SHANGRI-LA HOTELS (MALAYSIA) BERHAD

ANNUAL REPORT – 2022

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OUR VISION, MISSION AND CORE VALUES

As a leader in our industry, we are wholly committed to operating in an economically, socially and environmentally responsible manner, whilst balancing the interests of our stakeholders.

Our well-established brand, deep experience, and strong culture and values, combined with our robust approach to governance and sound financial discipline, will allow us to enhance our competitive position and to create sustainable value for our stakeholders.

OUR VISION

To be the first choice for guests, colleagues, shareholders and business partners.

OUR MISSION

Guests: To delight our guests every time with our Asian hospitality by delivering consistent quality and value and creating engaging experiences that come straight from our heart.

Colleagues: To create a working environment that motivates our colleagues to excel and to achieve their personal and career goals, and to make them feel involved and valued.

Shareholders: To deliver sustainable long-term returns for our shareholders through high-quality operations, and to enhance and build on our relationships with our business partners, suppliers and all other stakeholders.

Communities: To care for and enrich the quality of life of the communities in which we operate.

OUR CORE VALUES

Every day, we bring our core values of respect, sincerity, humility and helpfulness to life, and in all our relationships, we demonstrate honesty, care and integrity. To keep us at the forefront of the industry, we constantly strive for excellence and innovation.

These enduring values are central to our business success. They underpin our day-to-day operations at every level, and drive our dynamic spirit and high-performance culture.



Rasa Ria Resort & Spa

FIVE-YEAR FINANCIAL SUMMARY

		2022	2021	2020	2019	2018
		RM'000	RM'000	RM'000	RM'000	RM'000
RESULTS						
Revenue		**363,432**	128,730	172,092	524,019	550,848
Exceptional item		**(15,518)***	–	–	(695)#	(1,439)#
(Loss)/Profit before tax		**(38,541)**	(126,474)	(137,861)	91,468	107,948
(Loss)/Profit attributable to shareholders		**(40,710)**	(91,752)	(96,808)	63,325	70,554
Dividend-net		**–**	–	–	66,000	66,000
KEY BALANCE SHEET DATA						
Issued capital		**544,501**	544,501	544,501	544,501	544,501
Total assets employed		**1,239,912**	1,229,138	1,328,734	1,512,644	1,509,221
Shareholders' equity		**778,509**	818,257	905,787	1,055,976	1,065,086
(Net borrowings)/Net cash		**(75,824)**	(96,561)	(32,268)	114,660	76,189
PER SHARE DATA						
(Loss)/Earnings per share	(sen)	**(9.25)**	(20.85)	(22.00)	14.39	16.04
Net assets per share	(RM)	**1.77**	1.86	2.06	2.40	2.42
Dividend-gross	(sen)	**–**	–	–	15.0	15.0
FINANCIAL RATIOS						
Return on shareholders' equity	(%)	**(5.2)**	(11.2)	(10.7)	6.0	6.6
Return on total assets	(%)	**(3.3)**	(7.5)	(7.3)	4.2	4.7
Net borrowings to shareholders' equity	(%)	**9.7**	11.8	3.6	N/A	N/A

NOTES

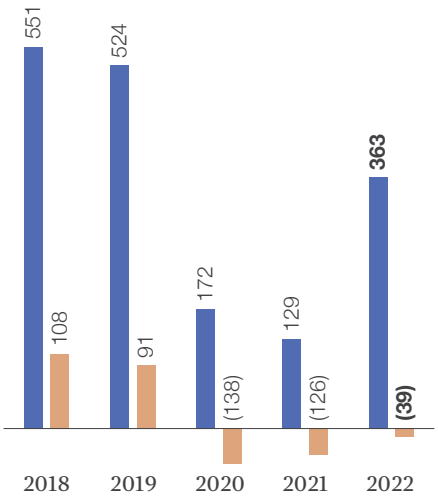
a. DIVIDEND-NET
In 2022, as in 2021 and 2020, in view of the losses sustained by the Group, no dividends were declared or recommended by the Board for the financial year.

b. EXCEPTIONAL ITEM
* The exceptional item of RM15.518 million for 2022 was in respect of the allowance for impairment loss on loan commitment to an associated company in Myanmar.

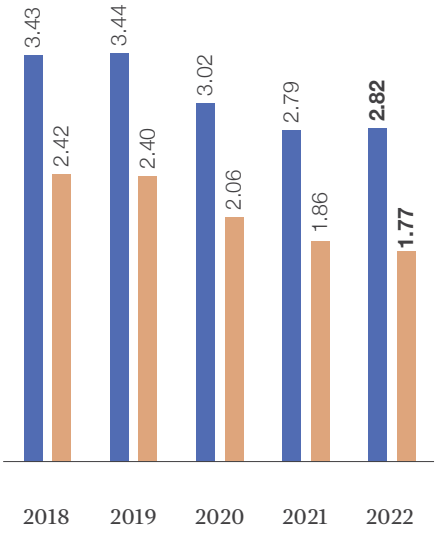
The exceptional items of RM0.695 million and RM1.439 million for years 2019 and 2018 in the Group Income Statement were in respect of impairments taken against the Group's investment in an associated company in Myanmar.

FIVE-YEAR FINANCIAL SUMMARY

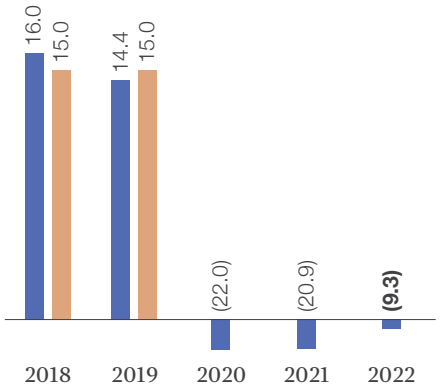
REVENUE & (LOSS)/PROFIT BEFORE TAX



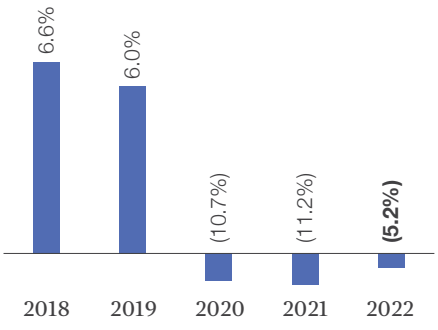
TOTAL ASSETS EMPLOYED PER SHARE & NET ASSETS PER SHARE



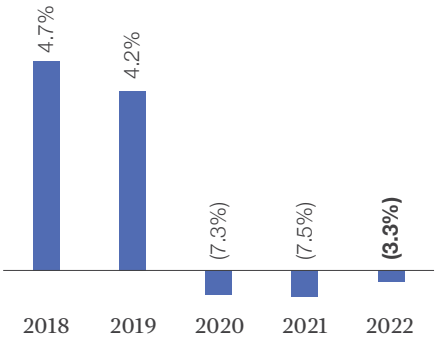
(LOSS)/EARNINGS PER SHARE & DIVIDEND PER SHARE



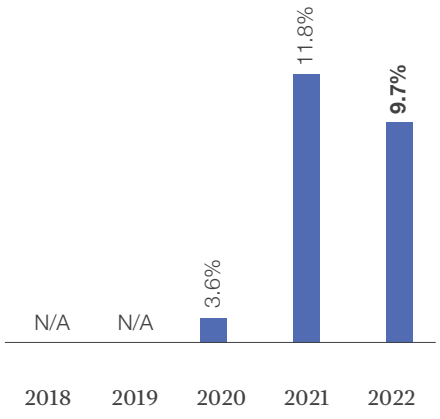
RETURN ON SHAREHOLDERS' EQUITY



RETURN ON TOTAL ASSETS



NET BORROWINGS TO SHAREHOLDERS' EQUITY



CORPORATE STRUCTURE

Incorporated in 1971, Shangri-La Hotels (Malaysia) Berhad is a leading hotel company in Malaysia and is listed on Bursa Malaysia Securities Berhad.

The Company and its subsidiaries own and operate deluxe hotels and beach resorts in strategic locations in Kuala Lumpur, Sabah and Penang. The Group's hotel properties are Shangri-La Hotel Kuala Lumpur, Shangri-La Rasa Ria Resort & Spa, Shangri-La Rasa Sayang Resort & Spa, Golden Sands Resort and Hotel Jen Penang, along with an 18-hole championship golf course and a Clubhouse in Pantai Dalit, Tuaran, Sabah. Its associated companies in Myanmar are involved in the ownership and operations of a hotel, serviced apartments and a commercial complex in Yangon.

In addition, the Group is engaged in property management and investment. Within the investment portfolio, it owns the prime UBN Tower office building and UBN Apartments in the Golden Triangle of Kuala Lumpur.

SHANGRI-LA HOTELS (MALAYSIA) BERHAD

Hotels & Resorts

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

Investment Properties

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

Investment Holding & Others

100%	100%	100%	100%	75%
Pantai Emas Sdn Bhd	Madarac Corporation[2]	Wisegain Sdn Bhd	Hasil-Usaha Sdn Bhd	Pantai Dalit Development Sdn Bhd[1]

23.5%	22.2%	23.6%
Traders Yangon Company Ltd[3]	Shangri-La Yangon Company Ltd[3]	Traders Square Company Ltd[3]

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

BOARD OF DIRECTORS

TAN SRI A. RAZAK BIN RAMLI

Board Chairman

Malaysian, Male, Non-Independent Non-Executive Director

Tan Sri A. Razak bin Ramli was appointed to the Board of Shangri-La Hotels (Malaysia) Bhd (SHMB) on 1 November 2004 and became Board Chairman on 19 May 2005. He was a member of the Nomination and Remuneration Committee in 2021 but ceased to be a member with effect from 6 April 2022.

He graduated with a Bachelor of Arts (Honours) degree in Public Administration from the University of Tasmania in 1971 and obtained a Diplome Gestion Publique from the 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 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 was also a Director of Favelle Favco Bhd until June 2022. He does not sit on the board of any other public listed company.

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 five years. He attended all four Board meetings held in 2022. Age 74.

BOARD OF DIRECTORS

CHAN KONG LEONG

Managing Director

Singaporean, Male, Non-Independent Executive Director

Mr Chan Kong Leong joined the Board on 18 May 2022 and was appointed Managing Director on 30 June 2022. He is the Chairman of the Policy Implementation Committee.

He has a First-Class Honours Bachelor of Science Degree in Building from the National University of Singapore. He is also a Chartered Financial Analyst Charter holder.

Mr Chan Kong Leong has been Regional CEO of South East Asia and Australasia at Shangri-La Asia Limited since January 2019 with responsibility for driving business operations and overseeing new investments, asset management, strategic planning and various corporate functions. He sits on the boards of most of the hotel-owning companies across South East Asia and Australasia, including Shangri-La Hotel Public Company Limited which is listed on the Stock Exchange of Thailand and Shangri-La Hotel Limited, Singapore.

Prior to joining Shangri-La, he was CEO and Executive Director of ARA Trust Management (Suntec) Limited, the manager of Suntec Real Estate Investment Trust which is listed on the Singapore Stock Exchange. He also acquired valuable experience at CapitaLand Limited as Senior Vice President, Head of Regional Investment, Assets and Fund Management, and as Regional General Manager, West China. In addition, he has acted as Chief Operating Officer for Sembawang Kimtrans Limited and Head-Corporate Finance and Investor Relations at GuocoLand Limited.

Mr Chan Kong Leong 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 five years. He attended all three Board meetings held in 2022 after his appointment to the Board. Age 50.

DATIN ROZINA MOHD AMIN

Executive Director

Malaysian, Female, Non-Independent Executive Director

Datin Rozina Mohd Amin was appointed to the Board 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 35 years and held various senior corporate positions within the Group before her present appointment as Executive Director. Datin Rozina also oversees the Group's corporate finance and legal functions. In addition, she was Group Company Secretary from August 1991 until end February 2023.

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 five years. She attended all four Board meetings held in 2022. Age 63.

BOARD OF DIRECTORS

GOH CHING YIN

Malaysian, Male, Independent Non-Executive Director

Mr Goh Ching Yin joined the Board on 28 February 2018 and is currently the Chairman of the Audit Committee and a member of the Nomination and Remuneration Committee.

He holds an MBA from the Cranfield School of Management, Cranfield University, UK.

In a career spanning 39 years, he has held various posts in the capital market and finance sector, chiefly with professional services firms, banks and the capital market regulator. Between 2000 and 2004, he acted as Managing Director, Corporate Finance of the BNP Paribas Group and as the Chief Representative of BNP Paribas Peregrine (Malaysia) Sdn Bhd before serving as CEO of Southern Investment Bank from 2005 to 2007. From 2007 to 2016, he was Executive Director of Strategy & Development at the Securities Commission of Malaysia. Mr Goh is a Director of Khazanah Nasional Bhd, Maybank Asset Management Group Bhd, Maybank Investment Bank Bhd and Allianz Malaysia Bhd. He is also a Director of Maybank IBG Holdings Limited (Singapore), as well as the Chairman of Allianz Life Insurance Malaysia Bhd, Maybank Asset Management Singapore Pte Ltd and Maybank Securities Pte Ltd.

Mr Goh 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 five years. He attended all four Board meetings held in 2022. Age 65.

DATO' SRI KHAZALI BIN AHMAD

Malaysian, Male, Independent Non-Executive Director

Dato' Sri Khazali bin Ahmad joined the Board on 28 February 2018. He is currently the Chairman of the Nomination and Remuneration Committee and a member of the Audit Committee.

He holds a Master's Degree in Economics from the University of Central Oklahoma, USA and a Bachelor's Degree in Agricultural Economics from Universiti Kebangsaan Malaysia.

He has had a distinguished career in the Malaysian Civil Service, culminating in his role as Director General of Customs from 2012 until his retirement from the post in 2017. Previous to that, he served in various capacities including as Federal Secretary of the State of Sabah and as Special Functions Officer to the Chief Secretary to the Government in the Prime Minister's Department. He was also a Director of Bank Islam Malaysia Bhd until 2 January 2023. Dato' Sri Khazali is currently a Director of Muhibbah Engineering (M) Bhd, Favelle Favco Bhd and Cuscapi Bhd.

He was granted Excellence Service Awards in 2003 and 2006 by the Ministry of Finance and was recognised as Asia Tax Commissioner of the Year in 2015 for his leadership of the Royal Malaysian Customs.

Dato' Sri Khazali 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 five years. He attended all four Board meetings held in 2022. Age 67.

BOARD OF DIRECTORS

AHMED REZA BIN MOHD GHAZALI

Malaysian, Male, Independent Non-Executive Director

Encik Ahmed Reza bin Mohd Ghazali was appointed to the Board on 28 February 2018 and is currently a member of the Nomination and Remuneration Committee.

He holds a Bachelor's Degree in Economics from Northern Illinois University, USA and a Diploma in F&B Operation & Hotel Management from the Hotel Management School, Les Roches at Bluche-Sur-Sierre, Switzerland.

During his career, he has gained extensive experience with various companies in the areas of hospitality, public relations and human resources. He has also acted as Senior Consultant in the Change Management & Strategic Services Division of Andersen Consulting (now Accenture), and was the Country Head & Managing Director of Korn Ferry Malaysia until November 2018. On 1 January 2023, Encik Reza Ghazali was promoted to Head of Asia Pacific at the executive search company Pedersen & Partners (M) Sdn Bhd, where he had previously been Client Partner, Head of Board Services ASEAN. He does not sit on the board of any other public listed company.

Encik Reza Ghazali 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 five years. He attended all four Board meetings held in 2022. Age 58.

LIM FEN NEE

Malaysian, Female, Independent Non-Executive Director

Ms Lim Fen Nee was appointed to the Board on 18 May 2022. She is a Fellow of the Association of Chartered Certified Accountants, and a Chartered Accountant of the Malaysian Institute of Accountants (MIA), as well as an ASEAN Chartered Professional Accountant of MIA. She holds a Master of Business Administration in E-Commerce degree from Charles Sturt University, Australia.

She has over 24 years of experience in the fields of accounting, assurance and regulatory oversight. She was the Regional Partner of Deloitte Southeast Asia (SEA), SEA Regulatory and Public Policy Leader from 2017 to 2019. Before this, she was with the Securities Commission Malaysia from 2010 to 2016 where she was Head of the Audit Oversight Board. In addition, she served as a Project Advisor to the Securities Commission covering various capital market projects, and was actively involved in international and ASEAN audit oversight activities. She also represented the Securities Commission on the Audit Licensing Committee within the Accountants General's Office of the Ministry of Finance. Between 1997 and 2009 she gained extensive experience in assurance and advisory in public and multinational companies at Ernst & Young, Kuala Lumpur and PwC, United States. She also held consulting roles in The World Bank, Washington D.C. covering governance and financial reporting. She currently sits on the Board of Directors of Malaysian Resources Corporation Bhd and Allianz Life Insurance Malaysia Bhd.

Ms Lim Fen Nee 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 five years. She attended all three Board meetings held in 2022 after her appointment to the Board. Age 49.



Shangri-La Hotel Kuala Lumpur

SENIOR MANAGEMENT AND KEY EXECUTIVES

SENIOR MANAGEMENT

CHAN KONG LEONG

Managing Director

Singaporean, Male, Aged 50

(please refer to page 6 for profile)

DATIN ROZINA MOHD AMIN

Executive Director

Malaysian, Female, Aged 63

(please refer to page 6 for profile)

KEY EXECUTIVES

TAY KENG HOCK

Regional Financial Controller, Shangri-La Hotels & Resorts (Malaysia)

Malaysian, Male, Aged 70

Mr Tay Keng Hock was appointed Regional Financial Controller in 1993 to oversee the financial and accounting operations of the Shangri-La Group of hotels in Malaysia. He has had a long career in finance and accounting, including more than 43 years of experience in the hotel industry. He joined the Group in 1979 and during his career he has served as Financial Controller of Shangri-La Hotel Kuala Lumpur, Shangri-La International Hotel Management Pte Ltd and Kuok Hotels Services Sdn Bhd. He is a member of the Malaysian Institute of Accountants and Certified Practising Accountants, Australia.

GONZALO DUARTE SILVA

General Manager, Shangri-La Hotel Kuala Lumpur

Portuguese, Male, Aged 58

Mr Duarte Silva joined the Group in 2018, having earlier that year been involved in various special projects at Island Shangri-La, Hong Kong. He has over ten years' international experience as General Manager of various Starwood Hotels & Resorts including Le Meridien, Barcelona and the Westin & Sheraton Real de Faula on Spain's Costa Blanca Coast. Before joining the Shangri-La Group, he was the Complex General Manager of Sheraton and Westin Warsaw, and the Area Manager for Poland with six hotels under his leadership within the Sheraton, Westin and Luxury Collection brands. He is a member of the Malaysian Association of Hotels.

SENIOR MANAGEMENT AND KEY EXECUTIVES

MARKUS CHRIST

Area General Manager, Group hotels, Penang

German, Male, Aged 58

Mr Markus Christ was appointed General Manager of Rasa Sayang Resort & Spa and Golden Sands Resort in December 2021. In March 2023, Mr Christ was promoted to the post of Area General Manager, overseeing the Group's Penang hotels: Rasa Sayang Resort & Spa, Golden Sands Resort and Hotel Jen Penang. He has been with the Shangri-La Group for over 18 years, serving in various roles at hotels in Hangzhou, Manila, Muscat, Dalian, Penang, Nanchang and Xian. He was the General Manager of Shangri-La Hotel Jakarta prior to joining Rasa Sayang Resort & Spa and Golden Sands Resort. He is a member of the Malaysian Association of Hotels and the Malaysian International Chamber of Commerce and Industry.

TAMMY KHOO SAW SIN

Hotel Manager, Hotel Jen Penang

Malaysian, Female, Aged 52

Ms Tammy Khoo was appointed Hotel Manager of Hotel Jen Penang in January 2023. She first joined the Shangri-La Group in 1998 as Marketing Services Manager at Shangri-La Hotel, Penang, holding the post till 2003. From 2004 to 2010 she was Director of Sales at Hotel Equatorial Penang, but re-joined the Shangri-La Group as Director of Sales at Traders Hotel, Kuala Lumpur in 2011. In 2014, she was promoted to Director of Sales and Marketing and subsequently to Resident Manager of the hotel. She is a member of the Malaysian Association of Hotels and the Malaysian International Chamber of Commerce and Industry.

FIONA HAGAN

General Manager, Rasa Ria Resort & Spa

Australian, Female, Aged 51

Ms Fiona Hagan joined the Group as General Manager, Rasa Ria Resort & Spa in 2017. Prior to this, she was Regional Director of Sales & Marketing at Starwood Hotels & Resorts, South East Asia from 2009 to 2013, then General Manager of Le Meridien, Kota Kinabalu from 2013 to 2016. From 2016 to 2017, she acted as General Manager of The St. Regis in Changsha, China. She is a member of the Malaysian Association of Hotels.

CHAIRMAN'S STATEMENT

DEAR SHAREHOLDERS

Throughout 2022, all of our hotel businesses benefited from improving market conditions. Economies in most parts of the world continued to recover from the impact of the pandemic and as the year progressed travel restrictions were relaxed, leading to a significant rise in occupancy levels across our hotels and resorts.

FINANCIAL PERFORMANCE

In 2022, our Group posted a 182% surge in revenue to RM363.432 million compared with RM128.730 million in 2021 when the economic effects of the pandemic weighed heavily on our hotel businesses. Consequently, Group net loss attributable to shareholders for 2022 narrowed to RM40.710 million from a net loss of RM91.752 million a year earlier.

The Group's financial performance in 2022 was largely underpinned by positive contributions from our Group resorts in Penang and by the substantially reduced losses made by Shangri-La Hotel Kuala Lumpur and Rasa Ria Resort.

Non-operating items included within the Group's income statement for the financial year 2022 amounted to a net charge of RM21.053 million, as against a net charge of RM24.719 million in 2021. The non-operating items in 2022 consisted of the Group's share of net fair value losses of RM5.535 million arising from the year-end revaluation of the investment properties held through our associates in Myanmar and a charge for a loan impairment allowance of RM15.518 million relating to Traders Yangon Company Ltd, which owns our associate hotel in Yangon, where the market situation remains difficult.

We closed 2022 with Group shareholders' equity of RM778.509 million, a 5% decrease from RM818.257 million the year before, representing a net asset value per share of RM1.77 compared with RM1.86 per share at the 2021 year-end.

During 2022, stronger cash flow generation from our hotel operating activities resulted in a reduction in the consolidated net debt position from RM96.561 million at 31 December 2021 to RM75.824 million at end-December 2022, with net gearing falling in tandem to 10% from 12% at the previous year-end.

As the Group has experienced another year of losses, your Board does not propose the payment of dividends in respect of the financial year 2022.

OPERATING HIGHLIGHTS

Following two years in which the travel and hotel industry was hit hard by the pandemic, in 2022 our Group hotels and resorts saw an encouraging rebound both in rooms and in food and beverage business. The resurgence was spurred by the removal of pandemic restrictions and the reopening of international borders as the risks associated with the pandemic gradually eased over the course of the year. Growth was primarily driven by a sustained acceleration in demand from the domestic market, while the revival in demand from our major regional and long-haul travel markets grew more slowly.

In the year under review, Rasa Sayang Resort recovered well, reporting a revenue of RM75.178 million, 207% above the 2021 figure. The resort took full advantage of higher levels of leisure demand to register an increase in occupancy of 63% in 2022 versus 21% in 2021.

CHAIRMAN'S STATEMENT

Occupancy at Golden Sands Resort advanced from 26% in 2021 to 62% in 2022, on the back of a healthy pickup in leisure business from the domestic sector, with revenue rising by 161% over the previous year to RM51.271 million.

At Shangri-La Hotel Kuala Lumpur, revenue was up by 264% to RM114.599 million in 2022, mainly on account of a robust performance by its food and beverage operations. The hotel's occupancy was 35% in 2022 against 8% the year before.

A steady climb in leisure arrivals enabled Rasa Ria Resort to raise its occupancy to 34% in 2022 from 14% in 2021, contributing to a 214% growth in revenue during the year to RM63.583 million.

Revenue from Hotel Jen Penang rose by 247% from the prior year to RM30.908 million, helped by an improved occupancy of 49% in 2022 compared with 18% in 2021.

The combined rental revenue from our investment properties in Kuala Lumpur for the twelve months of 2022 grew modestly to RM20.925 million, reflecting persisting lacklustre demand conditions.

OUTLOOK AND KEY INITIATIVES

Overall for 2023, we expect our hotels and resorts to experience continued market volatility due to lingering economic uncertainties.

Despite the challenging global environment, with the return of more normal travel conditions our Group hotel businesses are seeing activity across both the leisure and business travel markets gaining momentum. We therefore expect our hotels and resorts to achieve markedly better operational and financial performances during 2023 as they remain well-positioned to capitalise on the ongoing recovery in travel demand especially from the domestic market, as well as to seize business opportunities from the relaxation of China's border restrictions.

