	380	(29)	351	471	(60)	411
STATEMENT OF COMPREHENSIVE INCOME						
Profit for the year				41,361	-	41,361
Items that will not be reclassified subsequently to profit or loss						
Remeasurement of defined retirement benefit liability, net of tax				-	23	23
				41,361	23	41,384

NOTES TO THE FINANCIAL STATEMENTS

31 December 2013

31. DISCLOSURE OF REALISED AND UNREALISED PROFITS/(LOSSES)

The breakdown of the retained profits of the Group and of the Company as at 31 December 2013, into realised and unrealised profits/(losses), pursuant to Paragraphs 2.06 and 2.23 of Bursa Malaysia Main Market Listing Requirements, are as follows:

	2013 RM'000	2012 RM'000 Restated
GROUP		
Total retained profits of the Company and its subsidiaries		
- Realised	**471,689**	267,313
- Unrealised	**98,930**	61,430
	570,619	328,743
Total share of results of associated companies		
- Realised	**(50,790)**	(52,323)
- Unrealised	**7,292**	-
	527,121	276,420
Add: Consolidation adjustments	**(116,783)**	48,011
Total Group retained profits	**410,338**	324,431
COMPANY		
- Realised	**226,281**	151,985
- Unrealised	**18,070**	15,273
Total Company retained profits	**244,351**	167,258

The determination of realised and unrealised profits/(losses) is based on the Guidance of Special Matter No.1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements,* issued by Malaysian Institute of Accountants on 20 December 2010.

GROUP PROPERTIES
as at 31 December 2013

Registered Owner	Description/Location	Tenure	Age of buildings (years)	Land area (sq. metres)	Net book value at 31.12.2013 (RM'000)
Shangri-La Hotel (KL) Sdn Bhd	**Shangri-La Hotel Kuala Lumpur** 29-storey, 662 room hotel located at 11 Jalan Sultan Ismail 50250 Kuala Lumpur	**Freehold**	**29**	**16,229**	**148,306**
Komtar Hotel Sdn Bhd	**Traders Hotel Penang** 17-storey, 444 room hotel located at Magazine Road 10300 Penang	**Leasehold** (Expires 2082)	**27**	**4,800**	**28,881**
Shangri-La Hotels (Malaysia) Berhad	**Shangri-La's Rasa Sayang Resort & Spa** 304 room resort comprising 11 inter-connected blocks not exceeding 8-storey located at 10th Mile Batu Feringgi, 11100 Penang	**Freehold**	**40**	**58,798**	**87,181**
	Land Lot 402, Section 2 Town of Batu Feringgi North East District, Penang	**Leasehold** (Expires 2037)	**-**	**2,989**	
	Industrial land on which the central laundry owned by Pantai Emas Sdn Bhd is situated on at No.6 (Plot 68) Pesara Kampung Jawa Bayan Lepas, 11900 Penang	**Leasehold** (Expires 2047)	**-**	**3,737**	**593**
Palm Beach Hotel Sdn Bhd	**Land** Lots 9, 10, 13, 15, 93, 316, 420, 591 & 592, Section 2 Town of Batu Feringgi North East District, Penang	**Freehold**	**-**	**33,097**	**9,658**

GROUP PROPERTIES

as at 31 December 2013

Registered Owner	Description/Location	Tenure	Age of buildings (years)	Land area (sq. metres)	Net book value at 31.12.2013 (RM'000)
Golden Sands Beach Resort Sdn Bhd	**Golden Sands Resort** 8-storey, 387 room resort located at 10th Mile Batu Feringgi, 11100 Penang	**Freehold**	**35**	**19,359**	**40,922**
	Land Lot 389, Section 2 Town of Batu Feringgi North East District, Penang	**Leasehold** (Expires 2050)	**-**	**424**	
Pantai Emas Sdn Bhd	**Penang Laundry Services** A central laundry located at No.6 (Plot 68) Pesara Kampung Jawa Bayan Lepas, 11900 Penang	**Leasehold** (Expires 2047)	**23**	**3,737**	**483**
UBN Tower Sdn Bhd	**UBN Tower** 36-storey commercial/office complex located at 10 Jalan P. Ramlee 50250 Kuala Lumpur	**Freehold**	**29**	**3,696**	**198,400**
UBN Holdings Sdn Bhd	**UBN Apartments** 24-storey apartment block comprising 126 units of apartments located at 1 Lorong P. Ramlee 50250 Kuala Lumpur (# based on 58 units of unsold apartments)	**Freehold**	**29**	**3,120**	**44,660#**
	Commercial land on which Shangri-La Hotel Kuala Lumpur is situated on at 11 Jalan Sultan Ismail 50250 Kuala Lumpur and UBN Tower at 10 Jalan P. Ramlee 50250 Kuala Lumpur	**Freehold**	**-**	**19,925**	**203,753**

