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Form of Proxy

GROUP FINANCIAL HIGHLIGHTS

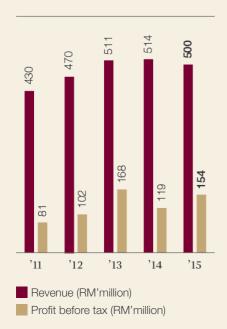
		2015	2014	2013	2012	2011
		RM'000	RM'000	RM'000	RM'000	RM'000
RESULTS						
Revenue		500,253	513,679	511,225	469,572	429,731
Exceptional item		-	_	29,744	_	_
Profit before tax		153,641	119,497	168,181	102,470	80,838
Profit attributable to shareholders		129,686	79,340	130,367	67,389	55,768
Dividend-net		61,600	52,800	79,200	44,000	29,700
KEY BALANCE SHEET DATA						
Issued capital		440,000	440,000	440,000	440,000	440,000
Total assets employed		1,420,160	1,278,976	1,283,214	1,132,019	1,088,714
Shareholders' equity		1,031,865	954,979	954,839	868,932	833,721
Net borrowings		41,717	29,211	17,763	32,449	47,543
PER SHARE DATA						
Net earnings per share	(sen)	29.47	18.03	29.63	15.32	12.67
Net assets per share	(RM)	2.35	2.17	2.17	1.97	1.89
Dividend-gross	(sen)	14.0	12.0	18.0	10.0	9.0
FINANCIAL RATIOS						
Return on shareholders' equity	(%)	12.6	8.3	13.7	7.8	6.7
Return on total assets	(%)	9.1	6.2	10.2	6.0	5.1
Net borrowings to shareholders' equity	(%)	4.0	3.1	1.9	3.7	5.7

NOTE

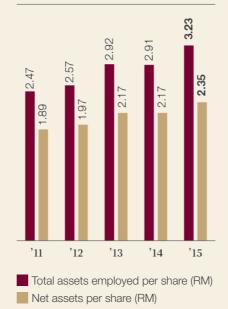
Dividends of RM61.600 million for the financial year ended 31 December 2015 consist of (a) the interim single-tier dividend of 3 sen per share paid on 17 November 2015 amounting to RM13.200 million and (b) the proposed final single-tier dividend of 11 sen per share amounting to RM48.400 million. The proposed final single-tier dividend of 11 sen per share for the financial year ended 31 December 2015 is subject to shareholders' approval at the Annual General Meeting of the Company to be held on 18 May 2016.

GROUP FINANCIAL HIGHLIGHTS

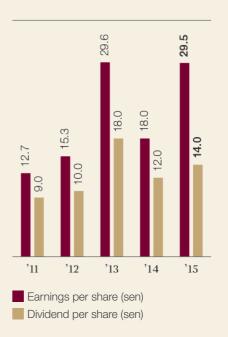
REVENUE & PROFIT BEFORE TAX



TOTAL ASSETS EMPLOYED PER SHARE & NET ASSETS PER SHARE



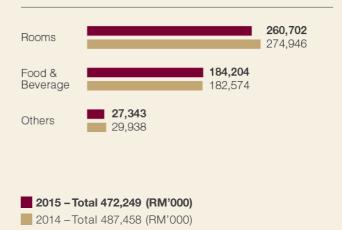
EARNINGS PER SHARE & DIVIDEND PER SHARE



REVENUE BY SEGMENT



REVENUE OF HOTELS & RESORTS BY DEPARTMENTS



DEAR SHAREHOLDERS

On behalf of the Board of Directors, I am pleased to present the annual report of Shangri-La Hotels (Malaysia) Berhad for the financial year ended 31 December 2015.

GROUP RESULTS

For the full year, our Group posted a 3% decrease in revenue to RM500.253 million from RM513.679 million in 2014. Group pre-tax profit, however, improved by 29% to RM153.641 million, compared with RM119.497 million the year before.

Net profit attributable to shareholders for 2015 was RM129.686 million, up 63% from the prior year's profit of RM79.340 million, while earnings per share rose to 29.47 sen from 18.03 sen in 2014.

The 2015 result included a net non-operating gain of RM20.771 million, as compared to a net non-operating charge of RM7.787 million in 2014. Non-operating items in 2015 comprised a RM1.711 million net fair value gain on our investment properties in Kuala Lumpur, and our share of a net fair value gain of RM19.060 million in respect of the investment properties held through our associates in Myanmar.

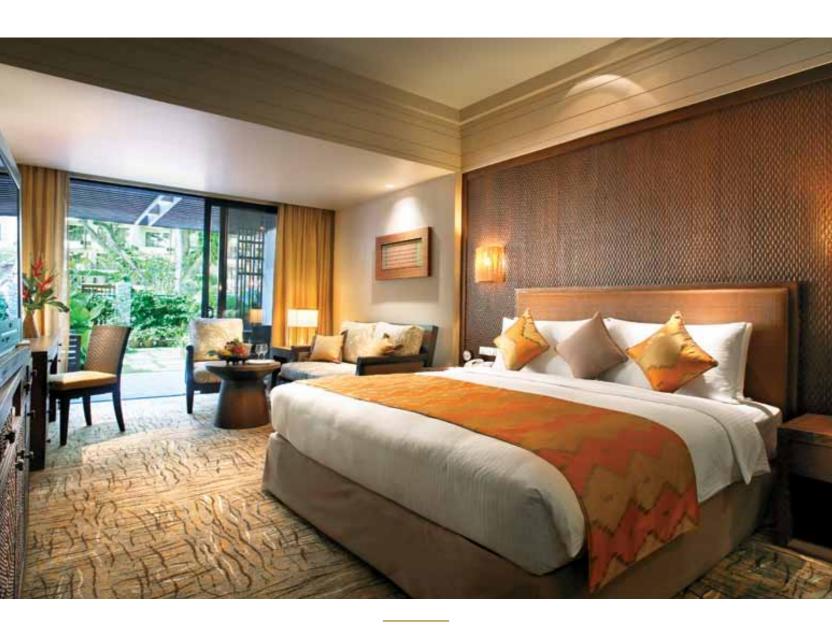
Excluding non-operating items, the operating net profit for 2015 was RM108.915 million, an increase of 25% compared with 2014. The improvement was driven mainly by unrealised foreign exchange translation gains on our Group's US dollar loans to our associates in Myanmar, and by a reduced tax charge mainly due to the availability of tax incentives for a subsidiary hotel. Together, these helped to offset the impact on earnings of decreased profit contributions from most of our hotel businesses.

Our Group balance sheet position at 31 December 2015 remained strong, with net assets attributable to shareholders increasing to RM1.032 billion from RM954.979 million at end-2014, representing a net asset value per share of RM2.35, as against RM2.17 at the previous year end.

As at 31 December 2015, our net gearing level was 4%, compared to 3% as at the end of the previous year.



Rasa Ria Resort & Spa



Rasa Wing Deluxe Room, Rasa Sayang Resort & Spa

DIVIDENDS

Taking into consideration the overall financial results for 2015, your Board proposes a final single-tier dividend of 11 sen per share. When taken together with the interim single-tier dividend of 3 sen per share paid in November last year, this brings the total dividend for 2015 to 14 sen per share, compared to a total of 12 sen per share for the financial year 2014.

The proposed final single-tier dividend of 11 sen per share, if approved at the Annual General Meeting of the Company to be held on 18 May 2016, will be paid to shareholders on 30 June 2016.

PERFORMANCE REVIEW

As a whole, our hotels faced significant challenges in 2015, resulting from a weakening of demand from both the leisure and corporate travel markets in slower economic conditions. Coupled with stiff competition in the markets in which they operate, this put pressure on occupancy and average room rates, leading to a decline in overall revenues and profits at all our hotels except Rasa Sayang Resort.

Shangri-La Hotel Kuala Lumpur saw its revenue decrease by 2% to RM187.593 million following a reduction in occupancy to 70% from 77% in 2014. The hotel ended the year with a pre-tax profit of RM45.416 million, 2% lower than in the previous year.

At Rasa Ria Resort, occupancy slipped to 63% from 70% in 2014, in line with a slowdown in leisure arrivals from its key markets, with revenue decreasing by 3% to RM114.099 million. The resort reported a pre-tax profit of RM24.303 million for 2015, 2% below that of 2014.

The results from Golden Sands Resort were similarly affected by a shortfall in leisure demand, with occupancy decreasing to 70% in 2015 from 76% in 2014. This led to a 13% drop in revenue to RM52.766 million, while pre-tax profit for 2015 fell to RM10.784 million, a reduction of 38% on the prior year.

There was also a subdued performance by Hotel Jen Penang due to a decline in business from the corporate market. The hotel registered a fall in occupancy from 83% in 2014 to 71% in 2015, which contributed to a 19% decrease in revenue to RM35.058 million. The hotel's pre-tax profit in 2015 was down to RM3.625 million from RM8.697 million in 2014.

Conversely, Rasa Sayang Resort performed better, supported by an increase in occupancy to 67% versus 53% in 2014 when the resort's operations were disrupted by the renovation work to its Garden Wing guestrooms. Revenue from the resort grew by 11% to RM77.625 million during the year, resulting in a 35% rise in pre-tax profit from RM12.061 million in 2014 to RM16.252 million.

For 2015, our investment properties in Kuala Lumpur recorded a combined rental revenue of RM24.901 million, up 5% on 2014, reflecting an enhanced contribution from UBN Tower on the back of higher occupancy and rental rates. Excluding fair value gains, their combined pre-tax profit for 2015 was RM15.993 million, 7% more than in 2014.

Our share of results from associates in 2015 was a profit of RM27.419 million, compared to a loss of RM1.322 million the previous year.

In 2015, our share of profits from associates included net fair value gains of RM19.060 million from the Shangri-La Serviced Apartments held by Shangri-La Yangon Company Ltd, and from Sule Square, the commercial project owned by Traders Square Company Ltd which is currently under development. The Sule Square project is expected to complete in the third quarter of 2016.

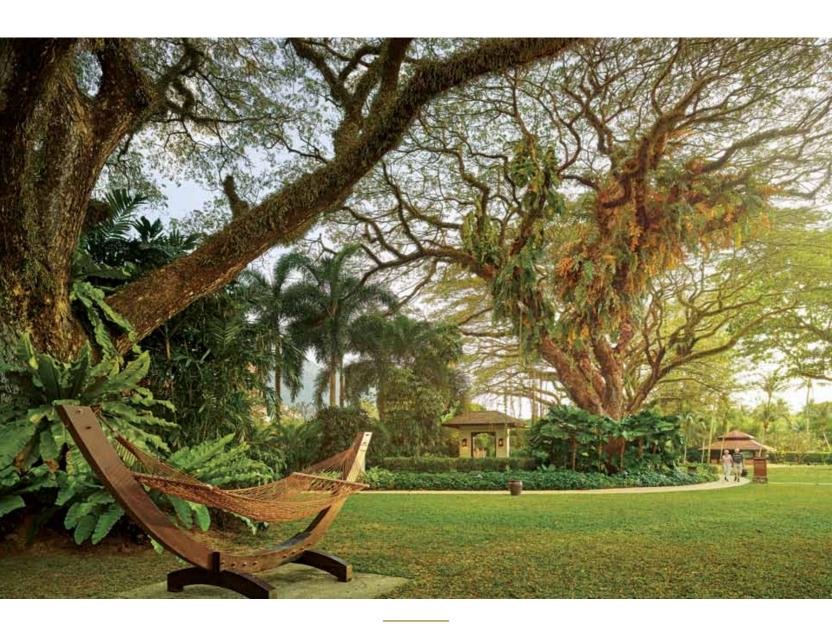
INITIATIVES AND STRATEGIC DEVELOPMENT

In an increasingly challenging and competitive operating environment, we are intensifying our efforts to build a more robust and resilient business that delivers sustained growth in shareholder value over the long term.

To further improve the performance of our portfolio of hotels, we are stepping up our marketing activities across all key and emerging high-growth markets, as well as leveraging effectively on our global network and marketing expertise, our strong brands and our business relationships.

At the same time, we are sharpening our marketing focus so as to ensure that our hotels maintain and reinforce their strong competitive positions, and are well placed to take advantage of growth opportunities in their individual markets.

Responding to rising cost pressures, we are increasing our efforts to drive greater benefits from our ongoing cost optimisation and efficiency programmes, as well as from our procurement activities.



Rasa Sayang Resort & Spa

In addition, we are developing and enhancing our technology platforms in order to support our growth and to increase the efficiency of our operations. Meanwhile, we continue to keep capital expenditure under close review and maintain strict discipline in the way we invest in the future growth of our portfolio.

In our pursuit of business success, we focus on strengthening the capabilities and performance of our people through a comprehensive range of effective learning and training activities, as well as high quality management and leadership development programmes in all areas of operation. In tandem with this, we strive to create a healthy and positive work environment and to improve the overall standards of health, safety and welfare for our people.

To keep us at the forefront of the industry, we continue to enhance the quality of our portfolio of hotels and investment properties, while simultaneously creating value for our customers through product and service innovations. Above all, we are dedicated to meeting the ever-evolving needs of our guests and customers, and we constantly work to deliver the highest quality of service standards across all of our business activities.

In 2016, we will embark on a major programme to upgrade all the guestrooms at Hotel Jen Penang to enable the hotel to compete effectively in the marketplace. The renovation programme is expected to begin in the middle of 2016 and it will take approximately 12 months. Once complete, the improved product will provide the hotel with a platform for achieving stronger growth and higher returns in the future.

We are also undertaking an extensive renovation of the ballroom, function rooms and pre-function areas at Shangri-La Hotel Kuala Lumpur, which is planned to commence in the latter part of 2016. In addition, the hotel's coffee shop is scheduled to undergo full renovation starting in the third quarter of 2016.

At the heart of our group is a commitment to operating our business in the most responsible and sustainable way possible. To this end, we aim to build on and enhance the meaningful and positive impact we make through our Group-wide corporate responsibility, community support and sustainability programmes and initiatives.

We also remain committed to maintaining and promoting high standards of corporate governance, integrity and ethical management throughout the organisation, which are crucial to ensuring our future as a successful and sustainable company.

OUTLOOK

Given the prevailing economic climate and the uncertain business environment, demand trends in both corporate and leisure travel are likely to continue to be slow. Nevertheless, our hotels and resorts are well positioned to benefit strongly from any improvements in the market.

As for our investment properties in Kuala Lumpur, we expect the performance of UBN Tower to stay largely stable as the prime office rental market should hold steady over the course of 2016. However, the overall outlook for UBN Apartments remains weak due to the combined effects of market oversupply and a growing lack in demand.

APPRECIATION

On behalf of the Board, I would like to take the opportunity to thank every one of our employees for their outstanding efforts during a challenging year. Their absolute dedication, commitment and hard work are the driving force behind our continued success.

As ever, my appreciation also goes to my colleagues on the Board for their valuable contributions and guidance throughout 2015.

Finally, I also wish to thank all our shareholders for your unfailing support.

Thank you.

Tan Sri A. Razak bin Ramli Chairman 12 April 2016

OPERATIONS REVIEW

HOTELS

Shangri–La Hotel Kuala Lumpur reported a decrease in operating results in 2015 largely due to a reduced contribution from rooms business as a result of lower occupancy levels. Although revenue was down 2% to RM187.593 million from RM192.224 million the year before, effective operating cost–control measures helped to cushion a fall in pre–tax profit, which dipped to RM45.416 million compared with RM46.234 million in 2014.



