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Form of Proxy

# **GROUP FINANCIAL HIGHLIGHTS**

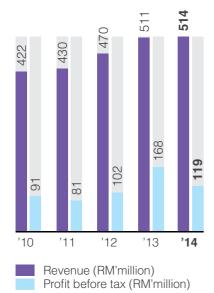
		2014 RM'000	2013 RM'000	2012 RM'000	2011 RM'000	2010 RM'000	
RESULTS Revenue Exceptional item Profit before tax Profit attributable to shareholders Dividend-net		513,679 - 119,497 79,340 52,800	511,225 29,744 168,181 130,367 79,200	469,572 102,470 67,389 44,000	429,731 - 80,838 55,768 29,700	422,002 91,282 69,959 29,700	
KEY BALANCE SHEET DATA Issued capital Total assets employed Shareholders' equity Net borrowings		440,000 1,278,976 954,979 29,211	440,000 1,283,214 954,839 17,763	440,000 1,132,019 868,932 32,449	440,000 1,088,714 833,721 47,543	440,000 1,098,485 808,559 89,010	
PER SHARE DATA  Net earnings per share  Net assets per share  Dividend-gross	(sen) (RM) (sen)	18.03 2.17 12.0	29.63 2.17 18.0	15.32 1.97 10.0	12.67 1.89 9.0	15.90 1.84 9.0	
FINANCIAL RATIOS Return on shareholders' equity Return on total assets Net borrowings to shareholders' equity	(%) (%) (%)	8.3 6.2 3.1	13.7 10.2 1.9	7.8 6.0 3.7	6.7 5.1 5.7	8.7 6.4 11.0	

#### NOTE

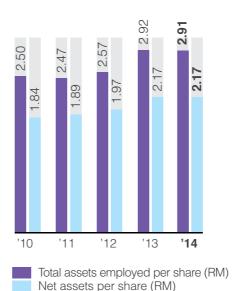
Dividends of RM52.800 million for the financial year ended 31 December 2014 consist of (a) the interim single-tier dividend of 3 sen per share paid on 14 November 2014 amounting to RM13.200 million and (b) the proposed final single-tier dividend of 9 sen per share amounting to RM39.600 million. The proposed final single-tier dividend of 9 sen per share for the financial year ended 31 December 2014 is subject to shareholders' approval at the Annual General Meeting of the Company to be held on 19 May 2015.

# **GROUP FINANCIAL HIGHLIGHTS**

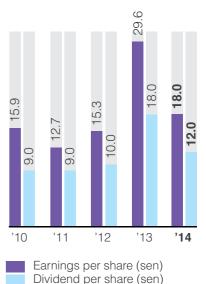
#### **REVENUE &** PROFIT BEFORE TAX



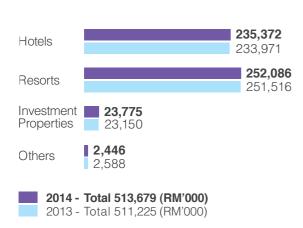
### TOTAL ASSETS EMPLOYED PER SHARE & **NET ASSETS PER SHARE**



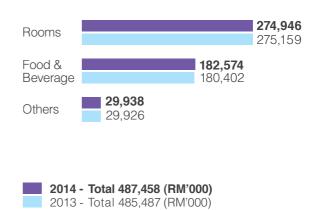
### **EARNINGS PER SHARE & DIVIDEND PER SHARE**



#### REVENUE BY SEGMENT



### **REVENUE OF HOTELS & RESORTS** BY DEPARTMENTS



# **CHAIRMAN'S STATEMENT**

Dear Shareholders

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 2014.

#### **GROUP RESULTS**

In the twelve months to 31 December 2014, our Group registered a marginal increase in revenue to RM513.679 million from RM511.225 million reported in 2013, as higher contributions mostly from Rasa Ria Resort and Golden Sands Resort, were largely offset by a fall in revenue at Rasa Sayang Resort due to the disruption caused by the renovation programme of all its Garden Wing guestrooms for the most part of 2014.

Our Group pre-tax profit for 2014 dropped to RM119.497 million, 29% lower than last year's profit of RM168.181 million.

Correspondingly, net profit attributable to shareholders for 2014 fell by 39% to RM79.340 million, compared with the RM130.367 million earned in 2013. The 2013 result included a reversal of an impairment provision of RM29.744 million related to our investments in Myanmar. Earnings per share for 2014 were 18.03 sen, down from 29.63 sen in 2013.

Excluding the impact of non-operating items, our Group net profit for 2014 was RM87.127 million, a decrease of 8% from RM94.397 million recorded in the previous year, principally as a result of a significant reduction in contribution from Rasa Sayang Resort.

At the end of 2014, net assets attributable to shareholders stood at RM954.979 million, representing a net asset value per share of RM2.17. the same level as at end-2013.

At 31 December 2014, our Group had a consolidated net debt position of RM29.211 million, while net gearing was 3% of shareholders' equity, compared to 2% at the previous year end.

Our healthy balance sheet and financial capacity will enable us to take advantage of investment opportunities, and allow us to press on with our initiatives for further growth.



OCEAN WING LOBBY, RASA RIA RESORT

#### **DIVIDENDS**

Given these results, your Board of Directors is recommending a final single-tier dividend of 9 sen per share which, together with the interim single-tier dividend of 3 sen per share paid in November last year, will bring the full year dividend for 2014 to 12 sen per share.

In the financial year 2013, a total single-tier dividend of 18 sen per share was paid, made up of a final of 10 sen per share and an interim of 3 sen per share, plus a special dividend of 5 sen per share.

The proposed final single-tier dividend of 9 sen per share, if approved at the Annual General Meeting of the Company to be held on 19 May 2015, will be paid to shareholders on 30 June 2015.

# **CHAIRMAN'S STATEMENT**

#### PERFORMANCE REVIEW

Although corporate travel demand remained relatively resilient in 2014, our hotels saw reduced levels of leisure arrivals from a number of their major markets within Asia and from their traditional long-haul markets, particularly in the last quarter. This situation was further compounded by strong competition in all the markets in which they operate.

Despite these challenges, with the exception of Rasa Sayang Resort, all our hotels succeeded in achieving improvements in their operating performances during the year.

In 2014, revenue from Shangri-La Hotel Kuala Lumpur was broadly flat at RM192.224 million, with higher business levels in food and beverage being offset by a decline in room revenue owing to a drop in occupancy to 77% from 81% the year before. However, the hotel's focus on cost management delivered a better pre-tax profit of RM46.234 million, 7% higher than the 2013 figure of RM43.222 million.

Rasa Ria Resort posted a 3% revenue increase to RM117.033 million in 2014, driven both by a healthy uplift in the average room rate and a stronger food and beverage performance. Its pre-tax profit, however decreased to RM24.896 million from RM28.132 million the previous year. The 2014 profit included a cost of RM5.300 million to construct a public road to provide access to nearby beach areas, as required by the local council authorities. The road project was completed during the second half of 2014. Without this one-off cost, pre-tax profit for 2014 was RM30.196 million, up 7% on 2013. The resort's occupancy for the year was 70%.

At Golden Sands Resort, a pick-up in leisure business resulted in a rise in occupancy to 76% as against 72% in 2013, with revenue growing by 7% over the previous year to RM60.415 million. The resort's pre-tax profit climbed 8% to RM17.394 million from RM16.070 million in 2013.

On 4 November 2014, Traders Hotel Penang was renamed Hotel Jen Penang, as part of a strategic rebranding initiative by Shangri-La International Hotel Management to rebrand its Traders Hotels under the new Hotel Jen brand name. On the back of higher corporate demand, Hotel Jen Penang boosted its occupancy to 83% from 80% in 2013. Revenue from the hotel rose by 4% over 2013 to RM43.148 million, while pre-tax profit gained 11% to RM8.697 million from RM7.813 million the prior year.

The performance of Rasa Sayang Resort was negatively affected by the renovation work to all its Garden Wing guestrooms carried out between April to December 2014, which reduced occupancy to 53% from 67% in 2013. This resulted in a 10% decline in revenue to RM69.707 million, with pre-tax profit falling by 37% from RM19.129 million in 2013 to RM12.061 million.



OCEAN WING PREMIER ROOM, RASA RIA RESORT

Our investment properties in Kuala Lumpur generated a 3% growth in combined rental revenue, which rose to RM23.775 million in 2014, underpinned by an improvement in contribution from UBN Tower. Excluding fair value changes, the combined net profit by UBN Tower and UBN Apartments increased to RM11.773 million from RM11.458 million the previous year.

In 2014, our Group's share of associates' results from Traders Yangon Company Ltd (TYCL) and Shangri-La Yangon Company Ltd (SYCL) was a loss of RM1.322 million versus a profit of RM8.825 million in 2013. This was due to a net fair value loss from the year-end revaluation of the Shangri-La Residences held by SYCL, as compared to a net fair value gain in 2013. Traders Hotel Yangon, our 23.5% associate hotel held through TYCL was rebranded as Sule Shangri-La Yangon in April 2014.

# **CHAIRMAN'S STATEMENT**

#### INITIATIVES AND STRATEGIC DEVELOPMENT

In response to the challenging operating environment, we are determined to build on our strong marketing capability and cost performance, while driving service and product improvements. This will enable us to further bolster our competitive position and to achieve higher returns from our hotels and investment properties.

We are stepping up our marketing programmes and activities so as to maximise revenue opportunities in our key leisure and corporate travel markets. Simultaneously, we are implementing more innovative marketing initiatives, promotions and packages aimed at stimulating demand and aggressively increasing market penetration in emerging markets with high growth potential.

To further increase brand and product awareness, we are developing and maintaining both a strong sales and marketing network and close business relationships with existing and potential major suppliers and key customer accounts.

To sharpen market execution and performance, we are also building and improving the capabilities of our sales and marketing teams. In 2014, the focused delivery of revenue-enhancing programmes and effective rate strategies led to healthy market share gains and enabled most of our hotels either to maintain or strengthen their competitive positions in their individual markets.

In the face of increasing cost pressures, we are focusing on generating sustainable growth in operating margins by driving our planned efficiency programmes, raising labour productivity and optimising our work processes, while keeping costs under tight control. Concerted efforts in these areas during 2014 ensured that the majority of our businesses achieved good increases in their operating margins.

Coupled with this, we are taking a prudent and disciplined approach to capital expenditure. In 2014, our capital expenditure was mainly deployed on the renovation of the Garden Wing guestrooms at Rasa Sayang Resort and the completion of the new extension project at Rasa Ria Resort. We also made increased investments in new IT equipment and upgrades to our IT infrastructure and critical systems whose advanced technology will boost our operational effectiveness.

To strengthen and fortify our leadership in the hotel industry, we will continue to invest in maintaining and enhancing the high quality and standards of our existing products and facilities. This will be backed by a strong programme of innovative products and dining concepts as we continually respond to changing customer trends and expectations.

Alongside these efforts, during the year we focused especially on improving our customer service capabilities across all our business activities and on becoming ever more responsive to customer needs while enhancing the experiences that we offer to our customers.

Meanwhile, to further reinforce our operational capability and to support our growth ambitions, we continued to prioritise the development of our people at every level of the organisation. This involves not only upgrading their skills, core competencies and productivity but uplifting their performance via well-embedded training, management and leadership programmes. As we also regard staff wellbeing as of paramount importance, in 2014 we introduced a number of fresh initiatives to promote safety and health.

Building on our commitment to product quality, in April 2014, we embarked on a programme to comprehensively refurbish the Garden Wing guestrooms at Rasa Sayang Resort. Work was completed on time and within budget in December 2014 and we are encouraged by the positive market response. With the newly renovated rooms, the resort is better placed to compete well in the local market.

We successfully completed the extension of the Ocean Wing at Rasa Ria Resort in April 2015 after a 24-month construction period. Opened on 2 April 2015, the extension has been very well received in the marketplace. The extension features two additional five-storey blocks providing a total of 83 new premier deluxe guestrooms, as well as an elegant new Ocean Wing lobby and reception and an all-day dining restaurant. The 83 new Ocean Wing rooms bring the resort's total room inventory to 499 guestrooms. As part of the project, the existing Ocean Wing guestrooms were also refreshed with new soft furnishings during the year.

This major undertaking has consolidated our brand in the Sabah hotel market as well as providing the resort with significant growth opportunities in the years ahead.

As a responsible business, our firm commitment to sustainability is fundamental to the way we operate and underpins our long-term competitiveness. In 2014, we continued to enhance the way we develop and implement our Corporate Social Responsibility (CSR) programmes. In particular, we made efforts to refine a number of our community and environmental CSR projects to deliver more meaningful long-term benefits.

At the same time, we take corporate governance equally seriously and practice the highest level of integrity and ethical conduct throughout our organisation.

Going forward, to create greater value for our shareholders, our businesses will continue to focus their efforts on growing revenues and will leverage on their core strengths to optimise returns. Together, our market-leading brands and high quality assets, combined with our financial strength and operational expertise put us in a strong position to weather the challenges ahead and to benefit from any improvements in market conditions.

# **CHAIRMAN'S STATEMENT**

#### OUTLOOK

The outlook for our hotel businesses is expected to be more challenging during 2015 in an uncertain operating environment, and with heightened competition in some of their markets.

In 2015, Rasa Ria Resort's operating results will include a first time contribution from its new 83-room Ocean Wing extension which opened for business on 2 April 2015.

With respect to our investment properties, the operating performance of UBN Tower should remain steady as the prime office rental market in Kuala Lumpur is generally expected to hold up through 2015, while UBN Apartments will continue to see limited opportunities for growth in a subdued market.

#### THE BOARD

In February 2015, Dato' Khoo Eng Min stepped down from the Board, and we would like to take this opportunity to record our deepest thanks and gratitude to him for his contribution to the Group.

#### APPRECIATION

At the end of a challenging year, my fellow directors and I wish to express our profound appreciation to all our employees across the Group for their contribution. The skill and expertise of our people, and their continuing commitment and hard work are the strong foundation on which our business rests.

I also wish to thank my board colleagues for the valuable work and guidance they provided throughout 2014.

Finally, we are grateful for the continuous support from all our shareholders.

Thank you.

TAN SRI A. RAZAK BIN RAMLI Chairman 10 April 2015



SHANGRI-LA HOTEL KUALA LUMPUR

## **OPERATIONS REVIEW**

# Hotels

In 2014, the financial performance of **Shangri-La Hotel Kuala Lumpur** improved further on the back of stronger food and beverage business combined with effective cost saving measures.