On the other hand, the performances of our Group investment properties in Kuala Lumpur will again be dampened by sluggish demand and the oversupply situation which is likely to persist for some time.

Moving forward, our strategic focus is on creating a much more resilient business capable of sustainable long-term growth. To this end, we are considerably strengthening the foundations of our future development by further embedding sustainability within the business, and accelerating our investment in innovation and digital transformation so as to generate higher value for our shareholders.

As the pandemic subsides, we aim to reinforce our strong competitive positions in the markets in which we operate. We are intensifying our efforts to rebuild business levels for our hotels by employing more aggressive marketing strategies and programmes in key target markets, and by leveraging on the strength of our brand and customer relationships and on our extensive marketing, sales, and distribution network. This, combined with the implementation of new cutting-edge digital technologies, will both facilitate more efficient marketing and improve operational execution.

CHAIRMAN'S STATEMENT

To enhance our competitive advantage, we are working assiduously to further sharpen, simplify and streamline our operating processes and thereby drive business agility and increase profitability. Concurrently, we are building on and developing our organisational capabilities and competencies to enable us to maintain a fully engaged and committed workforce whilst fostering even greater collaboration, flexibility and inclusion across the whole Group.

In parallel, we are determined to maintain the highest quality of products for our guests and customers. We likewise strive to exceed their expectations by delivering consistent service excellence and a superior customer experience through a steadfast emphasis on innovation and creativity, in response to evolving customer trends and behaviours.

In the current environment of rising costs, we are actively managing our cost base by driving our rigorous cost containment programmes in all areas of operations. Coupled with this, we are taking major steps to raise productivity by cutting costs wherever possible and by boosting the efficiency and effectiveness of our procurement activities.

Importantly, improving our cash generation to bolster our balance sheet continues to be a high priority in order to provide us with increased financial capacity and flexibility to invest in future growth. Meanwhile, our Group maintains its sound financial position and is well funded, with headroom of RM172 million in its available cash reserves and committed debt facilities as at 31 December 2022.

At the heart of everything we do is a resolve to conduct our business in a responsible manner, adhering to the highest standards of integrity and ethical management throughout the organisation. Equally, in our pursuit of business success and profitable growth, we remain fully committed to a sustainable future. We will therefore stay focused on further advancing our environmental, social and governance priorities, particularly our strategic response to the escalating threat of climate change, so as to deliver value for all our stakeholders.

BOARD DEVELOPMENTS

In May 2022, we were pleased to welcome Mr Chan Kong Leong and Ms Lim Fen Nee to the Board both of whom bring extensive relevant expertise and experience. Mr Chan Kong Leong joined as a non-independent non-executive director whilst Ms Lim Fen Nee was appointed to the Board as an independent non-executive director.

On 30 June 2022, Madam Kuok Oon Kwong retired from the Board and from her role as Managing Director upon the conclusion of the Company's 51st AGM. I and the rest of the Board would like to record our profound and heartfelt gratitude to Madam Kuok Oon Kwong for her outstanding leadership and tremendous contribution to the Group over 25 years. We all wish her well for the future.

CHAIRMAN'S STATEMENT

Immediately following Madam Kuok Oon Kwong's retirement, Mr Chan Kong Leong was appointed as the new Managing Director on the same date. His skilled leadership and operational experience together with deep industry knowledge make him ideally suited to guide the Company as we return to growth.

In April 2023, Mr Ng Chih Kaye stood down as an independent non-executive director, and we would like to take this opportunity to thank him for the substantial contribution he has made throughout his time on the Board and on its Audit Committee.

ACKNOWLEDGEMENT

In 2022, we made significant progress on the path to recovery, and this was the result of intense hard work and the unrelenting effort and determination of all our employees across the Group in the face of considerable challenges. On behalf of the Board, I want to express my deep appreciation to every one of them for their unwavering passion and dedication. I wish them every success in the year ahead.

I should also like to extend my wholehearted thanks to my fellow Board members for their strong commitment and invaluable counsel over the past year.

To our shareholders, thank you all for giving us your unfailing support.

Tan Sri A. Razak bin Ramli
Chairman
14 April 2023

MANAGEMENT DISCUSSION AND ANALYSIS
Financial and Operations Review

The following discussion and analysis compares the Group's financial condition and operational results for the year ended 31 December 2022 with those of the year before.

PERFORMANCE OVERVIEW

For the year to 31 December 2022, Group revenue improved to RM363.432 million, an increase of 182% on the RM128.730 million recorded the previous year. The overall financial results for 2022 chiefly reflected positive contributions from the Group's resorts in Penang and substantially reduced losses by Shangri-La Hotel Kuala Lumpur and Rasa Ria Resort. They were further supported by a steady rebound in business levels both in rooms and in food and beverage operations in response to the lifting of pandemic restrictions and the reopening of borders through 2022. The Group's net loss attributable to shareholders in 2022 was RM40.710 million compared to a net loss of RM91.752 million in 2021, while the loss per share was 9.25 sen as against 20.85 sen the prior year.

The net loss in 2022 included a lower net charge for non-operating items amounting to RM21.053 million versus a net charge of RM24.719 million in 2021. The non-operating items recognised in 2022 were:

- The Group's share of net fair value losses of RM5.535 million arising from the year-end revaluation of the investment properties held by its associates in Myanmar, and
- An impairment loss on loan commitment of RM15.518 million relating to Traders Yangon Company Ltd, the Group's 23.5% associate which owns Sule Shangri-La Yangon hotel. This impairment charge is disclosed as an exceptional item in the income statement.

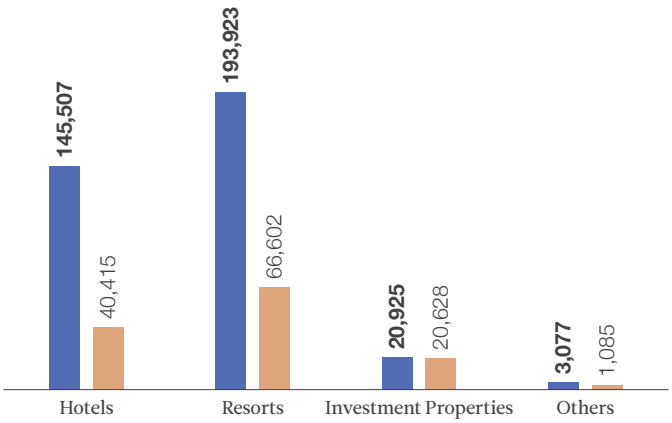
		2022 RM'000	2021 RM'000	Change %
Group revenue		**363,432**	128,730	182
Group operating loss before exceptional item		**(12,710)**	(103,298)	88
Exceptional item		**(15,518)**	–	(100)
Group operating loss after exceptional item		**(28,228)**	(103,298)	73
Loss before tax		**(38,541)**	(126,474)	70
Net loss attributable to shareholders		**(40,710)**	(91,752)	56
Loss per share	(sen)	**(9.25)**	(20.85)	56
Return on equity (ROE)	(%)	**(5.2)**	(11.2)	54

MANAGEMENT DISCUSSION AND ANALYSIS
Financial and Operations Review

REVENUE

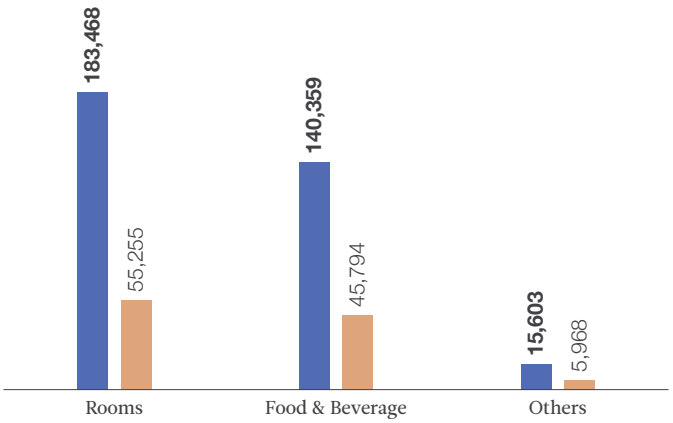
Group revenue for 2022 increased to RM363.432 million from RM128.730 million in 2021.

Group Revenue by Business Segment



2022 – Total 363,432 (RM'000)
2021 – Total 128,730 (RM'000)

Hotels & Resorts Revenue by Departments



2022 – Total 339,430 (RM'000)
2021 – Total 107,017 (RM'000)

(a) Hotels Segment

In 2022, the combined revenue of the Group's two city hotels, Shangri-La Hotel Kuala Lumpur and Hotel Jen Penang, climbed 260% to RM145.507 million from RM40.415 million the previous year.

(i) SHANGRI-LA HOTEL KUALA LUMPUR

Revenue from Shangri-La Hotel Kuala Lumpur was RM114.599 million, 264% more than the year before, largely driven by a buoyant performance by its food and beverage operations. Room revenue grew by 406% to RM41.151 million from RM8.135 million in 2021 and occupancy rose to 35% in contrast to 8% the prior year. The hotel's food and beverage revenue was up by 215% to RM70.599 million from RM22.443 million. The hotel closed the year with a pre-tax loss of RM6.987 million compared to a loss of RM37.304 million in 2021.

(ii) HOTEL JEN PENANG

Revenue for Hotel Jen Penang increased by 247% to RM30.908 million in line with a jump in occupancy to 49% from 18% in 2021. Room revenue advanced to RM24.715 million from RM6.697 million a year earlier. Likewise, the hotel's food and beverage revenue increased to RM5.859 million versus RM1.991 million the previous year. The hotel ended the year with a pre-tax loss of RM0.508 million against a loss of RM12.833 million in 2021.

MANAGEMENT DISCUSSION AND ANALYSIS
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(b) Resorts Segment

The Group's resorts comprise Rasa Sayang Resort, Golden Sands Resort and Rasa Ria Resort (including the golf course). Total revenue from the resorts rose 191% to RM193.923 million from RM66.602 million the year before.

(i) RASA SAYANG RESORT

Rasa Sayang Resort saw its occupancy improve to 63% from 21% the prior year, pushing overall revenue up by 207% to RM75.178 million. Total room revenue increased by 203% to RM46.371 million from RM15.281 million in 2021. The resort's food and beverage revenue stood at RM25.717 million, 213% above the RM8.211 million reported a year earlier. The resort turned in a pre-tax profit of RM7.022 million compared to a loss of RM14.753 million the previous year.

(ii) GOLDEN SANDS RESORT

The performance of Golden Sands Resort also benefited from a gain in leisure business, with occupancy increasing to 62% from the 2021 figure of 26%. This resulted in a 161% uplift in revenue to RM51.271 million. With higher leisure demand, room revenue accelerated from RM14.543 million to RM36.760 million in 2022. Meanwhile, food and beverage revenue strengthened to RM12.824 million from RM4.583 million the previous year. The resort registered a pre-tax profit of RM3.839 million as against a loss of RM9.062 million the year before.

(iii) RASA RIA RESORT

Revenue at Rasa Ria Resort rose by 214% to RM63.583 million from RM20.268 million in 2021. This was mainly driven by a 225% recovery in room revenue, from RM10.599 million in 2021 to RM34.471 million in 2022. Food and beverage revenue increased by 194% to RM25.067 million in 2022, and occupancy revived to 34% from 14% the prior year. For the twelve months, the resort's pre-tax loss was RM15.463 million in contrast to a loss of RM28.836 million in 2021.

(c) Investment Properties

In 2022, UBN Tower and UBN Apartments in Kuala Lumpur recorded a lower combined rental revenue of RM20.925 million, 1% more than the year before, while pre-tax profit dropped by 6% to RM12.531 million from RM13.291 million in 2021.

The total revenue from UBN Tower inched up 1% to RM19.251 million from RM18.982 million the previous year. There was a fall in occupancy levels, with a number of tenants rationalising their space requirements in response to the impact of the pandemic, and several closing their businesses. However, this was slightly more than offset by a somewhat higher revenue from carpark operations. Occupancy at UBN Tower fell to 63% from 67% the prior year, and profit before tax dipped by 8% to RM10.000 million from RM10.816 million in 2021.

At UBN Apartments, occupancy remained flat at 42%. The total rental revenue for 2022 improved by 2% to RM1.674 million from RM1.646 million the earlier year, and profit before tax was up by 2% to RM2.531 million from RM2.475 million in 2021.

(d) Others

Revenue in this segment refers to the operations of Penang Laundry Services which provides laundry services to the Group's three hotel properties in Penang as well as to various outside customers. In 2022, revenue grew by 184% to RM3.077 million from RM1.085 million due to higher business volumes both from the Group's three hotel properties and from external customers.

MANAGEMENT DISCUSSION AND ANALYSIS
Financial and Operations Review

(e) Key Performance Indicators

The key performance indicators for each of the Group's hotels, resorts and investment properties are presented in the tables below.

Hotel/Resort	Available Rooms	Occupancy (%) 2022	Occupancy (%) 2021	RevPar (RM) 2022	RevPar (RM) 2021
Shangri-La Hotel Kuala Lumpur	662	**35**	8	**172**	35
Hotel Jen Penang	443	**49**	18	**153**	41
Rasa Sayang Resort	304	**63**	21	**419**	138
Golden Sands Resort	387	**62**	26	**260**	103
Rasa Ria Resort	499	**34**	14	**190**	58

Investment Property	Net Lettable Area (sq ft)	Occupancy (%) 2022	Occupancy (%) 2021
UBN Tower	352,181	**63**	67

Investment Property	Lettable Units	Occupancy (%) 2022	Occupancy (%) 2021
UBN Apartments	58	**42**	42

SHARE OF RESULTS OF ASSOCIATED COMPANIES

	2022 RM'000	2021 RM'000
Share of profit after tax of associates from operations	**1,035**	2,575
Non-operating Items		
Share of net fair value losses on investment properties	**(5,535)**	(24,719)
	(4,500)	(22,144)

Through its wholly-owned British Virgin Islands subsidiary Madarac Corporation, the Group has an interest in three associated companies in Myanmar:

- A 23.5% interest in Traders Yangon Company Ltd, which owns and operates Sule Shangri-La Yangon,
- A 22.2% interest in Shangri-La Yangon Company Ltd, which owns and operates Shangri-La Serviced Apartments in Yangon, and
- A 23.6% interest in Traders Square Company Ltd, which owns and operates Sule Square, a commercial complex in Yangon with office and retail space.

MANAGEMENT DISCUSSION AND ANALYSIS
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The Group's share of its associates' results was a loss of RM4.500 million, against a loss of RM22.144 million in 2021, primarily due to the net fair value losses of RM5.535 million arising from the year-end revaluation of Shangri-La Serviced Apartments and Sule Square Yangon, compared to the net fair value losses of RM24.719 million in 2021.

As at 31 December 2022, the Group's cumulative unrecognised share of losses in Traders Yangon Company Ltd amounted to RM20.957 million.

INTEREST INCOME

The Group's interest income for 2022 dropped by 80% to RM0.282 million from RM1.407 million in 2021 as the Group switched the placement of the majority of its cash surplus from a cash management fund to a money market accumulation fund where interest earned is reinvested.

INTEREST EXPENSE

The Group's interest expenses rose to RM6.095 million from RM2.439 million the year before, mainly on account of higher borrowing costs for the Group's USD dollar and HKD dollar revolving credit facilities, which are used to fund its investment in associated companies in Myanmar, coupled with unfavourable currency translation effects caused by the strengthening of the USD against Malaysian Ringgit.

TAXATION

For the year ended 31 December 2022, the Group registered a tax expense of RM6.196 million compared to a tax income of RM23.426 million the prior year. For the year ended 31 December 2022, the Group had an effective tax rate of 16%, 8% lower than the statutory tax rate of 24%, principally because of adjustments to the Group's deferred tax balances in respect of the earlier year, and the non-recognition of tax losses in certain subsidiaries.

EBITDA

The Group defines EBITDA as earnings before interest, tax, depreciation and amortisation, and gains and losses arising from the disposal of fixed assets. It also excludes foreign exchange differences, fair value gains or losses on investment properties, and provisions against asset impairment and writebacks.

In 2022, the Group's EBITDA profit, including its share of its associates' EBITDA, was RM42.307 million compared to a loss of RM40.298 million the previous year.

DIVIDENDS

In view of the further losses sustained by the Group in the financial year 2022, the Board does not recommend the payment of dividends in respect of the year ended 31 December 2022.

MANAGEMENT DISCUSSION AND ANALYSIS
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GROUP NON-CURRENT ASSETS

Property, Plant and Equipment (PP&E)

The Group's hotel properties and golf course are stated at cost less accumulated depreciation and accumulated impairment losses.

Investment Properties

The Group's investment properties, comprising office and apartment buildings, are initially recognised at cost and subsequently measured at fair value. Fair value is determined annually based on valuations by independent professional valuers, and any changes in the fair value of the investment properties are accounted for in the income statement.

VALUATION OF THE GROUP'S INVESTMENT PROPERTIES

The Group's investment properties in Kuala Lumpur, namely UBN Tower and UBN Apartments, were revalued at 31 December 2022 by WM Malik & Kamaruzaman, an independent firm of qualified valuers, on an open market basis.

Based on the valuation, the fair value of the Group's investment properties was RM287.700 million, unchanged from the carrying amount at the end of 2021.

FINANCIAL POSITION AT END 2022

At the end of 2022, the Group's balance sheet and financial position both remained stable.

Shareholders' Equity

The Group's shareholders' equity amounted to RM778.509 million versus RM818.257 million at the 2021 year-end, which translated to a Group net asset value per share of RM1.77 at 31 December 2022 as against RM1.86 twelve months before.

The fall in shareholders' equity was largely attributable to the net loss of RM40.710 million for 2022. This was partly offset by positive foreign currency translation differences of RM0.962 million.

Total Current Assets and Total Current Liabilities

Group total current assets at 31 December 2022 rose by RM41.557 million to RM143.377 million from RM101.820 million at the end of December 2021, driven mostly by increased deposits, cash and bank balances reflecting the stronger cash flows generated by the Group's hotel operations during 2022 as business levels recovered steadily from the impacts of the pandemic, partly offset by repayment of debt, cash used in operating activities and capital expenditure.

Group total current liabilities grew by RM45.801 million to RM305.661 million at 31 December 2022, as against RM259.860 million at the end of December 2021, primarily arising from an increase in trade payables in line with higher business volumes across the Group's hotel businesses, combined with an adverse foreign exchange impact on the translation of the Group's US dollar bank borrowings with strengthening USD exchange rates against the Ringgit and the amounts due to an associated company in Myanmar within twelve months from the reporting period.

MANAGEMENT DISCUSSION AND ANALYSIS
Financial and Operations Review

CASH FLOW

The Group's consolidated cash flows are summarised in the table below.

	2022	2021
	RM'000	RM'000
Net cash generated from/(used in) operating activities	**51,478**	(51,570)
Net cash used in investing activities	**(13,784)**	(4,127)
Net cash (used in)/generated from financing activities	**(5,872)**	4,137
Net increase/(decrease) in cash and cash equivalents	**31,822**	(51,560)
Cash and cash equivalents at beginning of the year	**78,170**	129,730
Cash and cash equivalents at the end of financial year	**109,992**	78,170
Short-term fund placements and cash and bank balances in the statement of financial position	**109,992**	78,170

In 2022, the Group recorded a net cash inflow from operating activities of RM51.478 million. This was principally owing to a better performance by all the Group's hotel businesses.

The increase in net cash outflow from investing activities to RM13.784 million in 2022 from RM4.127 million in 2021 was mainly due to capital expenditure on existing hotel properties.

Net cash outflow from financing activities in 2022 stood at RM5.872 million in contrast to a net cash inflow of RM4.137 million in 2021, mainly attributable both to higher interest expenses and to a lower net drawdown of borrowings.

LIQUIDITY AND FINANCIAL RESOURCES

The financial structure of the Group remains strong and is well able to provide the resources needed to maintain the business long-term, to fund prospective capital expenditure, and to enable investment in growth.

The Group's capital structure is managed and reviewed so as to achieve an effective balance between debt and equity while simultaneously optimising shareholder returns and taking due account of future capital requirements, projected capital expenditure, operating cash flows and profitability. The Group's operations are financed by cash and bank balances, short-term fund placements, bank credit facilities, and operating cash flows generated by the business.

The Group's financial discipline involves maintaining a tight control of its cash flow position in order to make sure that adequate funds are available to meet its operational needs and financial obligations. The Group constantly monitors and manages its exposure to financial risk, including foreign exchange and interest rate risks, so as to minimise the effects of fluctuations in currency and interest rates. Likewise, the way the Group invests its cash resources aims both to minimise risk and enhance yield.

MANAGEMENT DISCUSSION AND ANALYSIS
Financial and Operations Review

At 31 December 2022, the Group's available committed bank borrowing facilities totalled RM248.128 million in the form of revolving credit facilities, of which RM185.816 million was drawn down. At the 2022 year-end, the Group had cash reserves of RM109.992 million and undrawn committed bank borrowing facilities of RM62.312 million.

As at the same date, the Group was in a net debt position of RM75.824 million, as compared to a net debt position of RM96.561 million at the 2021 year-end. The Group's net gearing as at the end of 2022 was at 10% of the Group's shareholders' equity, as against 12% in 2021.

PROSPECTS

Group Hotels and Resorts

Looking forward, the overall business environment for the Group's hotel operations will continue to be challenging in 2023, with market volatility and economic uncertainty still persisting.

Nonetheless, momentum in both leisure and corporate travel remains positive. The Group's hotels and resorts are expected to deliver a further improvement in business levels during 2023 as they are well-positioned to benefit from the continued recovery in demand, particularly from their key domestic and regional travel markets, and from the relaxation of China's border restrictions.

During the year, the Group will maintain its dual focus on containing costs throughout its operations and redoubling marketing campaigns so as to generate new business. To this end, the Group will seek to capitalise on the increasing levels of international travel by launching dynamic and appealing marketing strategies designed to build business volumes, expand market share, and seize opportunities for revenue growth.

To drive rooms business and maximise yield, the Group's hotel properties will employ a more refined rate strategy combined with vigorous upselling initiatives. To stimulate food and beverage business, innovative and enticing food concepts and promotions will be developed, and a high level of food quality and service levels will be maintained. Simultaneously, to propel banqueting and events business, new and imaginative wedding menus and value-added meeting and conference packages will be rolled out through the year.

Meanwhile, the Group will take steps to uplift social media experiences, spur levels of online engagement, boost follower numbers, and reinforce brand loyalty and impact.

Investment Properties

Through 2023, the operating performances of the Group's investment properties in Kuala Lumpur are likely to be hampered by continued sluggish demand in soft market conditions.

To counter the negative operating environment as far as possible, the Group will seek to attract and keep tenants by offering flexible terms and high standards of security and service, together with excellent tenant relationships.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

In accordance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (Bursa Malaysia), this Corporate Governance Overview Statement (CG Overview Statement) provides an overview of the Company's application of the Principles set out in the updated Malaysian Code on Corporate Governance issued on 28 April 2021 (the 2021 Code), and is to be read together with the Corporate Governance Report 2022 of the Company (CG Report) which is available on the Company's website at www.shangri-la.com.

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 considers that the Company has substantially complied with the 2021 Code throughout the financial year to 31 December 2022 save for the exceptions which are fully described in the CG Report.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

Board Responsibilities

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.

The Board strives to maintain the highest levels of accountability, integrity and business conduct, guided by the Group's core values and Code of Conduct and Ethics, which are fully embedded in every part of the organisation. The Code of Conduct and Ethics aims to reinforce ethical behaviour and prevent bribery and corruption, money laundering, insider dealing, slavery and human trafficking within the Group's operations and supply chains.

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 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 several 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 has considerable experience and plays an important part 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 positions of Chairman and Managing Director are held by different individuals. 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

With effect from 6 April 2022, the Chairman of the Board does not sit on any of the board committees. Before this, the Chairman of the Board was also a member of the Nomination and Remuneration Committee (NRC) but stepped down from his role on the NRC to comply with Practice 1.4 of the 2021 Code.

The roles and responsibilities of the Board, the Chairman, the Managing Director and the Board committees are set out in the Board Charter which is available on the Company's website at www.shangri-la.com.

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.

The Board annually 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 2022, the review process indicated that the Board and its committees were fulfilling their roles effectively, with good engagement, performance, contribution and time commitment from all members.

The Board and its board committees, namely the Audit Committee (AC) and the Policy Implementation Committee (PIC), review and monitor the material sustainability risks and policies of the Company, covering Environmental, Social and Governance (ESG) issues. The Board has taken steps to comply with Practices 4.1 to 4.4 of the 2021 Code regarding the various aspects of sustainability. Detailed information on the Company's sustainability priorities, targets and performances can be found in the Sustainability Statement on pages 33 to 49 of this Annual Report. The Board Charter and Terms of Reference of the NRC are in the process of being updated expressly to include material sustainability considerations as part of the Board's responsibilities.