GROUP PROPERTIES
as at 31 December 2013

Registered Owner	Description/Location	Tenure	Age of buildings (years)	Land area (sq. metres)	Net book value at 31.12.2013 (RM'000)
Pantai Dalit Beach Resort Sdn Bhd	**Shangri-La's Rasa Ria Resort** 417 room resort comprising two 4-storey blocks, two 5-storey blocks and six 6-storey blocks of guestrooms located at Pantai Dalit 89208 Tuaran, Sabah	**Leasehold** (Expires 2090)	**17**	**92,482**	**70,892**
	Land Land on which Shangri-La's Rasa Ria Resort and Dalit Bay Golf & Country Club are situated on at Pantai Dalit 89208 Tuaran, Sabah	**Leasehold** (Expires 2090)	**-**	**761,467**	**3,571**
	Undeveloped land for future development located at Pantai Dalit 89208 Tuaran, Sabah	**Leasehold** (Expires 2090)	**-**	**856,498**	
Dalit Bay Golf & Country Club Berhad	**Dalit Bay Golf & Country Club** An 18-hole golf course and clubhouse located at Pantai Dalit 89208 Tuaran, Sabah	**Leasehold** (Expires 2090)	**16**	**668,985**	**30,118**

SHAREHOLDING STATISTICS

as at 31 March 2014

Class of shares - Ordinary Shares of RM1.00 each fully paid
Voting rights - One vote per share

DISTRIBUTION OF SHAREHOLDINGS

Size of Holdings	No. of Holders	%	No. of Shares	% of Issued Capital
Less than 100	171	3.81	3,334	0.00
100 - 1,000	1,943	43.31	1,785,697	0.41
1,001 - 10,000	1,999	44.56	8,015,370	1.82
10,001 - 100,000	292	6.51	8,569,683	1.95
100,001 to less than 5% of issued shares	78	1.74	67,167,575	15.26
5% and above of issued shares	3	0.07	354,458,341	80.56
	4,486	100.00	440,000,000	100.00

SUBSTANTIAL SHAREHOLDERS

	Direct Interest	Deemed Interest	
Name of Substantial Shareholders	**No. of Shares**	**No. of Shares**	**% of Issued Capital**
Hoopersville Limited	232,237,841	-	52.78
Shangri-La Asia Limited	-	232,237,841	52.78
Caninco Investments Limited	-	232,237,841	52.78
Kerry Holdings Limited	-	232,237,841	52.78
Kerry Group Limited	-	232,237,841	52.78
Kuok Brothers Sdn Berhad	98,014,500	237,500	22.33
Aberdeen Asset Management PLC	-	50,023,700	11.37
Mitsubishi UFJ Financial Group, Inc.	-	50,023,700	11.37
Aberdeen Asset Management Asia Limited	-	36,581,600	8.31
Aberdeen International Fund Managers Limited	-	24,206,000	5.50

SHAREHOLDING STATISTICS

as at 31 March 2014

DIRECTORS' INTERESTS IN SHARES

The direct and deemed interests of the Directors in the shares of the Company and in its related corporations as at 31 March 2014 are as follows:

(Ordinary Shares of RM1.00 each) **The Company** **Shangri-La Hotels (Malaysia) Berhad**	Direct Interest **No. of Shares**	Deemed Interest **No. of Shares**	**% of Issued Capital**
Tan Sri A. Razak bin Ramli	-	-	-
Kuok Oon Kwong	-	10,000	negligible
Datin Rozina Mohd Amin	-	-	-
Dato' Haris Onn bin Hussein	-	-	-
Dato' Seri Ismail Farouk Abdullah	10,000	-	negligible
Dato' Khoo Eng Min - own	5,000	-	negligible
- others	9,000[1]	-	negligible
Datuk Supperamaniam a/l Manickam	-	-	-
Dato' Dr Tan Tat Wai	-	-	-
Tan Yew Jin	5,000	20,000	0.01