Lobby Lounge, Shangri-La Hotel Kuala Lumpur

Weaker corporate demand pushed the hotel's room occupancy down to 70% from 77% the previous year. Room night bookings slipped in most corporate segments, especially the corporate group and individual segments of Malaysia, Australia and Singapore. There was also a drop in room night bookings from the leisure group and individual segments of Malaysia and the UK. Nevertheless, the hotel succeeded in increasing its average room rate, though this was not enough to outweigh the decline in revenue caused by the fall in occupancy levels. As a result, total room revenue in 2015 eased by 7% to RM85.711 million from RM92.514 million, and profit was also down 7% to RM67.681 million as against RM72.973 million in 2014.

Meanwhile, the hotel's food and beverage revenue for 2015 advanced by 3% to RM96.150 million from RM93.626 million in 2014, and profit rose by 8% to RM39.969 million from RM37.100 million. The improvement was driven mainly by stronger banqueting business which saw a healthy growth in both covers and average checks, underpinned by a higher number of government meetings, corporate events and social functions. This was partially offset, however, by a lower contribution from the hotel's food and beverage outlets due to a drop in covers, especially in the coffee shop, $Lemon\ Garden\ Caf\acute{e}$, Arthur's $Bar\ \mathcal{E}\ Grill\ and\ Lafite$.

In 2015, the hotel's reputation for its high quality service and facilities was further reinforced. It was acknowledged as the *Best City Hotel in Kuala Lumpur* by the readers of TTG Asia, a leading travel trade magazine at the 26th Annual TTG Travel Awards 2015; it was named one of the *Best Business Hotels in Kuala Lumpur* in the 2015 Business Traveller Asia-Pacific Awards; and it was voted one of the *Top 25 Hotels in Malaysia* by TripAdvisor in its 2015 Travellers' Choice Awards.

To further enhance the hotel's leadership position and competitiveness in the food and beverage market, the ballroom, function rooms and pre-function areas will undergo a major renovation with works scheduled to start in the later part of 2016. In addition, upgrading works at the hotel's coffee shop, *Lemon Garden Café* will begin sometime in the third quarter of 2016.

The hotel's key aim in 2016 will be to further expand its customer base in its key corporate markets of Malaysia, Singapore, Australia and the UK. It will also focus on growing its business in the meeting and convention market, targeting the banking and finance, pharmaceutical and medical sectors mainly from Malaysia, Singapore and China. That apart, the hotel will intensify its upselling activities and aggressively promote its Horizon guestrooms and suites to further maximise room yield. Similarly, to boost its leisure business, it will introduce more value-added packages and promotions to stimulate demand from the key markets of the UK, Australia, the Middle East, China and Japan. It will also continue to focus on driving weekend business from Malaysia and Singapore.

For the food and beverage business, the hotel will introduce new and innovative food concepts and launch more attractive promotions for its outlets, while simultaneously forging ahead with the promotion of its loyalty food and beverage programme to the local community to spur repeat business for the outlets. In addition, to grow its banqueting and outside catering business the hotel will step up its sales and marketing activities so as to secure more high profile conventions, high rated corporate events, government functions, weddings and social events.

OPERATIONS REVIEW

HOTELS

A weak corporate travel market coupled with strong competition made 2015 a challenging year for **Hotel Jen Penang**. Total revenue fell by 19% to RM35.058 million from RM43.148 million in 2014, and pre-tax profit dropped by 58% to RM3.625 million from RM8.697 million the prior year.



Horizon Club, Shangri-La Hotel Kuala Lumpur

Room occupancy in 2015 declined to 71% from 83% owing to lower room night bookings mainly from the long stay and corporate group segments. Meanwhile, stiff pricing pressure resulted in a drop in average room rates in most market segments, especially the corporate group and leisure group segments. Total room revenue was down 22% to RM24.077 million in 2015 from RM30.810 million, and room profit decreased by 25% to RM17.641 million compared with RM23.524 million in 2014.

The hotel's food and beverage business operations also delivered weaker results mainly due to a reduced contribution from banqueting as intense competition pushed down average checks. In addition, the hotel's food and beverage outlets saw a fall in covers particularly at the coffee shop, *Islander* and *Lobby Lounge*. As a result, the hotel's food and beverage revenue for 2015 eased by 11% to RM9.465 million from RM10.676 million in 2014 and profit dropped by 16% to RM2.144 million from RM2.547 million.

In 2016, the hotel will focus its sales and marketing activities on growing business volumes from its key corporate markets of Malaysia, Japan and Singapore. Meanwhile, greater emphasis will be placed on building the corporate customer base in both the electrical and electronics sector and the banking sector. At the same time, the hotel will focus on winning new business in the long stay segment and further developing its customer base in the meeting and incentive segment from Malaysia and Singapore. The hotel will also strive to maximise room yield through a more effective rate management strategy combined with up-selling efforts. At the same time, it will improve cost efficiency in all areas of operation.

To boost food and beverage business at the outlets, new and innovative food concepts and promotions will be introduced. Attractive packages will also be rolled out designed to secure more corporate and social events for the banqueting and outdoor catering business.

In order to stay ahead of competition, the hotel will embark on a major renovation programme for all its guestrooms. The programme will be carried out in phases and is scheduled to start in the middle of 2016. Unavoidably, the renovation work will have a negative impact on the hotel's operating performance in 2016.

OPERATIONS REVIEW

RESORTS

In 2015, **Rasa Sayang Resort** achieved better operating results than in the previous year when its business operations were held back by renovations to the Garden Wing guestrooms. Revenue climbed by 11% to RM77.625 million from RM69.707 million in 2014, while pre-tax profit was up 35% to RM16.252 million compared with RM12.061 million the year before.



Rasa Sayang Resort & Spa

During the year, the resort grew its occupancy to 67% from 53%, on the back of higher room night bookings mainly in the leisure individual and group segments from the Middle East, Malaysia and the UK. As a result, total room revenue climbed 15% to RM48.021 million from RM41.699 million, and profit gained 16% to RM39.097 million from RM33.654 million in 2014.

The rise in occupancy also helped to boost the resort's food and beverage business. Higher covers were recorded in most outlets, especially the coffee shop, *Spice Market Café* and *Feringgi Grill*. Banqueting business also did well, benefitting from an increase in social and corporate events. As a result, the resort's food and beverage revenue improved by 7% to RM25.506 million as against RM23.869 million the year before. The higher revenue coupled with effective control of operating costs enabled the resort's food and beverage profit to grow by 25% to RM11.169 million from RM8.960 million in 2014.

In 2015, the resort was ranked among the *Top 25 Hotels in Malaysia* by TripAdvisor in its 2015 Travellers' Choice Awards, and was also voted one of the *Top 25 Spa Hotels and Resorts in Asia* by Smart Travel Asia Magazine in its 2015 Best in Travel Poll.

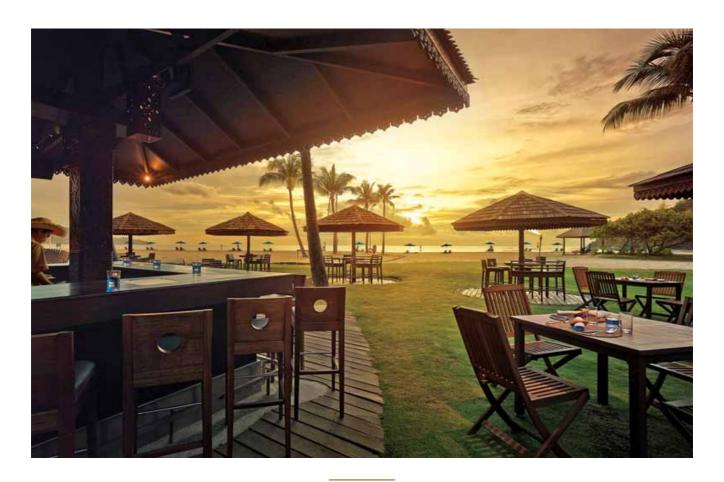
Looking ahead, in 2016 the resort will focus its sales and marketing initiatives on building business volumes from its key leisure markets of Australia, the UK, the Middle East and Malaysia, and on seizing new business opportunities in the emerging markets of China, India and Russia. In addition, greater efforts will be made to drive corporate meetings business from Malaysia, Singapore and Hong Kong, and the resort also aims to raise room yield through a more effective rate management strategy.

To further spur its food and beverage business, the resort will launch special food promotions as well as continuing its partnership with major credit card merchants so as to increase covers at the outlets. Meanwhile, in order to expand its banqueting and outdoor catering business, attractive value-added dining packages will be introduced to secure more high-rated corporate meetings, weddings and local catering.

OPERATIONS REVIEW

RESORTS

Golden Sands Resort recorded a weaker performance in 2015. Revenue declined by 13% to RM52.766 million from RM60.415 million in 2014, and pre-tax profit fell 38% to RM10.784 million as against RM17.394 million the year before.



Rasa Ria Resort & Spa

Softer leisure demand coupled with a lower average room rate led to a 12% drop in room revenue to RM36.893 million from RM41.977 million, while profit was down 14% to RM29.777 million from RM34.818 million in 2014. Occupancy decreased to 70% in 2015 from 76% the previous year due to a reduction in room night bookings mainly from the leisure individual and group segments of Australia, the UK and the Middle East. Meanwhile the average room rate eased by 4%, with lower rates being recorded in almost all segments, especially the leisure individual and group segments.

The drop in room occupancy also had a negative impact on the resort's food and beverage operations. Food and beverage revenue fell by 14% to RM13.574 million from RM15.839 million in 2014, and profit decreased by 31% to RM3.136 million from RM4.550 million the prior year. All outlets registered a decline in covers, especially the coffee shop, $Garden\ Cafe$ and $Sigi's\ Bar\ \mathcal{E}\ Grill$. The resort's banqueting business reported weaker results too, with a drop in the number of corporate events and social functions leading to reduced covers.

In 2015, the resort clinched the *Best Hotel Services* award in the 4-star resort category at the Malaysia Tourism Awards 2014/2015, as well as being ranked number five in the *Top 10 Hotels for Families in Malaysia* by TripAdvisor.

In 2016, the resort will focus its sales and marketing initiatives on driving business volumes from its key leisure markets of Malaysia, the Middle East, Australia and the UK, and will seek to secure higher business from the emerging markets of China and India. More efforts will also be made to boost corporate meeting and incentive business from Malaysia, Singapore and Hong Kong.

To strengthen the resort's food and beverage business, creative new food and beverage concepts and attractive food promotions will continue to be introduced to draw higher patronage at the outlets. Besides this, the resort will continue with its dining promotion partnerships with major credit card merchants so as to stimulate demand from the local community. In order to increase its banqueting and local catering business, appealing value-added dining packages will be launched, aimed at winning more corporate events, weddings and social functions.

In addition, greater efforts will be made to further improve service levels in all areas of operation.

OPERATIONS REVIEW

RESORTS

Rasa Ria Resort recorded lower operating results in 2015 reflecting a significant drop in visitor arrivals from its key leisure markets. Total revenue declined by 3% to RM114.099 million from RM117.033 million the prior year, and pre-tax profit eased by 2% to RM24.303 million from RM24.896 million in 2014.



Garden Wing Executive Sea View Room, Rasa Ria Resort & Spa

The resort's room occupancy in 2015 fell to 63% from 70% due mainly to lower room night bookings from its key leisure markets of Australia, the UK and Japan. There was also a reduction in the average room rate in most market segments, particularly the leisure group and individual segments. These factors combined to cause a 3% decrease in room revenue to RM66.000 million from RM67.946 million in 2014, while room profit moderated by 2% to RM57.249 million from RM58.574 million.

In tandem with lower occupancy levels, the resort's food and beverage outlets saw a fall in covers, in particularly at the coffee shop, *Garden Terrace* and *Coast*. In addition, banqueting operations experienced a decline in covers due to fewer corporate meetings and social events. Despite lower covers, food and beverage revenue increased by 2% to RM38.395 million from RM37.667 million in 2014 driven by higher average checks at the outlets. Coupled with improved cost efficiency, this resulted in a 21% growth in food and beverage profit from RM14.021 million to RM16.928 million.

Once again, in 2015 the resort garnered a number of prestigious and high-profile awards in recognition of the exceptional quality of its product and service. The resort gained the *Best Hotel Services* award in the 5-star resort category at the Malaysia Tourism Awards 2014/2015. It also won both the *Excellence in Hotel Services* award in the 5-star category and the *Best Spa Experience* award for the hotel/resort category at the Sabah Tourism Awards 2015.

Going forward, in 2016 the resort will redouble its efforts to drive higher business volumes from its key leisure markets of Australia, the UK, Japan and Korea. In addition, new and attractive packages will be introduced to boost leisure business, particularly from Malaysia and Singapore. The resort will also focus on securing higher-yield corporate meeting business, especially from Hong Kong and Singapore. At the same time, it will continue to concentrate on improving service quality and optimise operating efficiency throughout its operations.

OPERATIONS REVIEW

INVESTMENT PROPERTIES

The Group's investment properties delivered improved financial results in 2015, driven by a stronger contribution from UBN Tower on the back of higher average rental rates. The total combined rental revenue climbed 5% to RM24.901 million in 2015 from RM23.775 million the previous year, while the combined profit before tax, excluding fair value changes, advanced 7% to RM15.993 million from RM14.951 million in 2014.



In 2015, occupancy at UBN Tower increased slightly to 82% from the prior year while the average rental rate grew 3%, with higher rates being achieved for both new tenancies and renewals of existing tenancies. The new tenants secured in 2015 came mainly from the oil and gas sector and trading firms. Total rental revenue was up 6% to RM22.878 million in 2015 from RM21.554 million, while profit before tax improved by 10% to RM13.339 million in 2015 from RM12.095 million in 2014.

Trading conditions in the city centre's high-end apartment rental market remained weak in 2015, with newly launched condominiums adding to the oversupply and demand remaining sluggish owing to slower growth in the number of expatriates based in Kuala Lumpur. With a lower occupancy of 53% in 2015, overall revenue dropped in tandem by 9% to RM2.023 million from RM2.221 million in 2014, while profit before tax declined by 7% to RM2.654 million from RM2.856 million the previous year.

Looking ahead, the prime office rental market in Kuala Lumpur is expected to remain steady in 2016, which should help UBN Tower to perform reasonably well. However, the high-end apartment rental market in the city centre will see keener competition with the prevailing oversupply increasing further as more upscale apartments come on-stream at a time when demand is continuing to fall.

In 2016, marketing efforts will primarily focus on retaining tenants by building stronger relationships and boosting rental yields via a competitive rate strategy. At the same time, both properties will continue to concentrate on enhancing customer service, operating efficiency and the quality of maintenance and security.