Board Composition

At the end of December 2022, the Board consisted of eight directors, of whom six were non-executive directors and two were executive directors, namely Mr Chan Kong Leong and Datin Rozina Mohd Amin. Of the six non-executive directors, five were considered to be independent and thus the majority of the directors on the Board were independent, thus complying with the requirements of Practice 5.2 of the 2021 Code. In addition, the independent non-executive directors comprised more than one-third of the Board as required by the Listing Requirements of Bursa Malaysia.

On 12 April 2023 Mr Ng Chih Kaye, who had been an independent non-executive director since May 2019, stood down from the Board.

All the members of the Board served throughout 2022, except as follows. On 18 May 2022, Mr Chan Kong Leong joined the Board as a Non-Independent Non-Executive Director whilst Ms Lim Fen Nee was appointed as an Independent Non-Executive Director. Madam Kuok Oon Kwong retired from the Board at the conclusion of the Company's 51st AGM held on 30 June 2022 and immediately thereafter, Mr Chan Kong Leong was appointed as the new Managing Director, succeeding Madam Kuok Oon Kwong in her role as Managing Director.

Pursuant to Practice 5.1 of the 2021 Code, the NRC keeps the composition, size and structure of the Board under periodic review to ensure that the Board is appropriately balanced to facilitate effective decision-making.

Subsequent to a rigorous review in 2022, the NRC and the Board determined that the five non-executive directors, namely, Mr Goh Ching Yin, Dato' Sri Khazali bin Ahmad, Encik Ahmed Reza bin Mohd Ghazali, Mr Ng Chih Kaye and Ms Lim Fen Nee remained independent in character and judgement, and that there were no relationships or circumstances which are likely to affect their ability to exercise independent judgement.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Board Composition (cont'd)
The percentage of women on the Board stood at 29% at the beginning of the financial year 2022, and subsequently increased to 33% on 18 May 2022 with the appointment of Ms Lim Fen Nee. Following the retirement of Madam Kuok Oon Kwong from the Board on 30 June 2022, the percentage of women on the Board stood at 25%. This was still substantially in accordance with the spirit of Practice 5.9 of the 2021 Code, and was consistent with the Company's commitment to gender diversity not only within its Board of Directors but at all levels throughout the Group.

The biographies of the directors as at the date of this statement appear on pages 5 to 8 of this Annual Report.

Board Recruitment Process
To assist with Board succession planning and development, the Board established specific criteria to identify suitable candidates. These criteria have regard to the areas of expertise and experience needed to further improve the effectiveness of the Board, as well as the principles set out in the Directors' Fit and Proper Policy. Accordingly, the NRC determined that strong character and integrity, together with competency in accounting and finance, vast operational experience, broad business knowledge and industry expertise would add diversity to the Board and enhance its oversight functions. Neither an independent search consulting firm nor open advertising was used to assist in the search process.

The Board took the view that, to achieve the right outcome, the best approach would be to consider candidates of the highest integrity and calibre in the specified fields, and to base the selection process on skill, experience and fit with the existing Board members as well as the candidate's ability to devote the required time to serve the Board effectively, factoring in his or her other existing board positions, if any. The Board also took account of the gender diversity requirement.

In 2022, based on the recommendations of the NRC, Ms Lim Fen Nee was selected by the Board after a series of rigorous interviews and formal meetings with the Chairman and other members of the Board. At the same time, as part of succession planning and in anticipation of Madam Kuok Oon Kwong's retirement from the Board and from her role as Managing Director at the conclusion of the Company's 51st AGM, the Board's composition was refreshed by the appointment of Mr Chan Kong Leong. Mr Chan Kong Leong was viewed as the best person to take over Madam Kuok Oon Kwong's role as Managing Director as he is known to the NRC and Board by virtue of his position as the Regional CEO of South East Asia and Australasia (SEAA) who is steering and overseeing the operations of all the Shangri-La group's hotels in SEAA including Malaysia. It was considered that both Mr Chan Kong Leong and Ms Lim Fen Nee were ideally suited to complement the diverse skills of the Board, and that their appointment would further enhance the Board's effectiveness.

Board Induction, Training and Development
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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

In 2022, an in-house training programme was organised for the directors covering a broad range of topics including an overview of the long-term structural trends and drivers for the global financial market, and an update on the key changes to the Employment Act 1955. Several of the directors also attended various external training programmes, including:

- A refresher course on Anti-Bribery & Anti-Corruption
- A conference on Corporate Governance and Sustainability
- Training in Cyber Security Awareness
- A conference on ASEAN Economics
- A workshop on Risk Management
- Updates on Malaysian Taxes and Incentives
- A forum on Accelerating Growth Post Covid with Intelligent Automation
- A dialogue on Assessing your Organisational Culture
- A briefing on Digital Transformation
- A programme on Strategic Enterprise Risk Management
- A briefing on Malaysian Outlook and Lookouts
- The Audit Committee Conference 2022: Beyond Effectiveness, Sustainability and Agility
- A seminar on the Global Economy
- A forum on the Investment Outlook 2022: Adapting to Disruptions
- A Governance and Reporting Workshop on Environmental, Social and Governance
- The ICDM International Directors Summit 2022
- A programme on Gender Equality Today for a Sustainable Tomorrow
- A seminar on Fundamental Disruption of Assets Management and Securities

The two new Directors also obtained accreditation under the Mandatory Accreditation Programme of the Institute of Corporate Directors Malaysia (ICDM). Further, as part of the induction that all new non-executive directors receive, Ms Lim Fen Nee followed a tailored induction programme which included dedicated time with Group executives and operational site visits to the Group's hotels in Kuala Lumpur, Penang and Sabah. This helped Ms Lim Fen Nee to understand the Group's business operations and activities through direct experiences and by having discussions with a range of senior personnel. She also received a comprehensive data pack with information on the Group.

Board Committees

The following committees have been established by the Board to assist in the discharge of its duties. All 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)

   During 2022, the AC was made up of three independent non-executive directors, namely Mr Goh Ching Yin, Dato' Sri Khazali bin Ahmad and Mr Ng Chih Kaye. Throughout the financial year 2022, the AC was comprised entirely of independent non-executive directors, in accordance with the Step-up under Practice 9.4 of the 2021 Code. In April 2023, Mr Ng Chih Kaye stepped down as a member of the AC.

   The AC meets as required, but not less than four times a year. 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 auditors, including its independence.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Board Committees (cont'd)

2. POLICY IMPLEMENTATION COMMITTEE (PIC)
   The PIC consisted of the two executive directors under the chairmanship of the Managing Director. It met on ten occasions in 2022, all the meetings being held online. 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)
   At the end of December 2022, the NRC comprised three independent non-executive directors, namely Dato' Sri Khazali bin Ahmad, Mr Goh Ching Yin and Encik Ahmed Reza bin Mohd Ghazali. Dato' Sri Khazali bin Ahmad is the NRC Chairman.

   Tan Sri A. Razak bin Ramli was previously a member of the NRC but stepped down on 6 April 2022 to comply with Practice 1.4 of the 2021 Code, and was replaced by Mr Goh Ching Yin.

   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 that they operate effectively. It makes recommendations to the Board concerning all appointments to the Board and Board committees taking into consideration the relevant skills required and the criteria set out in the Company's Directors' Fit and Proper Policy. The NRC is also responsible for considering and recommending the overall remuneration framework for the executive directors.

The Terms of Reference of both the AC and NRC as well as the Company's Directors' Fit and Proper Policy are available on the Company's website at www.shangri-la.com.

Re-election of Directors

Under the Company's Constitution, all directors seek election at the first AGM following their appointment. The Constitution also requires 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.

The names of the directors of the Company who are seeking re-election at the 52nd AGM of the Company to be held on 30 May 2023 are set out in the Notice of AGM.

Board Meetings, Support and Information

The Board meets on a quarterly basis, and supplementary meetings are held as and when necessary. Four Board meetings were held in 2022 and the attendance of the directors at each meeting is shown in the table below. There are a number of committee meetings between Board meetings and these are normally fully attended.

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. There is a comprehensive system for reporting financial results to the Board.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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.

The Board meetings in 2022 involved both in-person and online attendance, and were supported by video conference facilities, whenever any of the directors were attending virtually.

Attendance at Board meetings during the year ended 31 December 2022

NAME		BOARD ATTENDANCE
Tan Sri A. Razak bin Ramli		4 / 4
Datin Rozina Mohd Amin		4 / 4
Goh Ching Yin		4 / 4
Dato' Sri Khazali bin Ahmad		4 / 4
Ahmed Reza bin Mohd Ghazali		4 / 4
Ng Chih Kaye		4 / 4
Chan Kong Leong	(appointed on 18.5.2022)	3 / 3
Lim Fen Nee	(appointed on 18.5.2022)	3 / 3
Kuok Oon Kwong	(retired on 30.6.2022)	2 / 2

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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Remuneration (cont'd)

The tables below show the remuneration for the financial year ended 31 December 2022 of:
(i) the individual directors on a named basis and (ii) the top five key executives in bands of RM50,000 on an aggregate basis.

ALL FIGURES IN (RM'000)	SALARY	BONUS	BENEFITS -IN-KIND	FEES	OTHER EMOLUMENTS (MEETING ALLOWANCE)	TOTAL
Executive Directors						
Chan Kong Leong (note a)	270	–	–	–	–	270
Kuok Oon Kwong (note b)	270	–	–	–	–	270
Datin Rozina Mohd Amin	938	407	16	–	–	1,361
Non-Executive Directors						
Tan Sri A. Razak bin Ramli	–	–	–	50	2	52
Goh Ching Yin	–	–	–	43	5	48
Dato' Sri Khazali bin Ahmad	–	–	–	44	5	49
Ahmed Reza bin Mohd Ghazali	–	–	–	35	2	37
Lim Fen Nee (note c)	–	–	–	22	1	23
Ng Chih Kaye (note d)	–	–	–	40	4	44
Total Directors' Remuneration	**1,478**	**407**	**16**	**234**	**19**	**2,154**

Note a: For the period from July 2022 to December 2022.
Note b: For the period from January 2022 to June 2022.
Note c: For the period from appointment in May 2022.
Note d: Stepped down from the Board on 12 April 2023.

REMUNERATION OF TOP 5 KEY EXECUTIVES IN BANDS OF RM50,000	NUMBER OF KEY EXECUTIVES
From RM1,200,000 to RM1,250,000	1
From RM1,150,000 to RM1,200,000	2
From RM900,000 to RM950,000	1
From RM400,000 to RM450,000	1

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

Audit Committee

The AC 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 auditors through the AC, 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.

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 AC 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.

Risk Management and Internal Control Framework

The Board has overall responsibility for overseeing the Group's system of risk management and 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 50 to 53 of this Annual Report.

PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

Communication with Stakeholders

The Board places great emphasis on providing clear, accurate and timely 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 maintains regular dialogue with institutional investors and financial analysts to discuss matters relating to the Group's performance, business activities and growth plans and to respond to any queries they may have.

Conduct at General Meetings

The Board is fully committed to engaging with shareholders. The AGM provides the Board with an opportunity to communicate with and answer questions from shareholders.

With the 51st AGM on 30 June 2022 being held via virtual mode, shareholders' questions were received prior to the AGM as well as during the live streaming of the AGM. Live streaming was provided via the messaging window on the Online Meeting Platform of the Lumi AGM website of Boardroom Share Registrars Sdn Bhd, at https://meeting.boardroomlimited.my (Lumi AGM Platform). Questions were addressed by the Board and senior management. The AGM was held in accordance with Practice 13.4 and 13.5 of the 2021 Code. Approximately 83% of the shareholding of the Company was represented at the AGM. Voting at the AGM was conducted using an electronic voting platform. The Minutes of the AGM (including the questions raised at the meeting and the answers given) were made available at the Company's website within 30 days of the AGM.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board's Focus in 2022

The main areas of focus of the Board and its Committees during the year included:

(a) Strategic and Operational Matters

- Reviewed and approved the Group annual budget and capital expenditure requirements for 2022.
- Regularly reviewed the financial and operational performance of the Group against strategy, with a particular focus on the recovery of the Group's hotel businesses and on ensuring that the hotels are well positioned to take advantage of reopening markets.
- Received regular presentations and reports on financial market conditions, industry outlook and the competitor landscape including emerging trends and opportunities, and changes in consumer behaviour.
- During the course of the year, carried out detailed reviews of going concern considerations, and the Group's capital allocation, funding and liquidity positions including its cash flow performance.
- Maintained a tight focus on the actions taken by the Group's businesses to address the ongoing challenges created by the pandemic.
- Deliberated carefully over the payment of dividends and decided to resume dividend payments only when the Group returns to profitability and to a strong and sustainable level of cash generation.

(b) Governance, ESG and Risk Management

- Received regular reports on the effectiveness of employee strategies, covering talent development, recruitment, workforce engagement and wellbeing across the business.
- Throughout the year, reviewed measures implemented to prioritise and protect the health, safety and wellbeing of employees and guests as pandemic restrictions eased.
- Received periodic updates on regulatory and governance developments, including areas of legal or regulatory risk affecting the Group.
- Conducted an assessment of the governance structures and procedures at Board level and throughout the Group with a view to updating processes to reflect the latest developments in best practice corporate governance.
- Considered the Group's strategy and plans on environmental, social and governance matters including climate-related risks and opportunities; received updates on sustainability activities and programmes; and monitored progress against Group targets.
- Maintained oversight of the systems of risk management and internal controls to ensure that appropriate processes and mitigation strategies are in place across the Group to manage key risks.
- Approved the appointment of new non-executive Directors and changes to the composition of the Nomination and Remuneration Committee; unanimously approved the appointment of Mr Chan Kong Leong as the new Managing Director to succeed Madam Kuok Oon Kwong who retired on 30 June 2022 at the close of business of the 51st AGM.
- Reviewed and discussed Board succession planning, talent strategy and leadership capabilities to ensure measures are in place for orderly succession.

This Corporate Governance Overview Statement was approved by the Board of Directors on 14 April 2023.

SUSTAINABILITY STATEMENT

Our commitment to sustainability is guided by our vision, mission and core values. We recognise that the future success of the Group as an industry leader depends on the successful integration of sustainability policies and practices into our business. Likewise, we continue to be wholly committed to operating our business in an ethical manner and fostering a culture of integrity throughout the organisation.

During 2022, the Group recovered well from the unprecedented disruption caused by the pandemic. The Group's performance benefitted from the resumption of more normal travel conditions as stringent pandemic restrictions in many parts of the world were progressively lifted, allowing a significant rebound in occupancy levels across all the Group hotels.

As we work hard on our near-term priorities to rebuild our revenues and to create a stronger and a more resilient business, we will continue to prioritise the health, safety and wellbeing of our employees and guests.

Over the past year, we maintained strong engagement across our hotel businesses and continued to invest in supporting our employees in the areas of mental health, resilience and stress management whilst providing them with access to various resources and tools to support their wellbeing. At the same time, we further focused on ensuring both that appropriate arrangements remained in place to protect employees and customers, and that the highest standards of health and safety were adhered to across all of our operations. Our enhanced and robust hygiene, safety and cleaning protocols and procedures under the Shangri-La Cares commitment programme helped to care for and keep our employees and guests safe.

About this Statement

We have prepared this statement based on the Sustainability Reporting Guide issued by Bursa Malaysia Securities Berhad and the principles of the Global Reporting Initiative Sustainability Reporting Guidelines relating to content development and quality of information.

Reporting Scope and Period

This statement refers to the period from 1 January to 31 December 2022. The report covers our five hotel properties in Kuala Lumpur, Sabah and Penang: Shangri-La Hotel Kuala Lumpur, Rasa Ria Resort, Rasa Sayang Resort, Golden Sands Resort and Hotel Jen Penang. The revenues from the hotels represented 93% of the Group's total revenue for 2022. Our other business operations are not included in this report.

Our Sustainability Approach and Governance

We aim to conduct our business in an economically, socially and environmentally responsible manner, and always in the best interests of our stakeholders, including our investors, guests, corporate customers, employees, suppliers and local communities.

The Company has established a robust governance structure to ensure the successful management of Environmental, Social and Governance (ESG) issues. The mechanisms comprise policies, procedures, reporting processes, management systems, goal setting, audits, codes of conduct, and standards such as ISO 14001, ISO 45001 and ISO 22000.

Meanwhile, the Company's Balanced Scorecard management system enables it to drive high organisational performance, strengthen accountability and build collaborative teams by aligning the Group's hotels behind key strategic objectives.

SUSTAINABILITY STATEMENT

Our Sustainability Approach and Governance (cont'd)

The Board reviews and monitors the ESG risks, and makes certain that systems and internal control procedures are in place to safeguard compliance, integrity, business ethics, human rights, fair operating practices and transparency. The Group's system of risk management and internal control is fully described on pages 50 to 53 of this Annual Report.

The Board is committed to promoting an ethical culture in line with our core values, and to deploying and overseeing policies and procedures to prevent bribery and corruption anywhere in the Group.

The Board of Directors is made up of individuals with a broad range of core competencies in such areas as corporate finance, accounting, banking, investment, business management, strategic planning, organisational development and strategy, and public sector and governmental affairs in addition to hotel and property industry knowledge and experience. There are currently two women on the Board, who make up 25% of the membership, reflecting the Company's commitment to gender diversity not only within its Board of Directors but at all levels throughout the Group.

The Board is supplied with complete, accurate and timely information on sustainability risks and opportunities. Measures to ensure responsible business conduct and the identification and assessment of risks related to social, ethical and environmental affairs are managed and reviewed at regular meetings of the Board, the Policy Implementation Committee (PIC) and the Audit Committee.

The Group's Integrated Assurance Framework plays a vital role in helping to improve the effectiveness of the Group's risk management and oversight arrangements so as to enable the delivery of crucial business strategies. Fundamentally, this framework not only promotes shared risk intelligence and accountability across the business, but also clarity on ownership of controls. Similarly, it ensures that sufficient and timely assurance information is available to allow early decisions and actions to be taken on risk and control matters.

Our parent company's Internal Audit Department (IAD) has also reinforced its internal audit framework by instituting a multi-phase transformation programme that provides insights that aid with decision-making, and that helps management to identify relevant high-risk issues and convert them into sustainable solutions. The programme uses a risk-based audit approach designed to resolve the root causes of the issues rather than address the symptoms. It leverages on state-of-the-art technology to harness the power of data and facilitate a more efficient and timely audit process.

Sustainability management and performance come under the purview of the PIC. The PIC oversees and drives sustainability strategy and initiatives across the business while ensuring alignment with the structures, policies and guidelines of our parent company.

Each of our hotels has a Corporate Social Responsibility (CSR) Committee made up of members of senior management. The role of these committees is to execute Group policies and practices relating to sustainability and CSR initiatives, focused on five key areas: community engagement, environment and biodiversity, employee development, sustainable supply chains, and health and safety.

All employees receive regular and comprehensive training in fire life safety, information security, food safety, and hotel security, including training in the Group's Code of Conduct and Ethics.

SUSTAINABILITY STATEMENT

What Matters Most

Materiality is a critical input into our corporate sustainability strategy as it ensures that we concentrate on the sustainability concerns that are most important to our business and our stakeholders.

In 2022, our sustainability priority areas were again guided by a Group-wide materiality assessment exercise that was conducted in 2016 by our parent company, and we have continued to use this assessment as the framework for this year's sustainability report. However, our parent company is completing a holistic ESG materiality reassessment in 2023, which will guide our sustainability priorities in future.

Our Material Issues

OUR ENVIRONMENT	OUR BUSINESS	OUR PEOPLE	OUR COMMUNITIES
• Climate change and greenhouse gas emissions • Water • Waste • Biodiversity and conservation	**Guest Experience** **Guest Safety and Security** • Fire life safety • Food safety • Information security and cybersecurity **Procurement and Supply Chain** • Responsible procurement • Sustainable choices	**Human Capital** • Diversity and equal opportunities • Employee wellbeing • Learning and development • Occupational health and safety	• Community development • Volunteering

OUR ENVIRONMENT

Environmental protection is core to Shangri-La's guiding principles and Code of Conduct and Ethics, and all our employees play their part as stewards of the environment. Reducing the environmental impact of our business activities is a vital part of our environmental strategy. In line with our commitment to biodiversity conservation, our hotels run campaigns that preserve and enhance biodiversity through Sanctuary, Shangri-La's Care for Nature projects.

SUSTAINABILITY STATEMENT

OUR ENVIRONMENT (cont'd)

Over the years, the Group's hotels have garnered a range of awards recognising their outstanding environmental protection and energy conservation initiatives. These include:

- Prime Minister's Hibiscus Award 2000/2001 for Exceptional Achievement in Environmental Performance, won by Rasa Sayang Resort,
- Prime Minister's Hibiscus Award 2000/2001 for Notable Achievement in Environmental Performance, won by Rasa Ria Resort,
- Prime Minister's CSR Awards 2009 (Environmental Category), won by Shangri-La Hotel Kuala Lumpur,
- Best Sustainable Hotel for Malaysia, Asia Pacific Hotel Awards 2013-2014, International Hotel Awards, UK, won by Rasa Sayang Resort,
- ASEAN 2016-2018 Green Hotel Awards, won by Shangri-La Hotel Kuala Lumpur, Rasa Sayang Resort and Rasa Ria Resort,
- ASEAN 2022-2024 Green Hotel Awards, won by Rasa Sayang Resort and Golden Sands Resort.

In 2022, Rasa Sayang Resort and Golden Sands Resort were acknowledged as being among the most eco-friendly in Malaysia by the Ministry of Tourism, Arts and Culture, Malaysia (MOTAC) under its Green Hotel certification (2022-2025).

How we Manage Environmental Impacts

Impacts relating to material environmental issues are managed systematically. Our hotels use Environmental Management Systems to plan, manage and control energy use, water conservation, waste disposal and pollution.

The Group recognises the need to be more ambitious in its initiatives to cut carbon emissions and help limit global warming. Accordingly, we are committed to decreasing the impacts of our business activities both on society and the environment.

In 2022, all of our five hotels maintained ISO 14001 certification, and our records show no instances of non-compliance with relevant laws and regulations concerning air emissions, water discharges or hazardous and non-hazardous waste.

Energy and Greenhouse Gas Emissions

Energy use and greenhouse gas (GHG) emissions contribute to climate change and pose both financial and physical risks to our business, and a number of our hotels are located in areas that are vulnerable to extreme weather events such as flooding and typhoons.

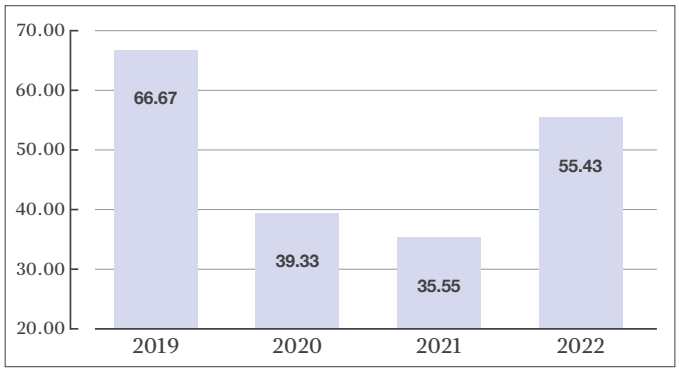
We aim to reduce energy use and GHG emissions as part of our commitment to operating efficiently and maintaining our reputation as a responsible corporate citizen.

In 2022, total energy consumption at our five hotels increased from 35.55 GWh in 2021 to 55.43 GWh, reflecting a significant recovery in business levels from the pandemic. The total scope 1 and scope 2 GHG emissions produced by our hotels in 2022 were 29,702 tonnes of carbon dioxide equivalent (CO2e), up 51.6% from 19,597 tonnes in 2021.

SUSTAINABILITY STATEMENT

Total Energy Consumption (GWh)

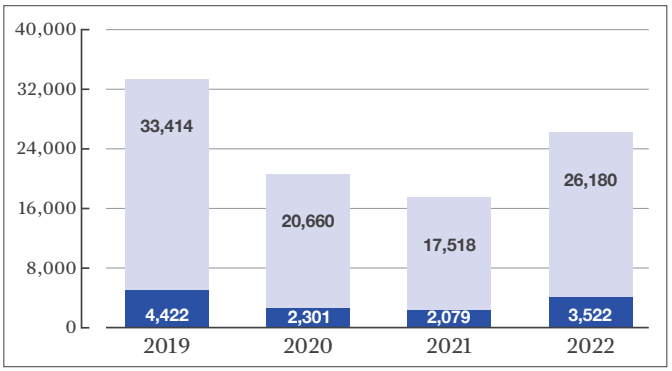
Scope: five Group hotels, 2022



Total GWh

Total GHG Emissions (tonnes CO_2e)

Scope: five Group hotels, 2022



Scope 1 Scope 2

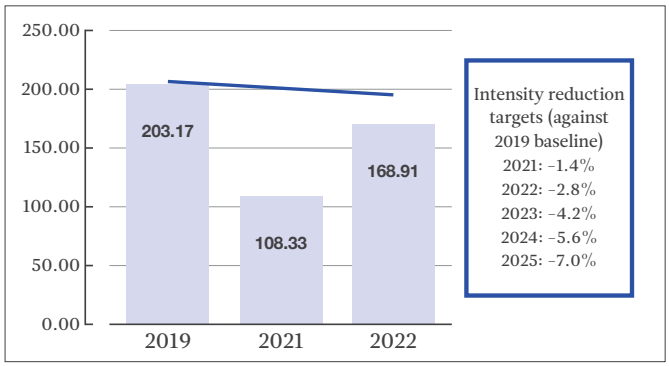
Around 88% (2021: 89%) of the overall GHG emissions relate to purchased electricity, with the remaining 12% (2021: 11%) relating to natural gas and combustion of fuel across our five hotels.