Revenue for the year was RM192.224 million as against RM192.589 million in 2013, with a higher contribution from food and beverage operations being offset by a dip in revenue from rooms business. The hotel's pre-tax profit nevertheless advanced 7% to RM46.234 million in 2014 compared to RM43.222 million the year before, driven mainly by cost savings and a lower depreciation charge.

The hotel's food and beverage revenue for 2014 climbed to RM93.626 million from RM92.881 million in 2013. The hotel's outlets reported a higher revenue underpinned by an increase in average checks, especially at the coffee shop, Lemon Garden Café, Arthur's Bar & Grill and Shang Palace. This was partially offset by a reduced revenue contribution from banqueting business due to a fall in average checks resulting from stiff price competition. The combination of a growth in revenue and a drop in operating costs achieved through cost savings measures pushed up the hotel's food and beverage profit by 2% to RM37.100 million in 2014 compared to RM36.381 million the prior year.

Room revenue of RM92.514 million in 2014 was marginally down on the previous year's figure of RM93.396 million as a higher average room rate was outweighed by a decline in occupancy levels. As a result, room profit was slightly lower at RM72.973 million versus RM72.979 million in 2013. Average room rates rose across almost all segments, in particularly the corporate group segment and the leisure individual and leisure group segments. Occupancy, however, decreased to 77% as against 81% in 2013, mainly due to a reduction in room night bookings chiefly from the leisure individual and leisure group segments of Australia, Hong Kong and the Middle East. To cushion the drop in leisure business, the hotel offered attractive packages with special rates targeting the Malaysian and Singaporean markets so as to generate business during holiday seasons and weekends.

The hotel aims to deliver excellent service, gracious hospitality and superb facilities and continued to garner prestigious awards during the year. It was named one of the Best Hotels in Southeast Asia by Condé Nast Traveler in its Readers' Choice Awards 2014. Meanwhile, Travel + Leisure magazine ranked the hotel as the Best Hotel in Kuala Lumpur for 2014 and it was also voted as one of the *Top 25 Hotels in Malaysia* by TripAdvisor in its 2014 Travellers' Choice Awards.

The hotel's main focus in 2015 is on stepping up corporate business from its key markets of Malaysia, Singapore, Australia and the UK as well as on expanding its meeting and incentive markets in Malaysia, the Middle East and China. It also aims to grow its convention business in the banking and finance, pharmaceutical and medical sectors. To maximise room yield, the hotel will intensify its upselling activities so as to win higher rated business for its Horizon rooms and suites. For its leisure markets, it will concentrate on boosting volume from the UK, Australia, the Middle East and Japan besides venturing into the new market of Korea. In addition, to spur its weekend business, the hotel will also continue to offer the Malaysian and Singaporean markets packages with value added benefits and attractive promotions.

To expand its food and beverage business, the hotel will introduce a new range of creative food promotions, revamp its food concepts, and further enhance service quality across all its outlets. In addition, it will continue to promote its loyalty food and beverage programme so as to expand the local community customer base and drive repeat business for the outlets. Meanwhile, the hotel will grow its banqueting and outside catering business through innovative sales and marketing programmes, and will introduce more competitive meetings packages to secure a higher number of conventions, corporate meetings, government functions, high profile weddings and social events.



HORIZON CLUB LOUNGE, SHANGRI-LA HOTEL KUALA LUMPUR

# **OPERATIONS REVIEW**

# Hotels

On 4 November 2014, Traders Hotel Penang was rebranded as Hotel Jen Penang. This was in line with a major initiative by Shangri-La International Hotel Management to rebrand all of its Traders Hotels as Hotel Jen.



GARDEN CAFÉ, GOLDEN SANDS RESORT

During the year, Hotel Jen Penang delivered healthy growth in both revenue and profit underpinned by stronger corporate demand. Revenue was up 4% to RM43.148 million compared with RM41.382 million in 2013, while pre-tax profit improved by 11% to RM8.697 million from RM7.813 million the previous year.

Room occupancy rose from 80% to 83% mainly due to higher room night bookings generated from its long stay corporate segment primarily from Japan. There was also higher demand from the meeting and incentive segments from Malaysia and Singapore. As a result, room revenue for 2014 gained 5% to RM30.810 million from the RM29.262 million generated the year before, and rooms profit climbed 8% to RM23.524 million in 2014 as against RM21.838 million in 2013.

The hotel's food and beverage revenue of RM10.676 million for 2014 was slightly up on the RM10.570 million recorded in 2013. This was mainly due to a rise in revenue from the outlets driven by an increase in covers, particularly from the coffee shop, The Islander. However, this was largely offset by a drop in revenue contribution from the banqueting business, with stiff pricing competition causing a reduction in average checks. Nevertheless, profit rose by 9% to RM2.547 million in 2014 from RM2.334 million in 2013 as a result of effective cost saving measures undertaken during the year.

The hotel's focus in 2015 is to drive higher business volumes from its key corporate markets of Malaysia, Japan and Singapore and to build its corporate customer base particularly in the electrical and electronics sectors. The hotel also aims to win new business in the long stay segment and to expand its market share in the meeting and incentive segment of Malaysia and Singapore. Meanwhile, the hotel will continue to increase its leisure business from Indonesia and will introduce attractive weekend and holiday packages for its tour segment from Taiwan and China.

To further improve the business volume and competitiveness of the hotel's food and beverage outlets, new food concepts and attractive buffet and dining promotions will be launched. At the same time, greater marketing efforts will be made to grow patronage for its outlets from the local community. In addition, to develop its banqueting and outdoor catering business, competitive, value-added packages will be inaugurated to secure more corporate events and social functions.

### **OPERATIONS REVIEW**

## Resorts

**Rasa Sayang Resort** experienced a 10% fall in total revenue to RM69.707 million from RM77.442 million in 2013, while pre-tax profit was down 37% to RM12.061 million from RM19.129 million the previous year.

The reduced financial performance reflects the impact of the major renovation of all the resort's Garden Wing guestrooms, which resulted in a significant drop in the number of rooms available for sale for the greater part of the year. The renovations started in April 2014 and were successfully completed by mid-December 2014. The improved room product received an encouraging response from guests, and will further strengthen the resort's position and enable it to compete more effectively in the market.

In 2014, the resort's occupancy was 53% as against 67% the year before. Lower room night bookings were recorded in almost all segments, especially the leisure group and leisure individual segments of the UK, Australia, the Middle East and Malaysia, as well as in the meeting and incentive segments, particularly from Malaysia and Singapore. As a result, total room revenue decreased by 13% to RM41.699 million from RM47.960 million in 2013, and profit also declined 13% to RM33.654 million from RM38.880 million the preceding year.

In line with lower occupancy, the resort's food and beverage operations delivered weaker results. Almost all outlets recorded fewer covers, especially the coffee shop, Spice Market and Tepi Laut. Banqueting business also slipped due to a smaller number of corporate meetings and social events. As a result, the resort's food and beverage revenue was down 5% to RM23.869 million from RM25.222 million the prior year, while profit decreased by 9% to RM8.960 million from RM9.811 million in 2013.

In 2014, the resort was voted one of the Top 25 Hotels and Resorts in Asia by Smart Travel Asia Magazine in its 2014 Best in Travel Poll. It was also named one of the Top 10 Hotels in Malaysia by TripAdvisor in its 2014 Travellers' Choice Awards.

In 2015, the resort will boost its sales and marketing efforts to drive higher business volumes from its key leisure markets of Australia, the Middle East, Malaysia and the UK. It will also work on sourcing new business from the emerging markets of China and India. Meanwhile, increased efforts will be made to grow corporate meetings business from Malaysia, Singapore and Hong Kong. Besides this, the resort aims to improve room yield through a more effective rate management strategy and aggressive upselling incentives.

To enhance the performance of its food and beverage outlets, the resort will continue to launch special dining promotions and creative food and beverage concepts. It will also continue its partnerships with major credit card merchants as well as offering attractive dining packages to attract more customers to the outlets. Meanwhile, to further develop its banqueting business, marketing initiatives will be intensified targeting high yield corporate events and social functions.



TRANQUIL SUITE, RASA SAYANG RESORT & SPA

# **OPERATIONS REVIEW**

## Resorts

In 2014, stronger leisure demand coupled with higher average room rates enabled **Golden Sands Resort** to grow its total revenue by 7% to RM60.415 million from RM56.429 million the year before. Pre-tax profit, meanwhile, advanced by 8% to RM17.394 million compared with RM16.070 million in 2013.

During the year, the resort's occupancy climbed to 76% from 72% the prior year, while its average room rate was up 3%. This led to a 10% increase in total room revenue to RM41.977 million from RM38.223 million in 2013, and a 10% rise in profit to RM34.818 million from RM31.512 million the previous year. These results were underpinned by higher room night bookings from its leisure group and packages segments from Malaysia, Australia, Singapore and the Middle East combined with improved average room rates particularly in the leisure group segment.

The resort's food and beverage operations, on the other hand, delivered a weaker performance, owing largely to stiff pricing competition in tough market conditions. Total food and beverage revenue increased by only 2% to RM15.839 million from RM15.603 million in 2013, owing mainly to a higher revenue contribution by the coffee shop, Garden Café. However, profit declined to RM4.550 million from RM4.580 million in 2013, with the growth in revenue unable to offset the impact of rising cost pressures.

In 2015, the resort will focus its sales and marketing initiatives on spurring business volumes from its key leisure markets of Australia, the Middle East, Malaysia and the UK. It will also source new business from the emerging markets of China and India. Besides this, greater efforts will be made to secure more corporate meetings from Malaysia and Singapore and to expand group tours business from Hong Kong and Japan.

To boost business for the resort's food and beverage outlets, new food and beverage concepts and more exciting food promotions will be devised specifically to attract both the local community and in-house quests. In addition, innovative dining packages will continue to be offered through partnerships with major credit card merchants so as to generate recurring business.

The resort will also step up its marketing efforts to further grow its banqueting and local catering business, and will again launch a range of value-added packages to win more corporate meetings, weddings and social events. At the same time, the resort will continue to raise its service standards and improve its operating efficiency.



RASA SAYANG RESORT & SPA

### **OPERATIONS REVIEW**

## Resorts

In 2014, higher average room rates and enhanced food and beverage business drove up total revenue at **Rasa Ria Resort** by 3% to RM117.033 million from RM113.255 million the year before. Pre-tax profit, however, eased from RM28.132 million to RM24.896 million owing to a charge of RM5.300 million for constructing a road to provide public access to the nearby beach and villages, as required by the local district council. Excluding this charge, the resort's pre-tax profit for 2014 was RM30.196 million, 7% up on the 2013 figure of RM28.132 million.

During the year, the resort's occupancy level declined to 70% from 75% in 2013 due to a reduction in room night bookings mainly in the leisure individual, leisure group and tours segments from China, Hong Kong, Taiwan and Korea. On the other hand, an effective rate strategy secured higher average room rates across almost all segments. This pushed up total room revenue by 2% to RM67.946 million from RM66.318 million in 2013, while room profit gained 3% to RM58.574 million from RM56.698 million.

Meanwhile, the resort's food and beverage performance improved, with revenue climbing 6% to RM37.667 million from RM35.566 million in 2013 and profit advancing by 10% to RM14.021 million from RM12.711 million the previous year. These results were spurred mainly by a bigger contribution from the outlets on the back of higher average checks, mainly at Coffee Terrace, Naan and Tepi Laut. The banqueting business also did well, with both covers and average check benefitting from a growth in corporate meetings and social events.

In 2014, the resort garnered a number of prestigious awards in recognition of its product quality and service excellence. It was listed among the Top 20 Best Hotels in the Asia and India Category in the Condé Nast Readers' Travel Awards 2014, and was ranked one of the Best Luxury Hotels in Malaysia by TripAdvisor in its Travellers' Choice Awards 2014.

The new Ocean Wing extension, begun in March 2013, was completed and opened in early April 2015. The extension comprises two additional blocks which add 83 guestrooms to the resort's room inventory, as well as a new lobby and reception and an all-day dining restaurant. The resort has launched a marketing and advertising programme to create awareness of the extension, which has been well received in the market. In tandem with the extension the resort refurbished all of the 90 guestrooms in the existing Ocean Wing. Together, these initiatives will bolster the resort's leadership position in both the local and the international markets besides providing a strong foundation for future growth.

In 2015, the resort will strive to expand its customer base in its key leisure markets of Australia, Hong Kong, Japan, Korea and the UK. It also aims to grow its market share in the emerging market of China and to secure more high yield corporate meetings business from Malaysia and Singapore. At the same time, it will continue to build cost efficiency and profitability throughout its operations, and will further enhance its customer service.



LOBBY LOUNGE, RASA RIA RESORT

### **OPERATIONS REVIEW**

# **Investment Properties**

The Group's investment properties in Kuala Lumpur recorded improved results with a stronger contribution from UBN Tower which more than offset lower results from UBN Apartments. The total combined rental revenue of RM23.775 million in 2014 was 3% higher than the RM23.150 million recorded in 2013. Meanwhile, the combined net profit, after excluding net fair value changes, rose 3% to RM11.773 million from RM11.458 million the year before.

The leasing market for office space in Kuala Lumpur remained stable in 2014, which enabled UBN Tower not only to record an occupancy rate of 81% but also to grow its average rental rate by 3% on the back of higher rental rates secured both for new tenancies and renewals of existing tenancies. As a result, total rental revenue was up 3% to RM21.554 million from RM20.847 million in 2013 and net profit advanced by 5% to RM9.632 million from RM9.211 million the previous year.

The leasing activities in the high-end apartment market in the Golden Triangle remained challenging in 2014 with the existing oversupply increasing as new apartments came onto the market. Against this background, UBN Apartments recorded a lower occupancy of 59% in 2014 as compared to 61% in 2013. Total rental revenue declined by 4% to RM2.221 million from RM2.303 million in 2013, while net profit dropped by 5% to RM2.141 million from RM2.247 million the preceding year.

At UBN Apartments, the recladding of the external facade using aluminium composite panels which started in October 2013 was successfully completed in October 2014. At the same time, upgrading works were carried out to the porte cochère and entrance driveway, and the interiors of three passenger lifts were fully refurbished during the year.

Looking ahead, with trading conditions in the prime office rental market in Kuala Lumpur anticipated to remain broadly stable in 2015, performance by UBN Tower should remain steady. However, UBN Apartments will continue to face stiff competition as a large number of high end apartments will be coming on stream in 2015, adding to the existing oversupply. This situation will put further downward pressure on occupancy and rental rates.

