

SHANGRI-LA HOTELS (MALAYSIA) BERHAD
(Incorporated in Malaysia)

SUMMARY OF KEY MATTERS DISCUSSED AT THE 47TH ANNUAL GENERAL MEETING of Shangri-La Hotels (Malaysia) Berhad held at Sabah Room, B2 Level, Shangri-La Hotel Kuala Lumpur, 11 Jalan Sultan Ismail, 50250 Kuala Lumpur on Thursday, 17 May 2018 at 10.00 a.m.
The meeting ended at 10.45 a.m.

ORDINARY BUSINESS

**1. ORDINARY RESOLUTION 1
TO RECEIVE THE REPORT OF THE DIRECTORS AND AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017 AND THE AUDITORS' REPORT THEREON**

Before taking any questions from the floor, the Chairman informed the meeting that the Company received a letter from MSWG dated 15 May 2018. Madam Kuok Oon Kwong, the Managing Director of the Company read out the questions raised by MSWG and the Company's reply, which are set out in Appendix A attached.

Following that, the Chairman invited questions from the floor on the Financial Statements and on any other matters regarding the business of the Group.

Mr Wan Heng Wah told the Meeting that he was delighted with the overall financial results of the Company for 2017. In particular, he noted that both Rasa Ria Resort and Shangri-La Hotel Kuala Lumpur recorded good revenue growth over the previous financial year. He asked if the Company will deliver an improved financial performance in 2018, and whether there are plans for a complete makeover of the UBN Apartments, given its strategic location in Kuala Lumpur's Golden Triangle.

Madam Kuok Oon Kwong said that the year 2018 has started well for the Group hotels in line with the continuing encouraging trends in both leisure and business travel. At Shangri-La Hotel Kuala Lumpur, the hotel's overall revenue has been further boosted by higher contributions from its fully renovated banqueting facilities and all day dining restaurant. In addition, occupancy levels at Hotel Jen Penang have also recovered with the completion of its guestroom renovation programme in mid-2017. Barring unforeseen circumstances, the Group hotels should be able to make further good progress in 2018.

In response to the query on UBN Apartments, Datin Rozina Mohd Amin stated that the Company is not considering any makeover plans for UBN Apartments at the present time. Since the start of 2018, the occupancy rate of the 58 owned units at UBN Apartments has shown marginal growth, and that for the full year 2018, the occupancy rate is expected to average around 55%, broadly in line with 2017. She added that the leasing market for UBN Apartments remains affected by ongoing supply pressures and sluggish demand. In such an environment, the focus is on ensuring that the rental packages offered to prospective tenants remain competitive, retaining good tenants for longer periods whilst continuing to work closely with key property agents to exploit new market leads.

Mr Choo Mun Tuck @ Cho Mun Tuck commented that the Management of UBN Apartments should target expatriate families with children studying at international schools surrounding the Kuala Lumpur's city centre area. He also pointed out that the average staff turnover rate of the Group hotels have increased to 14% in 2017 from 11% in 2016. He also enquired about the business outlook for the Group's associated companies in Myanmar.

(Ordinary Resolution 1 – To Receive the Report of the Directors and Audited Financial Statements for the year ended 31 December 2017 and the Auditors' Report Thereoncont'd)

In addressing the comments and query from Mr Choo Mun Tuck, Madam Kuok Oon Kwong explained that the Group hotels saw higher staff turnover during 2017, particularly at Shangri-La Hotel Kuala Lumpur as job options open up with a number of new hotel openings in the upscale segment in the city. Given the tight hotel labour market situation combined with several hotel openings in the pipeline planned for 2018, the Group hotels are employing various strategies to increase productivity and to improve staff retention through continuing learning and training programmes as well as to utilise more multi skilling in the workplace.

As for the Group's associates in Myanmar, Madam Kuok Oon Kwong said that the business outlook in the next few years does not look encouraging. The Group's associate hotel, commercial office and serviced apartments in Myanmar continue to face a very challenging operating environment due to the prevailing uncertain political climate and weak economic conditions.

Mr Lee Lai Tiam asked whether Shangri-La Hotel Kuala Lumpur will achieve a higher occupancy level for 2018, above that of 69% recorded in 2017. He then enquired about the Company's projected earnings growth over the medium term. He also wanted to know whether the Company is looking at undertaking any major corporate exercises and if it is planning to develop new hotels in Malaysia.

Madam Kuok Oon Kwong stated that Shangri-La Hotel Kuala Lumpur is placing increased marketing focus to improve its occupancy levels during 2018 by optimising business volumes, as well as to grow its average room rates with the right target markets through more effective pricing strategies.

With respect to the projected earnings for the Company, Madam Kuok Oon Kwong said that she would not be able to provide the expected earnings growth rates as the operations, performance and financial condition of the Company in the future are dependent on many factors including overall market trends, economic and political risks and uncertainties. She added that the Company is currently not looking at any major corporate exercises. In addition, the Company has no development plans for a new hotel in Malaysia at this juncture but will continue to seek and consider attractive investment opportunities for further growth.