As our previous goals concluded in 2021, we have set new environmental targets for 2021 to 2025. This has involved revising our previous intensity metric denominator, the Business Unit, which was the number of overnight and other guests in each hotel during the year. The energy and GHG emissions intensity are now measured according to Gross Floor Area; and water intensity is measured per Occupied Room. This is in line with industry practice.

In setting new targets for our five hotels, the environmental data for 2019 is used as the benchmark, since this reflects normal business conditions before Covid-19 struck in 2020 and greatly distorted our performance metrics for that year and the next. The current 5-year targets are to cut our energy and GHG emissions intensity by 7% and our water intensity by 3% across our hotels by 2025 from the 2019 baseline.

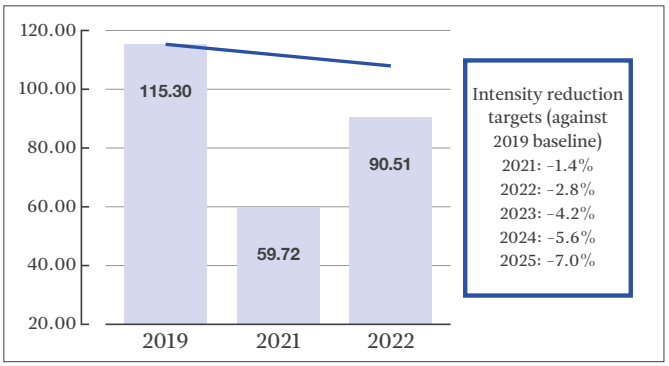
Average Energy Intensity (kWh/m^2)

Scope: five Group hotels, 2022



Average GHG Emissions Intensity (kg CO_2e/m^2)

Scope: five Group hotels, 2022



SUSTAINABILITY STATEMENT

Energy and Greenhouse Gas Emissions (cont'd)
Our average energy intensity for 2022 improved by 16.9% to 168.91 kWh/m^2 as against the 2019 baseline figure of 203.17 kWh/m^2. Similarly, the average GHG emissions intensity for our hotels improved by 21.5% to 90.51 kg CO_2e/m^2 compared to the 2019 baseline figure of 115.30 kg CO_2e/m^2. In both cases, actual performance during the year exceeded the 2.8% reduction target set for 2022. The increase compared to the previous year (energy: 108.33 kWh/m^2; GHG: 59.72 kg CO_2e/m^2) reflects the stronger business levels recorded by our hotels following the easing of Covid-19 restrictions and the reopening of international borders.

Our five hotels are committed to cutting their carbon footprint, and have made significant investments in initiatives to improve their energy efficiency. They continue to benefit from energy-saving investments, particularly over the last eight years, in areas such as capital equipment upgrades (including a low-temperature laundry, lifts and escalators, and chillers), lighting replacement using LED bulbs, the installation of guestroom electronic control systems, and the replacement of diesel-burning boilers with heat pumps.

In 2022, Shangri-La Hotel Kuala Lumpur achieved significant energy savings. The efficiency and optimal use of the 1000 RT cooling tower installed in 2020 saved 23,000 kWh. The chiller plant recorded an overall efficiency of 0.82 kW/RT for 2022, saving 3.27million kWh. Further, the lighting replacement with LED bulbs made in guest rooms and typical guest room corridors, as well as in several dining outlets and the lobby areas, helped to cut consumption by 36,000kWh.

In March 2022, three of our hotels enrolled for one year in the Tenaga National Berhad Green Electricity Tariff (GET) scheme, which provides energy from renewable resources and aims to cut the nation's carbon footprint. During the year, Shangri-La Hotel Kuala Lumpur purchased 12,000,000 kWh, Rasa Sayang Resort purchased 7,200,000 kWh, and Golden Sands Resort purchased 4,500,000 kWh of renewable energy through the scheme.

Water
Water is an increasingly important issue for our business and its conservation is imperative. We use water for drinking, cooking, cleaning, leisure facilities and irrigation, and we aim to attain best practice levels of efficiency across our operations.

Our hotels have introduced various means to restrain water usage. These involve the installation of water-saving flush systems and other water-saving devices in guestroom bathrooms, public area washrooms and staff locker rooms. At the same time, our hotels continue to encourage guests to reuse towels and linen to decrease water usage.

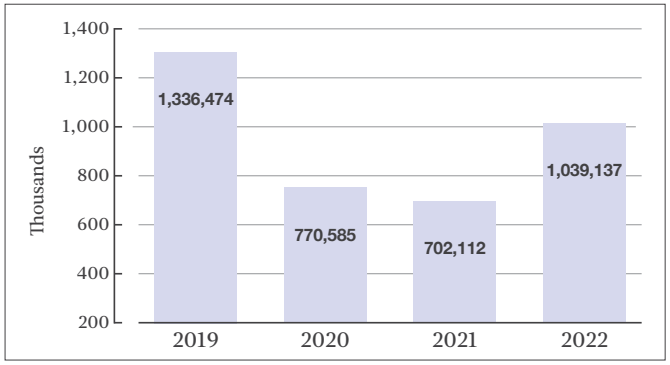
In 2022, Shangri-La Hotel Kuala Lumpur used harvested rainwater to water plants, thereby saving 1,460 m^3 of water.

The Group's 18-hole Dalit Bay golf course along with the grounds and landscaped gardens at Rasa Ria Resort are fully irrigated by recycled treated waste water from the sewage treatment plant at the property, thereby conserving around 1,260 m^3 of water per year. Besides this, the resort monitors the Biological Oxygen Demand content of effluent discharged from the treatment plant. Meanwhile, the effluents produced by Shangri-La Hotel Kuala Lumpur, Rasa Sayang Resort and Golden Sands Resort are treated by third-party service providers before being discharged into the local sewage systems.

SUSTAINABILITY STATEMENT

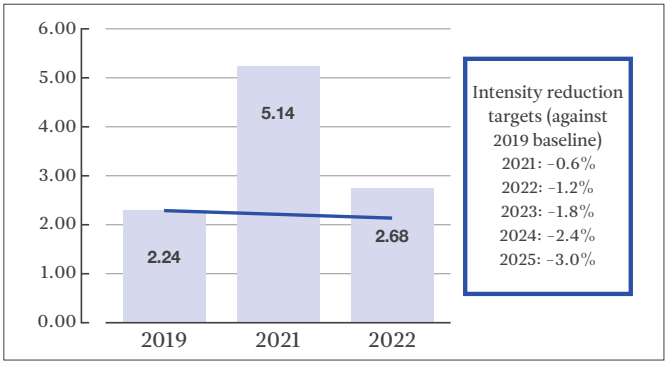
Total Water Consumption (m^3)

Scope: five Group hotels, 2022



Average Water Intensity (m^3/occupied room)

Scope: five Group hotels, 2022



In 2022, our five hotels consumed in total 1,039,137 m^3 of fresh water from municipal supplies, a 48% increase on 2021, reflecting the growth in occupancy levels on the back of the lifting of the Covid-19 restrictions.

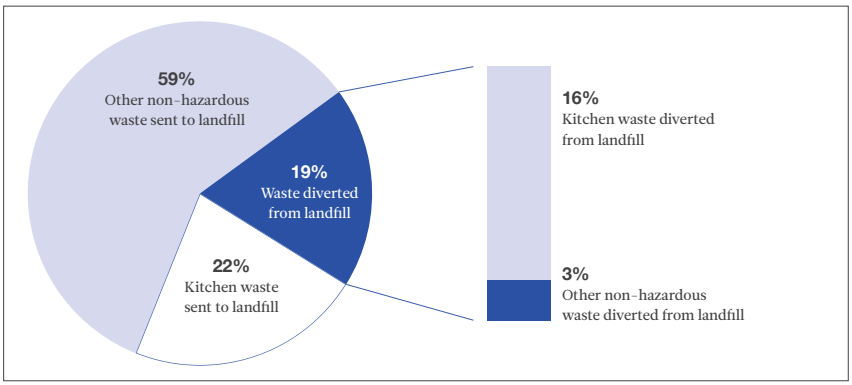
Our average water intensity, on the other hand, dropped to 2.68 m^3/occupied room (2021: 5.14 m^3/occupied room), attributable to a significant rise in room occupancy, and the performance for the year was below our 2022 target of 1.2%.

During the year, Rasa Ria Resort finally completed the installation of, and test ran, the Blue Ocean Water and Energy Recycling System for its laundry operation. The system aims to reduce water consumption by filtering and recycling laundry wastewater. Laundry water recovery started in December 2022, and the functioning and data recording of the laundry operation is being closely monitored by the engineering team to provide water recovery data for 2023.

Waste

Waste management is a major concern for communities and local authorities in many of the places where we operate. Our intent is to significantly decrease waste, especially food waste, to divert waste from landfill, and to boost recycling. We encourage employees and guests to avoid creating waste, and we grant contracts to responsible disposal companies.

Breakdown of Non-Hazardous Waste



SUSTAINABILITY STATEMENT

Waste (cont'd)
In 2022, our five hotels produced 1,241 tonnes of non-hazardous waste, 155% up on the 487 tonnes recorded in 2021. The huge jump in waste generation was consistent with the increase both in rooms and in food and beverage business.

With business levels on the rise, our hotels were able to segregate and divert 232 tonnes (19%) of the non-hazardous waste generated in 2022 from landfill, as compared to 17% in 2021.

Our records for 2022 show that our five hotels collectively:

- Upcycled 168 tonnes of food waste as compost and animal fodder,
- Recycled 36 tonnes of waste,
- Collected 28 tonnes of used cooking oil for resale to reputable service providers.

Since 2011, three of our hotels, Rasa Sayang Resort and Golden Sands Resort in Penang and Rasa Ria Resort in Sabah, have run water purification systems which enable them to bottle their own drinking water in recyclable glass bottles. In addition, Shangri-La Hotel Kuala Lumpur and Hotel Jen Penang joined the recyclable glass bottle initiative in 2022, partnering with a local contractor to supply water in glass bottles for the hotels' guest rooms. In total, our five hotels successfully prevented 706,584 plastic bottles from being disposed of to landfill.

Further strengthening its commitment to reduce single use plastic, in 2022 Rasa Ria Resort installed drinking water dispensers in all of its back of house areas.

Likewise under the "Say No to Single-Use Plastic" policy and in compliance with the Group's Standard Operating Procedures (SOPs) on environmental impact, our hotels continued to increase the use of environmentally friendly packaging for take-away and delivery food services. Accordingly, in 2022 the Group's food and beverage operations at all five hotels fully eliminated plastic takeaway containers, cutlery and bags; and in 2023 all our hotels have started tracing and recording any single-use plastic used by other departments to help achieve the Group's target to reduce single-use plastic intensity by 50% by 2026.

To encourage waste diversion from landfill, Rasa Ria Resort donated some of its linen to its Embrace beneficiary, Sekolah Kebangsaan Kitapol, Tuaran. It also collected spare clothing from the staff for donation to a local orphanage.

Since 2019, both Rasa Sayang Resort and Rasa Ria Resort have used an e-housekeeping system to streamline and improve the efficiency of their housekeeping operations, thereby cutting paper consumption.

Our hotels constantly seek to upgrade their waste diversion programmes, working with various partners on the segregation and recycling of waste such as paper, plastic, metal, glass, and used cooking oil.

Biodiversity and Conservation
At the heart of our commitment to the environment is Sanctuary, the Group's Care for Nature project, which was launched in 2010 with the aim of enhancing biodiversity conservation and habitat protection. Our hotels undertake a comprehensive biodiversity assessment before starting work on projects, which are then developed, tracked and monitored. Likewise, we engage our employees, guests and local communities in interactive learning experiences and other activities that emphasise the importance of biodiversity conservation.

SUSTAINABILITY STATEMENT

In Sabah, Rasa Ria Resort has dedicated 64 acres of its forested hills to a nature reserve. The reserve is home to the long-tailed macaques, western tarsiers, bear cats and the famous huge-eyed slow loris as well as to over 83 species of birds, 100 species of butterflies and an abundance of indigenous flora and fauna.

The reserve is divided into two distinct zones: a Nature Reserve and an Adventure Point. Together, these provide the ideal habitat for plants and animals to thrive, and for visitors with a passion for nature to immerse themselves in awe-inspiring experiences. Besides an adventure playground, the reserve offers six different nature trails, sunrise walks, night time walks (with night vision goggles), birdwatching, and the chance to observe wildlife from a summit platform or a watering hole with a viewing deck. The reserve recorded 6,072 visitors in 2022.

In 2020, Rasa Ria Resort initiated a Stingless Bee Conservation project within the Rasa Ria Reserve, and introduced around the Discovery Centre eight species of flowering plants that attract the bees. Since then, the project team has successfully propagated nine boxes of stingless bees. The aim of the project is to inform the resort's guests and the community about the habitat of this species, which is commonly found in Sabah. Stingless bee farm tours began in January 2021 and guests who join the tour get to harvest the honey and taste it immediately. In 2022, the Stingless Bee farm welcomed 81 visitors, introducing them to the project and to honey-tasting.

The joint Turtle Care Project run by Rasa Sayang Resort and Golden Sands Resort demonstrates their commitment both to creating awareness of the need for turtle conservation and to increasing the survival rate of hatching turtles. At their onsite Eco Centre, various displays tell visitors about environmental protection and the conservation of turtle species. In addition, some 62 volunteers from the resorts contributed 264 hours in two visits to the Turtle Hatchery Conservation Centre at Pantai Kerachut in the Penang National Park. Activities included cleaning the hatching zone and its surroundings.

On 26 March 2022, Rasa Sayang Resort and Golden Sands Resort each floated 164 recycled plastic burger containers filled with battery tealights in the swimming pool at Rasa Sayang Resort, to form a giant '60+' sign, symbolising the 60 minutes when all non-essential lights were turned off for Earth Hour. The gesture expressed our commitment to working towards a greener world, for example by switching to energy efficient lighting where possible and adopting sustainable practices in our day-to-day operations. Meanwhile, at Hotel Jen Penang 40 employees and guests lit tealight candles laid out to form the number 60, and turned off all the non-essential lights in the hotel lobby.

OUR BUSINESS

Each of our hotels identifies, prepares for, responds to and minimises fire, health, safety and security hazards. The travel and hospitality sector endures tragic attacks too frequently, so part of being a responsible business is not only a strong management approach but also a culture of awareness and intelligent information gathering.

During the year, all the Group hotels continued to adhere rigorously to the Shangri-La Cares commitment programme, which follows guidelines from both the World Health Organisation and national and local health authorities, and is periodically updated to align with national and local Standard Operating Procedures (SOPs). Despite the transitioning of Covid-19 from pandemic to endemic, we have maintained the SOPs put in place in 2020 to elevate health and safety procedures, so as to keep our employees and guests safe.

SUSTAINABILITY STATEMENT

OUR BUSINESS (cont'd)

Besides this, all five hotels utilised a Vacant Inspection App developed internally to monitor compliance with hygiene protocols. Using this App, the housekeeping team is able to log guestroom cleanliness records online as well as to view videos of rooms cleaned after check-out, which are inspected using UV torchlight.

During the year, our parent company's IAD conducted remote visual walk-through audits of the effectiveness of the hygiene, cleaning and safety standards across all our hotels. The purpose of the audits was to ensure that each operational department remained fully compliant with the Shangri-La Cares commitment programme.

Throughout 2022, taking advantage of the steady recovery in leisure and business travel, a strong marketing programme along with an effective rate strategy were implemented to attract higher business volumes from both the domestic and key international markets. Together, these drove a healthy revenue growth across our portfolio of hotels.

How we Manage Business Integrity Impacts

While the Group's values guide how we work, we rely on instruments of governance and stakeholder engagement to manage wider governance and integrity issues across the business. These are underpinned by management systems for food safety, guest safety and responsible procurement practices.

Guest Experience

During the year, our hotels launched a new defect-tracking tool called GReAT. This integrated, Group-wide solution provides enhanced monitoring and data analysis, enabling the hotels to respond to and swiftly address major areas of concern as well as to implement effective action plans to resolve recurring issues. In 2022, the majority of the defects related to rooms not ready upon guest arrival, issues with television and in-room entertainment facilities, and the general upkeep of guestrooms and bathrooms. All guest feedback is handled appropriately by our hotel staff, who have been trained on problem resolution.

In 2022, the Group migrated the guest feedback tracking and analysis system to Medallia. This new system has a unique scoring mechanism and helps hotels to identify improvement priorities using key driver analysis and text analytics which extracts guest feedback from survey responses and online reviews. In 2022, our five hotels achieved an average Overall Staying Experience (OSE) score of 81.7%, based on 22,232 samples gathered by our post-stay guest survey. Out of all the samples, 77% (17,041) of the survey responses rated the OSE either as excellent or as very good.

Guest Safety and Security

Safety and security are a top priority for the Group, and we encourage all our hotels to promote a strong safety culture. Our security teams work around the clock to ensure the highest standards of safety and security for our guests, our employees and other visitors. Our Security and Safety Reporting System allows us to track and manage any incidents so as to enable continuous improvement. At the same time, audits of the security systems at each hotel are performed on a regular basis to ensure their reliability and effectiveness. These check the effectiveness of, for example, CCTV recordings and security staff training relating to emergencies of all types.

Throughout the year, our hotels continued to provide guests from abroad with International Covid-19 coverage including emergency medical cover should they be diagnosed with Covid-19 while staying with us. For our domestic guests, till 30 June 2022 we provided StaySurance Personal Accident Coverage which paid up to USD100 per day for any guest hospitalised due to an accident or an infectious disease, including Covid-19. Both types of cover were provided in collaboration with AIG Malaysia Insurance Berhad and enabled our guests to enjoy their stay with greater peace of mind.

SUSTAINABILITY STATEMENT

Fire Life Safety

Our Fire Life Safety System includes a zero-tolerance policy for non-compliance and is allied to our employee ISO 45001 Occupational Health and Safety Management System. Dedicated Fire Life Safety officers are appointed at each hotel property and the system is audited annually.

In 2022, all our hotels exceeded the benchmark requirement of 75%, with zero major non-compliances. The scores were: Shangri-La Hotel Kuala Lumpur 84.6%, Rasa Ria Resort 85.2%, Rasa Sayang Resort 86.1%, Golden Sands Resort 79.5% and Hotel Jen Penang 80.3%.

In line with the Group's fire safety procedures, Group-wide fire drill evacuation exercises were conducted in the second and third quarters of the year at our five hotels to ensure their preparedness for emergency situations, to test the effectiveness of their fire evacuation plans, and to improve certain aspects of their fire provisions.

Food Safety

Our aim is compliance with the Shangri-La Food Safety Management System (SFSMS) as well as with other relevant local and international certifications. Each hotel has a dedicated food hygienist responsible for supervising the implementation of the SFSMS system, and food safety performance is audited annually. In 2022, all of our hotels successfully maintained their ISO 22000: Food Safety Management System or HACCP (Hazard Analysis and Critical Control Points) certification.

To reinforce the Group’s commitment to food safety, all of its high- and medium-risk product suppliers must meet stringent requirements, either by producing internationally recognised food safety certifications or by undergoing a third-party audit (or, in the case of small-scale suppliers, a hygiene audit by our hotels).

Information Security and Cybersecurity

We are committed to respecting privacy; safeguarding our guests’ personal information; upholding the most exacting standards of ethical and legal conduct relating to individuals; and ensuring compliance with all applicable laws and regulations. The measures taken to secure our customers’ data and privacy include among others:

- Engaging an established and reputable external IT vendor to prevent web and "robot" attacks,
- Implementing Two Factor Authentication for Shangri-La Circle membership accounts,
- Educating Shangri-La Circle members about password security, with reminders to change passwords regularly.

Regarding guest privacy, we are not aware of any significant data security breaches affecting our hotel operations in 2022. Privacy and data protection risks are covered in our corporate risk management process and policy, which is available on our website at www.shangri-la.com.

To mitigate the growing threat of cyberattacks, our Group has progressively strengthened and built on its IT security framework as a defence against sophisticated cyber threats.

SUSTAINABILITY STATEMENT

Information Security and Cybersecurity (cont'd)
Over the last few years, the Group has implemented the following enhanced security controls across its hotel properties:

- Anti-virus controls
- Web surfing protection
- Password controls
- Authentication of system administrators
- Email security controls
- A domain name system
- A perimeter firewall
- Backup and restoration protocols
- A change management procedure
- User access management
- System event logging and monitoring
- IT project governance and quality assurance
- Patching controls
- Remote access controls
- Network segmentation

Concurrently, the Group Information Security team continued to build awareness of cybersecurity issues Group-wide, including phishing emails and multi-factor authentication. In addition, all employees completed a mandatory training course on information security awareness, including an introduction to relevant definitions, threats, policies and standards.

Responsible Procurement
Responsible sourcing practices are vital to our business integrity, enabling us to assess sustainability impacts and help lift performance upstream from the business. As a buyer, we can influence suppliers, build engagement with them and together effect change. The Group's Supplier Code of Conduct (SCoC) sets out what we expect of suppliers in terms of product safety. Meanwhile, our corporate procurement and responsible sourcing policies cover food safety impacts through site audits.

Our Corporate Purchasing Policy requires conformity with our SCoC, which entails compliance with applicable laws and regulations as well as making reference to international best practice in product quality and safety, business integrity and ethics, labour standards and practices, environmental protection, community engagement, anti-corruption, record keeping, confidentiality and data protection, and intellectual property rights. To ensure compliance, we systematically monitor supply contracts in ways that include both scheduled and unannounced site visits to suppliers' premises. Besides audits, our procurement teams regularly liaise with local supply chain partners on sustainability matters.

Our preference is to do business with partners whose operations exceed the basic stipulations of the SCoC. However, as a minimum, all suppliers are required to make sure that the principles of the SCoC apply to their employees and, ideally, throughout their own supply chains. Furthermore, they are required to report any violations or suspected violations to Shangri-La via a dedicated link on our website.

Standards the Group applies in order to tackle supply chain impacts cover, among other things:

- Shark fin: which has been prohibited in all Shangri-La food and beverage outlets since 2010,
- Seafood: the Group adheres to Marine Stewardship Council and Aquaculture Stewardship Council standards, as well as standards issued by other internationally recognised sustainable-fishing councils,
- Paper and card products: the Group strives to use sustainably sourced products whenever possible,
- IT equipment: the Group adheres to the relevant international and local environment standards.

SUSTAINABILITY STATEMENT

Our hotels are committed to increasing the percentage of sustainably-sourced seafood served in their restaurants and cafes. For instance, in 2022, 39.91% (2021: 40.0%) of the total seafood purchased by Shangri-La Hotel Kuala Lumpur received Fish Quality certification besides being certified by the Marine Stewardship Council and the Aquaculture Stewardship Council.

Sustainable Choices – Rooted in Nature
Launched in 2014, Rooted in Nature aims to promote the finest local and ethically-sourced ingredients. To qualify, a menu item must meet at least one of the programme's criteria by being, for example, produced within 20km of the hotel, free of chemicals and pesticides, or be seafood that is responsibly sourced.

Our five hotels are working across their supply chains to source food products in a sustainable manner with the least possible impact on the environment. Two cases illustrate our approach:

In 2022, Rasa Ria Resort purchased 189 trays of locally-sourced microgreens from a small-scale local supplier to use as a garnish in its food and beverage menus.

Since 2018, Shangri-La Hotel Kuala Lumpur has been purchasing Dorsata honey produced by wild bees in the pristine environment of one of Malaysia's oldest rainforests. The honey is carefully and sustainably harvested by Orang Asli, who make sure that the bee colony is protected. The Dorsata honey range is available at the hotel's Lemon Garden 2Go cafe.

OUR PEOPLE

The long-term sustainability of both our business and our reputation depends on instilling a dedicated, knowledgeable and skilled workforce with the right culture and values.

How we Manage Human Capital
Our Code of Conduct and Ethics aims to ensure that our Group maintains high ethical standards across our business operations. It sets out the standards we require of our employees in upholding our core values of integrity, fairness, respect, ethical business conduct, and excellence in service. It covers such areas as compliance with the law; leadership responsibilities; equal opportunity and respect; health and safety; protecting Company assets; conflict of interest; insider dealing; money laundering; bribery and corruption; anti-competitive practices; protection of confidential information; privacy and data protection; and slavery and human trafficking both within the Group's operations and throughout its supply chains. Our employees have a duty to report any violations of the Code, and our Whistleblowing and Whistleblower Protection Policy is publicly available.