In this highly competitive environment, greater efforts will be made to retain existing tenants, and sales and marketing efforts will be intensified so as to secure new tenants and grow rental yields. At the same time, both properties will place extra emphasis on providing tenants with a higher standard of service and on further improving both operating efficiency and the quality of maintenance and security.



# **CORPORATE STRUCTURE**

### SHANGRI-LA HOTELS (MALAYSIA) BERHAD

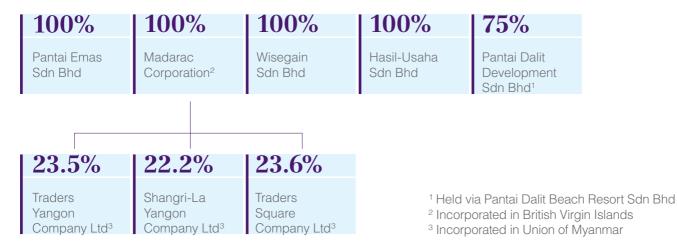
### **Hotels & Resorts**

100%	100%   100%		<b>75</b> %	75%   75%	
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 <sup>1</sup>	Sdn Bhd

# **Investment Properties**

100%	100%
UBN Tower	UBN Holdings
Sdn Bhd	Sdn Bhd

## **Investment Holding & Others**



## FINANCIAL CALENDAR

### **Year 2015**

### 23 February

Announcement of Audited Consolidated Results for the 4th Quarter and Financial Year ended 31.12.2014

### 27 April

Issue of 2014 Annual Report

### **19 May**

2015 Annual General Meeting to be held

### **19 May**

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

#### 5 June

Entitlement Date for the proposed 2014 Final Dividend

#### 30 June

Payment Date for the proposed 2014 Final Dividend

### **Year 2014**

### **20 May**

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

### 21 August

Announcement of Unaudited Consolidated Results for the 2nd Quarter ended 30.6.2014

#### 24 October

2014 Interim Dividend Entitlement Date

#### 12 November

Announcement of Unaudited Consolidated Results for the 3rd Quarter ended 30.9.2014

#### 14 November

2014 Interim Dividend Payment Date

#### 31 December

Financial Year End

# CORPORATE DATA

#### **BOARD OF DIRECTORS**

Tan Sri A. Razak bin Ramli Chairman

Kuok Oon Kwong Managing Director

Datin Rozina Mohd Amin

**Executive Director** 

Dato' Haris Onn bin Hussein\* Dato' Seri Ismail Farouk Abdullah\*

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/I 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 : (+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

: (+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 2014. Age 66.

#### KUOK OON KWONG

Managing Director

SINGAPOREAN, NON-INDEPENDENT EXECUTIVE DIRECTOR

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

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

Madam Kuok has no conflict of interest with SHMB and no convictions for any offences within the past ten years. She attended all five Board meetings held in 2014. Age 68.

#### 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 2014. Age 55.

#### 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 all five Board meetings held in 2014. Age 48.

### DATO' SERI ISMAIL FAROUK ABDULLAH

MALAYSIAN, INDEPENDENT NON-EXECUTIVE DIRECTOR

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

Dato' Seri Ismail Farouk has no family relationship with any Director and/or major shareholder of SHMB, no conflict of interest with SHMB and no convictions for any offences within the past ten years. He attended all five Board meetings held in 2014. Age 69.

#### DATUK SUPPERAMANIAM A/L MANICKAM

MALAYSIAN, INDEPENDENT NON-EXECUTIVE DIRECTOR

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

Since his retirement from government service, he now serves as a resource person and consultant to meetings, workshops and conferences organised by United Nations Agencies, regional and international organisations and foreign governments. He has also been appointed to serve as a member on several committees of the Government on Globalisation issues especially those relating to trade policy and negotiations. Currently, he is 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 2014. Age 70.

#### DATO' DR TAN TAT WAI

MALAYSIAN, INDEPENDENT NON-EXECUTIVE DIRECTOR

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

Dato' Dr Tan has no family relationship with any Director and/or major shareholder of SHMB, no conflict of interest with SHMB and no convictions for any offences within the past ten years. He attended four out of five Board meetings held in 2014. Age 68.

#### 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 2014. Age 73.

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 2014 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. Dato' Khoo Eng Min, who served on the Board throughout 2014, stepped down from the Board on 23 February 2015. 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 2014, 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 nonexecutive directors comprise more than one-third of the Board as required by the Listing Requirements of Bursa Malaysia.

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

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

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

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

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

#### Re-election of Directors

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

The names of the directors of the Company who are seeking re-election or re-appointment at the 44th AGM of the Company to be held on 19 May 2015 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 2014 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 2014

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	5/5
Dato' Seri Ismail Farouk Abdullah	5/5
Datuk Supperamaniam a/I Manickam	5/5
Dato' Dr Tan Tat Wai <sup>1</sup>	4/5
Tan Yew Jin	5/5
Dato' Khoo Eng Min <sup>2</sup>	4/5

Dato' Dr Tan Tat Wai was absent from one meeting due to a prior business commitment which could not be rescheduled.

<sup>&</sup>lt;sup>2</sup> Dato' Khoo Eng Min was unable to attend one scheduled meeting due to unforeseen circumstances. On 23 February 2015, Dato' Khoo Eng Min resigned from the Board.

#### **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 2014, a full day in-house training programme was organised for the directors covering a broad range of topics which included the impact of the implementation of the Goods and Services Tax (GST) on the Group's operations and how the Group should prepare its business processes and systems at all its business operating units to be ready for the nationwide GST implementation on 1 April 2015. The Group engaged the services of a professional consultant to assist its companies with planning and implementation, as well as with GST training and awareness for staff at each business operating unit.

The in-house training programme also covered topics related to the board's responsibilities for risk management and internal controls and the role of a company's internal audit function to carry out a risk-based internal audit to assess the adequacy and effectiveness of the internal controls.

In addition to the in-house training programme, several of our directors attended various other external training programmes, including the following:

- The Corporate Governance Guide (Towards Boardroom Excellence)
- ICLIF Leadership and Governance Centre: The role of the Board in Behavioural Issues Board, Committee, Director and CEO Assessments
- ICLIF Leadership and Governance Centre: Nominating Committee Programme: Effective Board Evaluations
- Seminar on Managing in Uncertainty: Surviving the Turbulence
- Briefing on US Foreign Account Tax Compliance Act and Personal Data Protection Act

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 2014. 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 2014 is set out below.

CATEGORY	FEES & ALLOWANCES (RM)	SALARIES & BONUS (RM)	BENEFITS-IN-KIND (RM)
Executive directors	-	1,800,100	16,925
Non-executive directors	304,000	-	-
Total	304,000	1,800,100	16,925
AMOUNT OF REMUNERATION	N	EXECUTIVE DIRECTORS	NON-EXECUTIVE DIRECTORS
Below RM50,000		-	6
RM50,001 to RM100,000		-	1
RM100,001 to RM850,000		-	-
RM850,001 to RM900,000		1	-
RM900,001 to RM950,000		1	-

## STATEMENT ON CORPORATE GOVERNANCE

#### RELATIONS WITH SHAREHOLDERS

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

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

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

#### ACCOUNTABILITY AND AUDIT

#### **Financial Reporting**

In presenting the annual financial statements and quarterly announcements of results, the Board seeks to provide shareholders with a balanced and understandable assessment of the Group's financial position and prospects. The Audit Committee assists the Board in ensuring the reliability and integrity of the accounting and financial reporting process of the Company. In addition, it reviews the annual financial statements and quarterly financial reports before they are submitted to the Board for approval. A statement of the directors' responsibilities for preparing the financial statements is set out on page 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 10 April 2015.

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

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

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

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

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

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

#### KEY RISK MANAGEMENT AND INTERNAL CONTROL PROCESSES

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

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

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

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

#### Organisation structure with clearly defined lines of responsibility and delegated authority

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

#### • Independence of Audit Committee

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

#### Documented internal policies and procedures

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

#### Detailed budgeting process

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

#### Comprehensive system of financial reporting

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

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

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

#### Established capital expenditure approval process

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

#### **Employee competency**

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

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

#### 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. In 2014, the IAD extended its scope of work to cover audits of new hotel development, hotel extension projects and renovation projects, focussing 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.

#### . 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 2014, 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 2014, 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 10 April 2015.

#### ROLE OF THE AUDIT COMMITTEE

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

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

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

#### COMPOSITION OF THE COMMITTEE

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

The AC held four meetings in 2014 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 2014 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/I 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 2014 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
- Reviewed the terms of engagement of the external auditor and its effectiveness at the end of the audit process, including the objectivity and independence of the external auditor;
- Assessed the scope and effectiveness of the systems established to identify, evaluate, manage and monitor key financial and non-financial risks:
- Monitored the integrity of the Group's internal financial controls with reference to regular detailed reports from the Director of Corporate Internal Audit on the management of key risks and control issues across all business areas; and
- Monitored and reviewed the plans, work and effectiveness of the internal audit function, including actions taken to address any weaknesses or failures in internal controls.

#### **EXTERNAL AUDITOR**

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

Based on the review conducted in 2014, the AC was satisfied with the performance of the external auditor and the effectiveness of the audit process. It has therefore recommended to the Board that the external auditor be reappointed. Acting on this recommendation, the Board agreed to recommend to shareholders at the Annual General Meeting in 2015 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 2014, the total cost of the internal audit services rendered by the IAD of the Company's ultimate holding company amounted to RM62,800.

#### 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:

- 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;
- Have full and unrestricted access to any employee and information pertaining to the Group; C.
- Have direct communication with the external auditors and members of the IAD who carry out the internal audit d. function of the Group; and
- 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:

- 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.
- 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.
- Review the scope of the internal and external auditors' evaluation of the Group's systems of internal control. e.
- Review audit reports prepared by the internal and external auditors, the major findings, and the management's f. responses thereto, and ensure that appropriate action is taken in respect of these reports.
- Review appraisals or assessments of the performance of the staff members of the internal audit function. g.
- 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.
- Direct any special investigations to be carried out by the IAD. j.
- 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.
- 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.
- Review the effectiveness of the system for monitoring compliance with applicable laws and regulatory requirements.
- 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.
- 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.
- Perform other duties as directed by the Board of Directors. p.

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 2015. Shangri-La Hotel Kuala Lumpur has also converted the use of LPG to natural gas for all boilers and in all kitchen areas aimed at achieving improved air quality. Rasa Sayang Resort has switched from using diesel burning boilers to heat pumps to reduce both diesel fuel consumption and emissions, while 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 2014, 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

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

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

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.

In collaboration with the Sabah Wildlife Department, abandoned baby orangutans are rehabilitated in the nature reserve under the care of the resort's trained forest rangers. Since 1996, 40 orangutans have been successfully rehabilitated and moved to the next stage of the programme for eventual release into the wild.

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

Rasa Ria Resort's nature reserve and its supporting facilities aim to raise greater environmental awareness and at the same time provide an enriching educational experience for visitors, local communities and students from all around Sabah. In 2014, there were 23,805 visitors, bringing the total number to 389,683 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 carried out 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 2014, 280 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 Management Trainee Programme and the Corporate Trainee Programme.

The Group also provides opportunities for select employees to attend training at the Shangri-La Academy in China through its certificate, diploma and management development programmes. In 2014, 35 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 2014, 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.

More significantly, four of our hotels and resorts have now attained HACCP (Hazard Analysis and Critical Control Point System) certification, namely Shangri-La Hotel Kuala Lumpur in 2006, Rasa Sayang Resort in 2008, Rasa Ria Resort in January 2009, and Golden Sands Resort in December 2010. HACCP is a global food safety standard system and is one of the most sought-after accreditations in the hospitality industry. Rasa Sayang Resort was the first hotel in Penang to attain this certification and Hotel Jen Penang is expected to obtain its HACCP certification in 2015.

#### 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 the 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.

Rasa Ria Resort received the Excellence Award in the Hotel and Restaurant category in the recent National Occupational Safety & Health (NOSH) Award 2014. 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 old folk and the blind. The hotels also support local communities through fundraising and sponsorship activities for charities as well as making donations in kind such as blankets, towels, linen, used uniforms and furniture.

For many years, Shangri-La Hotel Kuala Lumpur's Embrace, Gift of Life Project has benefited many less fortunate children from all over Malaysia who are in urgent need of critical life-saving medical treatments and artificial limbs. In 2014, through its annual fundraising initiatives and its own donations, the hotel sponsored heart surgery for five babies as well as endoprosthesis reconstruction surgery for an eighteen-year-old boy suffering from cancer. Meanwhile, Rasa Sayang Resort sponsored heart surgery for four babies born with congenital heart defects under its Embrace, Gift of Life Project, and Golden Sands Resort sponsored artificial limbs for five recipients under its Embrace, Gift of Limb 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 addition, from 2009 to 2014 the three Penang hotels sponsored meals, dry food rations and laundry equipment for the poor and homeless at the Lighthouse Community Service Centre, while Hotel Jen Penang also supported its educational initiatives for underprivileged children and young adults.

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)

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

In respect of SMK Sri Nangka, in 2014 Rasa Ria Resort continued to sponsor a daily meal for 30 underprivileged students. 77 students benefited from books sponsorship, 20 students were rewarded with book vouchers for excelling in their school examinations, and 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.

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

#### **RASA SAYANG RESORT**

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

#### **GOLDEN SANDS RESORT**

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

#### RASA RIA RESORT

- ASEAN Green Hotel Award 2014
- 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

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#### **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 2014 amounted to RM239,280.

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.

	LIVI
KPMG Tax Services Sdn Bhd	212,280
KPMG	27,000
Total	239,280

#### 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 2014, 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 2014

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 2014 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 2014

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 2014.

#### PRINCIPAL ACTIVITIES

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

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

#### RESULTS FOR THE FINANCIAL YEAR

	GROUP RM'000	COMPANY RM'000
Profit attributable to:		
Shareholders of the Company	79,340	47,852
Non-controlling interests	6,452	
	85,792	47,852

#### **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:

- a final single-tier dividend of 10 sen per ordinary share, totalling RM44,000,000 in respect of the year ended 31 December 2013 on 30 June 2014;
- a special single-tier dividend of 5 sen per ordinary share, totalling RM22,000,000 in respect of the year ended 31 December 2013 on 30 June 2014; and
- an interim single-tier dividend of 3 sen per ordinary share, totalling RM13,200,000 in respect of the year ended 31 December 2014 on 14 November 2014.

for the year ended 31 December 2014

The Board has proposed a final single-tier dividend of 9 sen per ordinary share, totalling RM39,600,000 for the financial year ended 31 December 2014. 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 19 May 2015. 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 2015.