There being no further questions, Resolution 1 was put to the Meeting for a vote and was duly passed. The poll results in respect of Resolution 1 was carried as follows: -

	VOTES FOR	%	VOTES AGAINST	%	TOTAL VOTES
RESOLUTION 1	375,629,215	99.98	74,002	0.02	375,703,217

2. **ORDINARY RESOLUTION 2** **TO APPROVE THE PAYMENT OF A FINAL SINGLE-TIER DIVIDEND** **OF 12 SEN PER SHARE FOR THE YEAR ENDED 31 DECEMBER 2017**

The Chairman informed the Meeting that the Directors have recommended the payment of a final single-tier dividend of 12 sen per share for the year ended 31 December 2017. Together with the interim single-tier dividend of 3 sen per share paid in November 2017, the total dividend for the financial year 2017 amounted to 15 sen, as compared to a total of 14 sen per share in 2016.

There being no questions, Resolution 2 was put to the Meeting for a vote and was duly passed. The poll results in respect of Resolution 2 was carried as follows: -

	VOTES FOR	%	VOTES AGAINST	%	TOTAL VOTES
RESOLUTION 2	375,704,515	100.00	2	0.00	375,704,517

ORDINARY BUSINESS

3. **ORDINARY RESOLUTION 3 TO APPROVE THE PAYMENT OF DIRECTORS' FEES FOR THE YEAR ENDED 31 DECEMBER 2017**

The Chairman informed the Meeting that the total Directors' fees payable for the year ended 31 December 2017 amounts to RM247,000.

There being no questions, Resolution 3 was put to the Meeting for a vote and was duly passed. The poll results in respect of Resolution 3 was carried as follows: -

	VOTES FOR	%	VOTES AGAINST	%	TOTAL VOTES
RESOLUTION 3	375,596,615	99.97	95,102	0.03	375,691,717

4. **ORDINARY RESOLUTION 4 TO ELECT ENCIK AHMED REZA BIN MOHD GHAZALI AS DIRECTOR**

The Chairman informed the Meeting that Encik Ahmed Reza Bin Mohd Ghazali, having been appointed a Director of the Company since the last AGM, is retiring in accordance with Article 76 of the Company's Articles of Association and being eligible, has offered himself for election.

There being no questions, Resolution 4 was put to the Meeting for a vote and was duly passed. The poll results in respect of Resolution 4 was carried as follows: -

	VOTES FOR	%	VOTES AGAINST	%	TOTAL VOTES
RESOLUTION 4	375,678,615	99.99	22,503	0.01	375,701,118

5. **ORDINARY RESOLUTION 5 TO ELECT MR GOH CHING YIN AS DIRECTOR**

The Chairman informed the Meeting that Mr Goh Ching Yin, having been appointed a Director of the Company since the last AGM, is retiring in accordance with Article 76 of the Company's Articles of Association and being eligible, has offered himself for election.

There being no questions, Resolution 5 was put to the Meeting for a vote and was duly passed. The poll results in respect of Resolution 5 was carried as follows: -

	VOTES FOR	%	VOTES AGAINST	%	TOTAL VOTES
RESOLUTION 5	375,687,515	100.00	2	0.00	375,687,517

6. **ORDINARY RESOLUTION 6 TO ELECT DATO' SRI KHAZALI BIN AHMAD AS DIRECTOR**

The Chairman informed the Meeting that Dato' Sri Khazali Bin Ahmad, having been appointed a Director of the Company since the last AGM, is retiring in accordance with Article 76 of the Company's Articles of Association and being eligible, has offered himself for election.

There being no questions, Resolution 6 was put to the Meeting for a vote and was duly passed. The poll results in respect of Resolution 6 was carried as follows: -

	VOTES FOR	%	VOTES AGAINST	%	TOTAL VOTES
RESOLUTION 6	375,668,415	99.99	21,002	0.01	375,689,417

ORDINARY BUSINESS

7. **ORDINARY RESOLUTION 7** **TO RE-ELECT TAN SRI A. RAZAK BIN RAMLI AS DIRECTOR**

Madam Kuok Oon Kwong informed the Meeting that Tan Sri A. Razak Bin Ramli is retiring by rotation in accordance with Article 95 of the Company's Articles of Association and being eligible, has offered himself for re-election.

There being no questions, Resolution 7 was put to the Meeting for a vote and was duly passed. The poll results in respect of Resolution 7 was carried as follows: -

	VOTES FOR	%	VOTES AGAINST	%	TOTAL VOTES
RESOLUTION 7	375,681,815	99.99	21,502	0.01	375,703,317

8. **ORDINARY RESOLUTION 8** **TO RE-ELECT DATIN ROZINA MOHD AMIN AS DIRECTOR**

The Chairman informed the Meeting that Datin Rozina Mohd Amin is also retiring by rotation in accordance with Article 95 of the Company's Articles of Association and being eligible, has offered herself for re-election.