In 2022, as part of their annual Core Learning Programme, all our employees completed training on the Code of Conduct and Ethics, and we are not aware of any instances of non-compliance with laws and regulations that have a significant bearing on the performance of the Group. As well as this, employees attended training on Shangri-La Culture that focused them on our refreshed vision, purpose, business and values and that gave them a chance to share their experiences and explore ways of contributing to the building of a stronger work culture.

We are committed to providing equal employment opportunities, and strive to create a working environment where all employees can make the best use of their skills and reach their full potential. It is our policy not to discriminate on the basis of age, gender, race, religion, disability, marital status, family status, sexual orientation, or any other personal characteristics.

Fundamental to our business success is a fully engaged workforce. We place great emphasis on involving our employees and keeping them informed about matters affecting them and the Group's business performance. This is achieved through formal and informal meetings, internal communication, a State of the Hotel Address and executive committee dialogues.

SUSTAINABILITY STATEMENT

Employment Profile, Diversity and Inclusion

Our culture is based on respect for others and a commitment to promoting diversity and inclusion at all levels of the organisation.

In 2022, our five hotels employed 1,805 people in permanent full-time positions (2021: 1,757). 38.2% of our workforce was female (2021: 38.9%), with 34.5% holding senior manager positions (2021: 33.3%) and 42.1% in supervisory positions (2021: 42.1%). The staff turnover rate varied from 9.7% to 17.9%, with a median rate of 12.2% (2021: 5.4% to 28.9%; median rate 8.9%).

We provide employment opportunities for people with disabilities (PWDs) and we help them to cultivate specialist skills during their employment. The Group's target is for 2% of each hotel's staff to be PWDs working in various divisions. In 2022, 25 PWDs had permanent employment with our hotels, and formed 1.39% (2021: 1.5%) of our total permanent headcount. As of 2022, Shangri-La Hotel Kuala Lumpur employed 9 PWDs who were given on-the-job training and, like their colleagues, enjoyed all the privileges and benefits of employment such as medical cover, career development, skills training, and sports activities.

Two examples will serve to testify to the calibre of our PWDs:

Being hearing-impaired was never going to prevent Tan Hong Lee from pursuing her passion for creating decadent desserts. Instead, Rasa Sayang Resort's Assistant Chef de Partie saw it as just a challenge to overcome – which she did with flying colours. Joining the resort in 1990, initially she found it hard to communicate with colleagues. But by now her fellow chefs can understand her gestures and have picked up some basic signing themselves. For really complicated dishes, pen and paper do the trick.

Sri Ramalu was diagnosed with right eye blindness due to an accident many years ago, but he has never let it get in the way of his job as a public area attendant in the housekeeping department of Shangri-la Hotel Kuala Lumpur. In fact he has been with the hotel for 27 years, making him one of its longest-serving and most experienced employees. This is why it is Sri Ramalu who often gets to mentor newcomers, including internship students.

Learning and Development

Building employee capability is a key focus for our business. Our training curriculum is guided by our policies on employee development, and we regularly review existing training to check that it aligns with our business requirements. We also evaluate the effectiveness of training using internal feedback surveys and metrics. Each of our hotels dedicates an annual budget up to 2% of its payroll cost to learning and development initiatives.

We run a wide range of service and functional skills training activities for all grades of employee, including training programmes to develop and improve the management and leadership skills of top talent and high potential employees. All new employees are required to undertake induction training and complete a four-day service culture learning programme to become fully acquainted with our corporate values and standards of conduct. All full-time employees are required to complete the core programmes appropriate to their role and level of employment, with such training ranging from five to 21 days a year. During 2022, the training time put in by full-time employees on a per employee basis amounted to 17.4 hours (2021: 9.6 hours).

Leadership development programmes are also offered at various levels, assisting staff to achieve their full potential and grow within the organisation.

SUSTAINABILITY STATEMENT

In 2022, 329 employees attended physical courses under the Shangri-La Global Academy Certificate, Diploma and Management Development programmes (2021: 48).

In July 2022, the Group upgraded the Shangri-La Academy Online and made available more than 266 courses and 410 learning materials in multiple languages. On average, 50 online courses (2020: 20.5), including the enhanced Shangri-La Culture Experience core learning course, were completed by each of our employees in 2022.

Employee Wellbeing

Despite the declining threat posed by Covid-19 in 2022, maintaining the precautions necessary to protect the wellbeing of our employees remains a top priority.

After the two-year hiatus enforced by the pandemic, on 11 June 2022 Rasa Sayang Resort and Golden Sands Resort once again celebrated Global Wellness Day, reminding employees of the importance of living well and staying healthy. Held at the Rain Tree Garden, the event attracted 120 participants whose pent-up energy was released when personal trainer Elise Ong led everyone to cheer 'I SAY YES!' during a warm-up session. This was followed by an hour-long yoga session led by Janis Tan, after which participants were given a complimentary body analysis by the Herbalife team, and a relaxing shoulder massage by our skilful therapists from Chi, The Spa.

Meanwhile, Shangri-La Hotel Kuala Lumpur organised an in-house booster vaccination drive in January and February 2022 that was taken up by 108 employees. Then in April, the hotel provided general health screening for 176 of its staff. From September to November, the hotel collaborated with Lunix Health to introduce the Shangri-La Life Wellness Programme, which covers physical fitness, mental health, eye health, and healthy eating. 50 employees participated in the programme.

In March 2022 Rasa Ria Resort, together with the District Health Office, provided booster vaccinations for 199 staff, and in October 122 staff from the resort benefitted from general health screening by the District Health Office.

Occupational Health and Safety

We regard the health and safety of our guests and employees as paramount. All our hotels have now achieved ISO 45001:2018 certification – the international standard for managing occupational health and safety risks.

The Shangri-La Occupational Health and Safety Implementation Manual provides our hotels with guidance on how to manage operational health and safety risks and how to drive improvements in performance in accordance with ISO 45001:2018 standards.

Annual internal and external audits are conducted to ensure that health and safety management systems are properly carried out and maintained. With support from the Human Resource and Security teams, the Group's Engineering Department regularly communicates occupational health and safety procedures to employees using manuals and work instructions. A Health and Safety committee is in place in all our hotels.

SUSTAINABILITY STATEMENT

OUR COMMUNITIES

We are conscious of our duty as a responsible corporate citizen, and strive to contribute positively to the communities in which we operate.

Set up in 2009, Embrace, our Care for People project, aims to foster a sense of ownership and responsibility through long-term partnerships between each of our hotels and its local community. Embrace is especially dedicated to advancing children's health and education, and each project must have measurable and achievable outcomes. Success is assessed annually to determine the impact of the projects in terms of surgical operations, health scans, life skills development, hotel apprenticeships, infrastructure and facilities enhancements and more.

All of our five hotels run active Embrace projects. For example:

Shangri-La Hotel Kuala Lumpur's Embrace, Gift of Life project has benefitted many less fortunate children from all over Malaysia who are in urgent need of critical, life-saving medical treatments. In 2022, through its annual fundraising initiatives and its own donations, the hotel sponsored heart surgery for ten children. Since 1985, the project has helped 373 children suffering from severe heart ailments to proceed to immediate life-saving heart surgery.

In 2022, there were no beneficiaries under Rasa Sayang Resort's Embrace, Gift of Life project; Golden Sands Resort's Embrace, Gift of Limb project; or Hotel Jen Penang's Embrace, Gift of Hope project. However, in 2023 sponsorship applications are again being received from local and private hospitals, and our hotels are currently assessing the eligibility of these applications.

Rasa Ria Resort has adopted a rural primary school, Sekolah Kebangsaan Kitapol, which lies about 50km from the resort. The students come from three villages and are mainly from low-income families. Since adopting the school, the resort has funded crucial upgrades, especially to sanitation, in order to create a healthier and more conducive learning environment. In April 2022, the resort coordinated an educational talk for the students with colouring activities and the planting of fruit trees near the school. In 2023, the resort will be upgrading some of the school buildings including the assembly hall and canteen.

In August 2022, 45 students, teachers and parents joined in a beach clean-up and environmental awareness programme at Rasa Ria Resort followed by a tour of the resort's nature reserve. Then on Global Handwashing Day in October, the resort organised a talk and activities for 30 students and teachers together with its supplier Rentokil. The activities included games and quizzes run by the resort's hygiene team, while Rentokil sprayed the school's parameters to eliminate pests.

In April 2022, Shangri-La Hotel Kuala Lumpur, in partnership with the NGO Help Is On The Way, raised RM15,000 via an afternoon tea event and children's fashion show put on by ParisZki. The proceeds were used to buy basic food essentials for 70 low-income families from Maahad Tahfiz Vocational Aman Bistari, the Malaysia Social Research Institute and Kawasan Rukun Tetangga Seri Nilam.

To support 'Pink October' Breast Cancer Awareness Month, Shangri-La Hotel Kuala Lumpur, in collaboration with the Breast Cancer Welfare Association Malaysia, raised RM8,000 from an afternoon tea event and the selling of pink goodies. The proceeds were enough to sponsor the cost of mammograms for 26 women from underprivileged backgrounds.

SUSTAINABILITY STATEMENT

On 18 March 2022, Rasa Sayang Resort and Golden Sands Resort celebrated Global Recycling Day with a community initiative themed 'Re-envisioning a Recycling Centre' involving students from the Pai Chai Primary School in Batu Ferringhi. At Rasa Sayang Resort's Central Recycling Centre, the 20 students had fun learning about recycling and waste segregation through hands-on activities, guided by colleagues from the resorts.

On 14 April, 21 underprivileged children from various welfare organisations for orphans and the poor were treated to a Ramadhan breaking of fast jointly hosted by Rasa Sayang Resort and Golden Sands Resort. The children were in high spirits as they enjoyed the feast at the Golden Sands Resort's Garden Cafe. In addition, during the fasting month 16 colleagues from Rasa Sayang Resort cooked and packed 620 bowls of bubur lambuk to spread cheer among colleagues and local communities at the resort and at nearby mosques.

On 2 June, to spread awareness of the importance of protecting the ocean from trash, Rasa Sayang Resort and Golden Sands Resort collaborated on a Beach Clean-Up campaign along Batu Ferringhi beach with 15 members of LUSH Malaysia, a company that makes ethically sourced beauty products, and 40 students from the Management & Science University (MSU). Within 90 minutes, 965 pieces of trash weighing 47kg were collected, mostly comprising empty plastic bottles, discarded rubber gloves and facemasks – all of which should have been thrown into the recycling bins but which had ended up instead in the sea and on the beach. Under the same campaign, 30 employees of Rasa Ria Resort held a Beach Clean-Up with LUSH Malaysia in August 2022.

In 2022, Shangri-La Hotel Kuala Lumpur and Rasa Ria Resort, working with their local health authorities, held blood donation drives which, between them, collected 44 pints of blood.

In December, Rasa Ria Resort helped a kind and generous in-house guest to educate a nearby village community about the importance of good oral health. This included correct tooth-brushing technique, what food to avoid so as to prevent tooth decay, and the assessment of several children's oral health. The eight parents and 21 children were all given environmentally friendly toothbrushes and dental floss by the guest himself.

From the start of 2022, Rasa Ria Resort increased its weekly beach-cleaning activity to four times a week, with its in-house guests often helping out. Over the twelve months, 193 guests and 562 employees took part. In addition, on International Coastal Clean-up Day in September, the resort invited 15 youths from a nearby village to come and lend a hand.

Golden Sands Resort held seven rounds of "gotong-royong" in 2022. Some 132 volunteers from the Housekeeping, Food and Beverage, Recreation, Sales and Marketing, Finance, Human Resource and Engineering departments combed the resort's perimeter to clear clogged drains, dead leaves and branches and to pick up rubbish along the beach.

Every year, we offer each member of staff one day of paid volunteering leave to encourage them to participate in community events. In 2022, our workforce across our five hotels dedicated 5,671 volunteer hours (2021: 6,741) to our Embrace (Care for People) and Sanctuary (Care for Nature) projects and other charitable schemes and volunteering opportunities. This represents a lower volunteerism rate of 65% (2021: 72%) and an average of 3.1 volunteer hours (2021: 3.8 hours), with the sharp rebound in business activity accounting for the drop in the time available for volunteering.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

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

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

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 ongoing 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. The risk management framework adopted by the Group is based on ISO 31000: 2009 Risk Management – Principles and Guidelines. All of 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 AC 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 AC of the Board on any control failings and the appropriate corrective action.

The Group operates an integrated assurance framework that enhances the efficacy of its risk management and controls by clarifying essential roles and duties. The framework optimises both the deployment of available resources and the use of technology within the organisation. It enables the Group to improve its ability to identify risks and opportunities, to manage risks and opportunities more proactively, and to facilitate more effective responses. This provides the Group with a broader outlook and better governance of risk as well as integrating risk considerations into strategic decision-making in order to successfully achieve its strategic business objectives.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

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**
  During 2022, the AC consisted of three non-executive directors, all of whom were independent. The Chairman of the AC was Mr Goh Ching Yin who was not the Chairman of the Board. The other members were Dato' Sri Khazali bin Ahmad and Mr Ng Chih Kaye. Subsequently, Mr Ng Chih Kaye stood down as a member of the AC with effect from 12 April 2023.

  The AC of the Board 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 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. During 2022, the Delegation of Authority Manual was refreshed to ensure a more efficient running of operations as well as to further enhance the approval structure and institute more robust controls. All 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, covering business strategies, financial and operating targets, performance indicators and capital expenditure proposals. These budgets are reviewed by the Policy Implementation Committee (PIC) of the Board. The Board then approves the consolidated Group budget, which sets 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, an analysis of significant variances with key performance indicators, and regular re-forecasting.

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

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

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

KEY RISK MANAGEMENT AND INTERNAL CONTROL PROCESSES (cont'd)

- **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 and Ethics, 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 AC of the Board with reasonable independent assurance of the effectiveness and integrity of the Group's internal control system.

  The AC of the Board is assisted by the IAD of the Company's ultimate holding company. The IAD performs independent reviews and provides objective assurance and advice on the adequacy and effectiveness of the entities' internal control, governance and risk management processes. The IAD employs a risk-based audit methodology and an integrated assurance framework to ensure that the IAD's work focuses on the higher risk areas that are relevant to the business of the entities. Root cause analysis is performed to help management translate issues identified into sustainable corrective action plans. The audits performed by the IAD are based on audit plans approved by the AC.

  The AC 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.

  The key audits performed during 2022 covered:

  a) Internal audit activities to review the effectiveness and adequacy of the risk management, control and governance, accounting, financial and operational activities of the Group's hotel property in Kuala Lumpur, focusing in particular on procurement, human resources and finance; as well as compliance with the control procedures set out in the Group's Corporate Policy and Guidelines, together with applicable laws and regulations, and the effectiveness and efficiency of operations;
  b) The Shangri-La Cares Assurance Programme, to confirm the continuous adherence by all the Group's hotel businesses to the Shangri-La Cares hygiene and cleaning commitments, covering both front and back of house operations. The audits were conducted remotely via visual observations of CCTV footage and written records provided by the hotels, as well as virtual walk-through of selected areas of the hotels by the audit team; and

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

c) Other assurance activities including:
   - Food safety audits (audits conducted with Diversey Consulting, the Group's appointed outsourced auditor, and the Corporate Food & Beverage Department);
   - Engineering and fire-and-life safety audits (audits conducted by the Corporate Engineering Division);
   - Security audits (audits conducted by the Corporate Security Department).

- **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.

- **Information Security and Cyber Threats**
  The Group regards information governance and cyber security as of paramount importance. In order to mitigate its exposure to cyber security attacks, fraud and information loss, the Group has established processes, IT security policies and procedures which are subject to regular independent audit and assessment by the Balanced Scorecard management system to ensure accountability. The Group processes credit card payments in accordance with the Payment Card Industry–Data Security Standard (PCI-DSS). The Group continues to focus on raising the awareness of all employees about information security threats across the businesses.

In 2022, 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 Audit and Assurance Practice Guide (AAPG) 3, *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 2022, 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.

AAPG 3 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 by and opinion of 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 was approved by the Board of Directors on 14 April 2023.

AUDIT COMMITTEE REPORT

ROLE OF THE AUDIT COMMITTEE

The Board has delegated to the Audit Committee (AC) responsibility for overseeing financial reporting, for the internal risk management and control functions, and for making recommendations to the Board in relation to the appointment of the Company's internal and external auditors. The detailed terms of reference of the AC can be found at www.shangri-la.com.

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 material financial reporting judgments and significant accounting policies before they are submitted to the Board for approval;
- Reviewing the adequacy and effectiveness of the Group's internal financial controls and risk management system;
- Monitoring and reviewing the role and effectiveness of the Group's internal audit function; and
- Overseeing the appointment, remuneration, objectivity, independence and performance of the external auditor and the integrity of the audit process as a whole, including the appointment of the external auditor to supply non-audit services to the Group.

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

COMPOSITION OF THE COMMITTEE

During 2022, the AC consisted of three non-executive directors, all of whom were independent. The Chairman of the AC was Mr Goh Ching Yin who was not the Chairman of the Board. The other members were Dato' Sri Khazali bin Ahmad and Mr Ng Chih Kaye. Subsequently, Mr Ng Chih Kaye stood down as a member of the AC with effect from 12 April 2023.

The AC held four meetings in 2022. The executive director, the Group Regional Financial Controller, the Group Head, Finance & Accounting, the Chief Auditor and representatives of the external auditor are normally invited to attend meetings. The Chairman of the AC reports the outcome and recommendations of the AC meetings to the full Board on a quarterly basis, the minutes of meetings having been provided to all Board members.

The attendance of each member at the AC meetings held in the year ended 31 December 2022 is shown in the table below.

NAME OF MEMBER	TOTAL ATTENDANCE
Goh Ching Yin, Chairman (Independent Non-Executive Director)	4 / 4
Dato' Sri Khazali bin Ahmad (Independent Non-Executive Director)	4 / 4
Ng Chih Kaye (Independent Non-Executive Director)	4 / 4

AUDIT COMMITTEE REPORT

MAIN ACTIVITIES IN 2022

A summary is set out below of the main activities carried out by the AC in 2022 in the discharge of its duties and responsibilities. The AC:

- Reviewed the quarterly results and annual financial statements and the application of critical accounting policies, and discussed areas of significant judgement in the preparation of the financial statements. The reviews 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 audit of the Group's annual financial statements;
- Reviewed and considered the key audit matters raised by the external auditor, the other areas of key focus, and the audit methodology;
- Reviewed the valuation of the Group's investment properties in Kuala Lumpur as well as the investment properties held through the Group's associated companies in Myanmar to ensure that material judgements, and the assumptions and valuation techniques used by the independent external valuer in the valuations, were within reasonable parameters and that conclusions had been appropriately drawn;
- Reviewed the carrying values and examined the impairment test conducted on the Group's investments in its associated companies in Myanmar;
- Reviewed the terms of engagement and the performance of the external auditor, and the effectiveness 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;
- Received and reviewed the internal audit report on the Group's hotel property in Kuala Lumpur, including the findings of the internal audit reviews, the root causes for non-conformance with existing procedures and policies, and actions agreed with management to mitigate risks. The audit by the internal auditors was conducted on-site at the hotel premises following the relaxation of the Covid-19 restrictions and containment measures;
- Received and reviewed the Shangri-La Cares Assurance audit reports on all of the Group's hotel businesses covering front of house operations (i.e. the rooms, the food and beverage, and the wellness divisions) and back of house operations (i.e. staff entrances, changing rooms, cafeterias, receiving, etc). The assurance audit reviews were performed to assess the ongoing adequacy of controls as well as the businesses' continued adherence to the policies and procedures relating to hygiene, safety and cleaning standards under the Shangri-La Cares Assurance Programme. The remote visual walkthrough audits were supplemented by a review of recorded CCTV footage;
- Received and reviewed reports on the comprehensive assurance audit activities, covering food safety, security, and fire and life safety including engineering, throughout all of the Group's hotel properties. The audit reviews were either conducted remotely using various technological tools or on-site at the hotel premises;

AUDIT COMMITTEE REPORT

MAIN ACTIVITIES IN 2022 (cont'd)

- Reviewed and monitored the work and effectiveness of the internal audit function, including the status of follow-up actions taken to address any weaknesses or failures in internal controls;
- Received and reviewed the updated external auditors' Transparency Report 2021, which sets out the salient features and principal measures that enable the external auditors to deliver high quality audits;
- Reviewed a related party transaction involving an agreement to provide an additional shareholder's loan to an associated company in Myanmar, in order to ensure that the transaction was entered into on an arm's length basis and on normal commercial terms that were fair, reasonable, and in the best interest of the Group and its shareholders as a whole; and
- Reviewed and assessed on a quarterly basis the Group's projected cash flows and liquidity position (including its available committed bank borrowing facilities and the key assumptions used in the cash flow projections under several stress scenarios) so as to determine whether the Group had adequate resources to meet its obligations and to continue to employ the going concern basis of accounting in view of the ongoing challenges arising from the effects of the Covid-19 pandemic.

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 the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants (MIA) and the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants and the external auditor's 2021 Transparency Report. To further safeguard the independence of the external auditor, the AC has established criteria to limit the external auditor's fee for non-audit services, so that it will not exceed a specific percentage of the total annual audit fee.

Based on the review conducted in 2022, 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 2023 the reappointment of the external auditor for a period of one year.

INTERNAL AUDIT FUNCTION

The Group's internal audit function is performed by the Internal Audit Department (IAD) of the Company's ultimate holding company. The IAD is responsible for reviewing and providing assurance of the effectiveness, adequacy and integrity of the Group's system of internal control and risk management, and compliance with Group policies and procedures. The internal audit framework applied by the Group's IAD accords with the International Standards for the Professional Practice of Internal Auditing (Standards) of The Institute of Internal Auditors.

The members of the IAD are free from any relationships or conflicts of interest which could impair their objectivity and independence. The Company has obtained a written assurance from the IAD confirming the independence of its members throughout the audit in 2022.

AUDIT COMMITTEE REPORT

The IAD is adequately resourced. It has 18 staff, most of whom have relevant accounting or finance degrees and with a number of staff holding professional accounting qualifications. The IAD is headed by Ms Wong Yee Wang, who joined the Shangri-La Group as Chief Auditor in December 2021. Ms Wong has over 20 years of experience in finance, risk management, operations and compliance reviews across hotels, commercial and residential properties in Greater China, Asia Pacific, the United States and Europe. She was the Senior Director, Internal Audit, Asia Pacific of Marriott International, Inc, where she worked for over five years. Prior to that, she was with Hongkong and Shanghai Hotels Limited for more than ten years, ultimately as Audit and Risk Management Director. Ms Wong is a member of the Hong Kong Institute of Certified Public Accountants, a Certified Internal Auditor (Institute of Internal Auditors) and a Certified Fraud Examiner (Association of Certified Fraud Examiners).

For the financial year ended 31 December 2022, the total cost of the internal audit services rendered by the IAD of the Company's ultimate holding company amounted to RM25,500 in respect of the audit performed at the Group's hotel property in Kuala Lumpur.

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 MIA; or
- If he/she is not a member of the MIA, must have at least three years of working experience and must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act 1967, or be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act 1967; or
- Must fulfil such other requirements as prescribed or approved by Bursa Malaysia.

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 Nomination and Remuneration Committee annually.

AUDIT COMMITTEE REPORT

TERMS OF REFERENCE OF THE COMMITTEE (cont'd)

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 Head of Internal Audit. The AC may also request other directors, members of senior management, counsels, and/or the internal and external auditors to participate in the AC meetings, as necessary.

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

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

3. Authority

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

a. Have authority to investigate any activity within its Terms of Reference;
b. Have access to the resources required to perform its duties within its Terms of Reference;
c. Have full and unrestricted access to any employee and information pertaining to the Group;
d. Have direct communication with the external auditors and members of the IAD who carry out the internal audit function of the Group; and
e. Be able to engage independent professional advisers or to secure the attendance of outsiders with relevant experience and expertise at the Company's expense, if the AC considers this necessary.

4. Functions & Duties

The AC shall carry out the following functions and duties:

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

AUDIT COMMITTEE REPORT

c. Review the quarterly results and annual financial statements of the Company and Group before submission to the Board. The review will focus primarily on:
   - Any changes in or implementation of major accounting policies and practices;
   - Material judgements;
   - Significant adjustments arising from the audit;
   - Going concern assumptions; and
   - Compliance with accounting standards and regulatory requirements.

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

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

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

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

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

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

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

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

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

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

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

o. Promptly report to Bursa Malaysia any matter that the AC has previously reported to the Board of Directors but which has, in the view of the AC, not been satisfactorily resolved, resulting in a breach of the Listing Requirements of Bursa Malaysia.

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

PRINCIPAL RISKS

The principal risks and uncertainties facing the Group, which have been considered by the Board, are summarised below.