#### DIRECTORS OF THE COMPANY

The Directors of the Company in office since the da	ate 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/I Manickam	
Dato' Dr Tan Tat Wai	
Tan Yew Jin	
Dato' Khoo Eng Min (Resigned on 23 February 2015)	

In accordance with Article 95 of the Company's Articles of Association, Dato' Dr Tan Tat Wai, Dato' Seri Ismail Farouk Abdullah and Dato' Haris Onn bin Hussein retire by rotation from the Board at the forthcoming Annual General Meeting and being eligible, offer themselves for re-election.

Mr Tan Yew Jin who has attained the age of seventy (70) years and Datuk Supperamaniam a/I Manickam who will attain the age of seventy (70) years in March 2015, 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 2014

#### **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
	1.1.2014	Acquired	(Disposed)	31.12.2014
THE COMPANY	Numbe	er of Ordinary Sh	nares of RM1.0	00 each
DIRECT INTERESTS				
Tan Sri A. Razak bin Ramli	_	_	_	_
Kuok Oon Kwong	_	_	_	_
Datin Rozina Mohd Amin	_	_	_	_
Dato' Haris Onn bin Hussein	_	_	_	_
Dato' Seri Ismail Farouk Abdullah	10,000	_	_	10,000
Dato' Khoo Eng Min - own	5,000	_	_	5,000
- others	9,000(1)	_	_	9,000(1)
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	Numbe	r of Ordinary Sh	ares of HKD1.	00 each
DIRECT INTERESTS IN SAL				
Tan Sri A. Razak bin Ramli	_	_	_	_
Kuok Oon Kwong - own	182,938	259,983	_	442,921
- others	231,124(1)	21,511 <sup>(1)</sup>	_	252,635 <sup>(1)</sup>
Datin Rozina Mohd Amin	_	_	_	_
Dato' Haris Onn bin Hussein	_	_	_	_
Dato' Seri Ismail Farouk Abdullah	_	_	_	_
Dato' Khoo Eng Min	_	_	_	_
Datuk Supperamaniam a/l Manickam	_	_	_	_
Dato' Dr Tan Tat Wai	_	_	_	_
Tan Yew Jin	120,856	17,265	_	138,121
	,	,		•
DEEMED INTERESTS IN SAL				
Kuok Oon Kwong	170,768	18,687	_	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 2014

#### SHARE OPTIONS IN SAL

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

			granted and or the option			
	Option period	Exercise price per share option	As at 1.1.2014	Granted	Exercised	As at 31.12.2014
Kuok Oon Kwong	28.4.2006 - 27.4.2015	HKD 11.60	150,000	_	_	150,000
	28.4.2007 - 27.4.2015	HKD 11.60	150,000	_	_	150,000
	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
	00.4.0000 07.4.0045	11175 11 00	05.000			05.000
Datin Rozina Mohd Amin	28.4.2006 - 27.4.2015	HKD 11.60	25,000	_	_	25,000
	28.4.2007 - 27.4.2015	HKD 11.60	25,000	_	_	25,000
	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 2014, 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 2014

#### 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:

- all known bad debts have been written off and adequate provision made for doubtful debts, and
- 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:

- 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
- 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:

- 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
- 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 2014 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 2014

#### **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: 23 February 2015

## 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 2014 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 2014 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: 23 February 2015

## 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 abovenamed TAY KENG HOCK at Kuala Lumpur in Wilayah Persekutuan on 23 February 2015.

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 2014 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 2014 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: 23 February 2015

# **STATEMENTS OF FINANCIAL POSITION**

as at 31 December 2014

		GROUP		COMPANY	
	Note	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	3	757,829	707,788	126,609	95,253
Investment properties	4	285,630	280,860	-	-
Investments in subsidiaries	5		_	459,188	459,188
Interests in associates	6	128,484	152,154	-	-
Property development expenditure	7	12,286	12,286	_	_
. Topotty do totopor. or.portalitatio		1,184,229	1,153,088	585,797	554,441
Current assets			<u> </u>	<u> </u>	·
Inventories	8	8,527	8,440	1,046	1,134
Trade and other receivables, prepayments and deposits	9	26,563	27,533	244,204	258,838
Tax recoverable	9	3,062	434	644	279
Cash and cash equivalents	10	56,595	93,719	45,663	81,260
		94,747	130,126	291,557	341,511
Total assets		1,278,976	1,283,214	877,354	895,952
Share capital Reserves Total equity attributable to shareholders	11	440,000 514,979	440,000 514,839	440,000 317,504	440,000 348,852
of the Company Non-controlling interests		954,979 100,164	954,839 94,712	757,504 –	788,852
Total equity		1,055,143	1,049,551	757,504	788,852
LIABILITIES					
Non-current liabilities					
Retirement benefits	13	19,676	17,864	706	574
Deferred tax liabilities	14	21,932	16,423	2,955	835
		41,608	34,287	3,661	1,409
Current liabilities					
Short-term borrowings	12	85,806	111,482	_	_
Trade and other payables	15	96,125	86,077	116,189	105,691
Current tax liabilities		294	1,817	_	_
		182,225	199,376	116,189	105,691
Total liabilities		223,833	233,663	119,850	107,100
Total equity and liabilities		1,278,976	1,283,214	877,354	895,952
1 * * * * * * * * * * * * * * * * * * *		, -,	,,	- ,	,

# **INCOME STATEMENTS** for the year ended 31 December 2014

		GF	ROUP	COM	IPANY
		2014	2013	2014	2013
	Note	RM'000	RM'000	RM'000	RM'000
Revenue	16.1	513,679	511,225	106,507	112,342
Operating profit before exceptional item		120,473	129,716	50,760	55,843
Exceptional item	16.2	_	29,744	_	70,776
Operating profit	16.1	120,473	159,460	50,760	126,619
Interest income	17	2,438	1,312	2,352	1,184
Interest expense	18	(2,092)	(1,416)	(2,882)	(2,022)
Share of results of associated companies	19	(1,322)	8,825	-	_
Profit before tax		119,497	168,181	50,230	125,781
Tax expense	21	(33,705)	(28,373)	(2,378)	(4,707)
Profit for the year		85,792	139,808	47,852	121,074
Profit attributable to:					
Shareholders of the Company		79,340	130,367	47,852	121,074
Non-controlling interests		6,452	9,441	_	_
Profit for the year		85,792	139,808	47,852	121,074
Basic earnings per ordinary share (sen)	22	18.03	29.63		

# STATEMENTS OF COMPREHENSIVE INCOME

for the year ended 31 December 2014

		GI	ROUP	COM	COMPANY	
	Note	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000	
Profit for the year		85,792	139,808	47,852	121,074	
Other comprehensive income, net of tax Items that will not be reclassified subsequently to profit or loss Remeasurement of defined retirement benefit liability		_	(503)		19	
,	16.3		(503)		19	
Other comprehensive income for the year, net of tax	10.3	05.700	, ,	47.050		
Total comprehensive income for the year		85,792	139,305	47,852	121,093	
Total comprehensive income attributable to:						
Shareholders of the Company		79,340	129,907	47,852	121,093	
Non-controlling interests		6,452	9,398	_	_	
Total comprehensive income for the year		85,792	139,305	47,852	121,093	

# **CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

for the year ended 31 December 2014

		Attributable to	o shareholder	s of the Compa	ny		
		Non-dis	tributable	Distributable	Total equity		
GROUP	Note	Share capital RM'000	Share premium RM'000	Retained earnings RM'000	attributable to shareholders of the Company RM'000	Non- controlling interests RM'000	Total equity RM'000
At 1 January 2013		440,000	104,501	324,431	868,932	86,314	955,246
Remeasurement of defined retirement benefit liability	16.3	_	-	(460)	(460)	(43)	(503)
Total other comprehensive income for the year  Profit for the year			- -	(460) 130,367	(460) 130,367	(43) 9,441	(503) 139,808
Total comprehensive income for the year Dividends to shareholders	23	-	- -	129,907 (44,000)	129,907 (44,000)	9,398	139,305 (44,000)
Dividend to non-controlling interests of a subsidiary		_	_	_	_	(1,000)	(1,000)
At 31 December 2013/1 January 2014		440,000	104,501	410,338	954,839	94,712	1,049,551
Remeasurement of defined retirement benefit liability	16.3	_	-	_	_	-	_
Total other comprehensive income for the year  Profit for the year		_	-	- 79,340	- 79,340	- 6,452	- 85,792
Total comprehensive income		_		19,040	79,540	0,432	05,192
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		440,000	104,501	410,478	954,979	100,164	1,055,143

Note 11

# **STATEMENT OF CHANGES IN EQUITY**

as at 31 December 2014

Attributable	to charaholders	s of the Compan	١,

		Attributable to shareholders of the oompany			
COMPANY	Note	Non-dis Share capital RM'000	stributable Share premium RM'000	Distributable Retained earnings RM'000	Total RM'000
At 1 January 2013		440,000	104,501	167,258	711,759
Remeasurement of defined retirement benefit liability	16.3	_	-	19	19
Total other comprehensive income for the year		_	_	19	19
Profit for the year		_	_	121,074	121,074
Total comprehensive income for the year		_	_	121,093	121,093
Dividends to shareholders	23	_	_	(44,000)	(44,000)
At 31 December 2013/1 January 2014		440,000	104,501	244,351	788,852
Remeasurement of defined retirement benefit liability	16.3	-	-	-	-
Total other comprehensive income for the year		_	_	_	-
Profit for the year		_	-	47,852	47,852
Total comprehensive income for the year		_	_	47,852	47,852
Dividends to shareholders	23	-	-	(79,200)	(79,200)
At 31 December 2014		440,000	104,501	213,003	757,504

Note 11

# **CASH FLOW STATEMENTS**

for the year ended 31 December 2014

		GROUP		COMPANY	
		2014	2013	2014	2013
	Note	RM'000	RM'000	RM'000	RM'000
Cash flows from operating activities					
Profit before tax		119,497	168,181	50,230	125,781
Adjustments for:					
(Write back)/Allowance for impairment loss on					
trade receivables		(101)	(84)	(61)	62
Depreciation on property, plant and equipment	3	54,105	54,942	6,726	6,903
Dividend income		_	_	(36,800)	(34,900)
Exceptional item	16.2	_	(29,744)	_	(70,776)
Fair value gain of investment properties	4	(2,041)	(4,817)	_	_
Interest expense	18	2,092	1,416	2,882	2,022
Interest income	17	(2,438)	(1,312)	(2,352)	(1,184)
Loss/(Gain) on disposal of property, plant and equipment		201	197	(117)	_
Property, plant and equipment written off		1,858	861	17	_
Retirement benefits charged	13	2,074	2,731	132	188
Share of results of associated companies		1,322	(8,825)	_	_
Unrealised gain on foreign exchange		(5,314)	(5,435)	(5,852)	(5,759)
Operating profit before changes in working capital		171,255	178,111	14,805	22,337
Change in inventories		(87)	471	88	(57)
Change in trade and other receivables, prepayments and depo	osits	1,071	1,689	578	(741)
Change in trade and other payables		10,048	3,035	5,665	1,575
Cash generated from operations		182,287	183,306	21,136	23,114
Dividends received		_	_	34,900	33,870
Retirement benefits paid		(262)	(619)	_	_
Tax paid		(32,347)	(25,807)	(623)	(1,003)
Net cash from operating activities		149,678	156,880	55,413	55,981

for the year ended 31 December 2014

		GROUP		СОМ	PANY
		2014	2013	2014	2013
	Note	RM'000	RM'000	RM'000	RM'000
Cash flows from investing activities					
Acquisition of property, plant and equipment		(106,438)	(32,965)	(38,131)	(1,562
Acquisition of investment properties		(2,729)	(6,763)	_	_
nterest received		2,438	1,312	2,352	1,184
Proceeds from disposal of property, plant and equipment		233	62	149	_
Net cash used in investing activities		(106,496)	(38,354)	(35,630)	(378
Cash flows from financing activities					
Dividend paid to shareholders of the Company		(79,200)	(44,000)	(79,200)	(44,000
Dividend paid to non-controlling interests of a subsidiary		(1,000)	(1,000)	-	( , 0 0 0
nterest paid		(2,092)	(1,416)	(2,882)	(2,022
Net advances from subsidiaries		_	_	26,702	68,130
Net loans repayment from/(advanced to) associates		33,727	(52,063)	_	_
Net (repayment)/drawndown of revolving credits		(31,741)	46,067	_	(7,200
Net cash (used in)/from financing activities		(80,306)	(52,412)	(55,380)	14,908
Net (decrease)/increase in cash and cash equivalents		(37,124)	66,114	(35,597)	70,511
Cash and cash equivalents at 1 January		93,719	27,605	81,260	10,749
Cash and cash equivalents at 31 December	(i)	56,595	93,719	45,663	81,260
i) Cash and cash equivalents					
Cash and cash equivalents included in the cash flow sta amounts:	atements	comprise the t	following state	ments of finar	icial positio
Deposits placed with licensed banks	10	42,813	77,497	41,510	75,170
Cash and bank balances	10	13,782	16,222	4,153	6,090

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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 2014 comprise the Company and its subsidiaries (together referred to as the "Group" and individually referred to as "Group entities") and the Group's interest in associates.

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

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

The financial statements were authorised for issue by the Board of Directors on 23 February 2015.

#### 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 2014, 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 2014.