(Ordinary Shares of HKD1.00 each) **Related Corporation** **Shangri-La Asia Limited** (Ultimate Holding Company)	**No. of Shares**	**No. of Shares**	**% of Issued Capital**
Tan Sri A. Razak bin Ramli	-	-	-
Kuok Oon Kwong - own	182,938	170,768	0.01
- others	231,124[1]	-	0.01
Datin Rozina Mohd Amin	-	-	-
Dato' Haris Onn bin Hussein	-	-	-
Dato' Seri Ismail Farouk Abdullah	-	-	-
Dato' Khoo Eng Min	-	-	-
Datuk Supperamaniam a/l Manickam	-	-	-
Dato' Dr Tan Tat Wai	-	-	-
Tan Yew Jin	120,856	-	negligible

[1] shares held directly by spouse/child. In accordance with Section 134(12)(c) of the Companies Act, 1965, the interests and deemed interests of the spouse/child in the shares of the Company and its related corporations (other than wholly-owned subsidiaries) shall be treated as the interests of the Director.

Share Options in Shangri-La Asia Limited	**No. of Shares granted under the option**
Kuok Oon Kwong	420,000
Datin Rozina Mohd Amin	70,000

SHAREHOLDING STATISTICS

as at 31 March 2014

THE THIRTY LARGEST SHAREHOLDERS (AS PER RECORD OF DEPOSITORS)

Name of Shareholders	No. of Shares Held	% of Issued Capital
1. Hoopersville Limited	232,237,841	52.78
2. Kuok Brothers Sdn Berhad	98,014,500	22.28
3. HSBC Nominees (Asing) Sdn Bhd BNP Paribas Secs Svs Lux for Aberdeen Global	24,206,000	5.50
4. HSBC Nominees (Asing) Sdn Bhd BNP Paribas Secs Svs Paris for Aberdeen Asian Smaller Companies Investment Trust PLC	9,720,900	2.21
5. Citigroup Nominees (Tempatan) Sdn Bhd for Employees Provident Fund Board (Aberdeen)	7,399,100	1.68
6. Ophir Holdings Berhad	3,298,400	0.75
7. Citigroup Nominees (Tempatan) Sdn Bhd for Kumpulan Wang Persaraan (Diperbadankan) (Aberdeen)	2,975,800	0.68
8. Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Yu Kuan Chon	2,625,800	0.60
9. Malaysia Nominees (Tempatan) Sdn Bhd for Great Eastern Life Assurance (Malaysia) Berhad (Par 2)	2,449,600	0.56
10. MIDF Amanah Investment Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Yu Kuan Chon	2,348,800	0.53
11. HSBC Nominees (Asing) Sdn Bhd Exempt AN for BNP Paribas Securities Services (Singapore - SGD)	2,070,700	0.47
12. Cimsec Nominees (Tempatan) Sdn Bhd CIMB Bank for Yu Kuan Chon	2,000,000	0.45
13. JF Apex Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Yu Kuan Chon	1,953,200	0.44
14. Amsec Nominees (Tempatan) Sdn Bhd Aberdeen Asset Management Sdn Bhd for Tenaga Nasional Berhad Retirement Benefit Trust Fund (FM-Aberdeen)	1,917,200	0.44
15. Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Chan Sow Keng	1,497,200	0.34
16. PM Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Yu Kuan Chon	1,408,000	0.32
17. Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Yu Kuan Chon	1,164,500	0.27
18. Key Development Sdn Bhd	1,156,400	0.26
19. Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Yu Kuan Chon	1,011,100	0.23
20. HSBC Nominees (Asing) Sdn Bhd Exempt AN for Credit Suisse (SG BR-TST-Asing)	811,000	0.18
21. Ying Holding Sdn Bhd	776,000	0.18
22. Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Yu Kuan Chon	760,700	0.17
23. Citigroup Nominees (Asing) Sdn Bhd CBNY for Dimensional Emerging Markets Value Fund	739,100	0.17
24. Lim Kian Huat	700,000	0.16
25. Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Yu Kuan Huat	699,000	0.16
26. HLIB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Yu Kuan Chon	686,500	0.16
27. Gan Teng Siew Realty Sdn Bhd	645,000	0.15
28. Maybank Nominees (Tempatan) Sdn Bhd Aberdeen Asset Management Sdn Bhd for Malaysian Timber Council (Operating Fund)	630,000	0.14
29. G.T.Y. Holdings Sdn Bhd	606,000	0.14
30. Cimsec Nominees (Tempatan) Sdn Bhd CIMB Bank for Chan Sow Keng	600,600	0.14
	407,108,941	92.52