PRINCIPAL RISKS	MITIGATION
Competition The Group's hotel businesses operate in highly competitive markets. Increased competition and oversupply of hotel rooms could place downward pressure on room rates and occupancies, and erode market share. Inability to compete effectively could negatively affect delivery of the Group's growth strategy.	• Strong commitment to enhancing and maintaining the high standards and quality of products and facilities through ongoing capital improvement programmes and product innovation to ensure competitiveness. Continuous focus on enhancing service capabilities and guest satisfaction to ensure consistent delivery of high standards of customer service. • Continued enhancements to revenue management and reservation management systems to optimise revenue opportunities and maximise yield. • Focus on strengthening long term business relationships and driving higher levels of brand awareness and guest loyalty in order to increase brand loyalty, generate new and higher business volumes, and retain repeat customers.
Health and Safety The Group is exposed to a wide range of health and safety risks including food safety. Failure to implement and maintain robust risk management systems and internal controls to safeguard the health and safety of guests, employees and visitors could result in damage to the Group's reputation as well as legal liability risks.	• Strong emphasis on managing food safety risks under the Shangri-La Food Safety Management System (SFSMS) which is regularly reviewed to ensure that it remains effective and complies with all regulatory requirements, including the ISO 22000 : 2018 Food Safety Management System and HACCP (Hazard Analysis and Critical Control Points) certification requirements. • Continuous commitment to managing health and safety risks through ISO 45001 : 2018 certification, which is an international occupational health and safety management system. • Regular training for all employees on health and safety awareness, covering fire, security, food safety, hygiene and sanitation. • Annual audits to ensure that health and safety management systems are properly implemented and maintained. • Food and beverage supplier management programme both to perform third-party and hotel hygiene audits and to verify that food safety management system certification requirements are met. • In response to the Covid-19 pandemic and in line with local government requirements, enhanced safety standards and precautionary measures under the Shangri-La Cares Assurance programme. • Annual remote audits, covering front of house operations (i.e. the rooms, the food and beverage, and the wellness divisions) and back of house operations (i.e. staff entrances, changing rooms, cafeterias, receiving, etc) to ensure the hotels' compliance.

PRINCIPAL RISKS

PRINCIPAL RISKS	MITIGATION
Technology Failure, Information Security and Cybersecurity The Group relies heavily on technology and information systems for its operations. Failure of IT infrastructure and critical systems, breach of data security and cyberattacks could damage the Group's business operations and reputation and lead to financial losses and non-compliance with laws and regulations.	• Well-established procedures for the protection of technology assets, including business continuity plans, IT disaster recovery plans and back-up delivery systems to reduce business disruption in the event of a major technology failure. • Comprehensive privacy policy and well-established data privacy and security programmes to ensure that personal data is protected. • Continuous investments in new and robust IT systems and infrastructure technologies to enhance reliability, efficiency and operational execution, as well as to sustain competitive advantage. • Investment in IT security and the introduction of additional automated controls to prevent, detect and respond to cyberattacks. • Monitoring and updating of IT security policies and procedures, which are subject to regular independent audits and assessment by the Balanced Scorecard management system to ensure accountability. • Continuous improvements in monitoring capabilities, and the performance of regular vulnerability assessments and penetration tests. • Regular training for all employees to create awareness of emerging information security and cyber threats. • Comprehensive cyber insurance policy to protect against loss. • Investment in enhanced IT security for customer-facing websites and mobile applications. • Cybersecurity Tabletop Exercise focusing on ransomware attacks and preventing disruption of hotel operations. • Continuing Groupwide awareness-building by the Group Information Security team concerning cyber security threats, including but not limited to phishing emails, and cybersecurity training.
Talent The implementation and execution of the Group's strategies and business goals depend on its ability to recruit, retain and motivate high-quality people. The market for skilled individuals and talented management is highly competitive. Failure to recruit, motivate or retain such people could adversely affect the Group's business performance.	• Major emphasis on improving employee performance and skills, and developing management and leadership capabilities through well-established and effective leadership and training programmes. • Focus on building a strong performance culture and on developing a highly engaged, well trained and motivated work force. • Remuneration structures and performance reward programmes tailored to retain and motivate the best talent available. • Active identification of talent, and management of succession planning for all key positions. • Leadership development programmes initiated by Group HR in 2021 to reinforce succession planning and assist staff to achieve their potential and grow within the organisation.

PRINCIPAL RISKS

PRINCIPAL RISKS	MITIGATION
Ethical Misconduct and Non-Compliance Ethical malpractice, misconduct, fraud or breaches of applicable laws by the Group's businesses or its employees could adversely affect the Group's reputation and financial condition, and could lead to regulatory action, litigation and penalties.	• The Group's Code of Conduct and Ethics, which is signed by all employees and which sets the standards for corporate and individual conduct; addresses conflicts of interest, employment practices, data protection, and bribery; and encourages the reporting of violations. • Well-established procedures for reporting and investigating instances of unethical conduct. • Mandatory training for new recruits on the Code of Conduct and Ethics through the Shangri-La Academy Programme. • Whistleblowing and Whistleblower Protection Policy to enable employees and business associates to report actual or suspected malpractice, misconduct or corporate fraud. • Close monitoring of changes in regulatory requirements and regular training to provide awareness of key changes in relevant legislation. • Regular internal audits to monitor and ensure compliance with all laws and regulations.
Economic, Political and Natural Disasters and Terrorism Demand for the Group's products and services could be adversely affected by changes in financial and economic conditions and political developments. The Group is also vulnerable to natural disasters, pandemics and acts of terrorism which could have a negative impact on travel patterns.	• Constant monitoring of trends and developments in the economic and political environment so that emerging risks can be identified early, appropriate steps taken, and action plans put in place to mitigate such risks. • Business continuity and crisis response plans to enable the Group to respond in an appropriate and timely manner. • A dedicated Emergency Response Team at each of the Group's hotel properties, with the required skills and experience to handle crises. • Continuous upgrades in security measures including security equipment and systems to safeguard customers and employees. Regular reviews of security procedures to ensure effectiveness. Regular security awareness and training.

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STATEMENT ON DIRECTORS' RESPONSIBILITY

in relation to the audited financial statements for the year ended 31 December 2022

The Directors are required by the Companies Act 2016 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 2022 on pages 76 to 152, 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 are responsible 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 2016. The Directors also have a 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.

DIRECTORS' REPORT
for the year ended 31 December 2022

The Directors hereby submit their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2022.

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
Loss attributable to:		
Shareholders of the Company	40,710	13,227
Non-controlling interests	4,027	–
	44,737	13,227

RESERVES AND PROVISIONS

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

ISSUE OF SHARES AND DEBENTURES

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

DIVIDEND

In view of the continued losses sustained by the Group, no interim or final dividends were recommended or declared for the financial year. Similarly, no dividends were paid in respect of 2021.

DIRECTORS' REPORT
for the year ended 31 December 2022

DIRECTORS OF THE COMPANY

The Directors of the Company in office during the financial year until the date of this report are:

Tan Sri A. Razak bin Ramli	Chairman
Datin Rozina Mohd Amin	Executive Director
Goh Ching Yin	
Dato' Sri Khazali bin Ahmad	
Ahmed Reza bin Mohd Ghazali	
Chan Kong Leong	Joined on 18 May 2022 and became Managing Director on 30 June 2022
Lim Fen Nee	Joined on 18 May 2022
Kuok Oon Kwong	Retired from the Board on 30 June 2022 and from her position as Managing Director
Ng Chih Kaye	Stepped down on 12 April 2023

The names of the directors of the Company's subsidiary companies who served during the financial year until the date of this report are shown in the Appendix to the financial statements.

DIRECTORS' REPORT
for the year ended 31 December 2022

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 in a related corporation are as follows:

	Number of Ordinary Shares of HKD1.00 each			
SHANGRI-LA ASIA LIMITED ("SAL") – ULTIMATE HOLDING COMPANY	As at 1.1.2022/ Date of appointment	Acquired	(Disposed)	As at 31.12.2022
DIRECT INTERESTS IN SAL				
Tan Sri A. Razak bin Ramli	–	–	–	–
Chan Kong Leong	24,000	84,000	–	108,000
Datin Rozina Mohd Amin	–	–	–	–
Goh Ching Yin	–	–	–	–
Dato' Sri Khazali bin Ahmad	–	–	–	–
Ahmed Reza bin Mohd Ghazali	–	–	–	–
Lim Fen Nee	–	–	–	–
Ng Chih Kaye	–	–	–	–

Other than as disclosed above, none of the Directors held any shares as at 31 December 2022, nor acquired or disposed any shares during the course of the year, in the Company or 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 those shown below) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

The directors' benefits paid to or receivable by directors in respect of the financial year ended 31 December 2022 are as follows:

	FROM THE COMPANY RM'000	FROM SUBSIDIARY COMPANIES RM'000
Directors of the Company:		
Fees	234	–
Remuneration and other emoluments	1,904	–
Other short-term employee benefits (including estimated monetary value of benefits-in-kind)	16	–
	2,154	–

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.

DIRECTORS' REPORT
for the year ended 31 December 2022

INDEMNITY AND INSURANCE COSTS

During the financial year, no indemnity was given nor was any insurance taken for any Director/officer/auditor of the Company.

OTHER STATUTORY INFORMATION

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

i) there are no bad debts to be written off and that adequate provision has been made for doubtful debts, and
ii) any current assets which were unlikely to be realised in the ordinary course of business have been written down to an amount which they might be expected so to realise.

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

i) which would render it necessary to write off any bad debts, or the amount of the provision for doubtful debts, in the Group and in the Company inadequate to any substantial extent, or
ii) which would render the value attributed to the current assets in the financial statements of the Group and of the Company misleading, or
iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate, or
iv) not otherwise dealt with in this report or in the financial statements that would render any amount stated in the financial statements of the Group and of the Company misleading.

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

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

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

In the opinion of the Directors, the results of the operations of the Group and of the Company for the financial year ended 31 December 2022 have not been substantially affected by any item, transaction or event of a material and unusual nature, except as disclosed in Note 19.4 to the financial statements.

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

DIRECTORS' REPORT
for the year ended 31 December 2022

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.

SUBSIDIARIES

The details of the Company's subsidiaries are disclosed in Note 6 to the financial statements.

AUDITORS

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

The auditors' remuneration of the Group and of the Company during the year are RM362,500 and RM102,000 respectively.

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

TAN SRI A. RAZAK BIN RAMLI
Chairman

CHAN KONG LEONG
Managing Director

Date: 14 April 2023

STATEMENT BY DIRECTORS

pursuant to Section 251(2) of the Companies Act 2016

We, TAN SRI A. RAZAK BIN RAMLI and CHAN KONG LEONG, 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 76 to 152 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 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 2022 and of their financial performance and cash flows for the financial year then ended.

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

TAN SRI A. RAZAK BIN RAMLI
Chairman

CHAN KONG LEONG
Managing Director

Date: 14 April 2023

STATUTORY DECLARATION

pursuant to Section 251(1)(b) of the Companies Act 2016

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 76 to 152 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by the above named TAY KENG HOCK at Kuala Lumpur in Wilayah Persekutuan on 14 April 2023.

TAY KENG HOCK
NRIC No: 530107-04-5005
MIA CA21557

Before me:

Commissioner for Oaths
Kuala Lumpur

INDEPENDENT AUDITORS' REPORT

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

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Shangri-La Hotels (Malaysia) Berhad, which comprise the statements of financial position as at 31 December 2022 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 financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 76 to 152.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2022, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the ***Auditors' Responsibilities for the Audit of the Financial Statements*** section of our auditors' report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the ***By-Laws (on Professional Ethics, Conduct and Practice)*** of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' ***International Code of Ethics for Professional Accountants (including International Independence Standards)*** ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significant in our audit of the financial statements of the Group and of the Company for the current year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

INDEPENDENT AUDITORS' REPORT
to the members of Shangri-La Hotels (Malaysia) Berhad

Key Audit Matters (cont'd)

IMPAIRMENT OF INTERESTS IN ASSOCIATES

Refer to Note 2(j) – Significant accounting policy: Impairment; and Note 7 – Interests in associates.

The key audit matter	How the matter was addressed in our audit
The Group has interests in associates amounting to RM189 million as at 31 December 2022. We have identified the recoverable amounts of the associates as a key audit matter because the assessment of recoverable amounts of interests in associates involved significant judgement.	We performed the following audit procedures, among others: • We understood management's control and processes for impairment assessment of associates. • We evaluated Directors' assessment for indications of impairment by considering whether it had factored or considered relevant internal and external information. • We assessed the appropriateness of the recoverable amounts determined by Directors by evaluating whether assumptions used were reasonable and supportable.

VALUATION OF INVESTMENT PROPERTIES

Refer to Note 2(f) – Significant accounting policy: Investment properties; and Note 5 – Investment properties.

The key audit matter	How the matter was addressed in our audit
The Group's investment properties which are carried at fair value amounted to RM288 million as at 31 December 2022. The Directors engaged an independent external valuer to determine the fair value of the investment properties at the reporting date. We have identified the valuation of investment properties as at 31 December 2022 as a key audit matter because of the significance of the amount and the valuation models used by the valuer included significant assumptions which are judgmental in nature.	We performed the following audit procedures, among others: • We considered the qualifications and competencies of the external valuer and assessed the scope of work of the external valuer to determine whether the valuation was appropriate to be applied for financial reporting purposes. • We compared the key assumptions used by the external valuer in the valuation models to internal and external available data. • We also assessed the adequacy of the disclosures of the key assumptions used in the financial statements.

INDEPENDENT AUDITORS' REPORT
to the members of Shangri-La Hotels (Malaysia) Berhad

IMPAIRMENT ASSESSMENT OF HOTEL PROPERTIES AND INTERESTS IN SUBSIDIARIES
Refer to Note 2(j) – Significant accounting policy: Impairment; Note 3 – Property, plant and equipment, Note 4 – Right-of-use assets and Note 6 – Interests in subsidiaries.

The key audit matter	How the matter was addressed in our audit
As of 31 December 2022, the Group had property, plant and equipment and right-of-use assets of RM531 million and RM16 million respectively which were mainly related to hotel properties. The Company had interests in subsidiaries of RM511 million as of 31 December 2022 which were mainly investments in hotel subsidiaries. The hotel business has been adversely impacted by the Covid-19 pandemic during the financial year. We have identified the recoverable amounts of the hotel properties and interests in subsidiaries as a key audit matter because the assessment of their recoverable amounts involved significant judgements.	We performed the following audit procedures, among others: • We understood management's control and processes for impairment assessment of hotel properties and interests in subsidiaries. • We evaluated Directors' assessment for indications of impairment. • We assessed the appropriateness of the recoverable amounts determined by Directors by evaluating whether the assumptions used were reasonable and supportable.

Information Other than the Financial Statements and Auditors' Report Thereon
The Directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the annual report and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the annual report and, in doing so, consider whether the annual report is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of the annual report, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements
The Directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

INDEPENDENT AUDITORS' REPORT
to the members of Shangri-La Hotels (Malaysia) Berhad

Responsibilities of the Directors for the Financial Statements (cont'd)
In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the ability of the Group and of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group and the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Financial Statements
Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 internal control of the Group and of the Company.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group or of the Company to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

INDEPENDENT AUDITORS' REPORT
to the members of Shangri-La Hotels (Malaysia) Berhad

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company of the current financial year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our auditors' report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

OTHER MATTER

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

KPMG PLT
(LLP0010081-LCA & AF 0758)
Chartered Accountants

Chua See Guan
Approval Number: 03169/02/2025 J
Chartered Accountant

Petaling Jaya
Date: 14 April 2023

STATEMENTS OF FINANCIAL POSITION

as at 31 December 2022

	Note	GROUP 2022 RM'000	GROUP 2021 RM'000	COMPANY 2022 RM'000	COMPANY 2021 RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	3	**531,386**	565,899	**74,916**	77,201
Right-of-use assets	4	**16,450**	16,700	**2,277**	2,082
Investment properties	5	**287,700**	287,700	**–**	–
Interests in subsidiaries	6	**–**	–	**510,645**	534,167
Interests in associates	7	**189,274**	182,592	**–**	–
Property development expenditure	8	**12,286**	12,286	**–**	–
Deferred tax assets	9	**59,439**	62,141	**2,238**	2,972
		1,096,535	1,127,318	**590,076**	616,422
Current assets					
Inventories	10	**3,165**	2,958	**616**	576
Trade and other receivables, prepayments and deposits	11	**28,238**	16,289	**66,514**	57,980
Tax recoverable	11	**1,982**	4,403	**410**	422
Short-term fund placements	12	**82,448**	56,471	**–**	–
Cash and bank balances	12	**27,544**	21,699	**11,321**	6,799
		143,377	101,820	**78,861**	65,777
Total assets		**1,239,912**	1,229,138	**668,937**	682,199

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

STATEMENTS OF FINANCIAL POSITION

as at 31 December 2022

	Note	GROUP 2022 RM'000	GROUP 2021 RM'000	COMPANY 2022 RM'000	COMPANY 2021 RM'000
EQUITY					
Share capital	13	**544,501**	544,501	**544,501**	544,501
Reserves	13	**234,008**	273,756	**51,221**	64,448
Total equity attributable to shareholders of the Company		**788,509**	818,257	**595,722**	608,949
Non-controlling interests		**112,661**	116,688	**–**	–
Total equity		**891,170**	934,945	**595,722**	608,949
LIABILITIES					
Non-current liabilities					
Retirement benefit obligations	14	**24,563**	21,868	**3,690**	2,819
Lease liabilities		**293**	363	**288**	98
Deferred tax liabilities	9	**12,111**	12,102	**–**	–
Other non-current liabilities	16	**6,114**	–	**–**	–
		43,081	34,333	**3,978**	2,917
Current liabilities					
Short-term borrowings	15	**185,816**	174,731	**–**	5,000
Lease liabilities		**694**	575	**294**	168
Trade and other payables	16	**97,217**	71,740	**66,019**	61,860
Provisions	17	**868**	2,585	**205**	780
Contract liabilities	18	**11,400**	9,836	**2,719**	2,525
Current tax liabilities		**340**	393	**–**	–
Amounts due to an associated company	16	**9,326**	–	**–**	–
		305,661	259,860	**69,237**	70,333
Total liabilities		**348,742**	294,193	**73,215**	73,250
Total equity and liabilities		**1,239,912**	1,229,138	**668,937**	682,199

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

INCOME STATEMENTS
for the year ended 31 December 2022

	Note	GROUP 2022 RM'000	GROUP 2021 RM'000	COMPANY 2022 RM'000	COMPANY 2021 RM'000
Revenue	19.1	**363,432**	128,730	**85,978**	24,481
Operating (loss)/profit before exceptional items		**(12,710)**	(103,298)	**19,412**	(14,987)
Exceptional items	19.4	**(15,518)**	–	**(30,329)**	(17,480)
Operating loss	19.1	**(28,228)**	(103,298)	**(10,917)**	(32,467)
Interest income	20	**282**	1,407	**115**	69
Interest expense	21	**(6,095)**	(2,439)	**(1,643)**	(1,538)
Share of results of associated companies	22	**(4,500)**	(22,144)	**–**	–
Loss before tax		**(38,541)**	(126,474)	**(12,445)**	(33,936)
Tax (expense)/credit	24	**(6,196)**	23,426	**(782)**	3,490
Loss for the year		**(44,737)**	(103,048)	**(13,227)**	(30,446)
Loss attributable to:					
Shareholders of the Company		**(40,710)**	(91,752)	**(13,227)**	(30,446)
Non-controlling interests		**(4,027)**	(11,296)	**–**	–
Loss for the year		**(44,737)**	(103,048)	**(13,227)**	(30,446)
Basic loss per ordinary share (sen)	25	**(9.25)**	(20.85)		

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

STATEMENTS OF COMPREHENSIVE INCOME

for the year ended 31 December 2022

	GROUP		COMPANY	
	2022	2021	**2022**	2021
	RM'000	RM'000	**RM'000**	RM'000
Loss for the year	**(44,737)**	(103,048)	**(13,227)**	(30,446)
Other comprehensive income				
Item that will not be reclassified subsequently to profit or loss				
Remeasurements of defined benefit retirement obligations, net of tax (Note 19.3)	**–**	3,266	**–**	879
Item that may be reclassified subsequently to profit or loss				
Exchange differences on translation of foreign operations and foreign currency loans forming part of net investment in foreign operations (Note 19.3)	**962**	1,218	**–**	–
Other comprehensive income for the year	**962**	4,484	**–**	879
Total comprehensive expense for the year	**(43,775)**	(98,564)	**(13,227)**	(29,567)
Total comprehensive expense attributable to:				
Shareholders of the Company	**(39,748)**	(87,530)	**(13,227)**	(29,567)
Non-controlling interests	**(4,027)**	(11,034)	**–**	–
Total comprehensive expense for the year	**(43,775)**	(98,564)	**(13,227)**	(29,567)

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2022

		Attributable to shareholders of the Company					
		Non-distributable		Distributable			
GROUP	**Note**	**Share capital RM'000**	**Exchange translation reserve RM'000**	**Retained earnings RM'000**	**Total equity attributable to shareholders of the Company RM'000**	**Non-controlling interests RM'000**	**Total equity RM'000**
At 1 January 2021		544,501	36,081	325,205	905,787	127,722	1,033,509
Exchange differences on translation of foreign operations and foreign currency loans forming part of net investment in foreign operations	19.3	–	1,218	–	1,218	–	1,218
Remeasurements of defined benefit retirement obligations, net of tax	19.3	–	–	3,004	3,004	262	3,266
Total other comprehensive income for the year		–	1,218	3,004	4,222	262	4,484
Loss for the year		–	–	(91,752)	(91,752)	(11,296)	(103,048)
Total comprehensive expense for the year		–	1,218	(88,748)	(87,530)	(11,034)	(98,564)
At 31 December 2021/1 January 2022		**544,501**	**37,299**	**236,457**	**818,257**	**116,688**	**934,945**
Exchange differences on translation of foreign operations and foreign currency loans forming part of net investment in foreign operations	19.3	**–**	**962**	**–**	**962**	**–**	**962**
Total other comprehensive income for the year		**–**	**962**	**–**	**962**	**–**	**962**
Loss for the year		**–**	**–**	**(40,710)**	**(40,710)**	**(4,027)**	**(44,737)**
Total comprehensive expense for the year		**–**	**962**	**(40,710)**	**(39,748)**	**(4,027)**	**(43,775)**
At 31 December 2022		**544,501**	**38,261**	**195,747**	**778,509**	**112,661**	**891,170**
		Note 13					

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

STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2022

		Attributable to shareholders of the Company		
		Non-distributable	Distributable	
COMPANY	**Note**	**Share capital RM'000**	**Retained earnings RM'000**	**Total RM'000**
At 1 January 2021		544,501	94,015	638,516
Remeasurements of defined benefit retirement obligations, net of tax	19.3	–	879	879
Total other comprehensive income for the year		–	879	879
Loss for the year		–	(30,446)	(30,446)
Total comprehensive expense for the year		–	(29,567)	(29,567)
At 31 December 2021/1 January 2022		**544,501**	**64,448**	**608,949**
Loss and total comprehensive expense for the year		**–**	**(13,227)**	**(13,227)**
At 31 December 2022		**544,501**	**51,221**	**595,722**
		Note 13		

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

CASH FLOW STATEMENTS

for the year ended 31 December 2022

	Note	GROUP 2022 RM'000	GROUP 2021 RM'000	COMPANY 2022 RM'000	COMPANY 2021 RM'000
Cash flows from operating activities					
Loss before tax		**(38,541)**	(126,474)	**(12,445)**	(33,936)
Adjustments for:					
Net loss/(reversal) on impairment of financial instruments		**15,589**	(103)	**–**	–
Depreciation of property, plant and equipment	3	**48,181**	53,622	**5,706**	5,916
Depreciation of right-of-use assets	4	**895**	1,054	**353**	456
Dividend income	19.1	**–**	–	**(10,800)**	–
Interest income	20	**(282)**	(1,407)	**(115)**	(69)
Interest expense	21	**6,095**	2,439	**1,643**	1,538
Loss/(Gain) on disposal of property, plant and equipment	19.1	**69**	(30)	**5**	(2)
Property, plant and equipment written off	19.1	**14**	29	**–**	–
Retirement benefits	14	**5,063**	3,362	**926**	1,169
Share of results of associated companies	22	**4,500**	22,144	**–**	–
Net loss/(gain) on right-of-use assets and lease liabilities		**46**	(34)	**–**	(10)
Unrealised gain on foreign exchange	19.1	**–**	–	**(6,682)**	(3,503)
Impairment on interest in a subsidiary	19.4	**–**	–	**30,329**	17,480
Operating profit/(loss) before changes in working capital		**41,629**	(45,398)	**8,920**	(10,961)
Change in inventories		**(207)**	271	**(40)**	(60)
Change in trade and other receivables, prepayments and deposits		**(12,020)**	6,933	**(4,561)**	2,852
Change in trade and other payables and provision		**23,997**	(9,128)	**4,456**	2,858
Change in contract liabilities		**1,564**	(466)	**194**	13
Cash from/(used in) operations		**54,963**	(47,788)	**8,969**	(5,298)
Retirement benefits paid	14	**(2,368)**	(1,792)	**(55)**	(57)
Tax (paid)/refund		**(1,117)**	(1,990)	**(36)**	602
Net cash from/(used in) operating activities		**(51,478)**	(51,570)	**8,878**	(4,753)