Amendments to MFRS 10, Consolidated Financial Statements: Investment Entities

Amendments to MFRS 12, Disclosure of Interests in Other Entities: Investment Entities

Amendments to MFRS 127, Separate Financial Statements (2011): Investment Entities

Amendments to MFRS 132, Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities

Amendments to MFRS 136, Impairment of Assets - Recoverable Amount Disclosures for Non-Financial Assets

31 December 2014

The adoption of the above amended MFRS did not result in any substantial change to the Group's accounting policies nor any significant impact on 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 the Malaysian Accounting Standards Board ("MASB"), which are relevant to the Group's operations, but are not effective for the financial year ended 31 December 2014:

#### Amendments effective for annual periods beginning on or after 1 July 2014

Amendments to MFRS 3, Business Combinations (Annual Improvements 2010-2012 Cycle and 2011-2013 Cycle) Amendments to MFRS 8, Operating Segments (Annual Improvements 2010-2012 Cycle) Amendments to MFRS 13, Fair Value Measurement (Annual Improvements 2010-2012 Cycle and 2011-2013 Cycle) Amendments to MFRS 116, Property, Plant and Equipment (Annual Improvements 2010-2012 Cycle) Amendments to MFRS 119, Employee Benefits – Defined Benefit Plans: Employee Contributions Amendments to MFRS 124, Related Party Disclosures (Annual Improvements 2010-2012 Cycle) Amendments to MFRS 140, Investment Property (Annual Improvements 2011-2013 Cycle)

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

Amendments to MFRS 7, Financial Instruments: Disclosures (Annual Improvements to MFRSs 2012-2014 Cycle) 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 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 Initiatives Amendments to MFRS 116, Property, Plant and Equipment Amendments to MFRS 119, Employee Benefits (Annual Improvements to MFRSs 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 to MFRSs 2012-2014 Cycle)

#### MFRS effective for annual periods beginning on or after 1 January 2017

MFRS 15, Revenue from Contracts with Customers

#### MFRS effective for annual periods on or after 1 January 2018

MFRS 9, Financial Instruments (2014)

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 those disclosed in Note 4 – Valuation of Investment Properties and Note 13 – Retirement Benefits.

### 2. SIGNIFICANT ACCOUNTING POLICIES

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

#### (a) Basis of consolidation

#### (i) SUBSIDIARIES

Subsidiaries are entities, including 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 investments 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.

#### ACQUISITIONS OF NON-CONTROLLING INTERESTS

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

#### (iv) LOSS OF CONTROL

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

#### (v) ASSOCIATES

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

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

When the Group's share of losses exceeds its interest in an associate, the carrying amount of that interest including any long-term investment is reduced to 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.

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#### (v) ASSOCIATES (cont'd)

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

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

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

#### (vi) NON-CONTROLLING INTERESTS

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

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

#### (vii) TRANSACTIONS ELIMINATED ON CONSOLIDATION

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

Unrealised gains arising from transactions with 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

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").

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

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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 at fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with policy applicable to the nature of the host contract.

### (ii) FINANCIAL INSTRUMENT CATEGORIES AND SUBSEQUENT MEASUREMENT The Group and the Company categorise financial instruments as follows:

#### Financial assets

#### Loans and receivables

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

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

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

#### Financial liabilities

All financial liabilities are subsequently measured at amortised cost.

#### (iii) FINANCIAL GUARANTEE CONTRACTS

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

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 the profit or loss.

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

#### (d) Property, plant and equipment

#### (i) RECOGNITION AND MEASUREMENT

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

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.

#### SUBSEQUENT COSTS

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

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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 15 years

 Golf course and its related buildings 60 years

 Furniture, fixtures and equipment 4 to 20 years

 Motor vehicles 5 years

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

#### (e) Leased assets

#### (i) FINANCE LEASE

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

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

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

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

#### 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 cash flow statements, 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 (known as "cashgenerating unit").

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs 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 (or the group of cash-generating units) and then to reduce the carrying amount of the other assets in the cash-generating unit (or a group of cash-generating units) on a pro rata basis.

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

#### (i) Equity instruments

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

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#### (k) Employee benefits

#### 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 and the Company have a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

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

#### DEFINED RETIREMENT BENEFIT PLANS

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.

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.

31 December 2014

#### **Provisions**

A provision is recognised if, as a result of a past event, the Group and the Company have 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 the 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.

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

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

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax 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 2014

#### (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.

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# 3. PROPERTY, PLANT AND EQUIPMENT

GROUP	Freehold land RM'000	Leasehold land unexpired period less than 50 years RM'000	Leasehold land unexpired period more than 50 years RM'000	Hotel buildings and other buildings RM'000	Integral plant and machinery RM'000	related	fixtures, equipment and motor	Renovation and contract in-progress RM'000	Total RM'000
COST									
At 1 January 2013	44,880	4,123	19,681	626,282	135,233	48,856	430,258	5,180	1,314,493
Additions	_	_	_	286	1,614	_	18,396	12,669	32,965
Disposals	_	_	_	(55)	(201)	(65)	(2,175)	_	(2,496)
Write off	_	_	_	(333)	(36)	_	(27,773)	_	(28, 142)
Transfer	_	_	_	_	580	_	363	(943)	_
Reclassification	_	_	_	(2,012)	2,012	_	_	_	_
At 31 December 2013/									
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)
Transfer	-	-	-	74	1,100	-	5,194	(6,368)	-
At 31 December 2014	44,880	4,123	19,681	626,507	149,438	48,664	449,458	63,621	1,406,372

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GROUP	Freehold land RM'000	land unexpired period	more than		Integral plant and machinery RM'000	course and its related	equipment and motor	Renovation and contract in-progress RM'000	Total RM'000
DEPRECIATION AND IMPAIRMENT LOSS At 1 January 2013									
Accumulated depreciation Accumulated	_	1,099	4,258	222,414	93,295	12,111	244,549	-	577,726
impairment loss	_	_	_	_	_	5,882	_	_	5,882
	_	1,099	4,258	222,414	93,295	17,993	244,549	_	583,608
Depreciation for the year	_	125	208	12,962	5,559	720	35,368	_	54,942
Disposals Write off	_	_	_	(29) (83)	(184) (36)	(39)	(1,985) (27,162)		(2,237) (27,281)
At 31 December 2013/ 1 January 2014 Accumulated		1 204	4 466	025.064	09 624	10 700			
depreciation Accumulated	_	1,224	4,400	235,264	98,634	12,792	250,770	_	603,150
impairment loss	_	-	- 4 400	-	-	5,882	-		5,882
Depreciation for the year	-	1,224 125	4,466 206	235,264 12,967	98,634 4,557	18,674 717	250,770 35,533	_	609,032 54,105
Disposals		125	200	(14)	•		(4,224)		(5,181)
Write off At 31 December 2014	_	-	-	(169)	(987)	(26)			(9,413)
Accumulated depreciation Accumulated	-	1,349	4,672	248,048	101,261	13,483	273,848	-	642,661
impairment loss	_	_	_	_	_	5,882	_	_	5,882
	_	1,349	4,672	248,048	101,261	19,365	273,848	-	648,543
CARRYING AMOUNTS At 1 January 2013	44,880	3,024	15,423	403,868	41,938	30,863	185,709	5.180	730,885
At 31 December 2013/ 1 January 2014	44,880	2,899	15,215	388,904	40,568	30,117	168,299		707,788
At 31 December 2014	44,880	2,774	15,009	378,459	48,177	29,299	175,610	63,621	757,829

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

COMPANY	Freehold land RM'000	Leasehold land unexpired period less than 50 years RM'000	Hotel buildings RM'000	Integral plant and machinery RM'000	Furniture, fixtures, equipment and motor vehicles RM'000	Renovation and contract in-progress RM'000	Total RM'000
COST							
At 1 January 2013	1,012	3,938	103,662	24,125	45,285	4	178,026
Additions	-	-	-	195	940	427	1,562
Disposals	_	_	_	(28)	(50)	_	(78)
Write off	_	_	_		(30)	_	(30)
Transfer	_	_	_	_	4	(4)	_
At 31 December 2013/							
1 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)
Transfer	_	_	74	294	59	(427)	_
At 31 December 2014	1,012	3,938	105,941	37,060	65,821	_	213,772
DEPRECIATION At 1 January 2013 Depreciation for the year Disposals Write off	- - -	1,027 122 - -	26,612 2,072 - -	13,400 1,925 (28)	36,393 2,784 (50) (30)	- - -	77,432 6,903 (78) (30)
At 31 December 2013/							
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	_	1,271	30,769	17,290	37,833	-	87,163
CARRYING AMOUNTS At 1 January 2013	1,012	2,911	77,050	10,725	8,892	4	100,594
At 31 December 2013/ 1 January 2014	1,012	2,789	74,978	8,995	7,052	427	95,253
At 31 December 2014	1,012	2,667	75,172	19,770	27,988	_	126,609

(10,567)

(9,715)

# **NOTES TO THE FINANCIAL STATEMENTS**

31 December 2014

- income generating investment properties

### **GROUP**

Hotel properties at 31 December 2014 are all located in Malaysia and comprised the following:

Property	Location	Usage	Title
Rasa Sayang Resort & Spa	Batu Feringgi Beach, Penang	304 room resort	Freehold
Shangri-La Hotel Kuala Lumpur	Jalan Sultan Ismail, Kuala Lumpur	662 room hotel	Freehold
Hotel Jen Penang	Magazine Road, Penang	443 room hotel	Leasehold
Golden Sands Resort	Batu Feringgi Beach, Penang	387 room resort	Freehold
Palm Beach Resort	Batu Feringgi Beach, Penang	Vacant land	Freehold
Rasa Ria Resort	Tuaran, Sabah	416 room resort	Leasehold
4. INVESTMENT PROPE	RTIES		
00010		2014	2013
GROUP		RM'000	RM'000
At 1 January		280,860	269,280
Additions		2,729	6,763
Fair value gain recognised in the inco	ome statement	2,041	4,817
At 31 December		285,630	280,860
Included in the above are:			
At fair value			
Freehold land		39,390	37,800
Buildings		246,240	243,060
		285,630	280,860
The following are recognised in the ir	ncome statements in respect of investment	properties:	
Rental income			
Direct operating expenses:		23,775	23,150

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## INVESTMENT PROPERTIES (cont'd)

#### Fair value information

Fair value of investment properties are categorised as follows:

	2	2013		
	Level 3	Total	Level 3	Total
GROUP	RM'000	RM'000	RM'000	RM'000
Land	39,390	39,390	37,800	37,800
Buildings	246,240	246,240	243,060	243,060
	285,630	285,630	280,860	280,860

#### 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:

	2014	2013
GROUP	RM'000	RM'000
At 1 January	280,860	269,280
Additions	2,729	6,763
Gains and losses recognised in income statement		
Change in fair value - Other income - Unrealised	2,041	4,817
At 31 December	285,630	280,860

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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
<ul><li>Investment method/Income approach</li><li>involves a 2-stage capitalisation of income:</li></ul>		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	Net current rent of RM2.70 to RM4.40 per square foot (average RM2.93 per square foot) for office space and RM1.40 to RM10.90 (average RM4.29 per square foot) for retail space.  Capitalisation rate (yield) of 6.0%	Net current rent were higher (lower);      Capitalisation rate were lower (higher)
<ul> <li>2<sup>nd</sup> stage (Reversion Value) – the estimated net current market rent</li> </ul>	per annum for office space and 7.5% per annum for retail.  • Net current market rent of RM3.10 to RM4.60 per square foot (average	<ul><li>(higher).</li><li>Net current market rent were higher (lower);</li></ul>
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.	RM3.41 per square foot) for office space, and RM3.10 to RM11.60 (average RM4.67 per square foot) for retail space.  Capitalisation rate (yield) of 6.5%	Capitalisation rate were lower
Total market value is the aggregate of Term Value and Reversion Value.	per annum for office space and 8.0% per annum for retail.	(higher).
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.	<ul> <li>Market value of land at RM990 per square foot.</li> <li>Market value of land and building at RM434 per square foot.</li> </ul>	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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## INVESTMENTS IN SUBSIDIARIES

COMPANY	2014 RM'000	2013 RM'000
Unquoted shares, at cost	459,188	459,188

Details of the subsidiaries are as follows:

			ctive ip interest
		2014	2013
Name of subsidiary	Principal activities	%	<u>%</u>
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	75	75
	with clubhouse and related facilities		
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:

2014	Komtar Hotel Sdn Bhd RM'000	Pantai Dalit Beach Resort Sdn Bhd and its subsidiaries <sup>*</sup> RM'000	Total RM'000
NCI percentage of ownership interest and voting interest	40%	25%	
Carrying amount of NCI	16,310	83,854	100,164
Profit allocated to NCI	2,622	3,830	6,452
Summarised financial information before intragroup elimination	on		
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	
Cash flows from operating activities	11,221	51,104	
Cash flows used in investing activities	(4,391)	(53,920)	
Cash flows used in financing activities	(6,800)	_	
Net increase/(decrease) in cash and cash equivalents	30	(2,816)	
Dividends paid to NCI	(1,000)	_	

<sup>\*</sup> 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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## **INVESTMENTS IN SUBSIDIARIES**

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

2013	Komtar Hotel Sdn Bhd RM'000	Pantai Dalit Beach Resort Sdn Bhd and its subsidiaries* RM'000	<b>Total</b> RM'000
NCI percentage of ownership interest and voting interest	40%	25%	
Carrying amount of NCI	14,688	80,024	94,712
Profit allocated to NCI	2,338	7,103	9,441
Summarised financial information before intragroup eliminat	ion		
As at 31 December			
Non-current assets	34,372	221,532	
Current assets	15,062	72,829	
Non-current liabilities	(4,601)	(2,979)	
Current liabilities	(8,113)	(23,219)	
Net assets	36,720	268,163	
Year ended 31 December			
Revenue	41,382	117,645	
Profit for the year	5,846	28,412	
Total comprehensive income	5,696	28,479	
Cash flows from operating activities	8,441	17,121	
Cash flows used in investing activities	(1,443)	(16,837)	
Cash flows used in financing activities	(7,300)	_	
Net (decrease)/increase in cash and cash equivalents	(302)	284	
Dividends paid to NCI	(1,000)	_	

<sup>\*</sup> 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

	2014	2013
GROUP	RM'000	RM'000
Unquoted shares, at cost	3,557	3,557
Loans to associates	169,747	192,095
	173,304	195,652
Share of post-acquisition results of associates	(46,362)	(50,790)
Share of fair value gain of investment property, net of deferred tax	1,542	7,292
	128,484	152,154

Details of the material associates are as follows:

	Principal place of		Effective o interest ar inter	nd voting
Name of entity	business/Country of incorporation	Principal activities	<b>2014</b> %	2013 %
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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## 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 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)	
Current liabilities	(83,718)	(42,423)	(12,784)	(138,925)
Net (liabilities)/assets	(174,614)	(11,860)	313	(186,161)
Year ended 31 December 2014				
Profit/(Loss) from operations	9,913	(16,449)	_	(6,536)
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	0.000	(0.055)		(4.000)
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)
Summarised financial information				
As at 31 December 2013				
Non-current assets	233,424	347,699	69,149	650,272
Current assets	37,867	33,639	58,206	129,712
Non-current liabilities	(417,095)	(345,952)	(122,507)	(885,554)
Current liabilities	(27,666)	(35,035)	(4,556)	(67,257)
Net (liabilities)/assets	(173,470)	351	292	(172,827)
V 1 104 B 1 2046				
Year ended 31 December 2013	10.000	00 777		20.400
Profit from operations	10,332	28,777		39,109