CORPORATE STRUCTURE

Shangri-La Hotels (Malaysia) Berhad

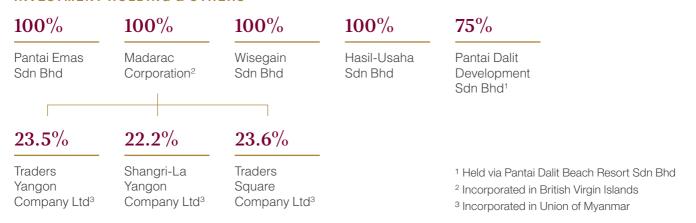
HOTELS & RESORTS

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

INVESTMENT PROPERTIES

100%	100%
UBN Tower	UBN Holdings Sdn Bhd

INVESTMENT HOLDING & OTHERS



FINANCIAL CALENDAR

Year 2016

24 FEBRUARY

Announcement of Audited Consolidated Results for the 4th Quarter and Financial Year ended 31.12.2015

18 MAY

Announcement of Unaudited Consolidated Results for the 1st Quarter ended 31.3.2016

26 APRIL

Issue of 2015 Annual Report

18 MAY

2016 Annual General Meeting to be held

6 JUNE

Entitlement Date for the proposed 2015 Final Dividend

30 JUNE

Payment Date for the proposed 2015 Final Dividend

Year 2015

19 MAY

Announcement of Unaudited Consolidated Results for the 1st Quarter ended 31.3.2015

4 NOVEMBER

Announcement of Unaudited Consolidated Results for the 3rd Quarter ended 30.9.2015

25 AUGUST

Announcement of Unaudited Consolidated Results for the 2nd Quarter ended 30.6.2015

17 NOVEMBER

2015 Interim Dividend Payment Date

26 OCTOBER

2015 Interim Dividend Entitlement 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*

Datuk Supperamaniam a/I Manickam*

Dato' Dr Tan Tat Wai*

Tan Yew Jin

AUDIT COMMITTEE

Dato' Seri Ismail Farouk Abdullah Chairman

Datuk Supperamaniam a/I 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

*Independent Non-Executive Directors

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

SOLICITORS

Chambers of Mai Kadir, Andri & Partners

AUDITORS

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

PRINCIPAL BANKERS

HSBC Bank Malaysia Berhad Malayan Banking Berhad RHB Bank Berhad

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

STOCK EXCHANGE LISTING

Bursa Malaysia Securities Berhad

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, Favelle Favco Berhad, Lafarge Malaysia Berhad and Hong Leong Bank Berhad. He is also a board member of 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 2015. Age 67.

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. 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 2015. Age 69.

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 thirty 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 2015. Age 56.

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 2015. Age 49.

DATO' SERLISMAIL 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 2015. Age 70.

DATUK SUPPERAMANIAM A/L MANICKAM

Malaysian, Independent Non-Executive Director

Datuk Supperamaniam a/I 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 an Adjunct Professor to the Management & Science University (MSU) Kuala Lumpur and is a Distinguished Fellow at the Institute of Strategic and International Studies (ISIS) Malaysia. He is also the Advisor to the China-ASEAN Research Institute of Guangxi University, China and the Asia-Pacific Research and Training Network on Trade, an open regional network composed of leading trade research institutions across the United Nations ESCAP (Economic and Social Commission of Asia and the Pacific) region. 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 2015. Age 71.

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 the CEO of Southern Steel Berhad, a post he held until 2013. In 1984, he was also appointed as a part time consultant to Bank Negara Malaysia for several years and occasionally consultant to World Bank and the United Nations University. Dato' Dr Tan is currently a Director of Southern Steel Berhad and also sits on the boards of Malayan Banking Berhad, Mayban Trustees Berhad and NSL Ltd, Singapore.

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 and now the Vice President of Lam Wah Ee Hospital, Penang.

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 all five Board meetings held in 2015. Age 69.

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 2015. Age 74.

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 2015 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 eight members, comprising six 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 27 to 30.

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 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.

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 25% 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 2015, 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 six 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.

However, as required by recommendation 3.3 of the 2012 Code, the Company will be seeking shareholder approval at its annual general meeting (AGM) to be held on 18 May 2016 to retain Dato' Dr Tan Tat Wai, Dato' Seri Ismail Farouk Abdullah, Datuk Supperamaniam a/I Manickam and Dato' Haris Onn bin Hussein, who have each served on the Board for more than nine years as independent non-executive directors of the Company.

Following a rigorous process of assessment during the year, the NRC and the Board determined that each of the four non-executive directors remain independent in character and judgement, and that there are no relationships or circumstances which are likely to affect their ability to exercise independent judgement.

Notwithstanding their length of service, and having given careful consideration to the matter, the Board is satisfied that each of them continues to demonstrate the qualities of independence and impartiality in carrying out their roles as non-executive directors.

Further, they bring an objective perspective to the Board's deliberations, and make strong contributions to Board decision-making through their varied and extensive experience, knowledge and skills, which are highly valued by the Board and are of significant benefit to the Company.

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 four non-independent directors (including the Chairman) and four independent directors. In keeping with its aim of maintaining and promoting high governance standards, the Board will endeavor to meet the recommendation of the 2012 Code when considering future Board appointments to further strengthen its composition.

Re-election of Directors

Under the Company's Articles of Association, all directors seek re-election at the first 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 45th AGM of the Company to be held on 18 May 2016 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 was held in 2015 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.

ATTENDANCE AT BOARD MEETINGS DURING THE YEAR ENDED 31 DECEMBER 2015

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
Datuk Supperamaniam a/I Manickam	5/5
Dato' Dr Tan Tat Wai	5/5
Tan Yew Jin	5/5

¹ Dato' Haris Onn bin Hussein was unable to attend one meeting because of a prior commitment which could not be rescheduled.

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 is 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 2015, a full day in-house training programme was organised for the directors covering a broad range of topics which included an update on the Malaysian and regional economies presented by an ASEAN economist, an overview of the Price Control and Anti-Profiteering Act 2011 and the Malaysian Income Tax (Transfer Pricing) Rules 2012 and Guidelines issued by the Inland Revenue Board of Malaysia.

Several of our directors also attended various external training programmes, including the following:

- ICLIF Leadership and Governance Centre: Board Chairman Series Leadership Excellence from the Chair
- ICLIF Leadership and Governance Centre: Board Chairman Series Tone from the Chair and Establishing Boundaries
- ICLIF Leadership and Governance Centre: Advanced Risk Governance and Risk Management
- CG Breakfast Series with Directors: Future of Auditor Reporting The Game Changer for Boardroom
- SIDC: The Interplay between Corporate Governance, Non-Financial Information and Investment Decision
- SIDC: Capital Market Director Programme for Equities and Futures Broking

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.

STATEMENT ON CORPORATE GOVERNANCE

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/I 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 2015. 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.

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/I 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.

STATEMENT ON CORPORATE GOVERNANCE

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 2015 is set out below.

CATEGORY	FEES & ALLOWANCES (RM)	SALARIES & BONUS (RM)	BENEFITS-IN-KIND (RM)	
Executive directors	cutive directors –		35,200	
Non-executive directors	272,750	_	-	
Total	tal 272,750		35,200	
AMOUNT OF REMUNERATION		EXECUTIVE DIRECTORS	NON-EXECUTIVE DIRECTORS	
Below RM50,000		_	6	
RM50,001 to RM100,000		_	1	
RM100,001 to RM950,000		_	_	
RM950,001 to RM1,000,000		1	_	
RM1,000,001 to RM1,050,00	0	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 54.

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 to achieve 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 38 to 41.

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 12 April 2016.

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 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.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

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.

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.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

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.

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. In addition, the IAD carries out detailed independent accounting inspections of financial records at least once a year to evaluate the effectiveness of the accounting and financial controls of the Group hotels and resorts. It also performs audits of new hotel development, hotel extension projects and renovation projects, focusing on tenders, procurement, project mobilisation and design approval processes.

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.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

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 2015, 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 for inclusion in the Annual Report of the Group for the year ended 31 December 2015, and reported to the Board that nothing has come to their attention that causes 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 12 April 2016.

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 appointment, remuneration, objectivity, independence and performance of the external auditor and
 the integrity of the audit process as a whole, including the appointment of the external auditor to supply non-audit
 services to the Group.

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/I 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 2015 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 and 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 2015 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

ACTIVITIES DURING THE YEAR

The main activities of the AC in 2015 are set out below. The AC:

- Reviewed the quarterly, half yearly and annual financial statements, including the application of accounting policies and judgements. The reviews undertaken focussed on the integrity and clarity of disclosures, and compliance with relevant financial reporting standards and relevant financial, legal and governance reporting requirements;
- 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 the status of follow-up 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 2015, 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 re-appointed. Acting on this recommendation, the Board agreed to recommend to shareholders at the Annual General Meeting in 2016 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 2015, the total cost of the internal audit services rendered by the IAD of the Company's ultimate holding company amounted to RM65,900.

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.

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.
- I. 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.

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, Hotel Jen Penang and UBN Tower have now modernised all their 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.

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 Hotel Jen Penang which will be replaced in 2017. 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 Hotel Jen Penang and Golden Sands have plans to convert in the near future.

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.

In January 2016, Shangri-La Hotel Kuala Lumpur, Rasa Ria Resort and Rasa Sayang Resort were once again honoured with the ASEAN Green Hotel Award. 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

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.

Since 2011, Rasa Sayang Resort and Golden Sands Resort in Penang and Rasa Ria Resort in Sabah have installed an in-house water purification system which 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.

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.

The highly successful *Orangutan Rehabilitation Support Programme*, jointly managed by the resort and the Sabah Wildlife Department since 1996 will come to a completion in April 2016. Over the course of 20 years, 43 orphaned orangutans successfully completed the first phase of their rehabilitation under the care of trained rangers within the nature reserve. The orangutans were then moved on to the next stage of the programme at the renowned Sepilok Orangutan Rehabilitation Centre which prepares them for eventual release into the wild. As well as providing specialist care for orphaned orangutans, the programme has helped to increase the public's understanding of the plight of these endangered primates.

Moving forward, the resort will continue to support nature conservation activities and plans both to enhance and expand the conservation programme at its Nature Interpretation Centre. The centre, 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 2015, there were 33,165 visitors, bringing the total number to 422,848 visitors since the nature reserve opened in 1996.

At Rasa Sayang Resort and Golden Sands Resort in Penang, the *Turtle Care Project* aims to demonstrate a commitment both to creating awareness of the need for turtle conservation and to increasing the survival rate of hatching turtles. An 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 made by the resorts for the *Turtle Care Project*.

The resorts' 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. The two resorts continued their bi-yearly environmental education programmes for school children from the local community. These include interactive and fun presentations followed by educational outdoor games, arts and crafts sessions using recycled materials, a beach clean-up, and a tour of the Eco Centre involving lively learning activities with a strong take-home message about what participants can do to help prevent turtles from becoming extinct. In 2015, 299 school children from the local community joined the resorts' Sea No Plastic and Getting to know PenYu programmes.

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

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 salaries 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.

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 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 2015, 33 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. As at the end of 2015, Shangri-La Hotel Kuala Lumpur and Hotel Jen Penang had exceeded the target while the other three hotels were still just short of 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.

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.

All our hotels and resorts have 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, Golden Sands Resort in December 2010 and Hotel Jen Penang in May 2015. 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.

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 and Hotel Jen Penang obtained OHSAS 18001 certification in March 2015, reflecting their commitment to maintaining and improving a safe and healthy work environment. 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.

Golden Sands Resort received the Excellence Award in the Hotel and Restaurant category at the National Occupational Safety & Health (NOSH) Award in November 2015. The NOSH Award is an annual event organised by the Occupational Safety and Health Council to acknowledge individuals, media, journalists and organisations from various industries with an outstanding record in implementing occupational safety and health management systems so as to ensure a safe and healthy workplace environment.

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 in 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.

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 the elderly 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 many less fortunate children from all over Malaysia who are in urgent need of critical life-saving medical treatments and artificial limbs. In 2015, through its annual fundraising initiatives and its own donations, the hotel sponsored heart surgery for 17 babies. Meanwhile, Rasa Sayang Resort sponsored heart surgery for three babies born with congenital heart defects under its *Embrace*, *Gift of Life Project*, and Golden Sands Resort sponsored artificial limbs for 18 recipients under its *Embrace*, *Gift of Limb Project*. Hotel Jen Penang has sponsored treatment at local hospitals for three children suffering from cancer under its *Embrace*, *Gift of Hope Project*.

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

In 2015, Hotel Jen Penang established a new Embrace partner, the Handicapped Children's Centre, a learning centre for youngsters with special needs. The projects jointly organised by the hotel and the centre were all designed to improve counting and cognitive skills, enhance learning abilities, and encourage independence.

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.

THE COMMUNITY (cont'd)

In September 2015, Rasa Ria Resort adopted SK Lapasan, a primary school located in Telipok, about 8 km from the resort. The school serves about 300 students aged between five and 12 years old, many from low-income families. During the course of the five-year support programme, the resort will be implementing a comprehensive plan to create a more conducive learning environment for the children. So far, this has included addressing deficiencies in the school's infrastructure through such projects as the construction of a multipurpose hall where students can congregate, improvements to the school's sports field, and the repair and maintenance of the school's facilities and electrical appliances. Going forward, the resort will also be supporting the school and its students through such initiatives as bursary awards, books sponsorship and the sponsorship of a meal a day for underprivileged students.

Since 2012, Rasa Ria Resort has also been supporting SMK Sri Nangka, a secondary school in Tuaran with about 800 students living mainly in fishing villages within the Tuaran District. In 2015 Rasa Ria Resort continued to sponsor a daily meal for 30 underprivileged students at SMK Sri Nangka. 80 students benefited from books sponsorship and 30 were rewarded with book vouchers for excelling in their school examinations. In addition, the four students who received scholarships in 2012 to pursue a Diploma in Culinary Arts and a Diploma in Pastry Arts at a local college in Kota Kinabalu graduated and are currently working at the resort. Two more students were awarded scholarships in 2015 to pursue a Diploma in Hotel Management.

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. We are committed to working with business partners who share our values and whenever possible our hotels source from local suppliers and select eco-friendly products.

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.

EXTERNAL RECOGNITION

SHANGRI-LA HOTEL KUALA LUMPUR

- ASEAN Green Hotel Award 2016
- 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 2016
- 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

- National Occupational Safety and Health Award 2015 (Excellence Award Hotel and Restaurant Category)
- Prime Minister's Hibiscus Award 2002/2003 for Notable Achievement in Environmental Performance

RASA RIA RESORT

- ASEAN Green Hotel Award 2016
- ASEAN Green Hotel Award 2014
- National Occupational Safety and Health Award 2014 (Excellence Award Hotel and Restaurant Category)
- SOCSO Malaysia Return to Work Awards 2011 (Gold Award)
- ASEAN Green Hotel Award 2010
- Prime Minister's Hibiscus Award 2000/2001 for Notable Achievement in Environmental Performance

HOTEL JEN PENANG

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

ADDITIONAL COMPLIANCE INFORMATION

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 2015 amounted to RM289,370.

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 tax advisory services, as well as services rendered for the approval application process 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	262,370
KPMG	27,000
Total	289,370

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 2015, 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 2015

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 2015 on pages 65 to 125, 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.

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for the year ended 31 December 2015

The Directors have pleasure in submitting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2015.

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	COMPANY
	RM'000	RM'000
Profit attributable to:		
Shareholders of the Company	129,686	65,406
Non-controlling interests	8,580	_
	138,266	65,406

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 9 sen per ordinary share, totalling RM39,600,000 in respect of the year ended 31 December 2014 on 30 June 2015; 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 2015 on 17 November 2015.

for the year ended 31 December 2015

The Board has proposed a final single-tier dividend of 11 sen per ordinary share, totalling RM48,400,000 for the financial year ended 31 December 2015. The proposed final dividend has not been accounted for and is pending shareholders' approval at the forthcoming Annual General Meeting, which is scheduled to be held on 18 May 2016. The final dividend, if approved by the shareholders shall be accounted for as an appropriation of retained earnings in the financial year ending 31 December 2016.

DIRECTORS OF THE COMPANY

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

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

Datuk Supperamaniam a/l Manickam

Dato' Dr Tan Tat Wai

Tan Yew Jin

In accordance with Article 95 of the Company's Articles of Association, Tan Sri A. Razak bin Ramli 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.