There being no questions, Resolution 8 was put to the Meeting for a vote and was duly passed. The poll results in respect of Resolution 8 was carried as follows: -

	VOTES FOR	%	VOTES AGAINST	%	TOTAL VOTES
RESOLUTION 8	375,687,415	100.00	2,002	0.00	375,689,417

9. **ORDINARY RESOLUTION 9** **TO RE-ELECT DATO' HARIS ONN BIN HUSSEIN AS DIRECTOR**

The Chairman informed the Meeting that Dato' Haris Onn Bin Hussein is also retiring by rotation in accordance with Article 95 of the Company's Articles of Association and being eligible, has offered himself for re-election.

There being no questions, Resolution 9 was put to the Meeting for a vote and was duly passed. The poll results in respect of Resolution 9 was carried as follows: -

	VOTES FOR	%	VOTES AGAINST	%	TOTAL VOTES
RESOLUTION 9	375,674,817	100.00	16,200	0.00	375,961,017

10. **ORDINARY RESOLUTION 10** **TO RE-APPOINT MESSRS KPMG PLT AS AUDITORS OF THE COMPANY** **AND TO AUTHORISE THE DIRECTORS TO FIX THEIR REMUNERATION**

The Chairman informed the Meeting that Messrs KPMG PLT have expressed their willingness to accept re-appointment as Auditors of the Company, to hold office until the conclusion of the next Annual General Meeting. The Board recommends the re-appointment of KPMG PLT as Auditors of the Company based on the Audit Committee's review of their performance and the effectiveness of their audit process.

There being no questions, Resolution 10 was put to the Meeting for a vote and was duly passed. The poll results in respect of Resolution 10 was carried as follows: -

	VOTES FOR	%	VOTES AGAINST	%	TOTAL VOTES
RESOLUTION 10	375,688,215	100.00	3,002	0.00	375,691,217

SPECIAL BUSINESS

The Chairman informed the Meeting that in line with the Principles of the 2017 Malaysian Code on Corporate Governance, the following ordinary resolution numbered 11 has been proposed to seek shareholders' approval to retain Dato' Haris Onn bin Hussein who has served on the Board for more than nine years but less than twelve years to continue serving as an Independent Non-Executive Director of the Company.

**11. ORDINARY RESOLUTION 11
TO RETAIN DATO' HARIS ONN BIN HUSSEIN
AS AN INDEPENDENT NON-EXECUTIVE DIRECTOR OF THE COMPANY**

There being no questions, the following Resolution 11 was put to the Meeting for a vote and was duly passed.

“ That subject to the passing of Ordinary Resolution 9, approval be and is hereby given to Dato' Haris Onn bin Hussein as Director, who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine years, to continue to serve as an Independent Non-Executive Director of the Company.”

The poll results in respect of Resolution 11 was carried as follows: -

	VOTES FOR	%	VOTES AGAINST	%	TOTAL VOTES
RESOLUTION 11	375,687,815	100.00	17,702	0.00	375,705,517

LETTER FROM MINORITY SHAREHOLDER WATCHDOG GROUP (“MSWG”) DATED 15 MAY 2018

Question 1 from MSWG: -

In relation to the share of results of associated companies as stated on page 21 of the Annual Report, please explain the following:-

- i. Is the Group’s share of net losses incurred by associates expected to increase in 2018 and what is the estimated percentage increase?
- ii. What was Sule Shangri-La Yangon’s occupancy rate and average room rate for 2017?

The Company’s REPLY is:

In 2017, the Group’s share of results from associated companies in Myanmar was a net loss of RM5.233 million, mainly attributable to the net fair value losses of RM5.953 million from the year-end revaluation of the investment properties held by its associates. The investment properties are in respect of the serviced apartments and the Sule Square, a commercial complex held by Shangri-La Yangon Company Ltd and Traders Square Company Ltd respectively.

The Group’s share of results from associated companies for 2018 will be dependent on two factors namely (1) the independent external valuation of the investment properties to be performed at the end of 2018, and (2) the performances of the three operating assets owned by the Group’s associates in the current difficult business environment.

The overall occupancy of Sule Shangri-La Yangon, the Group’s 23.53% associate hotel for 2017 was 48% with an average room rate of around USD130, reflecting continuing weakness in the local hotel market as a result of slower business and tourist arrivals.

Question 2 from MSWG: -

On page 28 of the Annual Report, it is stated that Hotel Jen Penang has suffered pre-tax losses for 2016 and 2017. When is Hotel Jen Penang expected to breakeven?

The Company’s REPLY is:

In years 2017 and 2016, Hotel Jen Penang posted losses at the pre-tax level as its business operations were disrupted by the major renovation of all its guestrooms that began in July 2016, coupled with the impact of a significant charge to write-off certain fixed assets relating to the renovation programme.

With the successful completion of the renovation programme at the end of June 2017 and supported by an encouraging rebound in corporate business, the hotel is expected to make a pre-tax profit for the financial year 2018.