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GROUP	TYCL RM'000	SYCL RM'000	TSCL RM'000	Total RM'000
unoor	11111 000	11141 000	11111 000	11101 000
Reconciliation of net assets to carrying amount				
As at 31 December 2013				
Group's share of net (liabilities)/assets	(40,817)	78	69	(40,670)
Loans to associates	86,380	76,858	28,857	192,095
Share of fair value gain of investment property, net of deferred tax	_	7,292	-	7,292
Share of depreciation on investment property	_	407	_	407
Unrealised loss on foreign exchange	(6,759)	(195)	(16)	(6,970)
Carrying amount in the statement of financial position	38,804	84,440	28,910	152,154
Group's share of results				
Year ended 31 December 2013				
Group's share of profit from continuing operations	2,431	6,394	_	8,825
Group's share of total comprehensive income	2,431	6,394	-	8,825

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

### 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 (2013: RM4,142,000).

#### 8. INVENTORIES

	GROUP		COMPANY	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Food haverage and tabases	2 500	2.020	494	556
Food, beverage and tobacco	3,528	3,939		
Room supplies	435	458	142	115
Other supplies	4,564	4,043	410	463
	8,527	8,440	1,046	1,134
Recognised in profit or loss:				
Inventories recognised as cost of services	73,439	74,292	9,465	10,202

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

		GR	OUP	COM	PANY
		2014	2013	2014	2013
	Note	RM'000	RM'000	RM'000	RM'000
Trade					
Trade receivables		18,614	20,204	4,335	4,479
Less: Allowance for impairment loss		(109)	(250)	(3)	(64)
		18,505	19,954	4,332	4,415
Non-trade					
Amount due from subsidiaries	a	_	_	202,037	218,054
Other receivables		1,901	1,570	240	730
Deposits		3,646	2,842	272	236
Dividends receivable		_	_	36,800	34,900
		24,052	24,366	243,681	258,335
Prepayments		2,511	3,167	523	503
		26,563	27,533	244,204	258,838
Tax recoverable	b	3,062	434	644	279

#### NOTE

# 10. CASH AND CASH EQUIVALENTS

		GROUP		СОМ	PANY
		2014	2013	2014	2013
	Note	RM'000	RM'000	RM'000	RM'000
Deposits placed with licensed banks		42,813	77,497	41,510	75,170
Cash and bank balances	а	13,782	16,222	4,153	6,090
		56,595	93,719	45,663	81,260

#### NOTE

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

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

a. Cash and bank balances of the Group and of the Company includes an amount of RM7,497,000 (2013: RM9,851,000) and RM1,284,000 (2013: RM1,918,000) respectively which earns interest.

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## 11. SHARE CAPITAL

GROUP AND COMPANY	Number of shares 2014 '000	Amount 2014 RM'000	Number of shares 2013 '000	<b>Amount</b> 2013 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	440,000

#### **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	2014 RM'000	2013 RM'000
Current Unsecured revolving credits	85,806	111,482

The borrowings bear interest ranging between 0.9% to 1.7% (2013: 0.9% to 1.7%) per annum.

## 13. RETIREMENT BENEFITS

	GROUP		COMPANY	
	2014	<b>2014</b> 2013 <b>2014</b>		2013
	RM'000	RM'000	RM'000	RM'000
Present value of unfunded liability	19,676	17,864	706	574
Recognised defined retirement benefit liability	19,676	17,864	706	574

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 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 the defined retirement benefit liability

	retireme	fined ent benefit bility		alue of	Net de retiremer liab	nt benefit
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
GROUP						
Balance at 1 January	17,864	15,058	_	_	17,864	15,058
Included in income statement						
Current service cost	1,063	688	_	_	1,063	688
Past service cost	_	1,268	-	_	_	1,268
Interest cost	1,011	775	-	_	1,011	775
	2,074	2,731	-	-	2,074	2,731
Included in other comprehensive in other comp	come					
Remeasurement loss	-	694	_	_	_	694
Other						
Benefits paid	(262)	(619)	_	_	(262)	(619)
Balance at 31 December	19,676	17,864	-	_	19,676	17,864
COMPANY						
Balance at 1 January	574	411	_	_	574	411
Included in income statement						
Current service cost	101	82	_	_	101	82
Past service cost	_	85	_	_	_	85
Interest cost	31	21	_	_	31	21
	132	188	_	_	132	188
Included in other comprehensive inc	come					
Remeasurement gain	_	(25)	_	_	_	(25)
Balance at 31 December	706	574	_	_	706	574

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.

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#### **Actuarial assumptions**

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

	GROUP		COMPANY	
	2014	2013	2014	2013
	%	%	%	%
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 2014, the weighted-average duration of the defined retirement benefit liability of the Group was 14.8 years (2013: 14.8 years) and the Company was 20.9 years (2013: 20.9 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 RM'000	Increase RM'000	Decrease
	RM'000			RM'000
2014				
Discount rate (1% movement)	(2,245)	2,579	(119)	146
Future salary growth (1% movement)	2,973	(2,593)	158	(129)
2013				
Discount rate (1% movement)	(2,112)	2,505	(100)	127
Future salary growth (1% movement)	2,667	(2,276)	130	(104)

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

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## 14. DEFERRED TAX LIABILITIES

### Recognised deferred tax liabilities

The amounts, determined after appropriate offsetting, are as follows:

	GI	ROUP	COMPANY	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Deferred tax liabilities	(21,932)	(16,423)	(2,955)	(835)

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

Deferred tax liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2014	2013	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
GROUP						
Property, plant and equipment	_	_	(30,797)	(27,956)	(30,797)	(27,956)
Investment properties	_	_	(6,303)	(5,883)	(6,303)	(5,883)
Provisions	4,226	4,712	_	_	4,226	4,712
Retirement benefit plan	4,757	4,416	_	_	4,757	4,416
Unutilised tax losses	_	718	_	_	_	718
Unutilised capital allowances	528	_	_	_	<b>528</b>	_
Unutilised investment tax allowances	5,657	7,570	_	_	5,657	7,570
Deferred tax assets/(liabilities)	15,168	17,416	(37,100)	(33,839)	(21,932)	(16,423)
Set off	(15,168)	(17,416)	15,168	17,416	-	_
Net deferred tax liabilities	_	_	(21,932)	(16,423)	(21,932)	(16,423)
COMPANY						
Property, plant and equipment	_	_	(10,232)	(7,517)	(10,232)	(7,517)
Provisions	922	680	_	_	922	680
Retirement benefit plan	170	143	_	_	170	143
Unutilised capital allowances	528	_	_	_	528	_
Unutilised investment tax allowances	5,657	5,859	_	_	5,657	5,859
Deferred tax assets/(liabilities)	7,277	6,682	(10,232)	(7,517)	(2,955)	(835)
Set off	(7,277)	(6,682)	7,277	6,682	_	_
Net deferred tax liabilities	_	_	(2,955)	(835)	(2,955)	(835)

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## Movements in temporary differences during the year

	At 1.1.13 RM'000	Recognised in income c statement (Note 21) RM'000	Recognised in other omprehensive income (Note 16.3) RM'000	At 31.12.13/ 1.1.14 RM'000	Recognised in income c statement (Note 21) RM'000	Recognised in other omprehensive income (Note 16.3) RM'000	At 31.12.14 RM'000
GROUP							
Property, plant and equipment	(31,218)	3,262	_	(27,956)	(2,841)	-	(30,797)
Investment properties	_	(5,883)	_	(5,883)	(420)	_	(6,303)
Provisions	4,208	504	_	4,712	(486)	_	4,226
Retirement benefit plan	3,717	508	191	4,416	341	_	4,757
Unutilised tax losses	1,139	(421)	_	718	(718)	_	-
Unutilised capital allowances	_	_	_	-	528	_	<b>528</b>
Unutilised investment tax allowances	8,741	(1,171)	_	7,570	(1,913)	_	5,657
Net deferred tax liabilities	(13,413)	(3,201)	191	(16,423)	(5,509)	_	(21,932)
COMPANY							
Property, plant and equipment	(7,368)	(149)	_	(7,517)	(2,715)	_	(10,232)
Provisions	651	29	_	680	242	_	922
Retirement benefit plan	103	46	(6)	143	27	_	170
Unutilised capital allowances	_	_	_	_	528	_	<b>528</b>
Unutilised investment tax allowances	8,741	(2,882)	_	5,859	(202)	-	5,657
Net deferred tax assets/(liabilities)	2,127	(2,956)	(6)	(835)	(2,120)	_	(2,955)

## Unrecognised deferred tax assets

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

	GROUP	
	2014	2013
	RM'000	RM'000
T 11 .	(4.040)	(4.500)
Taxable temporary differences	(1,643)	(1,598)
Unutilised capital allowances	9,624	9,254
Unutilised tax losses	12,428	12,428
	20,409	20,084
Deferred tax assets at 25% (2013: 25%)	5,102	5,021

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	
		2014	2013	2014	2013
	Note	RM'000	RM'000	RM'000	RM'000
Trade					
Trade payables		22,135	22,897	3,038	3,272
Amount due to subsidiaries	a	_	_	169	403
		22,135	22,897	3,207	3,675
Non-trade					
Amount due to subsidiaries	b	_	_	97,191	92,358
Other payables	С	48,907	40,238	12,946	6,501
Accrued expenses		25,083	22,942	2,845	3,157
		96,125	86,077	116,189	105,691

#### **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 RM84,828,000 (2013: RM85,548,000) which bears interests at fixed rate of 3.30% (2013: 2.50% to 3.30%) per annum.
- c. Included in the other payables of the Group and of the Company is an amount of RM8,861,000 (2013: Nil) and RM5,329,000 (2013: Nil) respectively relating to retention sum payable to renovation contractors.

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## 16. OPERATING PROFIT AND STATEMENTS OF COMPREHENSIVE INCOME

## 16.1 Operating profit

		GROUP		COMPANY		
		2014	2013	2014	2013	
	Note	RM'000	RM'000	RM'000	RM'000	
Revenue						
Hotel and golf operations		487,458	485,487	69,707	77,442	
Rental		23,775	23,150	_	_	
Dividend income		-	_	36,800	34,900	
Laundry services		2,446	2,588	_		
		513,679	511,225	106,507	112,342	
Cost of services		(191,498)	(192,602)	(25,199)	(26,740)	
		322,181	318,623	81,308	85,602	
Administrative expenses		(75,166)	(73,120)	(12,319)	(12,358)	
Other operating expenses		(155,909)	(132, 136)	(24,303)	(23,298)	
Other operating income		29,367	46,093	6,074	76,673	
Operating profit		120,473	159,460	50,760	126,619	
Operating profit is arrived at after charging:		000	000	70	00	
Auditors' remuneration: - Audit fees		290	260	76 60	68	
- Non-audit fees		239	161	68	44	
Allowance for impairment loss on trade receivables		27	83	3	64	
Bad debts written off		7	_	7	_	
Depreciation on property, plant and equipment	3	54,105	54,942	6,726	6,903	
Hire of motor vehicles		371	360	_	_	
Hire of equipment		290	149	155	147	
Loss on disposal of property, plant and equipment		201	197	_	_	
Personnel expenses (including key management personnel):						
- contributions to Employee's Provident Fund		10,199	9,722	1,800	1,961	
- retirement benefits charged	13	2,074	2,731	132	188	
- wages, salaries and others		111,783	108,541	17,837	17,748	
Property, plant and equipment written off		1,858	861	17	_	
Rental of apartments		871	853	_	_	
Realised loss on foreign exchange		33	_	33	_	
Unrealised loss on foreign exchange		6,065	5,361	_	_	
and often an IPP m						
and after crediting: Impairment loss written back on trade receivables		128	167	64	2	
	16.0	120		04		
Exceptional item (included under other operating income)	16.2	0.044	29,744	_	70,776	
Fair value gain of investment properties	4	2,041	4,817	-	_	
Gain on disposal of property, plant and equipment		_	_	117	-	
Gross dividends from unquoted subsidiaries		_	_	36,800	34,900	
Rental income from: - subsidiary		_	_	120	120	
- others		863	951	_	_	
Realised gain on foreign exchange		423	480	3	18	
Unrealised gain on foreign exchange		11,379	10,796	5,852	5,759	

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

## 16.2 Exceptional item

#### **GROUP**

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

#### **COMPANY**

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

## 16.3 Other comprehensive income

•	2014 Tax				2013 <b>Tax</b>	
	Before tax RM'000	(expense)/ benefit RM'000	Net of tax RM'000	Before tax RM'000	(expense)/ benefit RM'000	Net of tax RM'000
GROUP Items that will not be reclassified subsequently to profit or loss Remeasurement of defined retirement benefit liability	_	_	_	(694)	191	(503)
COMPANY Items that will not be reclassified subsequently to profit or loss Remeasurement of defined retirement benefit liability	_	_	_	25	(6)	19

## 17. INTEREST INCOME

	G	GROUP		MPANY
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
	NIVI 000	11101 000	NW 000	1101 000
Interest income on:				
Deposits placed with licensed banks	2,438	1,312	2,302	1,144
Subsidiaries	_	_	50	40
	2,438	1,312	2,352	1,184

2014

2013

# **NOTES TO THE FINANCIAL STATEMENTS**

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## 18. INTEREST EXPENSE

	G	GROUP		MPANY
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Interest expense on:				
Revolving credits	2,092	1,416	153	234
Subsidiaries	_	· -	2,729	1,788
	2,092	1,416	2,882	2,022

## 19. SHARE OF RESULTS OF ASSOCIATED COMPANIES

GROUP	2014 RM'000	2013 RM'000
Share of profit after tax of associates	4,428	1,533
Share of fair value (loss)/gain of investment property, net of deferred tax	(5,750)	7,292
	(1,322)	8,825

## 20. KEY MANAGEMENT PERSONNEL COMPENSATION

The key management personnel compensations are as follows: CROUR AND COMPANY

GROUP AND COMPANY	RM'000	RM/000
Directors		
- Fees	282	291
- Remuneration and allowances	1,822	2,086
Other short-term employee benefits (including estimated monetary value of benefits-in-kind)	17	17
Total short-term employee benefits	2,121	2,394

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.