Datuk Supperamaniam a/I Manickam and Mr Tan Yew Jin who have attained the age of seventy (70) years and Dato' Seri Ismail Farouk Abdullah who will attain the age of seventy (70) years in March 2016, retire from the Board at the forthcoming Annual General Meeting 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.

for the year ended 31 December 2015

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			As at
THE COMPANY	1.1.2015	Acquired	(Disposed)	31.12.2015
THE COMPANY	Numb	er of Ordinary	Shares of RM1.0	DU 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	10,000	_	_	10,000
Datuk Supperamaniam a/I 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	7 Numb	er of Ordinary S	Shares of HKD1.0	00 each
DIRECT INTERESTS IN SAL				
Tan Sri A. Razak bin Ramli	_	_	_	_
Kuok Oon Kwong – own	442,921	_	_	442,921
- others	252,635 ⁽¹⁾	_	_	252,635 ⁽¹⁾
Datin Rozina Mohd Amin	_	_	_	_
Dato' Haris Onn bin Hussein	_	_	_	_
Dato' Seri Ismail Farouk Abdullah	_	_	_	_
Datuk Supperamaniam a/I Manickam	_	_	_	_
Dato' Dr Tan Tat Wai	_	_	_	_
Tan Yew Jin	138,121	_	-	138,121
DEEMED INTERESTS IN SAL				
Kuok Oon Kwong	189,455	_	_	189,455

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.

for the year ended 31 December 2015

SHARE OPTIONS IN SAL

Number of Ordinary Shares of HKD1.00 each granted under the option

				0		
	Option period	Exercise price per share option	As at 1.1.2015	Granted	Exercised	As at 31.12.2015
Kuok Oon Kwong	16.6.2007 – 15.6.2016	HKD 14.60	60,000	_	_	60,000
	16.6.2008 – 15.6.2016	HKD 14.60	60,000	_	_	60,000
Datin Rozina Mohd Amin	16.6.2007 – 15.6.2016	HKD 14.60	10,000	_	_	10,000
	16.6.2008 - 15.6.2016	HKD 14.60	10,000	_	_	10,000

Other than as disclosed above, none of the Directors held any shares as at 31 December 2015, 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 except for those transactions arising in the ordinary course of business as disclosed in Note 29 to the financial statements.

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.

for the year ended 31 December 2015

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) any current assets which were unlikely to be realised in the ordinary course of business have been written down to an amount which they might be expected so to realise.

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, the results of the operations of the Group and of the Company for the financial year ended 31 December 2015 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.

for the year ended 31 December 2015

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,

Date: 24 February 2016

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 65 to 124 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 2015 and of their financial performance and cash flows for the financial year then ended.

The Company has provided an additional information of the breakdown on Realised and Unrealised Profits/Losses in Note 30 to the financial statements for the year ended 31 December 2015 in compliance with the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Malaysia").

The information has been prepared in accordance with the Guidance on Special Matter No.1 – *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures*, issued by the Malaysian Institute of Accountants and presented 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, Date: 24 February 2016

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 65 to 125 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 above named TAY KENG HOCK at Kuala Lumpur in Wilayah Persekutuan on 24 February 2016.

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 2015 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 65 to 124.

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 2015 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 30 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: 2782/09/16(J)

Chartered Accountant

Petaling Jaya, Selangor Date: 24 February 2016

STATEMENTS OF FINANCIAL POSITION

as at 31 December 2015

		GI	ROUP	COM	IPANY
		2015	2014	2015	2014
	Note	RM'000	RM'000	RM'000	RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	3	746,294	757,829	117,369	126,609
Investment properties	4	287,980	285,630	_	_
Investments in subsidiaries	5	_	_	459,188	459,188
Interests in associates	6	226,090	128,484	-	_
Property development expenditure	7	12,286	12,286	-	_
Deferred tax assets	14	5,189			_
		1,277,839	1,184,229	576,557	585,797
Current assets					
Inventories	8	8,242	8,527	1,196	1,046
Trade and other receivables, prepayments and deposits	9	32,327	26,563	248,002	244,204
Tax recoverable	9	4,552	3,062	1,233	644
Cash and cash equivalents	10	97,200	56,595	83,396	45,663
		142,321	94,747	333,827	291,557
Total assets		1,420,160	1,278,976	910,384	877,354
EQUITY					
Share capital	11	440,000	440,000	440,000	440,000
Reserves		591,865	514,979	330,110	317,504
Total equity attributable to shareholders of the Compar	ıv	1,031,865	954,979	770,110	757,504
Non-controlling interests	-	108,044	100,164	_	-
Total equity		1,139,909	1,055,143	770,110	757,504
LIABILITIES					
LIABILITIES Non-current liabilities					
Retirement benefits	13	21,322	19,676	838	706
Deferred tax liabilities	14	18,334	21,932	5,043	2,955
Dolottod tax habilitios		39,656	41,608	5,881	3,661
Current liabilities			11,000		0,001
Short-term borrowings	12	138,917	85,806	_	_
Trade and other payables	15	100,351	96,125	134,393	116,189
Current tax liabilities		1,327	294	_	-
		240,595	182,225	134,393	116,189
Total liabilities		280,251	223,833	140,274	119,850
Total equity and liabilities		1,420,160	1,278,976	910,384	877,354
Total equity and habilities		1,720,100	1,210,310	3 10,00 1	011,004

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

INCOME STATEMENTS

for the year ended 31 December 2015

		GROUP		COMPANY	
		2015	2014	2015	2014
	Note	RM'000	RM'000	RM'000	RM'000
Revenue	16	500,253	513,679	114,175	106,507
Operating profit	16	126,230	120,473	69,633	50,760
Interest income	17	1,659	2,438	1,591	2,352
Interest expense	18	(1,667)	(2,092)	(2,495)	(2,882)
Share of results of associated companies	19	27,419	(1,322)	_	
Profit before tax		153,641	119,497	68,729	50,230
Tax expense	21	(15,375)	(33,705)	(3,323)	(2,378)
Profit for the year		138,266	85,792	65,406	47,852
Profit attributable to:					
Shareholders of the Company		129,686	79,340	65,406	47,852
Non-controlling interests		8,580	6,452	_	_
Profit for the year		138,266	85,792	65,406	47,852
Basic earnings per ordinary share (sen)	22	29.47	18.03		

STATEMENTS OF COMPREHENSIVE INCOME

for the year ended 31 December 2015

	GROUP		COMPANY	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Profit for the year	138,266	85,792	65,406	47,852
Other comprehensive income for the year	_	_	_	_
Total comprehensive income for the year	138,266	85,792	65,406	47,852
Total comprehensive income attributable to:				
Shareholders of the Company	129,686	79,340	65,406	47,852
Non-controlling interests	8,580	6,452	_	_
Total comprehensive income for the year	138,266	85,792	65,406	47,852

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY for the year ended 31 December 2015

		Attributable to	shareholders o	f the Company			
		Non-dist	ributable	Distributable			
					Total equity attributable to	Non-	
		Share	Share	Retained	shareholders of		Total
		capital	premium	earnings	the Company	interests	equity
GROUP	Note	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2014		440,000	104,501	410,338	954,839	94,712	1,049,551
Total other comprehensive							
income for the year		_	_	_	_	_	_
Profit for the year		_	_	79,340	79,340	6,452	85,792
Total comprehensive							
income for the year		_	_	79,340	79,340	6,452	85,792
Dividends to shareholders	23	_	_	(79,200)	(79,200)	_	(79,200)
Dividend to non-controlling							
interests of a subsidiary		_	_	_	_	(1,000)	(1,000)
At 31 December 2014/1 January 20)15	440,000	104,501	410,478	954,979	100,164	1,055,143
Total other comprehensive							
income for the year		_	_	_	_	_	_
Profit for the year		_	_	129,686	129,686	8,580	138,266
Total comprehensive							
income for the year		_	_	129,686	129,686	8,580	138,266
Dividends to shareholders	23	_	_	(52,800)	(52,800)	_	(52,800)
Dividend to non-controlling							
interests of a subsidiary		_	_	_	_	(700)	(700)
At 31 December 2015		440,000	104,501	487,364	1,031,865	108,044	1,139,909

Note 11

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

STATEMENT OF CHANGES IN EQUITY for the year ended 31 December 2015

Attributable to shareholders of the Company

		Non-distributable		Distributable		
COMPANY	Note	Share capital RM'000	Share premium RM'000	Retained earnings RM'000	Total RM'000	
At 1 January 2014		440,000	104,501	244,351	788,852	
Profit and total other comprehensive income for the year Dividends to shareholders	23	_	_	47,852 (79,200)	47,852 (79,200)	
At 31 December 2014/1 January 2015		440,000	104,501	213,003	757,504	
Profit and total other comprehensive income for the year	00	-	-	65,406	65,406	
Dividends to shareholders At 31 December 2015	23	440,000	104,501	(52,800) 225,609	(52,800) 770,110	

Note 11

CASH FLOW STATEMENTS

for the year ended 31 December 2015

		GROUP		COMPANY	
		2015	2014	2015	2014
	Note	RM'000	RM'000	RM'000	RM'000
Cash flows from operating activities					
Profit before tax		153,641	119,497	68,729	50,230
Adjustments for:					
Allowance for/(Write back of) impairment loss on					
trade receivables		56	(101)	(1)	(61)
Depreciation of property, plant and equipment	3	61,950	54,105	10,736	6,726
Dividend income	16	_	_	(36,550)	(36,800)
Fair value gain of investment properties	4	(1,800)	(2,041)	_	_
Interest expense	18	1,667	2,092	2,495	2,882
Interest income	17	(1,659)	(2,438)	(1,591)	(2,352)
Loss/(Gain) on disposal of property, plant and equipment	16	38	201	(45)	(117)
Property, plant and equipment written off	16	1,915	1,858	1,036	17
Retirement benefits	13	2,229	2,074	132	132
Share of results of associated companies		(27,419)	1,322	_	_
Unrealised gain on foreign exchange		(18,380)	(5,314)	(21,119)	(5,852)
Operating profit before changes in working capital		172,238	171,255	23,822	14,805
Change in inventories		285	(87)	(150)	88
Change in trade and other receivables, prepayments and dep	oosits	(5,820)	1,071	(317)	578
Change in trade and other payables		4,526	10,048	(3,597)	5,665
Cash generated from operations		171,229	182,287	19,758	21,136
Dividends received		_	_	36,800	34,900
Retirement benefits paid	13	(583)	(262)	_	_
Tax paid		(24,619)	(32,347)	(1,824)	(623)
Net cash from operating activities		146,027	149,678	54,734	55,413

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

CASH FLOW STATEMENTS

for the year ended 31 December 2015

		GR	OUP	СОМ	PANY
		2015	2014	2015	2014
	Note	RM'000	RM'000	RM'000	RM'000
Cash flows from investing activities					
Acquisition of property, plant and equipment		(52,489)	(106,438)	(2,562)	(38,131)
Acquisition of investment properties		(550)	(2,729)	_	_
Interest received		1,659	2,438	1,591	2,352
Proceeds from disposal of property, plant and equipment		121	233	75	149
Net cash used in investing activities		(51,259)	(106,496)	(896)	(35,630)
Cash flows from financing activities					
Dividends paid to shareholders of the Company	23	(52,800)	(79,200)	(52,800)	(79,200)
Dividend paid to non-controlling interests of a subsidiary		(1,000)	(1,000)		_
Interest paid		(1,667)	(2,092)	(2,495)	(2,882)
Net advances from subsidiaries		_	_	39,190	26,702
Net loans (advanced to)/repayment from associates		(31,230)	33,727	_	_
Net drawndown/(repayment) of revolving credits		32,534	(31,741)	_	_
Net cash used in financing activities		(54,163)	(80,306)	(16,105)	(55,380)
Net increase/(decrease) in cash and cash equivalent	S	40,605	(37,124)	37,733	(35,597)
Cash and cash equivalents at 1 January		56,595	93,719	45,663	81,260
Cash and cash equivalents at 31 December	10	97,200	56,595	83,396	45,663
Cash and cash equivalents					
Cash and cash equivalents included in the cash flow state	ements con	nprise the follo	wing statemer	nts of financial	position
amounts:					
amounts: Deposits placed with licensed banks	10	80,356	42,813	78,710	41,510
	10 10	80,356 16,844	42,813 13,782	78,710 4,686	41,510 4,153

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

31 December 2015

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 2015 comprise the Company and its subsidiaries (together referred to as the "Group" and individually referred to as "Group entities") and the Group's interests 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 authorised for issue by the Board of Directors on 24 February 2016.

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 2015, the Group and the Company adopted a number of amendments to MFRSs that are relevant to its operations and effective for annual periods beginning on or after 1 January 2015.

31 December 2015

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)

The adoption of the above amendments to MFRSs did not result in any substantial change to the Group's accounting policies nor any significant impact to the financial statements of the Group.

The Group and the Company have not applied the following MFRSs and amendments to MFRSs that have been issued by Malaysian Accounting Standards Board ("MASB"), which are relevant to the Group's and the Company's operations, but are not effective for the financial year ended 31 December 2015.

Amendments effective for annual periods beginning on or after 1 January 2016

Amendments to MFRS 7, Financial Instruments: Disclosures (Annual Improvements 2012–2014 Cycle)
Amendments to MFRS 10, Consolidated Financial Statements, MFRS 12, Disclosure of Interests in Other
Entities and MFRS 128, Investments in Associates and Joint Ventures – Investment Entities: Applying the
Consolidation Exception

Amendments to MFRS 101, *Presentation of Financial Statements – Disclosure Initiative*Amendments to MFRS 116, *Property, Plant and Equipment* and MFRS 138, *Intangible Assets – Clarification of Acceptable Methods of Depreciation and Amortisation*

Amendments to MFRS 119, Employee Benefits (Annual Improvements 2012-2014 Cycle)

Amendments to MFRS 127, *Separate Financial Statements – Equity Method in Separate Financial Statements*Amendments to MFRS 134, *Interim Financial Reporting (Annual Improvements 2012–2014 Cycle)*

MFRSs effective for annual periods beginning on or after 1 January 2018

MFRS 9, Financial Instruments (2014)

MFRS 15, Revenue from Contracts with Customers

Amendments to MFRS 10, Consolidated Financial Statements and MFRS 128, Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture have been deferred to a date to be announced by MASB.

The Group and the Company will apply the abovementioned standards and amendments when they become effective.

The 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.

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(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.

(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 the valuation of investment properties and retirement benefits as disclosed in Note 4 and Note 13 respectively.

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 structured 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 controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns though its power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive. The Group also considers it has de facto power over an investee when, despite not having the majority of voting rights, it has the ability to direct the activities of the investee that significantly affect the investee's return.

Investments in subsidiaries 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.

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(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.

(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 interest 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 former subsidiary, any non-controlling interests and the other components of equity related to the former subsidiary from the consolidated financial position. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the former 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.

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(v) ASSOCIATES (cont'd)

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 zero, 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.

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 statements 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 equity-accounted associates are eliminated against the investment to the extent of the Group's interest in the associates. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

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(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 period, 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.

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 foreign currency translation reserve ("FCTR") in equity.

(ii) OPERATIONS DENOMINATED IN FUNCTIONAL CURRENCIES OTHER THAN RINGGIT MALAYSIA

The assets and liabilities of operations in functional currencies other than RM, including fair value adjustments arising on acquisition, are translated to RM at exchange rates at the end of the reporting period. The income and expenses of foreign operations, 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 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 gain or loss on disposal.