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Forty-Third Annual General Meeting of the Company will be held at Sabah Room, B2 Level, Shangri-La Hotel Kuala Lumpur, 11 Jalan Sultan Ismail, 50250 Kuala Lumpur on Tuesday, 20 May 2014 at 10.00 a.m. for the following purposes:

1. To receive and adopt the Directors' Report and Audited Financial Statements for the year ended 31 December 2013 and the Auditors' Report thereon. **Ordinary Resolution 1**

2. To approve the payment of a final single tier dividend of 10 sen and a special single tier dividend of 5 sen per share for the year ended 31 December 2013 as recommended by the Directors. **Ordinary Resolution 2**

3. To approve the payment of Directors' fees for the year ended 31 December 2013. **Ordinary Resolution 3**

4. To re-elect the following Directors, each of whom are retiring by rotation pursuant to Article 95 of the Company's Articles of Association:

   i) Kuok Oon Kwong **Ordinary Resolution 4**
   ii) Datin Rozina Mohd Amin **Ordinary Resolution 5**

5. To re-appoint the following Directors pursuant to Section 129(6) of the Companies Act, 1965 as Directors of the Company to hold office until the next Annual General Meeting of the Company:

   i) Dato' Khoo Eng Min **Ordinary Resolution 6**
   ii) Tan Yew Jin **Ordinary Resolution 7**

6. To re-appoint Messrs KPMG as Auditors of the Company to hold office until the conclusion of the next Annual General Meeting and to authorise the Directors to fix their remuneration. **Ordinary Resolution 8**

7. To transact any other business for which due notice shall have been given.

By Order of the Board

DATIN ROZINA MOHD AMIN
Company Secretary

Kuala Lumpur
28 April 2014

NOTES

1. With respect to deposited securities, only members whose names appear in the Record of Depositors on 9 May 2014 (General Meeting Record of Depositors) shall be eligible to attend the Meeting.
2. A member entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote on his behalf. A proxy need not be a member of the Company.
3. The Form of Proxy must be deposited at the Registered Office of the Company, not less than 48 hours before the time set for the Meeting or any adjournment thereof.
4. The proposed final and special dividends, if approved, will be paid on Monday, 30 June 2014 to shareholders whose names appear in the Record of Depositors on Thursday, 5 June 2014.

NOTES

SHANGRI-LA HOTELS (MALAYSIA) BERHAD
10889-U

FORM OF PROXY

No. of shares held:

I/We ______________________ NRIC/Company No. ______________

of ____

being a member of **SHANGRI-LA HOTELS (MALAYSIA) BERHAD**, hereby

appoint ______________________ NRIC No. ______________

of ____

or failing him ______________________ NRIC No. ______________

of ____

as my/our proxy, to vote for me/us on my/our behalf at the Forty-Third Annual General Meeting of the Company to be held at Sabah Room, B2 Level, Shangri-La Hotel Kuala Lumpur on Tuesday, 20 May 2014 at 10.00 a.m. and at any adjournment thereof in the following manner:

NO.	ORDINARY RESOLUTIONS	For	Against
1	Adoption of Reports and Financial Statements		
2	Approval of Final and Special Single Tier Dividends		
3	Approval of Directors' Fees		
4	Re-election of Kuok Oon Kwong retiring pursuant to Article 95		
5	Re-election of Datin Rozina Mohd Amin retiring pursuant to Article 95		
6	Re-appointment of Dato' Khoo Eng Min as a Director pursuant to Section 129(6) of the Companies Act, 1965		
7	Re-appointment of Tan Yew Jin as a Director pursuant to Section 129(6) of the Companies Act, 1965		
8	Re-appointment of Messrs KPMG as Auditors		

Please indicate with an "X" where appropriate against each resolution how you wish your proxy to vote. If no specific direction to voting is given, the proxy will vote or abstain at his discretion.

Dated this __________ day of ______________ 2014 Signature ______________________

NOTES

1. A member entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote on his behalf. A proxy need not be a member of the Company.
2. The Form of Proxy must be signed by the appointor or his attorney duly authorised in writing or, if the member is a corporation, must be executed under its common seal or by its attorney or officer duly authorised in writing.
3. The Form of Proxy must be deposited at the Registered Office of the Company at 13th Floor, UBN Tower, 10 Jalan P. Ramlee, 50250 Kuala Lumpur, not less than 48 hours before the time set for the Meeting or any adjournment thereof.

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STAMP

SHANGRI-LA HOTELS (MALAYSIA) BERHAD (10889-U)
13th Floor, UBN Tower
10 Jalan P. Ramlee
50250 Kuala Lumpur

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