

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

SUMMARY OF KEY MATTERS DISCUSSED AT THE 46TH 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, 18 May 2017 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 2016 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 12 May 2017. 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, a shareholder raised two questions which were duly answered by Madam Kuok Oon Kwong, the Managing Director and Mr Tay Keng Hock, the Regional Financial Controller.

He enquired about the ongoing guestroom renovation programme at Hotel Jen Penang and the resultant impact on the hotel's performance. He also asked whether the effects of currency translation on the Group's US dollar loans to its associates in Myanmar, and the changes in fair value of the investment properties held by the associates recorded in the Group's income statement in 2016 were non-cash items.

Madam Kuok Oon Kwong said that the renovation of the guestrooms at Hotel Jen Penang is making good progress and is expected to be completed in the middle of 2017. The hotel's guestrooms were last renovated about 14 years ago and were in need of a major upgrade to enable the hotel to compete more effectively in a highly competitive marketplace. Inevitably, the hotel's operating performance in 2017 will be disrupted by the renovation work to the guestrooms.

Mr Tay Keng Hock confirmed that both the translation impact of foreign exchange rate movements on the Group's US dollar loans to associates and the fair value changes on the revaluation of investment properties held through associates are non-cash items and therefore do not affect the Group's cash flow.

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 | 378,553,141 | 100.00 | 0 | 0.00 | 378,553,141 |

ORDINARY BUSINESS

2. **ORDINARY RESOLUTION 2** **TO APPROVE THE PAYMENT OF A FINAL SINGLE-TIER DIVIDEND** **OF 11 SEN PER SHARE FOR THE YEAR ENDED 31 DECEMBER 2016**

The Chairman informed the Meeting that the Directors have recommended the payment of a final single-tier dividend of 11 sen per share for the year ended 31 December 2016. Together with the interim single-tier dividend of 3 sen per share paid in November 2016, the total dividend for the financial year 2016 amounted to 14 sen, unchanged from 2015.

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 | 378,552,491 | 100.00 | 0 | 0.00 | 378,552,491 |

3. **ORDINARY RESOLUTION 3** **TO APPROVE THE PAYMENT OF DIRECTORS' FEES** **FOR THE YEAR ENDED 31 DECEMBER 2016**

The Chairman informed the Meeting that the total Directors' fees payable for the year ended 31 December 2016 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 | 378,553,541 | 100.00 | 1,000 | 0.00 | 378,554,541 |

4. **ORDINARY RESOLUTION 4** **TO RE-ELECT KUOK OON KWONG AS DIRECTOR**

The Chairman informed the Meeting that Madam Kuok Oon Kwong is 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 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 | 378,557,541 | 100.00 | 100 | 0.00 | 378,557,641 |

5. **ORDINARY RESOLUTION 5** **TO RE-ELECT DATO' SERI ISMAIL FAROUK ABDULLAH AS DIRECTOR**

The Chairman informed the Meeting that Dato' Seri Ismail Farouk Abdullah 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 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 | 335,622,341 | 99.78 | 732,500 | 0.22 | 336,354,841 |

ORDINARY BUSINESS

6. **ORDINARY RESOLUTION 6** **TO RE-ELECT DATUK SUPPERAMANIAM A/L MANICKAM AS DIRECTOR**

The Chairman informed the Meeting that Datuk Supperamaniam a/l Manickam 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 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 | 335,610,941 | 99.78 | 740,750 | 0.22 | 336,351,691 |

7. **ORDINARY RESOLUTION 7** **TO RE-ELECT TAN YEW JIN AS DIRECTOR**

The Chairman informed the Meeting that Mr Tan Yew Jin 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 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 | 378,508,891 | 100.00 | 10,250 | 0.00 | 378,519,141 |

8. **ORDINARY RESOLUTION 8** **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 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 | 378,552,391 | 100.00 | 2,150 | 0.00 | 378,554,541 |

SPECIAL BUSINESS

The Chairman informed the Meeting that in accordance with recommendation 3.3 of the Malaysian Code on Corporate Governance 2012, the following ordinary resolutions numbered 9 to 12 have been proposed to seek shareholders' approval to retain Dato' Seri Ismail Farouk Abdullah, Datuk Supperamaniam a/l Manickam, Dato' Dr Tan Tat Wai and Dato' Haris Onn bin Hussein who have each served on the Board for more than nine years to continue serving as Independent Non-Executive Directors of the Company, to fulfill the Listing Requirements of Bursa Malaysia.

9. **ORDINARY RESOLUTION 9
TO RETAIN DATO' SERI ISMAIL FAROUK ABDULLAH
AS AN INDEPENDENT NON-EXECUTIVE DIRECTOR OF THE COMPANY**

There being no questions, the following Resolution 9 was put to the Meeting for a vote and was duly passed.