When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation, 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.

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(c) Financial instruments

(i) INITIAL RECOGNITION AND MEASUREMENT

A financial asset or a financial liability is recognised in the statements 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 as 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.

Fair value arising from financial guarantee contracts are classified as deferred income and is 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.

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(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 control of the asset is not retained or substantially all of the risks and rewards of ownership of the financial asset are transferred to another party. 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 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 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.

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 is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and is 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 profit or loss. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

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(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

• Golf course and its related buildings 60 years

15 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, or as investment property if held to earn rental income or for capital appreciation or for both.

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(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.

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(g) Inventories

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

The cost of inventories is calculated using the weighted average method, 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

(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.

An impairment loss in respect of unquoted equity instrument that is carried at cost is recognised in profit or loss and is measured as the difference between the financial asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

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.

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(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 or cash-generating units.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs of disposal. 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 (group of cash-generating units) and then to reduce the carrying amount of the other assets in the cash-generating unit (groups 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 the end of each reporting period 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 financial year in which the reversals are recognised.

(j) Equity instruments

Instruments classified as equity are measured at cost on initial recognition and are not remeasured subsequently.

31 December 2015

(k) 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.

(ii) STATE PLANS

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

(iii) DEFINED RETIREMENT BENEFIT PLANS

The Company and 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.

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 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 liability 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.

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(I) 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.

(m) 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 in the profit or loss 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 in the profit or loss when the right to receive payment is established.

(v) INTEREST INCOME

Interest income is recognised in the profit or loss as it accrues, using the effective interest method.

(n) 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.

31 December 2015

(o) 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 or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous financial years.

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statements 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 assets and liabilities, 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 assets and liabilities 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.

(p) Earnings per ordinary 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.

31 December 2015

(q) 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. Operating segment 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.

(r) 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.

(s) Fair value measurement

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.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair value is categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the group can access at the measurement date.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: unobservable inputs for the asset or liability.

The Group recognises transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

31 December 2015

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	fixtures, equipment and motor	Renovation and contract in-progress RM'000	Total RM'000
COST									
At 1 January 2014	44,880	4,123	19,681	624,168	139,202	48,791	419,069	16,906	1,316,820
Additions	_	_	_	3,238	11,222	_	38,887	53,091	106,438
Disposals	_	_	_	(27)	(946)	_	(4,642)	_	(5,615)
Write off	_	_	_	(946)	(1,140)	(127)	(9,050)	(8)	(11,271)
Transfers	_	_	_	74	1,100	_	5,194	(6,368)	
At 31 December 2014/									
1 January 2015	44,880	4,123	19,681	626,507	149,438	48,664	449,458	63,621	1,406,372
Additions	_	_	_	11,225	6,134	_	10,145	24,985	52,489
Disposals	_	_	_	(46)	(123)	_	(3,773)	_	(3,942)
Write off	_	_	_	(117)	(664)	_	(4,935)	(349)	(6,065)
Transfers	_	_	_	54,863	20,158	_	7,999	(83,020)	_
At 31 December 2015	44,880	4,123	19,681	692,432	174,943	48,664	458,894	5,237	1,448,854

31 December 2015

GROUP	Freehold land RM'000	land unexpired period	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	equipment and motor	Renovation and contract in-progress RM'000	Total RM'000
DEPRECIATION AND									
IMPAIRMENT LOSS									
At 1 January 2014									
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
Depreciation for the year	_	125	206	12,967	4,557	717	35,533	_	54,105
Disposals	_	_	_	(14)	(943)	-	(4,224)		(5,181)
Write off				(169)	(987)	(26)	(8,231)	_	(9,413)
At 31 December 2014/									
1 January 2015 Accumulated									
depreciation	_	1,349	4,672	248,048	101,261	13,483	273,848	_	642,661
Accumulated		1,043	4,012	2-10,0-10	101,201	10,400	210,040		042,001
impairment loss	_	_	_	_	_	5,882	_	_	5,882
	_	1,349	4,672	248,048	101,261	19,365	273,848	_	648,543
Depreciation for the year	_	125	206	13,992	8,194	715	38,718	_	61,950
Disposals	_	_	_	(22)	(110)	_	(3,651)	_	(3,783)
Write off	_	_	_	(26)	(506)	_	(3,618)	_	(4,150)
At 31 December 2015									
Accumulated									
depreciation	_	1,474	4,878	261,992	108,839	14,198	305,297	_	696,678
Accumulated impairment loss						E 000			F 000
impairment ioss		1,474	4,878	261,992	108,839	5,882 20,080	305,297		5,882 702,560
		1,777	4,070	201,332	100,003	20,000	000,201		102,300
CARRYING AMOUNTS									
At 1 January 2014	44,880	2,899	15,215	388,904	40,568	30,117	168,299	16,906	707,788
At 31 December 2014/	-	<u> </u>	-		<u> </u>	<u> </u>	<u> </u>	<u> </u>	
1 January 2015	44,880	2,774	15,009	378,459	48,177	29,299	175,610	63,621	757,829
At 31 December 2015	44,880	2,649	14,803	430,440	66,104	28,584	153,597	5,237	746,294

31 December 2015

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

	Provided	Leasehold land unexpired period	Hadal	Integral	equipment	Renovation and	
	Freehold land	less than 50 years	Hotel buildings	plant and machinery	and motor vehicles	contract in-progress	Total
COMPANY	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
COST							
At 1 January 2014	1,012	3,938	103,662	24,292	46,149	427	179,480
Additions	_	_	2,205	12,693	23,233	_	38,131
Disposals	_	_	_	(214)	(2,315)	_	(2,529)
Write off	_	_	_	(5)	(1,305)	_	(1,310)
Transfers	_	_	74	294	59	(427)	_
At 31 December 2014/							
1 January 2015	1,012	3,938	105,941	37,060	65,821	_	213,772
Additions	_	_	_	87	1,372	1,103	2,562
Disposals	_	_	_	(28)	(1,497)	_	(1,525)
Write off	_	_	(6)	(159)	(3,257)	_	(3,422)
Transfers	_	_	_	_	1,103	(1,103)	_
At 31 December 2015	1,012	3,938	105,935	36,960	63,542	_	211,387
DEPRECIATION							
At 1 January 2014	_	1,149	28,684	15,297	39,097	_	84,227
Depreciation for the year	_	122	2,085	2,208	2,311	_	6,726
Disposals	_	_		(210)	(2,287)	_	(2,497)
Write off	_	_	_	(5)	(1,288)	_	(1,293)
At 31 December 2014/				()	() /		(, , , ,
1 January 2015	_	1,271	30,769	17,290	37,833	_	87,163
Depreciation for the year	_	122	2,118	2,928	5,568	_	10,736
Disposals	_	_	-	(16)	(1,479)	-	(1,495)
Write off	_	_	_	(1)	(2,385)	_	(2,386)
At 31 December 2015	_	1,393	32,887	20,201	39,537	_	94,018
CARRYING AMOUNTS							
At 1 January 2014	1,012	2,789	74,978	8,995	7,052	427	95,253
At 31 December 2014/	1,0.2	_,, 00	. 1,070	3,000	1,002		55,255
1 January 2015	1,012	2,667	75,172	19,770	27,988	_	126,609
	-,	_,			,,		,
At 31 December 2015	1,012	2,545	73,048	16,759	24,005	_	117,369

31 December 2015

GROUP

Hotel properties at 31 December 2015 are all located in Malaysia and comprised the following:

Location	Usage	Title
Batu Feringgi Beach, Penang	304 room resort	Freehold
Jalan Sultan Ismail, Kuala Lumpur	662 room hotel	Freehold
Magazine Road, Penang	443 room hotel	Leasehold
Batu Feringgi Beach, Penang	387 room resort	Freehold
Batu Feringgi Beach, Penang	Vacant land	Freehold
Tuaran, Sabah	499 room resort	Leasehold
IES		
	2015	2014
	RM'000	RM'000
	Jalan Sultan Ismail, Kuala Lumpur Magazine Road, Penang Batu Feringgi Beach, Penang Batu Feringgi Beach, Penang Tuaran, Sabah	Jalan Sultan Ismail, Kuala Lumpur Magazine Road, Penang Batu Feringgi Beach, Penang Batu Feringgi Beach, Penang Tuaran, Sabah 662 room hotel 443 room hotel Vacant land Vacant land 499 room resort

GROUP	RM'000	RM'000
At 1 January	285,630	280,860
Additions	550	2,729
Fair value gain recognised in the income statements	1,800	2,041
At 31 December	287,980	285,630

Included in the above are:

	287,980	285,630
Buildings	248,195	246,240
Freehold land	39,785	39,390
At fair value		

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

ncome 24,901	23,775
perating expenses:	
ne generating investment properties (10,635)	(10,567)
	10,635)

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4. INVESTMENT PROPERTIES (cont'd)

Fair value information

Fair value of investment properties are categorised as follows:

	Lev	vel 3
	2015	2014
GROUP	RM'000	RM'000
Land	39,785	39,390
Buildings	248,195	246,240
	287,980	285,630

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:

2015	2014
GROUP RM'000	RM'000
At 1 January 285,630	280,860
Additions 550	2,729
Gains and losses recognised in income statements	
Change in fair value - Other income - Unrealised 1,800	2,041
At 31 December 287,980	285,630

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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.

Description of valuation technique and inputs used	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 RM4.40 per square foot (average RM2.76 per square foot) for office space and RM2.10 to RM10.60 (average RM4.20 per square foot) for retail space. Capitalisation rate (yield) of 6.0% per annum for office space and 	 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.	 7.0% per annum for retail. Net current market rent of RM3.00 to RM4.30 per square foot (average RM3.26 per square foot) for office space, and RM2.00 to RM10.50 (average RM4.69 per square foot) for retail space. Capitalisation rate (yield) of 6.5% per annum for office space and 	 Net current market rent were higher (lower); Capitalisation rate were lower (higher).
Total market value is the aggregate of Term Value and Reversion Value.	7.5% per annum for retail.	
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 at RM1,000 per square foot. Market value of land and building at RM439 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.

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5. INVESTMENTS IN SUBSIDIARIES

	2015	2014
COMPANY	RM'000	RM'000
Unquoted shares, at cost	459,188	459,188

Details of the subsidiaries are as follows:

			p interest
Name of subsidiary	Principal activities	2015 %	2014 %
Observation Laborated (I/A) Codes Diselle	On questions of a city throatel	400	100
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	Operation of a beach resort – ceased its operation	100	100
	of a beach resort on 29 February 1996		
Wisegain Sdn Bhd	Dormant	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	Dormant	75	75

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

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5.1 Non-controlling interests in subsidiaries

The Group's subsidiaries that have material non-controlling interests ("NCI") are as follows:

2015	Komtar Hotel Sdn Bhd RM'000	Pantai Dalit Beach Resort Sdn Bhd and its subsidiaries * RM'000	Total RM'000
NCI percentage of ownership interest and voting interest	40%	25 %	
Carrying amount of NCI	16,663	91,381	108,044
Profit allocated to NCI	1,053	7,527	8,580
Summarised financial information before intragroup elimi	nation		
As at 31 December			
Non-current assets	37,882	279,406	
Current assets	16,664	67,378	
Non-current liabilities	(5,274)	(1,404)	
Current liabilities	(7,614)	(31,787)	
Net assets	41,658	313,593	
Year ended 31 December			
Revenue	35,058	119,207	
Profit for the year	2,632	30,108	
Total comprehensive income	2,632	30,108	
Net cash flows from operating activities	3,315	38,992	
Net cash flows used in investing activities	(4,266)	(35,343)	
Net cash flows used in financing activities	(200)	_	
Net (decrease)/increase in cash and cash equivalents	(1,151)	3,649	
Dividends paid to NCI	(1,000)	_	

^{*} The subsidiaries of Pantai Dalit Beach Resort Sdn Bhd are Dalit Bay Golf & Country Club Berhad and Pantai Dalit Development Sdn Bhd.

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5. INVESTMENTS IN SUBSIDIARIES

5.1 Non-controlling interests in subsidiaries (cont'd)

	Komtar Hotel Sdn Bhd	Pantai Dalit Beach Resort Sdn Bhd and its subsidiaries *	Total
2014	RM'000	RM'000	RM'000
NCI paraentage of augreenic interest and voting interest	40%	25%	
NCI percentage of ownership interest and voting interest Carrying amount of NCI	16,310	83,854	100,164
Profit allocated to NCI	2,622	3,830	6,452
Tont dilocated to tvoi	2,022	0,000	0,402
Summarised financial information before intragroup elimin	ation		
As at 31 December			
Non-current assets	36,158	258,758	
Current assets	19,300	54,152	
Non-current liabilities	(4,883)	(5,129)	
Current liabilities	(9,799)	(24,295)	
Net assets	40,776	283,486	
Year ended 31 December			
Revenue	43,148	121,964	
Profit for the year	6,554	15,322	
Total comprehensive income	6,554	15,322	
Net cash flows from operating activities	11,221	51,104	
Net cash flows used in investing activities	(4,391)	(53,920)	
Net cash flows used in financing activities	(6,800)	_	
Net increase/(decrease) in cash and cash equivalents	30	(2,816)	
Divided to NO	(4,000)		
Dividends paid to NCI	(1,000)		

^{*} The subsidiaries of Pantai Dalit Beach Resort Sdn Bhd are Dalit Bay Golf & Country Club Berhad and Pantai Dalit Development Sdn Bhd.

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6. INTERESTS IN ASSOCIATES

	2015	2014
GROUP	RM'000	RM'000
Unquoted shares, at cost	3,557	3,557
Loans to associates	239,934	169,747
	243,491	173,304
Share of post-acquisition results of associates	(38,003)	(46,362)
Share of fair value gain of investment property, net of deferred tax	20,602	1,542
	226,090	128,484

Details of the material associates are as follows:

	Principal place of		interest a	ownership and voting erest
Name of entity	business/Country of incorporation	Principal activities	2015 %	2014 %
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	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	23.56	23.56

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6. INTERESTS IN ASSOCIATES (cont'd)

The following table summarises the information of the Group's material associates, adjusted for any differences 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 2015				
Non-current assets	269,993	512,397	304,059	1,086,449
Current assets	100,661	40,711	116,890	258,262
Non-current liabilities	(482,019)	(549,993)	(375,254)	(1,407,266)
Current liabilities	(94,646)	(39,970)	(46,053)	(180,669)
Net liabilities	(206,011)	(36,855)	(358)	(243,224)
Year ended 31 December 2015				
Profit from operations	8,529	56,498	54,574	119,601
Reconciliation of net assets to carrying amount				
As at 31 December 2015				
Group's share of net liabilities	(48,474)	(8,189)	(84)	(56,747)
Loans to associates	62,714	88,817	88,403	239,934
Share of fair value gain of investment property, net of deferred tax	_	7,584	13,018	20,602
Share of depreciation on investment property	_	17,075	_	17,075
Unrealised gain/(loss) on foreign exchange	5,238	11	(23)	5,226
Carrying amount in the statement of financial position	19,478	105,298	101,314	226,090
Group's share of results				
Year ended 31 December 2015				
Group's share of profit or loss from continuing operations	2,007	12,554	12,858	27,419
Group's share of total comprehensive income	2,007	12,554	12,858	27,419
Commencial disconnicting				
Summarised financial information As at 31 December 2014				
Non-current assets	239,100	439,923	125,679	804,702
Current assets	62,905	103,124	18,189	184,218
Non-current liabilities	(392,901)	(512,484)	(130,771)	(1,036,156)
Current liabilities	(83,718)	(42,423)	(12,784)	(138,925)
Net (liabilities)/assets	(174,614)	(11,860)	313	(186,161)
Very and ad 04 December 0044				
Year ended 31 December 2014 Profit/(Loss) from operations	9,913	(16,449)		(6,536)
Proudu 088) from onerations	U U112			

31 December 2015

GROUP	TYCL RM'000	SYCL RM'000	TSCL RM'000	Total RM'000
Reconciliation of net assets to carrying amount				
As at 31 December 2014				
Group's share of net (liabilities)/assets	(41,087)	(2,635)	74	(43,648)
Loans to associates	51,073	87,870	30,804	169,747
Share of fair value gain of investment property, net of deferred tax	_	1,542	_	1,542
Share of depreciation on investment property	_	5,070	_	5,070
Unrealised loss on foreign exchange	(4,156)	(50)	(21)	(4,227)
Carrying amount in the statement of financial position	5,830	91,797	30,857	128,484
Group's share of results				
Year ended 31 December 2014				
Group's share of profit or loss from continuing operations	2,333	(3,655)	_	(1,322)
Group's share of total comprehensive income	2,333	(3,655)	_	(1,322)

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.