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## 21. TAX EXPENSE

Recognised in profit or loss:					
	G	ROUP	COMPANY		
	2014	2013	2014	2013	
	RM'000	RM'000	RM'000	RM'000	
Current tax expense					
Malaysian - current year	30,173	25,463	580	1,603	
- prior years	(1,977)	(291)	(322)	148	
	28,196	25,172	258	1,751	
Deferred tax expense					
Origination of temporary differences	3,364	5,554	2,109	2,918	
Under/(Over) provision in prior years	2,145	(2,353)	11	38	
	5,509	3,201	2,120	2,956	
Total tax expense	33,705	28,373	2,378	4,707	
Reconciliation of tax expense					
Profit before tax	119,497	168,181	50,230	125,781	
Tax at Malaysian tax rate of 25% (2013: 25%)	29,874	42,045	12,558	31,445	
Non-deductible expenses	6,172	3,971	986	983	
Non-taxable income	(1,655)	(11,863)	(10,675)	(27,859)	
Tax incentives	(544)	(460)	(70)	(12)	
Deferred tax assets not recognised	81	227	_	_	
Deferred tax assets on investment tax allowance (Note a)	_	(8,882)	_	_	
Deferred tax on fair value gain of investment properties	102	5,883	-	_	
Other items	(493)	96	(110)	(36)	
	33,537	31,017	2,689	4,521	
(Over)/Under provision in prior years - current tax expense	(1,977)	(291)	(322)	148	
- deferred tax expense	2,145	(2,353)	11	38	
	33,705	28,373	2,378	4,707	

## **NOTE**

a. In prior year, a subsidiary was granted Investment Tax Allowance ("ITA") incentive from the Malaysian Investment Development Authority ("MIDA") in respect of the hotel's renovation projects.

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## 22. EARNINGS PER ORDINARY SHARE

## Basic earnings per ordinary share

The calculation of basic earnings per share at 31 December 2014 was based on the profit attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding calculated as follows:

GROUP	2014	2013
Profit attributable to shareholders of the Company (RM'000)	79,340	130,367
Weighted average number of ordinary shares outstanding during the year ('000)	440,000	440,000
Basic earnings per share (sen)	18.03	29.63

## 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
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	
2013			
Ordinary			
Interim 2013	- 3 sen single-tier	13,200	21 November 2013
Final 2012	- 7 sen single-tier	30,800	28 June 2013
Total amount		44,000	

The Board has proposed a final single-tier dividend of 9 sen per ordinary share, totalling RM39,600,000 for the financial year ended 31 December 2014. 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 19 May 2015. 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 2015.

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## 24. OPERATING SEGMENTS

Segment information is presented in respect of the Group's business segments which offer different services. The Group's Chief Operating Decision Maker ("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 2014 or 2013.

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. Seament total asset is used to measure the return of assets of each seament.

#### **Geographical segments**

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

### **Major customers**

There were no customers with revenue equal or more than 10% of the Group's total revenue for the year ended 31 December 2014 (2013: Nil).

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		resorts f course 2013 RM'000		stment perties 2013 RM'000	Oth 2014 RM'000	ners 2013 RM'000	2014 RM'000	<b>Total</b> 2013 RM'000	inter-s	ations of egment actions 2013 RM'000	Cons 2014 RM'000	olidated 2013 RM'000
BUSINESS SEGMENTS Revenue from												
external customers Inter-segment revenue	487,458 36,800	485,487 34,900	23,775 1,993	23,150 1,959	2,446 3,098	2,588 3,598	513,679 41,891	511,225 40,457	- (41,891)	- (40,457)	513,679 -	511,225 –
Total segment revenue	524,258	520,387	25,768	25,109	5,544	6,186	555,570	551,682	(41,891)	(40,457)	513,679	511,225
Operating profit	144,015	218,849	16,634	19,674	(334)	29,655	160,315	268,178	(39,842)	(108,718)	120,473	159,460
Interest income Interest expense Share of results of	4,850 (2,885)	2,680 (2,025)	358 -	377 -	9 (1,986)	30 (1,166)	5,217 (4,871)	3,087 (3,191)	(2,779) 2,779	(1,775) 1,775	2,438 (2,092)	1,312 (1,416)
associated companies	(1,322)	8,825	_	_	_	_	(1,322)	8,825	_	_	(1,322)	8,825
Profit before tax	144,658	228,329	16,992	20,051	(2,311)	28,519	159,339	276,899	(39,842)	(108,718)	119,497	168,181
Allowance for impairment loss on loans and receivables	s <b>27</b>	83	_	_	_	_	27	83	_	-	27	83
Allowance for impairment loss written back on loans and receivables	(128)	(100,687)	_	_	_	_	(128)	(100,687)	_	70,776	(128)	(29,911)
Capital expenditure	106,044	29,954	152	92	242	2,919	106,438	32,965	-	-	106,438	32,965
Depreciation	53,060	53,930	281	312	764	700	54,105	54,942	_	_	54,105	54,942
Tax expense	30,348	18,587	3,281	9,659	76	127	33,705	28,373	_	_	33,705	28,373
Segment assets before interests in associates Interests in associates	1,064,240 128,484	1,066,653 152,154	308,528 -	305,268 –	12,834	12,927 –	1,385,602 128,484	1,384,848 152,154	(235,110)	(253,788)	1,150,492 128,484	1,131,060 152,154
Total segment assets	1,192,724	1,218,807	308,528	305,268	12,834	12,927	1,514,086	1,537,002	(235,110)	(253,788)	1,278,976	1,283,214

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## 25. FINANCIAL INSTRUMENTS

## 25.1 Categories of financial instruments

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

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

	Note	Carrying amount 31.12.2014 RM'000	L&R / (FL) 31.12.2014 RM'000	Carrying amount 31.12.2013 RM'000	L&R / (FL) 31.12.2013 RM'000
FINANCIAL ASSETS					
GROUP					
Trade and other receivables	9	24,052	24,052	24,366	24,366
Cash and cash equivalents	10	56,595	56,595	93,719	93,719
		80,647	80,647	118,085	118,085
COMPANY					
Trade and other receivables	9	243,681	243,681	258,335	258,335
Cash and cash equivalents	10	45,663	45,663	81,260	81,260
		289,344	289,344	339,595	339,595
FINANCIAL LIABILITIES					
GROUP					
Borrowings	12	(85,806)	(85,806)	(111,482)	(111,482)
Trade and other payables	15	(96,125)	(96,125)	(86,077)	(86,077)
		(181,931)	(181,931)	(197,559)	(197,559)
COMPANY					
Trade and other payables	15	(116,189)	(116,189)	(105,691)	(105,691)

## 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	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Net gains/(losses) on:				
Loans and receivables	13,918	41,936	8,228	77,675
Financial liabilities measured at amortised cost	(8,157)	(6,777)	(2,882)	(2,022)
	5,761	35,159	5,346	75,653

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## 25. FINANCIAL INSTRUMENTS

#### 25.3 Financial risk management

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

31 December 2014

## 25. FINANCIAL INSTRUMENTS

## 25.4 Credit risk (cont'd)

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

	Note	Gross RM'000	Individual impairment RM'000	Collective impairment RM'000	Net RM'000
GROUP					
2014		14,750			14,750
Not past due 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
ever emerical pactage	9	18,614	(109)	_	18,505
2013 Not past due		17,020	_	_	17,020
1 - 3 months past due		2,810			2,810
4 - 6 months past due		185	(63)	_	122
Over 6 months past due		189	(187)	_	2
evol e monato past ado	9	20,204	(250)	_	19,954
COMPANY					
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
2013					
Not past due		3,852	_	_	3,852
1 - 3 months past due		552	_	_	552
4 - 6 months past due		11	_	_	11
Over 6 months past due		64	(64)	_	_
	9	4,479	(64)	_	4,415

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

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

	GROUP		COMPANY	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
At 1 January	250	334	64	2
Allowance for impairment loss recognised	27	83	3	64
Allowance for impairment loss written back	(128)	(167)	(64)	(2)
Allowance for impairment loss written off against trade receivables	(40)	_	_	_
At 31 December	109	250	3	64

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

### Financial quarantees

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 RM85,806,000 (2013: RM111,482,000) 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.

The movement in the allowance for impairment losses provided for a wholly-owned subsidiary, Madarac Corporation during the vear was:

	2014	2013
COMPANY	RM'000	RM'000
At 1 January	_	70,776
Reversal for impairment losses recognised (Note 16.2)	_	(70,776)
At 31 December	_	_

31 December 2014

## 25. FINANCIAL INSTRUMENTS

#### 25.5 Interest rate risk

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

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

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

The Company's advances from subsidiaries of RM84,828,000 (2013: RM85,548,000) bears interests at fixed rate of 3.30% (2013: 2.50% to 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		СОМ	PANY
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Fixed rate instruments				
Amount due to subsidiaries	_	_	(84,828)	(85,548)
Cash and cash equivalents	50,310	87,348	42,794	77,088
Floating rate instruments				
Short-term borrowings	(85,806)	(111,482)	_	_

## 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 2014

## 25. FINANCIAL INSTRUMENTS

### 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.

	Eq	uity	Profit after tax	
	1%	1%	1%	1%
	increase	decrease	increase	decrease
GROUP	RM'000	RM'000	RM'000	RM'000
2014				
Floating rate instruments				
Short-term borrowings	_	_	(644)	644
Cash flow sensitivity (net)	-	_	(644)	644
2013				
Floating rate instruments				
Short-term borrowings	_	_	(836)	836
Cash flow sensitivity (net)	_	_	(836)	836

### 25.6 Foreign currency risk

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

## **Exposure to foreign currency risk**

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

	2014		20	)13
	Denom	ninated in	Denominated in	
	USD	HKD	USD	HKD
	RM'000	RM'000	RM'000	RM'000
GROUP				
Short-term borrowings	66,512	19,294	90,109	21,373
COMPANY				
Amount due from a subsidiary	84,990	7,626	79,618	7,146

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## 25. FINANCIAL INSTRUMENTS

## 25.6 Foreign currency risk (cont'd)

## **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.

	Ec	Equity		fter tax
	2014	<b>2013 2014</b>		2013
	RM'000	RM'000	RM'000	RM'000
GROUP				
USD	_	_	3,326	4,505
HKD	_	_	965	1,069
	-	_	4,291	5,574
COMPANY				
USD	_	_	(4,250)	(3,981)
HKD	_	_	(381)	(357)
	_	_	(4,631)	(4,338)

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 2014

## 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:

		Carrying	Contractual interest rate	Contractual	Under	1-2	2-5	More than
		amount	per annum	cash flows	1 year	years	years	5 years
	Note	RM'000	%	RM'000	RM'000	RM'000	RM'000	RM'000
GROUP 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)	_	-	_
2013								
Short-term borrowings	12	(111,482)	0.9 - 1.7	(113,165)	(113,165)	_	_	_
Trade and other payables	15	(86,077)	_	(86,077)	(86,077)	_	_	_
		(197,559)		(199,242)	(199,242)	_	_	_
COMPANY 2014								
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)		(118,988)	(118,988)	_	_	_
2013								
Trade and other payables	15	(12,930)	_	(12,930)	(12,930)	_	_	_
Amount due to subsidiaries	15	(85,548)	2.5 - 3.3	(87,687)	(87,687)	_	_	_
Amount due to subsidiaries	15	(7,213)	_	(7,213)	(7,213)	_	_	_
		(105,691)		(107,830)	(107,830)	_	_	_

31 December 2014

## 25. FINANCIAL INSTRUMENTS

#### 25.8 Fair value information

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

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

#### 26. CAPITAL MANAGEMENT

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

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

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

## 27. CAPITAL COMMITMENTS

	GI	GROUP		COMPANY	
	2014	2013	2014	2013	
	RM'000	RM'000	RM'000	RM'000	
CAPITAL EXPENDITURE COMMITMENTS					
Property, plant and equipment					
Contracted but not provided for	7,303	2,911	236	837	
Authorised but not contracted for	119,565	209,571	3,282	34,449	
Investment properties					
Contracted but not provided for	280	2,097	_	_	
Authorised but not contracted for	479	1,263	_	_	
	127,627	215,842	3,518	35,286	

31 December 2014

## 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 and comprises the Executive Directors and Non-Executive Directors of the Group.

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

31 December 2014

## 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 amou for the year ende	
	2014 RM'000	2013 RM'000
GROUP Associated companies Net loans repayment from/(advanced to) associates	20 525	
<ul><li>- Traders Yangon Company Ltd</li><li>- Shangri-La Yangon Company Ltd</li><li>- Traders Square Company Ltd</li></ul>	38,535 (4,808) -	(31,221) (20,842)
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	13,317	13,197
- Shangri-La International Hotel Management Pte Ltd	2,472	2,432
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	819	782
- PPB Group Berhad - PPB Oil Palms Berhad	821 314	784 300
- PGEO Marketing Sdn Bhd	289	277
- Chemquest Sdn Bhd	137	130
- Southern Marina Development Sdn Bhd Project management fees paid or payable to PPB Hartabina Sdn Bhd	23 297	_
COMPANY		
Subsidiaries Dividend receivable	26 900	24.000
Interest income received or receivable	36,800 50	34,900 40
Rental income received or receivable	120	120
Interest expense paid or payable	2,729	1,788
Rental expense paid or payable  Laundry service fees paid or payable	155 1,035	147 1,391
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	1,889	2,134
- Shangri-La International Hotel Management Pte Ltd Project management fees paid or payable to PPB Hartabina Sdn Bhd	321 297	356

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 2014

## 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 2014, into realised and unrealised profits/(losses), pursuant to Paragraphs 2.06 and 2.23 of Bursa Malaysia Main Market Listing Requirements, are as follows:

	2014	2013
	RM'000	RM'000
GROUP		
Total retained profits of the Company and its subsidiaries		
- Realised	479,799	471,689
- Unrealised	107,414	98,930
	587,213	570,619
Total share of results of associated companies	,	,
- Realised	(46,362)	(50,790)
- Unrealised	1,542	7,292
	542,393	527,121
Add: Consolidation adjustments	(131,915)	(116,783)
Total Group retained profits	410,478	410,338
COMPANY		
- Realised	191,201	226,281
- Unrealised	21,802	18,070
Total Company retained profits	213,003	244,351