“ That subject to the passing of Ordinary Resolution 5, approval be and is hereby given to Dato' Seri Ismail Farouk Abdullah, 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 9 was carried as follows: -

| | VOTES FOR | % | VOTES AGAINST | % | TOTAL VOTES |
|--------------|-------------|-------|---------------|------|-------------|
| RESOLUTION 9 | 335,612,741 | 99.77 | 758,000 | 0.23 | 336,370,741 |

10. **ORDINARY RESOLUTION 10
TO RETAIN DATUK SUPPERAMANIAM A/L MANICKAM
AS AN INDEPENDENT NON-EXECUTIVE DIRECTOR OF THE COMPANY**

There being no questions, the following Resolution 10 was put to the Meeting for a vote and was duly passed.

“ That subject to the passing of Ordinary Resolution 6, approval be and is hereby given to Datuk Supperamaniam a/l Manickam, 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 10 was carried as follows: -

| | VOTES FOR | % | VOTES AGAINST | % | TOTAL VOTES |
|---------------|-------------|-------|---------------|------|-------------|
| RESOLUTION 10 | 335,611,091 | 99.78 | 743,250 | 0.22 | 336,354,341 |

SPECIAL BUSINESS

11. **ORDINARY RESOLUTION 11** **TO RETAIN DATO' DR TAN TAT WAI** **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 approval be and is hereby given to Dato' Dr Tan Tat Wai, 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 | 378,529,441 | 100.00 | 10,200 | 0.00 | 378,539,641 |

12. **ORDINARY RESOLUTION 12** **TO RETAIN DATO' HARIS ONN BIN HUSSEIN** **AS AN INDEPENDENT NON-EXECUTIVE DIRECTOR OF THE COMPANY**

There being no questions, the following Resolution 12 was put to the Meeting for a vote and was duly passed.

“ That approval be and is hereby given to Dato' Haris Onn bin Hussein, 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 12 was carried as follows: -

| | VOTES FOR | % | VOTES AGAINST | % | TOTAL VOTES |
|---------------|-------------|--------|---------------|------|-------------|
| RESOLUTION 12 | 378,524,941 | 100.00 | 11,100 | 0.00 | 378,536,041 |

LETTER FROM MINORITY SHAREHOLDER WATCHDOG GROUP (“MSWG”) DATED 12 MAY 2017

Question 1 from MSWG: -

We noted that the renovations to the ballroom, function rooms and all-day dining restaurant at Shangri-La Hotel Kuala Lumpur were completed in February 2017. It was also stated in the Chairman’s Statement that the renovation would have a positive impact on the Company’s revenue in FY2017.

Has the Board seen any positive impact to the business for the food & beverage operations since the completion of the renovations?

The Company’s REPLY is:

The renovation of the hotel’s ballroom, function rooms and its all-day dining restaurant, *Lemon Garden Café*, which began in November 2016 was successfully completed at the end of February 2017. Since re-opening, the improved facilities have received very encouraging response from the market.

In March 2017, the newly renovated *Lemon Garden Café* achieved a growth of 43% in revenue, as compared to the same month last year, driven by a strong increase in covers and average checks. The all-day dining restaurant continues to enjoy good patronage from both hotel guests and from the local community.

Banqueting revenue for March 2017 grew by 21%, compared with the same month last year, with increased business from corporate functions and social events. For the remainder of 2017, the hotel’s upgraded banqueting facilities should be able to generate additional business in line with the continuing healthy booking pace.

Question 2 from MSWG: -

We noted from the Financial and Operations Review that the operating performance of Hotel Jen Penang in FY2017 will be dampened by the ongoing major guestroom renovation programme.

How significant would the renovation be expected to impact the operating performance of the hotel for FY2017?

Would there be any other renovation works to be carried out in FY2017 apart from renovation works at Hotel Jen Penang and if yes, what would be the estimated expenditure for the renovation works?

The Company’s REPLY is:

At Hotel Jen Penang, the phased renovation of all guestrooms which started in July 2016 is making steady progress, with 127 guestrooms completed by end-December 2016. The remaining two phases covering 316 guestrooms are well underway with completion due in mid-2017.

With most of the hotel’s rooms being out of saleable inventory from January to June 2017, the overall occupancy of the hotel for the six-month period is projected to drop to around 51%, versus 62% in the period prior to renovations from January to June 2016.

Aside from the renovations at Hotel Jen Penang, there are no major renovations taking place at the other Group hotels during 2017, except for a soft refurbishment of two food and beverage outlets at Rasa Ria Resort at an estimated cost of approximately RM3 million.

The Corporate Governance matter raised by MSWG reads:-

We noted that all independent Directors have served the Board for more than 10 years, exceeding the 9 years tenure recommended by the Malaysian Code on Corporate Governance 2017. They also serve as Chairman or member of the Board Committees.

We hope that the Board could address the issue in the Board’s succession planning process.

The Company’s REPLY is:

The Board recognises that board leadership succession is essential to good governance and to the long-term growth and success of the Company.

With this in mind, the Board regularly reviews its structure and composition so as to ensure it has the right balance of knowledge, skills and experience relevant to the Company’s strategic needs and future growth.

The Board, through the Nomination and Remuneration Committee has developed the recruitment specifications for new board candidates that would add value to the business, and has put into place a process to identify, recruit and select suitable candidates for the orderly succession of the Board in the near term.