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 (2014: RM4,142,000).

8. INVENTORIES

	GROUP		COMPANY	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Food, beverage and tobacco	3,550	3,528	593	494
Room supplies	527	435	208	142
Other supplies	4,165	4,564	395	410
	8,242	8,527	1,196	1,046
Recognised in profit or loss:	00.400	00.404	0.044	0.405
Inventories recognised as cost of services	66,468	69,404	8,941	9,465

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

		GRO	UP	COM	PANY
		2015	2014	2015	2014
	Note	RM'000	RM'000	RM'000	RM'000
Trade					
Trade receivables		22,090	18,614	3,873	4,335
Less: Allowance for impairment loss		(165)	(109)	(2)	(3)
		21,925	18,505	3,871	4,332
Non-trade					
Amount due from subsidiaries	a	_	_	205,767	202,037
Other receivables		2,858	1,901	511	240
Deposits		2,920	3,646	289	272
Dividends receivable		_	_	36,550	36,800
		27,703	24,052	246,988	243,681
Prepayments		4,624	2,511	1,014	523
		32,327	26,563	248,002	244,204
Tax recoverable	b	4,552	3,062	1,233	644

NOTE

10. CASH AND CASH EQUIVALENTS

		GRO	OUP	СОМ	PANY
		2015	2014	2015	2014
	Note	RM'000	RM'000	RM'000	RM'000
Deposits placed with licensed banks		80,356	42,813	78,710	41,510
Cash and bank balances	a	16,844	13,782	4,686	4,153
		97,200	56,595	83,396	45,663

NOTE

a. Cash and bank balances of the Group and of the Company includes an amount of RM9,884,000 (2014: RM7,497,000) and RM2,032,000 (2014: RM1,284,000) respectively which earns interest.

a. Amount due from subsidiaries represents payments made on behalf and loans to a subsidiary which are unsecured, interest-free and repayable on demand.

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

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11. SHARE CAPITAL

GROUP AND COMPANY	Number of shares 2015 '000	Amount 2015 RM'000	Number of shares 2014 '000	Amount 2014 RM'000
Authorised: Ordinary shares of RM1 each	500,000	500,000	500,000	500,000
Issued and fully paid shares classified as equity instrument: Ordinary shares of RM1 each	440.000	440.000	440.000	440.00

Ordinary shares

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	2015 RM'000	2014 RM'000
Current		
Unsecured revolving credits	138,917	85,806

The borrowings bear interest ranging between 0.9% to 1.8% (2014: 0.9% to 1.7%) per annum.

13. RETIREMENT BENEFITS

	GROUP		COMPANY	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Present value of unfunded liability	21,322	19,676	838	706
Recognised defined retirement benefit liability	21,322	19,676	838	706

The Company and certain companies in the Group provide retirement benefits for its unionised employees in accordance with the Collective Union Agreement which is operated on an unfunded defined benefit. Under the scheme, eligible employees are entitled to retirement benefits based on the length of services and last drawn salary of the employees concerned.

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13. RETIREMENT BENEFITS (cont'd)

Movements in the present value of defined retirement benefit liability

	Defined retirement benefit obligation		Fair value of plan assets		Net defined retirement benefit liability	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
GROUP						
Balance at 1 January	19,676	17,864	_	_	19,676	17,864
Included in profit or loss						
Current service cost	1,114	1,063	_	_	1,114	1,063
Interest cost	1,115	1,011	_	_	1,115	1,011
	2,229	2,074	_	_	2,229	2,074
Included in other comprehensive	income					
Remeasurement loss	_	_	_	_	_	_
Other						
Benefits paid	(583)	(262)	_	_	(583)	(262)
Balance at 31 December	21,322	19,676	_	_	21,322	19,676
COMPANY						
Balance at 1 January	706	574	_	_	706	574
Included in profit or loss						
Current service cost	101	101	_	_	101	101
Interest cost	31	31	_	_	31	31
	132	132	_	_	132	132
Balance at 31 December	838	706	_	_	838	706

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

31 December 2015

Actuarial assumptions

Principal actuarial assumptions at the end of the reporting period (expressed as weighted averages):

	GROUP		COMPANY	
	2015	2014	2015	2014
	%	%	%	<u>%</u>
Discount rate at 31 December	5.50	5.50	5.50	5.50
Future salary growth	4.00 – 7.00	4.00 – 7.00	7.00	7.00

At 31 December 2015, the weighted-average duration of the defined retirement benefit liability of the Group was 12.8 years (2014: 13.8 years) and the Company was 18.9 years (2014: 19.9 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	Decrease	Increase	Decrease
	RM'000	RM'000	RM'000	RM'000
2015				
Discount rate (1% movement)	(2,364)	2,568	(138)	165
Future salary growth (1% movement)	3,317	(2,862)	189	(157)
2014				
Discount rate (1% movement)	(2,245)	2,579	(119)	146
Future salary growth (1% movement)	2,973	(2,593)	158	(129)

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.

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14. DEFERRED TAX ASSETS/(LIABILITIES)

Recognised deferred tax assets/(liabilities)

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabi	lities	Net	
	2015	2014	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
GROUP						
Property, plant and equipment	-	_	(29,930)	(30,797)	(29,930)	(30,797)
Investment properties	_	_	(5,445)	(6,303)	(5,445)	(6,303)
Provisions	4,035	4,226	_	_	4,035	4,226
Retirement benefits	5,053	4,757	_	_	5,053	4,757
Unutilised capital allowances	_	528	_	_	_	528
Unutilised investment tax allowances	13,142	5,657	_	_	13,142	5,657
Deferred tax assets/(liabilities)	22,230	15,168	(35,375)	(37,100)	(13,145)	(21,932)
Set off	(17,041)	(15,168)	17,041	15,168	_	_
Net deferred tax assets/(liabilities)	5,189	_	(18,334)	(21,932)	(13,145)	(21,932)
COMPANY						
Property, plant and equipment	_	_	(9,579)	(10,232)	(9,579)	(10,232)
Provisions	703	922	_	_	703	922
Retirement benefits	201	170	_	_	201	170
Unutilised capital allowances	_	528	_	_	_	528
Unutilised investment tax allowances	3,632	5,657	_	_	3,632	5,657
Deferred tax assets/(liabilities)	4,536	7,277	(9,579)	(10,232)	(5,043)	(2,955)
Set off	(4,536)	(7,277)	4,536	7,277	_	_
Net deferred tax liabilities	_	_	(5,043)	(2,955)	(5,043)	(2,955)

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Movements in temporary differences during the year

	At 1.1.2014 RM'000	Recognised in profit or loss (Note 21) RM'000	At 31.12.2014/ 1.1.2015 RM'000	Recognised in profit or loss (Note 21) RM'000	At 31.12.2015 RM'000
GROUP					
Property, plant and equipment	(27,956)	(2,841)	(30,797)	867	(29,930)
Investment properties	(5,883)	(420)	(6,303)	858	(5,445)
Provisions	4,712	(486)	4,226	(191)	4,035
Retirement benefits	4,416	341	4,757	296	5,053
Unutilised tax losses	718	(718)	_	_	_
Unutilised capital allowances	_	528	528	(528)	_
Unutilised investment tax allowances	7,570	(1,913)	5,657	7,485	13,142
Net deferred tax liabilities	(16,423)	(5,509)	(21,932)	8,787	(13,145)
COMPANY					
Property, plant and equipment	(7,517)	(2,715)	(10,232)	653	(9,579)
Provisions	680	242	922	(219)	703
Retirement benefits	143	27	170	31	201
Unutilised capital allowances	_	528	528	(528)	_
Unutilised investment tax allowances	5,859	(202)	5,657	(2,025)	3,632
Net deferred tax liabilities	(835)	(2,120)	(2,955)	(2,088)	(5,043)

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items (stated at gross):

	GRO	OUP
	2015	2014
	RM'000	RM'000
Taxable temporary differences	(2,156)	(1,643)
Unutilised capital allowances	9,838	9,624
Unutilised tax losses	12,428	12,428
	20,110	20,409
Deferred tax assets at 24% (2014: 25%)	4,826	5,102

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.

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15. TRADE AND OTHER PAYABLES

		GROUP		COMPANY	
		2015	2014	2015	2014
	Note	RM'000	RM'000	RM'000	RM'000
Trade					
Trade payables		22,286	22,135	3,460	3,038
Amount due to subsidiaries	a	_	_	272	169
		22,286	22,135	3,732	3,207
Non-trade					
Amount due to subsidiaries	b	_	_	118,992	97,191
Other payables	С	52,671	48,907	8,836	12,946
Accrued expenses		25,394	25,083	2,833	2,845
		100,351	96,125	134,393	116,189

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 RM112,156,000 (2014: RM84,828,000) which bears interests at fixed rate of 3.30% (2014: 3.30%) per annum.
- c. Included in the other payables of the Group and of the Company is an amount of RM2,904,000 (2014: RM8,861,000) and RM1,168,000 (2014: RM5,329,000) respectively relating to retention sum payable to renovation contractors.

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16. OPERATING PROFIT

		GR	OUP	COM	MPANY	
		2015	2014	2015	2014	
	Note	RM'000	RM'000	RM'000	RM'000	
Revenue						
Hotel and golf operations		472,249	487,458	77,625	69,707	
Rental		24,901	23,775	77,025	00,707	
Dividend income		24,501	20,770	36,550	36,800	
Laundry services		3,103	2,446	-	-	
<u>Lauridry 301 viocs</u>		500,253	513,679	114,175	106,507	
Cost of services		(183,652)	(191,498)	(25,386)	(25,199)	
OOST OF SELVICES		316,601	322,181	88,789	81,308	
Administrativo evpendos		(75,464)	(75,166)	(12,904)	(12,319)	
Administrative expenses			the state of the s			
Other operating expenses		(157,759)	(155,909) 29,367	(27,524)	(24,303)	
Other operating income		42,852	· · · · · · · · · · · · · · · · · · ·	21,272	6,074	
Operating profit		126,230	120,473	69,633	50,760	
Operating profit is arrived at after charging:						
Auditors' remuneration: – Audit fees		290	290	76	76	
- Non-audit fees		289	239	82	68	
Allowance for impairment loss on trade receivables		79	27	2	3	
Bad debts written off		-	7	_	7	
Depreciation of property, plant and equipment	3	61,950	54,105	10,736	6,726	
Hire of motor vehicles	J	372	371	10,730	0,720	
Hire of equipment		311	290	187	155	
Loss on disposal of property, plant and equipment		38	290	107	100	
	_\\.	30	201	_	_	
Personnel expenses (including key management personn	iei).	40.000	10.100	0.476	1 000	
- contributions to Employees' Provident Fund	10	10,368	10,199	2,176	1,800	
- retirement benefits	13	2,229	2,074	132	132	
- wages, salaries and others		109,768	111,783	17,818	17,837	
Property, plant and equipment written off		1,915	1,858	1,036	17	
Rental of apartments		437	255	_	_	
Realised loss on foreign exchange		_	33	_	33	
Unrealised loss on foreign exchange		20,577	6,065			
and after crediting:						
Impairment loss written back on trade receivables		23	128	3	64	
Fair value gain of investment properties	4	1,800	2,041	_	04	
	4	1,000	2,041	- 45	117	
Gain on disposal of property, plant and equipment Gross dividends from unquoted subsidiaries		_	_	36,550	36,800	
		_	_	120	120	
Rental income from: – subsidiary		055	- 000		120	
- others		855	863	-	_	
Realised gain on foreign exchange		477	423	42	5 E 0E0	
Unrealised gain on foreign exchange		38,957	11,379	21,119	5,852	

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17. INTEREST INCOME

	GRO	GROUP		COMPANY	
	2015	2014	2015	2014	
	RM'000	RM'000	RM'000	RM'000	
Interest income on:					
Deposits placed with licensed banks	1,659	2,438	1,539	2,302	
Subsidiaries	_	_	52	50	
	1,659	2,438	1,591	2,352	

18. INTEREST EXPENSE

	GROUP		COMPANY	
	2015 2014 20		2015	2014
	RM'000	RM'000	RM'000	RM'000
Interest expense on:				
Revolving credits	1,667	2,092	55	153
Subsidiaries	_	_	2,440	2,729
	1,667	2,092	2,495	2,882

19. SHARE OF RESULTS OF ASSOCIATED COMPANIES

	2015	2014
GROUP	RM'000	RM'000
Share of profit after tax of associates	8,359	4,428
Share of fair value gain/(loss) of investment property, net of deferred tax	19,060	(5,750)
	27,419	(1,322)

20. KEY MANAGEMENT PERSONNEL COMPENSATION

The key management personnel compensations are as follows:

2015	2014
RM'000	RM'000
252	282
1,969	1,822
35	17
2,256	2,121
	252 1,969 35

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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.

21. TAX EXPENSE

Recognised in profit or loss:

GROUP		COM	COMPANY		
2015	2014	2015	2014		
RM'000	RM'000	RM'000	RM'000		
24,051	30,173	1,198	580		
111	(1,977)	37	(322)		
24,162	28,196	1,235	258		
(6,837)	3,364	2,104	2,109		
(1,950)	2,145	(16)	11		
(8,787)	5,509	2,088	2,120		
15,375	33,705	3,323	2,378		
153,641	119,497	68,729	50,230		
38,410	29,874	17,182	12,558		
5,661	6,172	1,018	986		
(12,885)	(1,655)	(14,717)	(10,675)		
(548)	(544)	(85)	(70)		
74	81	_	_		
89	102	_	_		
(13,315)	_	_	_		
(435)	_	(88)	_		
163	(493)	(8)	(110)		
17,214	33,537	3,302	2,689		
111	(1,977)	37	(322)		
(1,950)	2,145	(16)	11		
15,375	33,705	3,323	2,378		
	2015 RM'000 24,051 111 24,162 (6,837) (1,950) (8,787) 15,375 153,641 38,410 5,661 (12,885) (548) 74 89 (13,315) (435) 163 17,214 111 (1,950)	2015 2014 RM'000 RM'000 24,051 30,173 111 (1,977) 24,162 28,196 (6,837) 3,364 (1,950) 2,145 (8,787) 5,509 153,641 119,497 38,410 29,874 5,661 6,172 (12,885) (1,655) (548) (544) 74 81 89 102 (13,315) - (435) - 163 (493) 17,214 33,537 111 (1,977) (1,950) 2,145	2015 RM'000 2014 RM'000 2015 RM'000 24,051 111 30,173 (1,950) 1,198 111 24,162 28,196 1,235 (6,837) (1,950) 3,364 2,104 (1,950) 2,104 (16) (8,787) 5,509 5,509 2,088 2,088 15,375 33,705 3,323 153,641 119,497 68,729 38,410 29,874 17,182 5,661 6,172 6,172 1,018 10,188 (12,885) (1,655) (14,717) (548) (544) (85) 74 81 - - - - (13,315) - - - - - (435) - (88) - - - - (435) - (88) - - - - - (1,950) 2,145 (16) - - - -		

^{*} The Malaysian Budget 2014 announced the reduction of corporate tax to 24% with effect from year of assessment 2016. Consequently the deferred tax assets and liabilities which are expected to reverse in 2016 and beyond are measured using the tax rate of 24%.