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

CASH FLOW STATEMENTS

for the year ended 31 December 2022

	Note	GROUP 2022 RM'000	GROUP 2021 RM'000	COMPANY 2022 RM'000	COMPANY 2021 RM'000
Cash flows from investing activities					
Acquisition of property, plant and equipment	3	**(14,080)**	(5,588)	**(3,428)**	(1,501)
Change in interests in subsidiaries		**–**	–	**(151)**	(232)
Interest received	20	**282**	1,407	**115**	69
Proceeds from disposal of property, plant and equipment		**14**	54	**2**	2
Net cash used in investing activities		**(13,784)**	(4,127)	**(3,462)**	(1,662)
Cash flows from financing activities					
Interest paid	21	**(6,095)**	(2,439)	**(1,643)**	(1,538)
Net advances from subsidiaries		**–**	–	**5,981**	5,152
Net drawdown/(repayment) of revolving credits		**865**	7,400	**(5,000)**	5,000
Payment of lease liabilities		**(642)**	(824)	**(232)**	(351)
Net cash (used in)/from financing activities		**(5,872)**	4,137	**(894)**	8,263
Net increase/(decrease) in cash and cash equivalents		**31,822**	(51,560)	**4,522**	1,848
Cash and cash equivalents at 1 January		**78,170**	129,730	**6,799**	4,951
Cash and cash equivalents at 31 December	12	**109,992**	78,170	**11,321**	6,799
Cash outflow for leases as a lessee					
Included in net cash from/(used in) operating activities:					
Payment relating to short-term leases	19.1	**43**	116	**–**	39
Included in net cash (used in)/from financing activities:					
Interest paid in relation to lease liabilities	20	**46**	52	**15**	16
Payment of lease liabilities		**642**	824	**232**	351
Total cash outflows for leases		**731**	992	**247**	406

Cash and cash equivalents

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

Short-term fund placements	12	**82,448**	56,471	**–**	–
Short-term deposits with original maturities within 3 months	12	**2,040**	665	**–**	–
Cash at bank and in hand	12	**25,504**	21,034	**11,321**	6,799
		109,992	78,170	**11,321**	6,799

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

CASH FLOW STATEMENTS
for the year ended 31 December 2022

Reconciliation of movement of liabilities to cash flows arising from financing activities

	At 1 January 2021 RM'000	Acquisition of new lease RM'000	Net changes from financing cash flows RM'000	Foreign exchange movement RM'000	Other changes RM'000	**At 31 December 2021/ 1 January 2022 RM'000**	**Acquisition of new lease RM'000**	**Net changes from financing cash flows RM'000**	**Foreign exchange movement RM'000**	**Other changes RM'000**	**At 31 December 2022 RM'000**
GROUP											
Short-term borrowings	161,998	–	7,400	5,333	–	**174,731**	**–**	**865**	**10,220**	**–**	**185,816**
Lease liabilities	1,316	495	(876)	–	3	**938**	**513**	**(688)**	**–**	**224**	**987**
	163,314	495	6,524	5,333	3	**175,669**	**513**	**177**	**10,220**	**224**	**186,803**
COMPANY											
Short-term borrowings	–	–	5,000	–	–	**5,000**	**–**	**(5,000)**	**–**	**–**	**–**
Lease liabilities	605	135	(367)	–	(107)	**266**	**548**	**(247)**	**–**	**15**	**582**
Non-trade											
Amount due to subsidiaries	49,299	–	(2,766)	–	–	**46,533**	**–**	**(864)**	**–**	**–**	**45,669**
Amount due from subsidiaries	(62,781)	–	7,918	–	–	**(54,863)**	**–**	**6,845**	**–**	**–**	**(48,018)**
	(12,877)	135	9,785	–	(107)	**(3,064)**	**548**	**734**	**–**	**15**	**(1,767)**

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

NOTES TO THE FINANCIAL STATEMENTS
31 December 2022

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 2022 comprise the Company and its subsidiaries (together referred to as the "Group" and individually referred to as "Group entities") and the Group's interests in associates.

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

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

The financial statements were authorised for issue by the Board of Directors on 14 April 2023.

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 2016 in Malaysia.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2022

1. BASIS OF PREPARATION (cont'd)

(a) Statement of compliance (cont'd)

With effect from 1 January 2022, the Group and the Company adopted a number of amendments to MFRSs that are relevant to its operations and effective for the annual periods beginning on or after 1 April 2021 and 1 January 2022.

Amendment to MFRS 16, *Leases — Covid-19-Related Rent Concessions beyond 30 June 2021*
Amendments to MFRS 3, *Business Combinations — Reference to the Conceptual Framework*
Amendments to MFRS 9, *Financial Instruments (Annual Improvements to MFRS Standards 2018-2020)*
Amendments to Illustrative Examples accompanying MFRS 16, *Leases (Annual Improvements to MFRS Standards 2018-2020)*
Amendments to MFRS 116, *Property, Plant and Equipment — Proceeds before Intended Use*
Amendments to MFRS 137, *Provisions, Contingent Liabilities and Contingent Assets — Onerous Contracts — Cost of Fulfilling a Contract*

The adoption of the above amendments to MFRSs did not have any significant impact to the financial statements of the Group and the Company.

The Group and the Company have not applied the following amendments to MFRSs that have been issued by Malaysian Accounting Standards Board ("MASB"), which are relevant to the Group's and the Company's operations, but are not effective for the financial year ended 31 December 2022.

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2023
Amendments to MFRS 101, *Presentation of Financial Statements — Disclosures of Accounting Policies*
Amendments to MFRS 108, *Accounting Policies, Changes in Accounting Estimates and Errors — Definition of Accounting Estimates*
Amendments to MFRS 112, *Income Taxes — Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2024
Amendment to MFRS 16, *Leases — Lease Liability in a Sale and Leaseback*
Amendment to MFRS 101, *Presentation of Financial Statements — Non-current Liabilities with Covenants and Classification of Liabilities as Current or Non-current*

MFRSs, interpretations and amendments effective for annual periods beginning on or after a date yet to be confirmed
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*

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

The initial application of the amendments is not expected to have any material financial impacts to the current period and prior period financial statements of the Group and the Company.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2022

(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). As at 31 December 2022, the Group's current liabilities exceeded its current assets by RM162,284,000. The net current liabilities of RM162,284,000 arose mainly due to the short-term borrowings of unsecured revolving credits, which do not have a fixed term of repayment. The Directors are of the opinion that the Group will be able to generate sufficient cash flows to meet its liabilities as and when they fall due.

(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 as follows:

Note 3	the recoverable amount of hotel properties which is higher than the carrying amounts of the properties. The recoverable amount includes assumptions made on the discount rate, average occupancy rates and average daily rate.
Note 4	assumptions in relation to leases on extension options and incremental borrowing rate.
Note 5	assumptions in relation to fair value of investment properties.
Note 6	assumptions in relation to recoverable amount of investment in a subsidiary.
Note 7	the recoverable amounts of interests in associates which is higher than their carrying amounts. The recoverable amounts include assumptions made on the discount rate, average occupancy rates and average rent rate.
Note 9	recognition of deferred tax assets.
Note 14	assumptions used in relation to retirement benefits.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2022

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 Company. 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 through 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 current ability to direct the activities of the investee that significantly affect the investee's return.

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

The Company accounts loans and advances to subsidiaries as cost of investment where such loans and advances expose the Company to returns similar to an investment in ordinary shares in the subsidiaries.

(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.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2022

(iii) ACQUISITIONS OF NON-CONTROLLING INTERESTS

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

(iv) LOSS OF CONTROL

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the former subsidiary, any non-controlling interests and the other components of equity related to the former subsidiary from the consolidated statement of financial position. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the former subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity accounted investee or as a 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, unless it is classified as held for sale or distribution. The cost of the investment includes transaction costs. The consolidated financial statements include the Group's share of profit or loss and other comprehensive income of the associates, after adjustments if any, 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.

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 remeasured. 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.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2022

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(a) Basis of consolidation (cont'd)

(v) ASSOCIATES (cont'd)

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.

The Group accounts loans and advances to associates as cost of investment where such loans and advances expose the Group to returns similar to an investment in ordinary shares in the associates.

(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 shareholders of the Company. Non-controlling interests in the results of the Group are presented in the consolidated income statements and statement of comprehensive income as an allocation of the profit or loss and the comprehensive income for the year between non-controlling interests and the shareholders of the Company.

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

(vii) TRANSACTIONS ELIMINATED ON CONSOLIDATION

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

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

(b) Foreign currency

(i) FOREIGN CURRENCY TRANSACTIONS

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

Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period 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 which 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 to occur 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 in the exchange translation reserve in equity.

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

The assets and liabilities of operations denominated 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 exchange translation reserve 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 exchange translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal.

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

(c) Financial instruments

(i) RECOGNITION AND INITIAL MEASUREMENT

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

A financial asset (unless it is a trade receivable without significant financing component) or a financial liability is initially measured at fair value plus or minus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issuance. A trade receivable without a significant financing component is initially measured at the transaction price.

An embedded derivative is recognised separately from the host contract where the host contract is not a financial asset, and accounted for separately if, and only if, the derivative is not closely related to the economic characteristics and risks of the host contract and the host contract is not measured 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.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2022

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(c) Financial instruments (cont'd)

(ii) FINANCIAL INSTRUMENT CATEGORIES AND SUBSEQUENT MEASUREMENT

Financial assets

Categories of financial assets are determined on initial recognition and are not reclassified subsequent to their initial recognition unless the Group or the Company changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change of the business model.

(a) *Amortised cost*

Amortised cost category comprises financial assets that are held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The financial assets are not designated as fair value through profit or loss. Subsequent to initial recognition, these financial assets are measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Interest income is recognised by applying effective interest rate to the gross carrying amount except for credit impaired financial assets (see Note 2(j)(i)) where the effective interest rate is applied to the amortised cost.

(b) *Fair value through profit or loss*

All financial assets not measured at amortised cost as described above are measured at fair value through profit or loss. On initial recognition, the Group or the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at fair value through other comprehensive income as at fair value through profit or loss if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets categorised as fair value through profit or loss are subsequently measured at their fair value. Net gains or losses, including any interest or dividend income, are recognised in the profit or loss.

All financial assets, except for those measured at fair value through profit or loss are subject to impairment assessment (see Note 2(j)(i)).

Financial liabilities

Amortised cost

Financial liabilities are subsequently measured at amortised cost using the effective interest method.

Interest expense and foreign exchange gains and losses are recognised in the profit or loss. Any gains or losses on derecognition are also recognised in the profit or loss.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2022

(iii) FINANCIAL GUARANTEE CONTRACTS AND LOAN COMMITMENTS

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.

Loan commitments are firm commitments to provide credit under pre-specified terms and conditions.

Financial guarantees issued are initially measured at fair value. Subsequently, they are measured at higher of:

- the amount of the loss allowance; and
- the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance to the principles of MFRS 15, ***Revenue from Contracts with Customers***.

Other loan commitments issued are measured at the sum of the loss allowance determined in accordance with Note 2(j)(i).

(iv) HEDGE ACCOUNTING

At inception of a designated hedging relationship, the Group documents the risk management objective and strategy for undertaking the hedge. The Group also documents the economic relationship between the hedged item and the hedging instrument.

Hedge of a net investment

A hedge of a net investment is a hedge in the interest of the net assets of a foreign operation. In a net investment hedge, the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised in other comprehensive income and the ineffective portion is recognised in profit or loss. The cumulative gain or loss recognised in other comprehensive income is reclassified from equity into profit or loss on disposal of the foreign operation.

(v) 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 transferred, 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 of the financial asset and the sum of consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged, cancelled or expires. A financial liability is also derecognised when its terms are modified and the cash flows of the modified liability are substantially different, in which case, a new financial liability based on modified terms is recognised at fair value. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2022

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(c) Financial instruments (cont'd)

(vi) OFFSETTING

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group or the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and liability simultaneously.

(d) Property, plant and equipment

(i) RECOGNITION AND MEASUREMENT

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

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

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

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

(ii) SUBSEQUENT COSTS

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

(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 from the date that they are available for use. 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:

• 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 methods, useful lives and residual values are reviewed at end of the reporting period, and adjusted as appropriate.

(e) Leases

(i) DEFINITION OF A LEASE

A contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- the contract involves the use of an identified asset - this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the customer has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the customer has the right to direct the use of the asset. The customer has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the customer has the right to direct the use of the asset if either the customer has the right to operate the asset; or the customer designed the asset in a way that predetermines how and for what purpose it will be used.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices. However, for leases of properties in which the Group is a lessee, it has elected not to separate non-lease components and will instead account for the lease and non-lease components as a single lease component.

(ii) RECOGNITION AND INITIAL MEASUREMENT

(a) As a lessee

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2022

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(e) Leases (cont'd)

(ii) RECOGNITION AND INITIAL MEASUREMENT (cont'd)

(a) As a lessee (cont'd)

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the respective Group entities' incremental borrowing rate. Generally, the Group entities use their incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments less any incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee;
- the exercise price under a purchase option that the Group is reasonably certain to exercise; and
- penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The Group excludes variable lease payments that linked to future performance or usage of the underlying asset from the lease liability. Instead, these payments are recognised in profit or loss in the period in which the performance or use occurs.

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(b) As a lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease.

If an arrangement contains lease and non-lease components, the Group applies MFRS 15 to allocate the consideration in the contract based on the stand-alone selling prices.

(iii) SUBSEQUENT MEASUREMENT

(a) As a lessee

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a revision of in-substance fixed lease payments, or if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

(b) As a lessor

The Group recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of “revenue”.

(f) Investment properties

(i) INVESTMENT PROPERTIES CARRIED AT FAIR VALUE

Investment properties are properties which are owned or right-of-use asset held under a lease contract 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 which are owned are measured initially at cost. 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. Right-of-use asset held under a lease contract that meets the definition of investment property is initially measured similarly as other right-of-use assets.

Subsequently, investment properties are measured at fair value with any 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.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2022

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(f) Investment properties (cont'd)

(i) INVESTMENT PROPERTIES CARRIED AT FAIR VALUE (cont'd)

The fair value of investment properties held by the Group as a right-of-use asset reflects the expected cash flows. Accordingly, where valuation obtained for a property is net of all payments expected to be made, the Group added back any recognised lease liability to arrive at the carrying amount of the investment property using the fair value model.

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 the period 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.

(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) Contract liability

A contract liability is stated at cost and represents the obligation of the Group or the Company to transfer goods or services to a customer for which consideration has been received (or the amount is due) from the customers.

(i) Cash and cash equivalents

Cash and cash equivalents consist of short-term fund placements, cash in 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. Short-term fund placements represent investment in highly liquid money market instruments which is readily convertible to cash and has insignificant risk of changes in value.

(j) Impairment

(i) FINANCIAL ASSETS

The Group and the Company recognise loss allowances for expected credit losses on financial assets measured at amortised cost and loan commitment issued. Expected credit losses are a probability-weighted estimate of credit losses.

The Group and the Company measure loss allowances at an amount equal to lifetime expected credit loss, except for short-term fund placements and cash and bank balance for which credit risk has not increased significantly since initial recognition, which are measured at 12-month expected credit loss. Loss allowances for trade receivables are always measured at an amount equal to lifetime expected credit loss.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit loss, the Group and the Company consider reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information, where available.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of the asset, while 12-month expected credit losses are the portion of expected credit losses that result from default events that are possible within the 12 months after the reporting date. The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Group and the Company are exposed to credit risk.

The Group and the Company estimate the expected credit losses on trade receivables with reference to historical credit loss experience.

An impairment loss in respect of financial assets measured at amortised cost is recognised in profit or loss and the carrying amount of the asset is reduced through the use of an allowance account.

At each reporting date, the Group and the Company assess whether financial assets carried at amortised cost are credit-impaired. A financial asset is credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

The gross carrying amount of a financial asset is written off (either partially or full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group or the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's or the Company's procedures for recovery amounts due.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2022

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(j) Impairment (cont'd)

(ii) OTHER ASSETS

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

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units.

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

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

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

(k) Equity instruments

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

ORDINARY SHARES

Ordinary shares are classified as equity.

(l) Employee benefits

(i) SHORT-TERM EMPLOYEE BENEFITS

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

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

(ii) STATE PLANS

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

(iii) DEFINED RETIREMENT BENEFIT PLANS

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

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

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

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

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

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

(iv) TERMINATION BENEFITS

Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises costs for a restructuring. If benefits are not expected to be settled wholly within 12 months of the end of the reporting period, then they are discounted.

(m) Provisions

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

NOTES TO THE FINANCIAL STATEMENTS
31 December 2022

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(n) Revenue recognition and other income

REVENUE

Revenue from hotel and golf operations and laundry services are measured based on the consideration specified in a contract with a customer in exchange for transferring goods or services to a customer, excluding amounts collected on behalf of third parties. The Group or the Company recognises revenue when (or as) it transfers control over a product or service to customer. An asset is transferred when (or as) the customer obtains control of the asset.

The Group or the Company transfers control of a good or service at a point in time unless one of the following over time criteria is met:

(a) the customer simultaneously receives and consumes the benefits provided as the Group or the Company performs;
(b) the Group's or the Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
(c) the Group's or the Company's performance does not create an asset with an alternative use and the Group or the Company has an enforceable right to payment for performance completed to date.

(i) ROOM REVENUE

Hotel revenue from room rental is recognised over time during the period of stay for the hotel guests.

(ii) FOOD, BEVERAGE AND OTHER ANCILLARY SERVICES REVENUE

Revenue from food and beverage and other ancillary services are generally recognised at the point in time when the services are rendered.

(iii) GOLF OPERATIONS REVENUE

Golf related income is generally recognised at the point in time when the services are rendered and golf membership income is recognised over time.

(iv) LAUNDRY REVENUE

Revenue from laundry services is recognised at the point in time when the services are rendered.

(v) 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.

(vi) DIVIDEND INCOME

Dividend income from subsidiaries is recognised in the profit or loss when the right to receive payment is established.

OTHER INCOME

(i) INTEREST INCOME

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

(ii) GOVERNMENT GRANTS

Grants that compensate the Group for expenses incurred are recognised in profit or loss as other income or deducted against personnel expenses in profit or loss in the same period in which the expenses are recognised.

(o) Borrowing costs

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

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

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

(p) Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are 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 by the end of the reporting period, and any adjustment to tax payable in respect of previous financial years.

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

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

NOTES TO THE FINANCIAL STATEMENTS
31 December 2022

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(p) Income tax (cont'd)

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.

(q) 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.

(r) 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.

(s) Fair value measurement

Fair value of an asset or a liability, except for 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.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2022

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.

3. PROPERTY, PLANT AND EQUIPMENT

GROUP	Freehold land RM'000	Hotel buildings and other buildings RM'000	Integral plant and machinery RM'000	Golf course and its related buildings RM'000	Furniture, fixtures, equipment and motor vehicles RM'000	Renovation and construction in-progress RM'000	Total RM'000
COST							
At 1 January 2021	44,880	698,009	179,829	48,510	558,562	8,650	1,538,440
Additions	300	14	41	–	2,044	3,189	5,588
Disposals	–	–	–	–	(1,654)	–	(1,654)
Write off	–	(1)	(9)	–	(1,808)	–	(1,818)
Transfers	–	–	1,783	–	91	(1,874)	–
Reclassifications	–	–	3,611	–	(3,611)	–	–
Adjustments	–	–	(85)	–	–	–	(85)
At 31 December 2021/ 1 January 2022	**45,180**	**698,022**	**185,170**	**48,510**	**553,624**	**9,965**	**1,540,471**
Additions	**4,398**	**692**	**189**	**–**	**6,514**	**2,287**	**14,080**
Disposals	**–**	**–**	**(17)**	**–**	**(1,744)**	**–**	**(1,761)**
Write off	**–**	**–**	**–**	**–**	**(568)**	**–**	**(568)**
Transfers	**–**	**1,085**	**–**	**–**	**1,375**	**(2,460)**	**–**
Adjustments	**–**	**(193)**	**(175)**	**–**	**–**	**–**	**(368)**
At 31 December 2022	**49,578**	**699,606**	**185,167**	**48,510**	**559,201**	**9,792**	**1,551,854**

NOTES TO THE FINANCIAL STATEMENTS
31 December 2022

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

GROUP	Freehold land RM'000	Hotel buildings and other buildings RM'000	Integral plant and machinery RM'000	Golf course and its related buildings RM'000	Furniture, fixtures, equipment and motor vehicles RM'000	Renovation and construction in-progress RM'000	Total RM'000
DEPRECIATION AND IMPAIRMENT LOSS							
At 1 January 2021							
Accumulated depreciation	–	327,015	120,991	17,739	452,742	–	918,487
Accumulated impairment loss	–	–	–	5,882	–	–	5,882
	–	327,015	120,991	23,621	452,742	–	924,369
Depreciation for the year	–	14,581	7,420	737	30,884	–	53,622
Disposals	–	–	–	–	(1,630)	–	(1,630)
Write off	–	–	(9)	–	(1,780)	–	(1,789)
Reclassifications	–	–	3,730	–	(3,730)	–	–
At 31 December 2021/ 1 January 2022							
Accumulated depreciation	**–**	**341,596**	**132,132**	**18,476**	**476,486**	**–**	**968,690**
Accumulated impairment loss	**–**	**–**	**–**	**5,882**	**–**	**–**	**5,882**
	–	**341,596**	**132,132**	**24,358**	**476,486**	**–**	**974,572**
Depreciation for the year	**–**	**14,784**	**7,250**	**737**	**25,410**	**–**	**48,181**
Disposals	**–**	**–**	**(17)**	**–**	**(1,661)**	**–**	**(1,678)**
Write off	**–**	**–**	**–**	**–**	**(554)**	**–**	**(554)**
Adjustments	**–**	**(53)**	**–**	**–**	**–**	**–**	**(53)**
At 31 December 2022							
Accumulated depreciation	**–**	**356,327**	**139,365**	**19,213**	**499,681**	**–**	**1,014,586**
Accumulated impairment loss	**–**	**–**	**–**	**5,882**	**–**	**–**	**5,882**
	–	**356,327**	**139,365**	**25,095**	**499,681**	**–**	**1,020,468**
CARRYING AMOUNTS							
At 1 January 2021	44,880	370,994	58,838	24,889	105,820	8,650	614,071
At 31 December 2021/ 1 January 2022	**45,180**	**356,426**	**53,038**	**24,152**	**77,138**	**9,965**	**565,899**
At 31 December 2022	**49,578**	**343,279**	**45,802**	**23,415**	**59,520**	**9,792**	**531,386**

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

COMPANY	Freehold land RM'000	Hotel buildings RM'000	Integral plant and machinery RM'000	Furniture, fixtures, equipment and motor vehicles RM'000	Renovation and construction in-progress RM'000	Total RM'000
COST						
At 1 January 2021	1,012	106,778	18,634	75,221	–	201,645
Additions	–	14	–	157	1,330	1,501
Disposals	–	–	–	(427)	–	(427)
Write off	–	–	(9)	(3)	–	(12)
At 31 December 2021/1 January 2022	**1,012**	**106,792**	**18,625**	**74,948**	**1,330**	**202,707**
Additions	**–**	**683**	**89**	**1,711**	**945**	**3,428**
Disposals	**–**	**–**	**–**	**(218)**	**–**	**(218)**
Write off	**–**	**–**	**–**	**(15)**	**–**	**(15)**
Transfers	**–**	**1,085**	**–**	**–**	**(1,085)**	**–**
At 31 December 2022	**1,012**	**108,560**	**18,714**	**76,426**	**1,190**	**205,902**
DEPRECIATION						
At 1 January 2021	–	43,536	11,609	64,884	–	120,029
Depreciation for the year	–	2,270	1,029	2,617	–	5,916
Disposals	–	–	–	(427)	–	(427)
Write off	–	–	(9)	(3)	–	(12)
At 31 December 2021/1 January 2022	**–**	**45,806**	**12,629**	**67,071**	**–**	**125,506**
Depreciation for the year	**–**	**2,476**	**900**	**2,330**	**–**	**5,706**
Disposals	**–**	**–**	**–**	**(211)**	**–**	**(211)**
Write off	**–**	**–**	**–**	**(15)**	**–**	**(15)**
At 31 December 2022	**–**	**48,282**	**13,529**	**69,175**	**–**	**130,986**
CARRYING AMOUNTS						
At 1 January 2021	1,012	63,242	7,025	10,337	–	81,616
At 31 December 2021/1 January 2022	**1,012**	**60,986**	**5,996**	**7,877**	**1,330**	**77,201**
At 31 December 2022	**1,012**	**60,278**	**5,185**	**7,251**	**1,190**	**74,916**

NOTES TO THE FINANCIAL STATEMENTS
31 December 2022

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

GROUP

Hotel properties at 31 December 2022 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
Rasa Ria Resort & Spa	Tuaran, Sabah	499 room resort	Leasehold

4. RIGHT-OF-USE ASSETS

GROUP	Land RM'000	Buildings RM'000	Plant and equipment RM'000	Total RM'000
At 1 January 2021	15,798	208	1,268	17,274
Additions	–	–	495	495
Depreciation	(330)	(133)	(591)	(1,054)
Derecognition	–	(70)	(295)	(365)
Remeasurement	–	24	326	350
At 31 December 2021/1 January 2022	**15,468**	**29**	**1,203**	**16,700**
Additions	**–**	**245**	**268**	**513**
Depreciation	**(331)**	**(22)**	**(542)**	**(895)**
Remeasurement	**–**	**14**	**118**	**132**
At 31 December 2022	**15,137**	**266**	**1,047**	**16,450**

The Group leases land for certain hotel properties (Note 3) from third parties for periods between 32 years and 99 years (2021: between 32 years and 99 years).