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 2014

Registered Owner	Description/Location	Tenure	Age of buildings (years)	Land area (sq. metres)	Net book value at 31.12.2014 (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	30	16,229	142,576
Komtar Hotel Sdn Bhd	Hotel Jen Penang 17-storey, 443 room hotel located at Magazine Road 10300 Penang	<b>Leasehold</b> (Expires 2082)	28	4,800	29,793
Shangri-La Hotels (Malaysia) Berhad	Shangri-La's Rasa Sayang Resort & Spa 304 room resort comprising 11 inter-connected blocks not exceeding 8-storey located at 10th Mile Batu Feringgi, 11100 Penang	Freehold	41	58,798	98,045
	Land Lot 402, Section 2 Town of Batu Feringgi North East District, Penang	<b>Leasehold</b> (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	576
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 2014

Registered Owner	Description/Location	Tenure	Age of buildings (years)	Land area (sq. metres)	Net book value at 31.12.2014 (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	36	19,359	40,609
	Land Lot 389, Section 2 Town of Batu Feringgi North East District, Penang	<b>Leasehold</b> (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	<b>Leasehold</b> (Expires 2047)	24	3,737	468
UBN Tower Sdn Bhd	UBN Tower 36-storey commercial/office complex located at 10 Jalan P. Ramlee 50250 Kuala Lumpur	Freehold	30	3,696	198,810
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	30	3,120	47,430#
	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	212,330

# **GROUP PROPERTIES**

as at 31 December 2014

Registered Owner	Description/Location	Tenure	Age of buildings (years)	Land area (sq. metres)	Net book value at 31.12.2014 (RM'000)
Pantai Dalit Beach Resort Sdn Bhd	Shangri-La's Rasa Ria Resort 416 room resort comprising two 4-storey blocks, two 5-storey blocks and six 6-storey blocks of guestrooms located at Pantai Dalit 89208 Tuaran, Sabah	Leasehold (Expires 2090)	18	92,482	67,963
	Land Land on which Shangri-La's Rasa Ria Resort and Dalit Bay Golf & Country Club are situated on at Pantai Dalit 89208 Tuaran, Sabah	<b>Leasehold</b> (Expires 2090)	-	761,467	3,524
	Undeveloped land for future development located at Pantai Dalit 89208 Tuaran, Sabah	<b>Leasehold</b> (Expires 2090)	-	856,498	
Dalit Bay Golf & Country Club Berhad	Dalit Bay Golf & Country Club An 18-hole golf course and clubhouse located at Pantai Dalit 89208 Tuaran, Sabah	<b>Leasehold</b> (Expires 2090)	17	668,985	29,301

# **SHAREHOLDING STATISTICS**

as at 31 March 2015

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	186	4.28	3,336	0.00
100 - 1,000	1,858	42.75	1,690,245	0.38
1,001 - 10,000	1,907	43.88	7,572,595	1.72
10,001 - 100,000	295	6.79	8,943,483	2.03
100,001 to less than 5% of issued shares	97	2.23	68,936,000	15.67
5% and above of issued shares	3	0.07	352,854,341	80.20
	4,346	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	_	45,453,500	10.33
Mitsubishi UFJ Financial Group, Inc.	_	45,453,500	10.33
Aberdeen Asset Management Asia Limited	_	33,956,900	7.72
Aberdeen International Fund Managers Limited	_	22,602,000	5.14

# **SHAREHOLDING STATISTICS**

as at 31 March 2015

#### **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 2015 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	r legilgible
Dato' Haris Onn bin Hussein			
Dato' Seri Ismail Farouk Abdullah	10,000		negligible
Datuk Supperamaniam a/I Manickam	10,000		r legilgible
Dato' Dr Tan Tat Wai	_	_	_
Tan Yew Jin	5,000	20,000	0.01
Tall few Jill	5,000	20,000	0.01
(Ordinary Shares of HKD1.00 each)			
(Ordinary Shares of HKD1.00 each)  Related Corporation			
(Ordinary Shares of HKD1.00 each)  Related Corporation  Shangri-La Asia Limited (Ultimate Holding Company)	No. of Shares	No. of Shares	% of Issued Capital
Related Corporation Shangri-La Asia Limited (Ultimate Holding Company)	No. of Shares	No. of Shares	% of Issued Capital
Related Corporation Shangri-La Asia Limited (Ultimate Holding Company)  Tan Sri A. Razak bin Ramli	_	-	
Related Corporation Shangri-La Asia Limited (Ultimate Holding Company)  Tan Sri A. Razak bin Ramli Kuok Oon Kwong - own	- 442,921	No. of Shares - 189,455	- 0.02
Related Corporation Shangri-La Asia Limited (Ultimate Holding Company)  Tan Sri A. Razak bin Ramli Kuok Oon Kwong - own - others	_	-	-
Related Corporation Shangri-La Asia Limited (Ultimate Holding Company)  Tan Sri A. Razak bin Ramli Kuok Oon Kwong - own - others  Datin Rozina Mohd Amin	- 442,921	-	- 0.02
Related Corporation Shangri-La Asia Limited (Ultimate Holding Company)  Tan Sri A. Razak bin Ramli Kuok Oon Kwong - own - others Datin Rozina Mohd Amin Dato' Haris Onn bin Hussein	- 442,921	-	- 0.02
Related Corporation Shangri-La Asia Limited (Ultimate Holding Company)  Tan Sri A. Razak bin Ramli Kuok Oon Kwong - own - others Datin Rozina Mohd Amin Dato' Haris Onn bin Hussein Dato' Seri Ismail Farouk Abdullah	- 442,921	-	- 0.02
Related Corporation Shangri-La Asia Limited (Ultimate Holding Company)  Tan Sri A. Razak bin Ramli Kuok Oon Kwong - own - others  Datin Rozina Mohd Amin Dato' Haris Onn bin Hussein Dato' Seri Ismail Farouk Abdullah Datuk Supperamaniam a/I Manickam	- 442,921	-	- 0.02
Related Corporation Shangri-La Asia Limited (Ultimate Holding Company)  Tan Sri A. Razak bin Ramli Kuok Oon Kwong - own - others Datin Rozina Mohd Amin Dato' Haris Onn bin Hussein Dato' Seri Ismail Farouk Abdullah	- 442,921	-	- 0.02

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

Share Options in Shangri-La Asia Limited	No. of Shares granted under the option	
Kuok Oon Kwong Datin Rozina Mohd Amin	420,000 70.000	

as at 31 March 2015

## THE THIRTY LARGEST SHAREHOLDERS (AS PER RECORD OF DEPOSITORS)

Nar	ne of Shareholders	No. of Shares Held	% of Issued Capital
1.	Hoopersville Limited	232,237,841	52.78
2.	Kuok Brothers Sdn Berhad	98,014,500	22.28
3.	HSBC Nominees (Asing) Sdn Bhd	22,602,000	5.14
٠.	BNP Paribas Secs Svs Lux for Aberdeen Global	,00_,000	0
4.	HSBC Nominees (Asing) Sdn Bhd BNP Paribas Secs Svs Paris	9,520,900	2.16
	for Aberdeen Asian Smaller Companies Investment Trust PLC	0,020,000	2110
5.	Citigroup Nominees (Tempatan) Sdn Bhd	5,995,000	1.36
0.	for Employees Provident Fund Board (Aberdeen)	0,000,000	1.00
6.	Ophir Holdings Berhad	3,298,400	0.75
7.	Citigroup Nominees (Tempatan) Sdn Bhd	2,975,800	0.67
١.	for Kumpulan Wang Persaraan (Diperbadankan) (Aberdeen)	2,373,000	0.01
8.	Maybank Nominees (Tempatan) Sdn Bhd	2,461,300	0.56
0.	Pledged Securities Account for Yu Kuan Chon	2,401,300	0.30
9.		2,449,600	0.56
9.	Malaysia Nominees (Tempatan) Sdn Bhd	2,449,000	0.56
10	for Great Eastern Life Assurance (Malaysia) Berhad (Par 2)	0.410.000	0.55
10.	Maybank Nominees (Tempatan) Sdn Bhd	2,418,000	0.55
44	Pledged Securities Account for Irama Gigih Sdn Bhd	0.010.000	0.50
11.	JF Apex Nominees (Tempatan) Sdn Bhd	2,219,200	0.50
	Pledged Securities Account for Yu Kuan Chon	0.050.700	0.47
12.	Alliancegroup Nominees (Tempatan) Sdn Bhd	2,053,700	0.47
	Pledged Securities Account for Chan Sow Keng		
13.	Cimsec Nominees (Tempatan) Sdn Bhd	2,050,000	0.46
	CIMB Bank for Yu Kuan Chon		
14.	Amsec Nominees (Tempatan) Sdn Bhd Aberdeen Asset Management Sdn Bh	d 1,667,700	0.38
	for Tenaga Nasional Berhad Retirement Benefit Trust Fund (FM-Aberdeen)		
15.	HSBC Nominees (Asing) Sdn Bhd	1,282,000	0.29
	Exempt AN for BNP Paribas Securities Services (Singapore - SGD)		
16.	Key Development Sdn Bhd	1,156,400	0.26
	Alliancegroup Nominees (Tempatan) Sdn Bhd	1,015,300	0.23
	Pledged Securities Account for Yu Kuan Chon		
18.	DB (Malaysia) Nominee (Tempatan) Sdn Bhd	917,500	0.21
	Deutsche Trustees Malaysia Berhad for Hong Leong Growth Fund	,,,,,,	
19.	Alliancegroup Nominees (Tempatan) Sdn Bhd	889,000	0.20
	Pledged Securities Account for Yu Kuan Chon	333,333	0.20
20	Kenanga Nominees (Tempatan) Sdn Bhd	876,800	0.20
20.	Pledged Securities Account for Chan Sow Keng	0,0,000	0.20
21	Ying Holding Sdn Bhd	776,000	0.18
	RHB Nominees (Tempatan) Sdn Bhd	754,000	0.17
۷۷.	Pledged Securities Account for Lee Cheng Ming	734,000	0.17
99	Citigroup Nominees (Asing) Sdn Bhd	734,700	0.17
۷٥.		134,100	0.17
0.4	CBNY for Dimensional Emerging Markets Value Fund	705 100	0.16
	Lim Kian Huat	705,100	0.16
25.	Maybank Nominees (Tempatan) Sdn Bhd	699,000	0.16
00	Pledged Securities Account for Yu Kuan Huat	0.45.000	0.15
	Gan Teng Siew Realty Sdn Bhd	645,000	0.15
27.	Cimsec Nominees (Tempatan) Sdn Bhd	621,800	0.14
	CIMB Bank for Chan Sow Keng		_
	G.T.Y. Holdings Sdn Bhd	606,000	0.14
	Gemas Bahru Estates Sdn Bhd	600,000	0.14
30.	Migan Sdn Bhd	595,300	0.13
		402,837,841	91.55

# **NOTICE OF ANNUAL GENERAL MEETING**

NOTICE IS HEREBY GIVEN that the Forty-Fourth Annual General Meeting of the Company will be held at Sabah Room, B2 Level, Shangri-La Hotel Kuala Lumpur, 11 Jalan Sultan Ismail, 50250 Kuala Lumpur on Tuesday, 19 May 2015 at 10.00 a.m. for the following purposes:

- 1. To receive and adopt the Directors' Report and Audited Financial Statements for the year ended 31 December 2014 and the Auditors' Report thereon. Ordinary Resolution 1
- 2. To approve the payment of a final single-tier dividend of 9 sen per share for the year ended 31 December 2014 as
- 3. To approve the payment of Directors' fees for the year ended 31 December 2014. **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:
  - Dato' Dr Tan Tat Wai Ordinary Resolution 4
  - ii) Dato' Seri Ismail Farouk Abdullah Ordinary Resolution 5
  - iii) Dato' Haris Onn bin Hussein Ordinary Resolution 6
- 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:
  - Tan Yew Jin Ordinary Resolution 7
  - Datuk Supperamaniam a/l Manickam 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
- 7. To transact any other business for which due notice shall have been given.

By Order of the Board

## DATIN ROZINA MOHD AMIN

Company Secretary

Kuala Lumpur 27 April 2015

#### **NOTES**

- 1. With respect to deposited securities, only members whose names appear in the Record of Depositors on 11 May 2015 (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 Tuesday, 30 June 2015 to shareholders whose names appear in the Record of Depositors on Friday, 5 June 2015.

No. of shares held:

# **FORM OF PROXY**

I/We	NRIC/Company No		
of			
being a	a member of <b>SHANGRI-LA HOTELS (MALAYSIA) BERHAD</b> , hereby		
appoin	t NRIC No		
of			
or failin	g him NRIC No		
of			
at Sab	our proxy, to vote for me/us on my/our behalf at the Forty-Fourth Annual General Meeting of the ah Room, B2 Level, Shangri-La Hotel Kuala Lumpur on Tuesday, 19 May 2015 at 10.00 a.m. a 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 Dato' Dr Tan Tat Wai retiring pursuant to Article 95		
5	Re-election of Dato' Seri Ismail Farouk Abdullah retiring pursuant to Article 95		
6	Re-election of Dato' Haris Onn bin Hussein retiring pursuant to Article 95		
7	Re-appointment of Tan Yew Jin as a Director pursuant to Section 129(6) of the Companies Act, 1965		

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

Re-appointment of Datuk Supperamaniam a/I Manickam as a Director

pursuant to Section 129(6) of the Companies Act, 1965

Re-appointment of Messrs KPMG as Auditors

Dated this	day of	2015	Signature
	ady or	. 2010	eignature

#### **NOTES**

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



# **DIRECTORY OF GROUP HOTELS & RESORTS**

## **KUALA LUMPUR**

## Shangri-La Hotel Kuala Lumpur

11 Jalan Sultan Ismail 50250 Kuala Lumpur

Tel : (+60-3) 2032 2388 Fax : (+60-3) 2070 1514 E-Mail : slkl@shangri-la.com

## **PENANG**

## **Hotel Jen Penang**

Magazine Road 10300 Penang

Tel : (+60-4) 262 2622 Fax : (+60-4) 262 6526 E-Mail : hjp@hoteljen.com

## Shangri-La's Rasa Sayang Resort & Spa

10th Mile Batu Feringgi Beach 11100 Penang

Tel : (+60-4) 888 8888 Fax : (+60-4) 881 1800 E-Mail : rsr@shangri-la.com

## **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

## SABAH

## Shangri-La's Rasa Ria Resort

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

89200 Tuaran, Sabah Tel : (+60-88) 791 188 Fax : (+60-88) 792 128

E-Mail: dalitbaygolf.rrr@shangri-la.com