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22. EARNINGS PER ORDINARY SHARE

Basic earnings per ordinary share

The calculation of basic earnings per share at 31 December 2015 was based on the profit attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding calculated as follows:

GROUP	2015	2014
Profit attributable to shareholders of the Company (RM'000)	129,686	79,340
Weighted average number of ordinary shares outstanding during the year ('000)	440,000	440,000
Basic earnings per share (sen)	29.47	18.03

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
2015		
Ordinary		
Interim 2015 – 3 sen single-tier	13,200	17 November 2015
Final 2014 – 9 sen single-tier	39,600	30 June 2015
Total amount	52,800	
2014		
Ordinary		
Interim 2014 – 3 sen single-tier	13,200	14 November 2014
Final 2013 – 10 sen single-tier	44,000	30 June 2014
Special 2013 – 5 sen single-tier	22,000	30 June 2014
Total amount	79,200	

The Board has proposed a final single-tier dividend of 11 sen per ordinary share, totalling RM48,400,000 for the financial year ended 31 December 2015. The proposed final dividend has not been accounted for and is pending shareholders' approval at the forthcoming Annual General Meeting, which is scheduled to be held on 18 May 2016. The final dividend, if approved by the shareholders shall be accounted for as an appropriation of retained earnings in the financial year ending 31 December 2016.

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24. OPER ATING SEGMENTS

Segment information is presented in respect of the Group's business segments which offer different services. The Group's Chief Operating Decision Maker ("CODM") 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 2015 or 2014.

Performance is measured based on segment profit before tax as included in the internal management reports that are reviewed by the Group's CODM. 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 CODM. 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 mainly 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 2015 (2014: Nil).

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24. OPERATING SEGMENTS (cont'd)

									Elimina			
		resorts		tment			_		inter-se	•		
	•	f course	prope		Oth			tal	transa			lidated
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
	RIVI UUU	HIVI UUU	RIVI UUU	HIVI UUU	RIVI UUU	HIVI UUU	HIVI UUU	HIVI UUU	HIVI UUU	HIVI UUU	HIVI UUU	HIVI UUU
BUSINESS SEGMENTS												
Revenue from												
external customers	472,249	487,458	24,901	23,775	3,103	2,446	500,253	513,679	_	_	500,253	513,679
Inter-segment revenue	36,550	36,800	2,073	1,993	2,759	3,098	41,382	41,891	(41,382)	(41,891)	_	
Total segment revenue	508,799	524,258	26,974	25,768	5,862	5,544	541,635	555,570	(41,382)	(41,891)	500,253	513,679
Operating profit	150,220	144,015	17,439	16,634	(1,837)	(334)	165,822	160,315	(39,592)	(39,842)	126,230	120,473
Interest income	3,766	4,850	354	358	31	9	4,151	5,217	(2,492)	(2,779)	1,659	2,438
Interest expense	(2,498)	(2,885)	_	_	(1,661)	(1,986)	(4,159)	(4,871)	2,492	2,779	(1,667)	(2,092)
Share of results of												
associated companies	27,419	(1,322)	_	_	_	_	27,419	(1,322)	_	_	27,419	(1,322)
Profit before tax	178,907	144,658	17,793	16,992	(3,467)	(2,311)	193,233	159,339	(39,592)	(39,842)	153,641	119,497
Allowanaa far impairment												
Allowance for impairment loss on loans and receivable	es 79	27	_	_	_	_	79	27	_	_	79	27
1000 OF TOURS AND TOUGHADE	00 10						- 10	21			- 10	21
Allowance for impairment												
loss written back on loans												
and receivables	(23)	(128)	_	_	_	_	(23)	(128)	_	_	(23)	(128)
Capital expenditure	51,881	106,044	219	152	389	242	52,489	106,438	_	_	52,489	106,438
Danisation	00.000	F0 000	000	004	750	704	04.050	E4.40E			04.050	E4.405
Depreciation	60,889	53,060	302	281	759	764	61,950	54,105			61,950	54,105
Tax expense	12,331	30,348	2,900	3,281	144	76	15,375	33,705	_	-	15,375	33,705
Segment assets before interests in associates	1,128,619	1 064 040	312,161	308,528	13,273	10 004	1 454 052	1 205 600	(259,983)	(005 110)	1,194,070	1 150 400
Interests in associates	226,090	128,484	312,101	308,328	13,273	12,834	1,454,053 226,090	128,484	(259,983)	(200, 110)	226,090	1,150,492
Total segment assets	1,354,709	· · · · · · · · · · · · · · · · · · ·	312,161	308,528	13,273		1,680,143		(259,983)	(235 110)		1,278,976
Total segment assets	1,007,709	1,102,124	312,101	000,020	10,210	12,004	1,000,140	1,017,000	(200,000)	رد00, ۱۱۵)	1,-120,100	1,210,010

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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").

		GR	OUP	COMPANY	
		Carrying	L&R/	Carrying	L&R/
		amount	(FL)	amount	(FL)
	Note	RM'000	RM'000	RM'000	RM'000
2015					
FINANCIAL ASSETS					
Loans to associates	6	239,934	239,934	_	_
Trade and other receivables	9	27,703	27,703	246,988	246,988
Cash and cash equivalents	10	97,200	97,200	83,396	83,396
and the second s	-	364,837	364,837	330,384	330,384
FINANCIAL LIABILITIES					
Borrowings	12	(138,917)	(138,917)	_	_
Trade and other payables	15	(100,351)	(100,351)	(134,393)	(134,393)
		(239,268)	(239,268)	(134,393)	(134,393)
2014					
	6	169 747	169 747	_	_
			*	243 681	243,681
					45,663
oderi di la caori oquivalente	10				
		200,094	200,094	209,044	209,044
FINANCIAL LIABILITIES					
Borrowings	12	(85,806)	(85,806)	_	_
Trade and other payables	15	(96,125)	(96,125)	(116,189)	(116,189)
		(181,931)	(181,931)	(116,189)	(116,189)
Borrowings Trade and other payables 2014 FINANCIAL ASSETS Loans to associates Trade and other receivables Cash and cash equivalents FINANCIAL LIABILITIES Borrowings	6 9 10	(100,351) (239,268) 169,747 24,052 56,595 250,394 (85,806) (96,125)	(100,351) (239,268) 169,747 24,052 56,595 250,394 (85,806) (96,125)	(134,393) - 243,681 45,663 289,344	243,6 45,6 289,3

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25. FINANCIAL INSTRUMENTS

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		
	2015	2014	2015	2014	
	RM'000	RM'000	RM'000	RM'000	
Net gains/(losses) on:					
Loans and receivables	40,560	13,918	22,753	8,228	
Financial liabilities measured at amortised cost	(22,244)	(8,157)	(2,495)	(2,882)	
	18,316	5,761	20,258	5,346	

25.3 Financial risk management

Exposure to credit, interest rate, currency and liquidity risks arise in the normal course of the Group's and the Company's businesses.

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.

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

	Note	Gross	Individual impairment	Collective	Net
	Note	RM'000	RM'000	RM'000	RM'000
GROUP					
2015					
Not past due		15,770	_	_	15,770
1 – 3 months past due		5,314	_	_	5,314
4 – 6 months past due		921	(82)	_	839
Over 6 months past due		85	(83)	_	2
	9	22,090	(165)	-	21,925
2014					
Not past due		14,750	_	_	14,750
1 – 3 months past due		3,431	_	_	3,431
4 – 6 months past due		339	(25)	_	314
Over 6 months past due		94	(84)	_	10
	9	18,614	(109)	_	18,505
COMPANY					
2015					
Not past due		3,307	_	_	3,307
1 – 3 months past due		564	_	_	564
4 – 6 months past due		_	_	_	_
Over 6 months past due		2	(2)	_	_
	9	3,873	(2)	_	3,871
2014					
Not past due		3,459	_	_	3,459
1 – 3 months past due		783	_	_	783
4 – 6 months past due		90	_	_	90
Over 6 months past due		3	(3)	_	
	9	4,335	(3)	_	4,332

The individual impairment of trade receivables is in respect of receivables which are overdue for more than 6 months and are doubtful of recovery.

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25. FINANCIAL INSTRUMENTS

25.4 Credit risk (cont'd)

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

	GROUP		COMPANY	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
At 1 January	109	250	3	64
Allowance for impairment loss recognised	79	27	2	3
Allowance for impairment loss written back	(23)	(128)	(3)	(64)
Allowance for impairment loss written off against trade receivables	_	(40)	_	
At 31 December	165	109	2	3

The allowance account in respect of trade receivables is used to record impairment losses. Unless the Group and the Company are 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 RM138,917,000 (2014: RM85,806,000) 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 its carrying amount in the statement of financial position.

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

31 December 2015

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 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 RM112,156,000 (2014: RM84,828,000) bears interests at fixed rate of 3.30% (2014: 3.30%) 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	
	2015	2014	2014 2015	2014
	RM'000	RM'000	RM'000	RM'000
Fixed rate instruments				
Amount due to subsidiaries	_	_	(112,156)	(84,828)
Cash and cash equivalents	90,240	50,310	80,742	42,794
Floating rate instruments				
Short-term borrowings	(138,917)	(85,806)	_	

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.

31 December 2015

25. FINANCIAL INSTRUMENTS

25.5 Interest rate risk (cont'd)

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.

	Ed	Equity Profit		
	1%	1%	1%	1%
	increase	decrease	increase	decrease
GROUP	RM'000	RM'000	RM'000	RM'000
2015				
Floating rate instruments				
Short-term borrowings	_	_	(1,389)	1,389
Cash flow sensitivity (net)	_	_	(1,389)	1,389
2014				
Floating rate instruments				
Short-term borrowings	_	_	(858)	858
Cash flow sensitivity (net)		_	(858)	858

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)*.

31 December 2015

Exposure to foreign currency risk

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

	2015		2014	
	Denomi	nated in	Denominated in	
	USD	HKD	USD	UKD
	RM'000	RM'000	RM'000	RM'000
GROUP				
Short-term borrowings	(115,206)	(23,711)	(66,512)	(19,294)
Loans to associates	239,934	_	169,747	
	124,728	(23,711)	103,235	(19,294)
COMPANY				
Amount due from a subsidiary	104,363	9,372	84,990	7,626

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.

	Equ	Equity		Profit after tax	
	2015	2014			
	RM'000	RM'000	RM'000	RM'000	
GROUP					
USD	_	_	(6,236)	(5,162)	
HKD	_	_	1,186	965	
	-	_	(5,050)	(4,197)	
COMPANY					
USD	_	_	(5,218)	(4,250)	
HKD	_	_	(469)	(381)	
	_	_	(5,687)	(4,631)	

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.

31 December 2015

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:

			Contractual					
				Contractual	Under	1-2	2-5	More than
	NI-A-		per annum	cash flows	1 year	years	years	5 years
	Note	RM'000	%	RM'000	RM'000	RM'000	RM'000	RM'000
GROUP 2015								
Short-term borrowings	12	(138,917)	0.9 – 1.8	(141,179)	(141,179)	_	_	_
Trade and other payables	15	(100,351)	_	(100,351)	(100,351)	_	_	_
		(239,268)		(241,530)	(241,530)	_	_	_
2014								
Short-term borrowings	12	(85,806)	0.9 – 1.7	(87,056)	(87,056)	_	_	_
Trade and other payables	15	(96,125)	_	(96,125)	(96,125)	_	_	_
		(181,931)		(183,181)	(183,181)	_	_	_
COMPANY								
2015								
Financial guarantees	28	_	_	(138,917)	(138,917)	_	_	_
Trade and other payables	15	(15,129)	_	(15,129)	(15,129)	_	_	_
Amount due to subsidiaries	15	(112,156)	3.3	(115,857)	(115,857)	_	_	_
Amount due to subsidiaries	15	(7,108)	_	(7,108)	(7,108)	_	_	_
		(134,393)		(277,011)	(277,011)	_	_	_
2014								
Financial guarantees	28	_	_	(85,806)	(85,806)	_	_	_
Trade and other payables	15	(18,829)	_	(18,829)	(18,829)	_	_	_
Amount due to subsidiaries	15	(84,828)	3.3	(87,627)	(87,627)	_	_	_
Amount due to subsidiaries	15	(12,532)	_	(12,532)	(12,532)	_	_	_
		(116,189)		(204,794)	(204,794)	_	_	_
		, ,/		· / / /	, , ,			

31 December 2015

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.

The table below analyses financial instruments that are not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statement of financial position.

	Fair value of financial instruments not carried at fair value				Carrying amount
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	RM'000
2015					
Financial assets					
Loans to associates	_	_	239,934	239,934	239,934
2014					
Financial assets					
Loans to associates	_	_	169,747	169,747	169,747

Level 3 fair value

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

	GR	OUP
	2015	2014
	RM'000	RM'000
At 1 January	169,747	192,095
Advanced during the year	46,770	26,643
Repayment during the year	(15,540)	(60,370)
	200,977	158,368
Gains recognised in profit or loss:		
Other income – Unrealised	38,957	11,379
At 31 December	239,934	169,747

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

Financial instruments not carried at fair value

Type Description of valuation technique and inputs used

Loan to associates

Discounted cash flows using a rate based on the current market rate of borrowing of the respective Group entities at the reporting date.

31 December 2015

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	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
CAPITAL EXPENDITURE COMMITMENTS				
Property, plant and equipment				
Contracted but not provided for	3,933	7,303	969	236
Authorised but not contracted for	115,949	119,565	2,251	3,282
Investment properties				
Contracted but not provided for	82	280	_	_
Authorised but not contracted for	47	479	_	_
	120,011	127,627	3,220	3,518

31 December 2015

28. CONTINGENT LIABILITIES

COMPANY

Corporate Guarantees (unsecured)

The Company had issued the following Corporate Guarantees in favour of banks in respect of Short Term Revolving Credit ("STRC") facilities granted to Madarac Corporation, the Company's wholly-owned subsidiary incorporated in the British Virgin Islands.

- (a) USD18,000,000 Corporate Guarantee to Malayan Banking Berhad ("Maybank");
- (b) HKD50,600,000 Corporate Guarantee to The Bank of Tokyo-Mitsubishi UFJ Ltd., Labuan Branch ("UFJ Bank"); and
- (c) USD30,000,000 Corporate Guarantee to The Bank of East Asia Limited, Labuan Branch ("BEA").

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, entity that provides key management personnel services to the Group and comprises the Executive Directors and Non-Executive Directors of the Group.

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

31 December 2015

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.

	Transactions amoun for the year ended	
	2015 RM'000	2014 RM'000
GROUP Associated companies Net loans repayment from/(advanced to) associates		
Traders Yangon Company LtdShangri-La Yangon Company LtdTraders Square Company Ltd	- 15,540 (46,770)	38,535 (4,808) –
Subsidiaries of Shangri-La Asia Limited		
Management, marketing and reservation fees paid or payable - Shangri-La International Hotel Management Ltd Management fees paid or payable	13,186	13,317
- Shangri-La International Hotel Management Pte Ltd	2,412	2,472
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	831	819
PPB Group BerhadPPB Oil Palms Berhad	833 318	821 314
- PGEO Marketing Sdn Bhd	294	289
- Chemquest Sdn Bhd	139	137
- Southern Marina Development Sdn Bhd	277	23
Project management fees paid or payable to PPB Hartabina Sdn Bhd	_	297
COMPANY Subsidiaries		
Dividend receivable	36,550	36,800
Interest income received or receivable	52	50
Rental income received or receivable	120	120
Interest expense paid or payable	2,440 187	2,729 155
Rental expense paid or payable Laundry service fees paid or payable	1,056	1,035
Subsidiaries of Shangri-La Asia Limited	·	
Management, marketing and reservation fees paid or payable		
- Shangri-La International Hotel Management Ltd	2,196	1,889
Management fees paid or payable - Shangri-La International Hotel Management Pte Ltd Project management fees paid or payable to PPB Hartabina Sdn Bhd	357 -	321 297

Significant balances with related parties of the Group and the Company at the reporting date are disclosed in Note 6, Note 9 and Note 15 to the financial statements.

31 December 2015

30. SUPPLEMENTARY FINANCIAL INFORMATION ON THE BREAKDOWN OF REALISED AND UNREALISED PROFITS OR LOSSES

The breakdown of the retained profits of the Group and of the Company as at 31 December 2015, into realised and unrealised profits/(losses), pursuant to Paragraphs 2.06 and 2.23 of Bursa Malaysia Main Market Listing Requirements, are as follows:

	2015	2014
	RM'000	RM'000
GROUP		
Total retained profits of the Company and its subsidiaries		
- Realised	511,220	479,799
- Unrealised	138,044	107,414
	649,264	587,213
Total share of results of associated companies	•	
- Realised	(38,003)	(46,362)
- Unrealised	20,602	1,542
	631,863	542,393
Add: Consolidation adjustments	(144,499)	(131,915)
Total Group retained profits	487,364	410,478
COMPANY		
- Realised	184,776	191,201
- Unrealised	40,833	21,802
Total Company retained profits	225,609	213,003

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 2015

Registered Owner	Description/Location	Tenure	Age of buildings (years)	Land area (sq. metres)	Net book value at 31.12.2015 (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	31	16,229	136,281
Komtar Hotel Sdn Bhd	Hotel Jen Penang 17-storey, 443 room hotel located at Magazine Road 10300 Penang	Leasehold (Expires 2082)	29	4,800	32,373
Shangri-La Hotels (Malaysia) Berhad	Shangri-La's Rasa Sayang Resort & Spa 304 room resort comprising 11inter-connected blocks not exceeding 8-storey located at 10th Mile Batu Feringgi, 11100 Penang	Freehold	42	58,798 -	92,805
	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	559
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 2015

Registered Owner	Description/Location	Tenure	Age of buildings (years)	Land area (sq. metres)	Net book value at 31.12.2015 (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	37	19,359 -	39,957
	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)	25	3,737	453
UBN Tower Sdn Bhd	UBN Tower 36-storey commercial/office complex located at 10 Jalan P. Ramlee 50250 Kuala Lumpur	Freehold	31	3,696	200,215
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	31	3,120	47,980#
	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	214,475

GROUP PROPERTIES as at 31 December 2015

Registered Owner	Description/Location	Tenure	Age of buildings (years)	Land area (sq. metres)	Net book value at 31.12.2015 (RM'000)
Pantai Dalit Beach Resort Sdn Bhd	Shangri-La's Rasa Ria Resort & Spa 499 room resort comprising two 4-storey blocks, four 5-storey blocks and six 6-storey blocks of guestrooms located at Pantai Dalit 89208 Tuaran, Sabah	Leasehold (Expires 2090)	19	105,318	150,267
	Land Land on which Shangri-La's Rasa Ria Resort & Spa and Dalit Bay Golf & Country Club are situated on at Pantai Dalit 89208 Tuaran, Sabah	Leasehold (Expires 2090)	-	761,467 -	3,477
	Undeveloped land for future development located at Pantai Dalit 89208 Tuaran, Sabah	Leasehold (Expires 2090)	-	843,662 -	
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)	18	668,985	28,584

SHAREHOLDING STATISTICS

as at 31 March 2016

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	216	4.91	3,426	0.00
100 - 1,000	1,872	42.57	1,690,655	0.39
1,001 - 10,000	1,876	42.67	7,491,195	1.70
10,001 - 100,000	321	7.30	10,367,583	2.36
100,001 to less than 5% of issued shares	109	2.48	67,997,700	15.45
5% and above of issued shares	3	0.07	352,449,441	80.10
	4,397	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	_	44,259,200	10.06
Mitsubishi UFJ Financial Group, Inc.	_	44,259,200	10.06
Aberdeen Asset Management Asia Limited	_	33,294,000	7.57
Aberdeen International Fund Managers Limited	_	22,197,100	5.04

SHAREHOLDING STATISTICS

as at 31 March 2016

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 2016 are as follows:

	Direct Interest	Deemed Interest	
(Ordinary Shares of RM1.00 each)			
The Company			
Shangri-La Hotels (Malaysia) Berhad	No. of Shares	No. of Shares	% of Issued Capital
Tan Sri A. Razak bin Ramli	_	_	_
Kuok Oon Kwong	_	10,000	negligible
Datin Rozina Mohd Amin		10,000	riegiigibie _
Dato' Haris Onn bin Hussein			
Dato' Seri Ismail Farouk Abdullah	10,000		negligible
Datuk Supperamaniam a/l Manickam	10,000		riegiigibie _
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	442,921	189,455	0.02
- others	252,635 ⁽¹⁾	_	0.01
Datin Rozina Mohd Amin	· <u>-</u>	_	_
Dato' Haris Onn bin Hussein	_	_	_
Dato' Seri Ismail Farouk Abdullah	_	_	_
Datuk Supperamaniam a/l Manickam	_	_	_
Dato' Dr Tan Tat Wai	_	_	_
Tan Yew Jin	138,121	_	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.

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SHAREHOLDING STATISTICS

as at 31 March 2016

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
Kuok Brothers Sdn Berhad	98,014,500	22.28
HSBC Nominees (Asing) Sdn Bhd	22,197,100	5.04
BNP Paribas Secs Svs Lux for Aberdeen Global	22,107,100	0.04
4. HSBC Nominees (Asing) Sdn Bhd BNP Paribas Secs Svs Paris	9,520,900	2.16
for Aberdeen Asian Smaller Companies Investment Trust PLC	3,320,300	2.10
5. Citigroup Nominees (Tempatan) Sdn Bhd	5,609,900	1.27
for Employees Provident Fund Board (Aberdeen)	0,000,000	1.27
6. UOBM Nominees (Tempatan) Sdn Bhd	4,410,600	1.00
Pledged Securities Account for Yu Kuan Chon	4,410,000	1.00
7. Ophir Holdings Berhad	3,298,400	0.75
Citigroup Nominees (Tempatan) Sdn Bhd	2,975,800	0.68
for Kumpulan Wang Persaraan (Diperbadankan) (Aberdeen)	2,973,000	0.00
Maybank Nominees (Tempatan) Sdn Bhd	2,461,300	0.56
Pledged Securities Account for Yu Kuan Chon	2,401,300	0.50
10. Malaysia Nominees (Tempatan) Sdn Bhd	2,449,600	0.56
	2,449,000	0.50
for Great Eastern Life Assurance (Malaysia) Berhad (Par 2)	2,058,000	0.47
11. Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Irama Gigih Sdn Bhd	2,036,000	0.47
	1,876,200	0.43
12. JF Apex Nominees (Tempatan) Sdn Bhd	1,070,200	0.43
Pledged Securities Account for Yu Kuan Chon 12. Among Namingga (Tomposton) Scho Pled Abourland Appet Management Scho Ple	1 600 100	0.26
13. Amsec Nominees (Tempatan) Sdn Bhd Aberdeen Asset Management Sdn Bhd	1,608,100	0.36
for Tenaga Nasional Berhad Retirement Benefit Trust Fund (FM-Aberdeen)	1 170 100	0.07
14. HSBC Nominees (Asing) Sdn Bhd	1,170,100	0.27
Exempt AN for BNP Paribas Securities Services (Singapore - SGD)	1 156 100	0.06
15. Key Development Sdn Bhd	1,156,400	0.26
16. TA Nominees (Tempatan) Sdn Bhd	1,062,000	0.24
Pledged Securities Account for Yu Kuan Chon	770 000	0.10
17. Ying Holding Sdn Bhd	776,000	0.18
18. Citigroup Nominees (Asing) Sdn Bhd	707,300	0.16
CBNY for Dimensional Emerging Markets Value Fund	700 000	0.10
19. Lim Kian Huat	702,000	0.16
20. Maybank Nominees (Tempatan) Sdn Bhd	699,000	0.16
Pledged Securities Account for Yu Kuan Huat	0.45.000	0.45
21. Gan Teng Siew Realty Sdn Bhd	645,000	0.15
22. PM Nominees (Tempatan) Sdn Bhd	632,900	0.14
Pledged Securities Account for Yu Kuan Chon	000 000	0.44
23. G.T.Y. Holdings Sdn Bhd	606,000	0.14
24. KAF Nominees (Tempatan) Sdn Bhd	602,100	0.14
Pledged Securities Account for Yu Kuan Chon		
25. Gemas Bahru Estates Sdn Bhd	600,000	0.14
26. Migan Sdn Bhd	595,300	0.13
27. DB (Malaysia) Nominee (Tempatan) Sdn Bhd	590,000	0.13
Deutsche Trustees Malaysia Berhad for Hong Leong Penny Stock Fund		_
28. Rengo Malay Estate Sdn Bhd	571,000	0.13
29. RHB Nominees (Tempatan) Sdn Bhd	547,900	0.12
Pledged Securities Account for Yu Kuan Chon		
30. Citigroup Nominees (Tempatan) Sdn Bhd	523,700	0.12
Pledged Securities Account for Yu Kuan Chon		
	400 004 000	04 44
	400,904,941	91.11

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Forty-Fifth 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 Wednesday, 18 May 2016 at 10.00 a.m. for the following purposes:

AS ORDINARY BUSINESS

- 1. To receive and adopt the Directors' Report and Audited Financial Statements for the year ended 31 December 2015 and the Auditors' Report thereon. **Ordinary Resolution 1**
- 2. To approve the payment of a final single-tier dividend of 11 sen per share for the year ended 31 December 2015 as recommended by the Directors. **Ordinary Resolution 2**
- 3. To approve the payment of Directors' fees for the year ended 31 December 2015. 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) Tan Sri A. Razak bin Ramli 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) Tan Yew Jin Ordinary Resolution 6
 - (ii) Datuk Supperamaniam a/l Manickam Ordinary Resolution 7
 - (iii) Dato' Seri Ismail Farouk Abdullah Ordinary Resolution 8
- 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 9**

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions:

- 7. Continuing in office as Independent Non-Executive Directors of the Company
 - (i) "THAT subject to the passing of Ordinary Resolution 7, approval be and is hereby given to Datuk Supperamaniam a/I 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."

 Ordinary Resolution 10
 - (ii) "THAT subject to the passing of Ordinary Resolution 8, 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."

 Ordinary Resolution 11

NOTICE OF ANNUAL GENERAL MEETING

- (iii) "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." **Ordinary Resolution 12**
- (iv) "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." **Ordinary Resolution 13**

By Order of the Board

DATIN ROZINA MOHD AMIN Company Secretary

Kuala Lumpur 26 April 2016

NOTES

- 1. With respect to deposited securities, only members whose names appear in the Record of Depositors on 10 May 2016 (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 single-tier dividend, if approved, will be paid on Thursday, 30 June 2016 to shareholders whose names appear in the Record of Depositors on Monday, 6 June 2016.

EXPLANATORY NOTE ON SPECIAL BUSINESS

Ordinary Resolutions 10 to 13 - Continuing in office as Independent Non-Executive Directors of the Company

Resolutions 10 to 13 are proposed pursuant to Recommendation 3.3 of the Malaysian Code on Corporate Governance 2012 and, if passed, will allow Datuk Supperamaniam a/I Manickam, Dato' Seri Ismail Farouk Abdullah, 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 requirements of Paragraph 3.04 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The Nomination & Remuneration Committee and the Board have assessed the independence of Datuk Supperamaniam a/l Manickam, Dato' Seri Ismail Farouk Abdullah, Dato' Dr Tan Tat Wai and Dato' Haris Onn bin Hussein, and the Board has recommended that all four of them be retained as Independent Non-Executive Directors of the Company. The Board's justifications for their retention are set out in the Statement on Corporate Governance in the Company's 2015 Annual Report.

NOTES

FORM OF PROXY		lo. of shares held:		
I/We NRIC/Company No				
of				
being a	member of SHANGRI-LA HOTELS (MALAYSIA) BERHAD , he	ereby		
appoint				
of		11101101		
	g him	UDIO NI-		
`	g nim i	NKIU NO		
of				
Sabah	our proxy, to vote for me/us on my/our behalf at the Forty-Fifth Annual Room, B2 Level, Shangri-La Hotel Kuala Lumpur on Wednesday, 18 N in the following manner:			
NO.	ORDINARY RESOLUTIONS		For	Against
1	Adoption of Reports and Financial Statements			
2	Approval of Final Single-Tier Dividend			
3	Approval of Directors' Fees			
4	Re-election of Tan Sri A. Razak bin Ramli as Director			
5	Re-election of Datin Rozina Mohd Amin as Director			
6	Re-appointment of Tan Yew Jin as Director			
7	Re-appointment of Datuk Supperamaniam a/I Manickam as Director			
8	Re-appointment of Dato' Seri Ismail Farouk Abdullah as Director			
9	Re-appointment of Messrs KPMG as Auditors			
10	Retention of Datuk Supperamaniam a/I Manickam as an Independent	Non-Executive Director		
11	Retention of Dato' Seri Ismail Farouk Abdullah as an Independent No	n-Executive Director		
12	Retention of Dato' Dr Tan Tat Wai as an Independent Non-Executive	Director		
13	Retention of Dato' Haris Onn bin Hussein as an Independent Non-Ex	ecutive Director		
	indicate with an "X" where appropriate against each resolution how you s given, the proxy will vote or abstain at his discretion.	wish your proxy to vote. If r	no specific	direction to

NOTES

Dated this _____ day of _____ 2016

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.

Signature ___

- 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.

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

FOLD HERE

DIRECTORY OF GROUP HOTELS & RESORTS

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Golden Sands Resort

10th Mile Batu Feringgi Beach 11100 Penang

Tel : (+60-4) 886 1911 Fax : (+60-4) 881 1880 E-Mail : gsh@shangri-la.com

Hotel Jen Penang

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SABAH

Shangri-La's Rasa Ria Resort & Spa

Pantai Dalit

89200 Tuaran, Sabah Tel: (+60-88) 797 888 Fax: (+60-88) 792 777 E-Mail: rrr@shangri-la.com

Dalit Bay Golf & Country Club

Pantai Dalit

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