The Group leases several staff accommodations, office equipment and photocopy machines that run between 1 year and 5 years (2021: between 1 year and 6 years), with an option to renew the lease after that date.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2022

COMPANY	Land RM'000	Buildings RM'000	Plant and equipment RM'000	Total RM'000
At 1 January 2021	1,936	439	141	2,516
Additions	–	–	135	135
Depreciation	(121)	(294)	(41)	(456)
Derecognition	–	–	(113)	(113)
At 31 December 2021/1 January 2022	**1,815**	**145**	**122**	**2,082**
Additions	**–**	**548**	**–**	**548**
Depreciation	**(122)**	**(204)**	**(27)**	**(353)**
At 31 December 2022	**1,693**	**489**	**95**	**2,277**

The Company leases land for hotel property (Note 3) from third party for periods of 32 years (2021: 32 years).

The Company leases several staff accommodations and office equipment that run between 1 year and 5 years (2021: between 1 year and 5 years), with an option to renew the lease after that date.

4.1 Significant judgements and assumptions in relation to leases

The Group and the Company assess at lease commencement by applying significant judgement whether it is reasonably certain to exercise the extension options. Group entities consider all facts and circumstances including their past practice and any cost that will be incurred to change the asset if an option to extend is not taken, to help them determine the lease term.

The Group and the Company also applied judgement and assumptions in determining the incremental borrowing rate of the respective leases. Group entities first determine the closest available borrowing rates before using significant judgement to determine the adjustments required to reflect the term, security, value or economic environment of the respective leases.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2022

5. INVESTMENT PROPERTIES

GROUP	2022 RM'000	2021 RM'000
At 1 January/31 December	**287,700**	287,700
Included in the above are:		
At fair value		
Freehold land	**39,785**	39,785
Buildings	**247,915**	247,915
	287,700	287,700

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

GROUP	2022 RM'000	2021 RM'000
Lease income	**20,925**	20,628
Direct operating expenses:		
– income generating investment properties	**(10,615)**	(9,444)

The operating lease payments to be received are as follows:

GROUP	2022 RM'000	2021 RM'000
Less than one year	**12,219**	14,904
One to two years	**3,994**	5,002
Two to three years	**15**	1,028
Total undiscounted lease payments	**16,228**	20,934

NOTES TO THE FINANCIAL STATEMENTS
31 December 2022

Fair value information

Fair value of investment properties are categorised as follows:

	Level 3	
	2022	2021
GROUP	**RM'000**	RM'000
Freehold land	**39,785**	39,785
Buildings	**247,915**	247,915
	287,700	287,700

Level 3 fair value

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

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

	2022	2021
GROUP	**RM'000**	RM'000
At 1 January/31 December	**287,700**	287,700

NOTES TO THE FINANCIAL STATEMENTS
31 December 2022

5. INVESTMENT PROPERTIES (cont'd)

Fair value information (cont'd)

Level 3 fair value (cont'd)

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

Description of valuation technique and inputs used	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Investment method/Income approach Total market value is the aggregate of Term Value and Reversion Value.		
• 1st stage (Term Value) — the net current rent (i.e. rent passing) is capitalised for the unexpired period of each tenancy. Net current rent is derived after deducting outgoings/ expenses. This gives the value of the property for the unexpired duration for the existing tenancies.	• Office space - Gross current rent of RM5.40 to RM7.20 (2021: RM5.20 to RM7.20) per square foot. Average net current rent of RM4.04 (2021: RM4.07) per square foot. • Retail space - Gross current rent of RM2.70 to RM15.00 (2021: RM5.30 to RM15.00) per square foot. Average net current rent of RM4.38 (2021: RM4.98) per square foot. • Capitalisation rate (yield) of 5.5% (2021: 5.5%) per annum for office space and 5.5% (2021: 5.5%) per annum for retail.	The estimated fair value would increase (decrease) if: • Net current rent were higher (lower); • Capitalisation rate were lower (higher).
• 2nd stage (Reversion Value) — the estimated net current market rent is capitalised to perpetuity to arrive at the reversion value. Net current market rent is derived from current rent achieved for the property after deducting outgoings/expenses.	• Office space - Gross reversion rent of RM6.10 to RM6.30 (2021: RM5.90 to RM6.30) per square foot. Average net rent of RM3.83 (2021: RM3.88) per square foot. • Retail space - Gross reversion rent of RM3.00 to RM15.00 (2021: RM5.30 to RM15.00) per square foot. Average net rent of RM4.25 (2021: RM4.23) per square foot. • Capitalisation rate (yield) of 6.0% (2021: 6.0%) per annum for office space and 6.0% (2021: 6.0%) per annum for retail.	• Net current market rent were higher (lower); • Capitalisation rate were lower (higher).

Description of valuation technique and inputs used	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Comparison method • Entails analysis of sales of comparable properties, making adjustments for similarities and dissimilarities in arriving at the market value of the property valued.	• Market value of land at RM1,000 (2021: RM1,000) per square foot. • Market value of land and building at RM450 (2021: RM450) per square foot.	The estimated fair value would increase (decrease) if: • 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.

6. INTERESTS IN SUBSIDIARIES

COMPANY	2022 RM'000	2021 RM'000
Unquoted shares, at cost	**471,352**	471,352
Amount due from subsidiaries	**119,296**	112,489
	590,648	583,841
Allowance for impairment loss on amount due from a subsidiary (Note 19.4)	**(80,003)**	(49,674)
	510,645	534,167

Due to the political uncertainty in Myanmar, the Company had assessed the recoverable amount of its investment in a subsidiary that holds the Group's interests in associates in Myanmar. Refer Note 7 for details of the Group's interests in associates. Consequently, the Company recognised impairment loss of RM30,329,000 (2021: RM17,480,000) for its investment in a subsidiary, Madarac Corporation as the recoverable amount is less than the carrying amount.

The recoverable amount of investment in Madarac of RM39,097,000 (2021: RM62,711,000) is determined based on adjusted net tangible assets as a proxy to fair value less cost of disposal. The key underlying assets of Madarac is the investments in associates in Myanmar, of which the recoverable amounts were determined based on fair value less cost of disposal for the hotel and investment properties held by the associates. In 2021, the recoverable amounts were determined based on combination of value in use ("VIU") for the hotel operations and fair value less cost of disposal for the investment properties held by the associates. The VIU were calculated using the cash flow projections which were based on a 10 years projection plan using certain key assumptions such as discount rate of 13.75%.

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6. INTERESTS IN SUBSIDIARIES (cont'd)

Estimates of fair value have been determined with reference to external valuations performed during the financial year by independent professional valuer based on income approach and is within Level 3 of the fair value hierarchy. The valuation models include key assumptions such as discount rates ranging from 11.00% to 11.50% (2021: 11.00% to 11.50%).

Following the impairment loss of the cost of investment in a subsidiary, the recoverable amount is approximately the carrying amount.

Details of the subsidiaries are as follows:

Name of subsidiary	Country of incorporation	Principal activities	Effective ownership interest 2022 %	Effective ownership interest 2021 %
Shangri-La Hotel (KL) Sdn Bhd	Malaysia	Operation of a city hotel	**100**	100
Komtar Hotel Sdn Bhd	Malaysia	Operation of a city hotel	**60**	60
Golden Sands Beach Resort Sdn Bhd	Malaysia	Operation of a beach resort	**100**	100
UBN Holdings Sdn Bhd	Malaysia	Investment holding and property investment	**100**	100
UBN Tower Sdn Bhd	Malaysia	Property investment and office management	**100**	100
Pantai Emas Sdn Bhd	Malaysia	Operation of a commercial laundry	**100**	100
Madarac Corporation	British Virgin Islands	Investment holding	**100**	100
Palm Beach Hotel Sdn Bhd	Malaysia	Operation of a beach resort – Ceased its operation of a beach resort on 29 February 1996	**100**	100
Wisegain Sdn Bhd	Malaysia	Dormant	**100**	100
Hasil-Usaha Sdn Bhd	Malaysia	Dormant	**100**	100
Pantai Dalit Beach Resort Sdn Bhd	Malaysia	Investment holding and operation of a beach resort	**75**	75
Dalit Bay Golf & Country Club Berhad	Malaysia	Operation of a golf course together with clubhouse and related facilities	**75**	75
Pantai Dalit Development Sdn Bhd	Malaysia	Dormant	**75**	75

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6.1 Non-controlling interests in subsidiaries

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

	Komtar Hotel Sdn Bhd RM'000	Pantai Dalit Beach Resort Sdn Bhd and its subsidiaries* RM'000	Total RM'000
NCI percentage of ownership interest and voting interest	**40%**	**25%**	
Carrying amount of NCI	**9,171**	**103,490**	**112,661**
Loss allocated to NCI	**(110)**	**(3,917)**	**(4,027)**
Summarised financial information before intragroup elimination			
As at 31 December 2022			
Non-current assets	**79,150**	**193,267**	
Current assets	**5,320**	**188,068**	
Non-current liabilities	**(3,135)**	**(3,424)**	
Current liabilities	**(58,407)**	**(15,877)**	
Net assets	**22,928**	**362,034**	
Year ended 31 December 2022			
Revenue	**30,908**	**67,474**	
Loss and total comprehensive expense	**(275)**	**(15,669)**	
Net cash flows from operating activities	**8,022**	**20,593**	
Net cash flows used in investing activities	**(381)**	**(2,297)**	
Net cash flows used in financing activities	**(5,946)**	**(165)**	
Net increase in cash and cash equivalents	**1,695**	**18,131**	
Dividend payable to NCI	**–**	**–**	

* 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 SUBSIDIARIES (cont'd)

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

	Komtar Hotel Sdn Bhd RM'000	Pantai Dalit Beach Resort Sdn Bhd and its subsidiaries * RM'000	Total RM'000
NCI percentage of ownership interest and voting interest	40%	25%	
Carrying amount of NCI	9,281	107,407	116,688
Loss allocated to NCI	(5,468)	(5,828)	(11,296)
Summarised financial information before intragroup elimination			
As at 31 December 2021			
Non-current assets	83,386	200,510	
Current assets	3,973	191,479	
Non-current liabilities	(2,874)	(2,494)	
Current liabilities	(61,282)	(11,792)	
Net assets	23,203	377,703	
Year ended 31 December 2021			
Revenue	8,906	22,477	
Loss for the year	(13,670)	(23,311)	
Total other comprehensive income	564	145	
Total comprehensive expense	(13,106)	(23,166)	
Net cash flows used in operating activities	(7,615)	(57,357)	
Net cash flows (used in)/from investing activities	(122)	2,120	
Net cash flows from/(used in) financing activities	8,144	(258)	
Net increase/(decrease) in cash and cash equivalents	(407)	(55,495)	
Dividend payable to NCI	–	–	

* 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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7. INTERESTS IN ASSOCIATES

GROUP	2022 RM'000	2021 RM'000
Unquoted shares, at cost	**3,557**	3,557
Loans to associates	**259,597**	244,790
	263,154	248,347
Share of post-acquisition results of associates	**(27,346)**	(28,381)
Share of fair value loss of investment properties, net of deferred tax	**(39,972)**	(34,437)
Allowance for impairment loss on unquoted shares and loans to associates	**(2,134)**	(2,134)
Foreign currency translation differences	**(4,428)**	(803)
	189,274	182,592

Details of the associates are as follows:

Name of entity	Country of incorporation	Principal activities	Effective ownership interest and voting interest 2022 %	2021 %
Traders Yangon Company Ltd ("TYCL")	Union of Myanmar	Carrying on business of owner and operator of a hotel	**23.53**	23.53
Shangri-La Yangon Company Ltd ("SYCL")	Union of Myanmar	Carrying on business of owner and operator of a serviced apartments and to develop, own and operate a hotel	**22.22**	22.22
Traders Square Company Ltd ("TSCL")	Union of Myanmar	Carrying on business of owner and operator of a commercial complex	**23.56**	23.56

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7. 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 2022				
Non-current assets	**158,992**	**619,295**	**452,593**	**1,230,880**
Current assets	**3,737**	**73,948**	**46,109**	**123,794**
Non-current liabilities	**(315,958)**	**(508,173)**	**(497,014)**	**(1,321,145)**
Current liabilities	**(120,160)**	**(100,328)**	**(98,001)**	**(318,489)**
Net (liabilities)/assets	**(273,389)**	**84,742**	**(96,313)**	**(284,960)**
Year ended 31 December 2022				
Loss from operations	**–**	**(15,347)**	**(4,628)**	**(19,975)**
Reconciliation of net (liabilities)/assets to carrying amount				
As at 31 December 2022				
Group's share of net (liabilities)/assets	**(64,328)**	**18,830**	**(22,691)**	**(68,189)**
Loans to associates	**64,328**	**91,103**	**104,166**	**259,597**
Impairment losses	**–**	**–**	**(2,134)**	**(2,134)**
Carrying amount in the statement of financial position	**–**	**109,933**	**79,341**	**189,274**
Group's share of results				
Year ended 31 December 2022				
Group's share of profit from continuing operations	**–**	**115**	**920**	**1,035**
Group's share of fair value loss of investment properties, net of deferred tax	**–**	**(3,525)**	**(2,010)**	**(5,535)**
Group's share of total comprehensive expense	**–**	**(3,410)**	**(1,090)**	**(4,500)**
Other information				
Dividends received by the Group	**–**	**–**	**–**	**–**

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GROUP	TYCL RM'000	SYCL RM'000	TSCL RM'000	Total RM'000
Summarised financial information				
As at 31 December 2021				
Non-current assets	160,277	597,410	434,518	1,192,205
Current assets	3,870	71,898	46,493	122,261
Non-current liabilities	(317,236)	(490,395)	(490,402)	(1,298,033)
Current liabilities	(104,704)	(84,558)	(77,075)	(266,337)
Net (liabilities)/assets	(257,793)	94,355	(86,466)	(249,904)
Year ended 31 December 2021				
Loss from operations	–	(47,699)	(49,004)	(96,703)
Reconciliation of net (liabilities)/assets to carrying amount				
As at 31 December 2021				
Group's share of net (liabilities)/assets	(60,659)	20,966	(20,371)	(60,064)
Loans to associates	60,659	85,907	98,224	244,790
Impairment losses	–	–	(2,134)	(2,134)
Carrying amount in the statement of financial position	–	106,873	75,719	182,592
Group's share of results				
Year ended 31 December 2021				
Group's share of profit from continuing operations	–	1,785	790	2,575
Group's share of fair value loss of investment properties, net of deferred tax	–	(12,384)	(12,335)	(24,719)
Group's share of total comprehensive expense	–	(10,599)	(11,545)	(22,144)
Other information				
Dividends received by the Group	–	–	–	–

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 Group deems the loans as net investment.

On 1 February 2021, the Myanmar military seized power in a coup against the democratically elected government and declared a year-long state of emergency. The economic and political fallout from the coup has significantly eroded consumer and business confidence, making the outlook for the Group's associates in Myanmar highly uncertain and challenging.

NOTES TO THE FINANCIAL STATEMENTS
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7. INTERESTS IN ASSOCIATES (cont'd)

As at 31 December 2022 and 2021, there was no change in the political situation and the outlook in Myanmar remained uncertain.

Assessment of recoverable amount of interests in associates is stated in Note 6.

Unrecognised share of losses

The Group has not recognised losses related to TYCL, totalling RM7,224,000 (2021: RM6,523,000) in the current financial year and RM20,957,000 (2021: RM13,733,000) cumulatively. The Group has no obligation in respect of these losses, as pursuant to MFRS 128, *Investments in Associates and Joint Ventures*, after an entity's interest is reduced to zero, additional losses are provided for, and a liability is recognised, only to the extent that the entity has incurred legal or constructive obligations or made payments on behalf of the associate.

8. PROPERTY DEVELOPMENT EXPENDITURE

The property development expenditure of the Group represents development expenditure incurred by a subsidiary. Included in property development expenditure is interest capitalised amounting to RM4,142,000 (2021: RM4,142,000).

9. DEFERRED TAX ASSETS/(LIABILITIES)

Recognised deferred tax assets/(liabilities)

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2022	2021	**2022**	2021	**2022**	2021
	RM'000	RM'000	**RM'000**	RM'000	**RM'000**	RM'000
GROUP						
Property, plant and equipment	**–**	–	**(23,155)**	(21,991)	**(23,155)**	(21,991)
Right-of-use assets	**–**	–	**(315)**	(295)	**(315)**	(295)
Investment properties	**–**	–	**(12,117)**	(12,103)	**(12,117)**	(12,103)
Provisions	**5,774**	3,905	**–**	–	**5,774**	3,905
Contract liabilities	**2,714**	1,679	**–**	–	**2,714**	1,679
Lease liabilities	**308**	274	**–**	–	**308**	274
Retirement benefits	**5,755**	5,146	**–**	–	**5,755**	5,146
Unutilised capital allowances	**23,296**	22,594	**–**	–	**23,296**	22,594
Unutilised investment tax allowances	**9,997**	10,031	**–**	–	**9,997**	10,031
Unutilised tax losses	**35,071**	40,799	**–**	–	**35,071**	40,799
Deferred tax assets/(liabilities)	**82,915**	84,428	**(35,587)**	(34,389)	**47,328**	50,039
Set off	**(23,476)**	(22,287)	**23,476**	22,287	**–**	–
Net deferred tax assets/(liabilities)	**59,439**	62,141	**(12,111)**	(12,102)	**47,328**	50,039

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	Assets		Liabilities		Net	
	2022	2021	**2022**	2021	**2022**	2021
	RM'000	RM'000	**RM'000**	RM'000	**RM'000**	RM'000
COMPANY						
Property, plant and equipment	**–**	–	**(8,725)**	(8,685)	**(8,725)**	(8,685)
Right-of-use assets	**–**	–	**(140)**	(64)	**(140)**	(64)
Provisions	**1,347**	1,066	**–**	–	**1,347**	1,066
Contract liabilities	**652**	418	**–**	–	**652**	418
Lease liabilities	**140**	64	**–**	–	**140**	64
Retirement benefits	**886**	676	**–**	–	**886**	676
Unutilised capital allowances	**2,038**	3,074	**–**	–	**2,038**	3,074
Unutilised tax losses	**6,040**	6,423	**–**	–	**6,040**	6,423
Deferred tax assets/(liabilities)	**11,103**	11,721	**(8,865)**	(8,749)	**2,238**	2,972
Set off	**(8,865)**	(8,749)	**8,865**	8,749	**–**	–
Net deferred tax assets/(liabilities)	**2,238**	2,972	**–**	–	**2,238**	2,972

Movements in temporary differences during the year

	At 1.1.2021 RM'000	Recognised in profit or loss (Note 24) RM'000	Recognised in other comprehensive income or expense (Note 19.3) RM'000	**At 31.12.2021/ 1.1.2022 RM'000**	**Recognised in profit or loss (Note 24) RM'000**	**At 31.12.2022 RM'000**
GROUP						
Property, plant and equipment	(22,430)	439	–	**(21,991)**	**(1,164)**	**(23,155)**
Right-of-use assets	(351)	56	–	**(295)**	**(20)**	**(315)**
Investment properties	(12,184)	81	–	**(12,103)**	**(14)**	**(12,117)**
Provisions	8,437	(4,532)	–	**3,905**	**1,869**	**5,774**
Contract liabilities	1,379	300	–	**1,679**	**1,035**	**2,714**
Lease liabilities	349	(75)	–	**274**	**34**	**308**
Retirement benefits	5,831	363	(1,048)	**5,146**	**609**	**5,755**
Unutilised capital allowances	13,070	9,524	–	**22,594**	**702**	**23,296**
Unutilised investment tax allowances	9,777	254	–	**10,031**	**(34)**	**9,997**
Unutilised tax losses	21,239	19,560	–	**40,799**	**(5,728)**	**35,071**
Net deferred tax assets/(liabilities)	25,117	25,970	(1,048)	**50,039**	**(2,711)**	**47,328**

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

Movements in temporary differences during the year (cont'd)

	At 1.1.2021 RM'000	Recognised in profit or loss (Note 24) RM'000	Recognised in other comprehensive income or expense (Note 19.3) RM'000	**At 31.12.2021/ 1.1.2022 RM'000**	**Recognised in profit or loss (Note 24) RM'000**	**At 31.12.2022 RM'000**
COMPANY						
Property, plant and equipment	(8,407)	(278)	–	**(8,685)**	**(40)**	**(8,725)**
Right-of-use assets	(139)	75	–	**(64)**	**(76)**	**(140)**
Provisions	1,787	(721)	–	**1,066**	**281**	**1,347**
Contract liabilities	430	(12)	–	**418**	**234**	**652**
Lease liabilities	145	(81)	–	**64**	**76**	**140**
Retirement benefits	687	267	(278)	**676**	**210**	**886**
Unutilised capital allowances	2,039	1,035	–	**3,074**	**(1,036)**	**2,038**
Unutilised tax losses	3,154	3,269	–	**6,423**	**(383)**	**6,040**
Net deferred tax assets/(liabilities)	(304)	3,554	(278)	**2,972**	**(734)**	**2,238**

Unrecognised deferred tax assets

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

GROUP	**2022 RM'000**	2021 RM'000
Deductible temporary differences	**775**	463
Unutilised capital allowances	**11,094**	10,619
Unutilised tax losses	**28,682**	32,450
	40,551	43,532
Deferred tax assets at 24% (2021: 24%)	**9,732**	10,447

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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The abovementioned deferred tax assets do not expire under the current tax legislation except for the unutilised tax losses as shown below:

GROUP	2022 RM'000	2021 RM'000
Year of assessment in which unutilised tax losses will expire:		
– 2028	**12,428**	12,428
– 2030	**6,832**	11,296
– 2031	**8,726**	8,726
– 2032	**696**	–
	28,682	32,450

10. INVENTORIES

	GROUP		COMPANY	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Food, beverage and tobacco	**2,074**	1,693	**513**	506
Other supplies	**1,091**	1,265	**103**	70
	3,165	2,958	**616**	576
Recognised in profit or loss:				
Inventories recognised as cost of services	**49,177**	18,394	**9,087**	2,993

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

	Note	GROUP 2022 RM'000	GROUP 2021 RM'000	COMPANY 2022 RM'000	COMPANY 2021 RM'000
Trade					
Trade receivables		**15,082**	5,794	**5,260**	1,522
Less: Allowance for impairment loss		**(72)**	(1)	**–**	–
		15,010	5,793	**5,260**	1,522
Non-trade					
Amount due from subsidiaries	a	**–**	–	**48,018**	54,863
Other receivables		**4,234**	3,608	**1,047**	786
Deposits		**5,925**	3,980	**855**	318
Dividends receivable		**–**	–	**10,800**	–
		25,169	13,381	**65,980**	57,489
Prepayments		**3,069**	2,908	**534**	491
		28,238	16,289	**66,514**	57,980
Tax recoverable	b	**1,982**	4,403	**410**	422

NOTES

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

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

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12. SHORT-TERM FUND PLACEMENTS AND CASH AND BANK BALANCES

	Note	GROUP 2022 RM'000	GROUP 2021 RM'000	COMPANY 2022 RM'000	COMPANY 2021 RM'000
Short-term fund placements		**82,448**	56,471	**–**	–
Short-term deposits with original maturities:					
– Within 3 months		**2,040**	665	**–**	–
Cash at bank and in hand	a	**25,504**	21,034	**11,321**	6,799
		27,544	21,699	**11,321**	6,799

NOTE

a. Cash and bank balances of the Group and of the Company include an amount of RM16,934,000 (2021: RM7,243,000) and RM7,872,000 (2021: RM1,344,000) respectively which earns interest.

13. SHARE CAPITAL AND RESERVES

13.1 Share Capital

GROUP AND COMPANY	Number of shares 2022 '000	Amount 2022 RM'000	Number of shares 2021 '000	Amount 2021 RM'000
Ordinary shares with no par value, issued and fully paid:				
At 1 January/31 December	**440,000**	**544,501**	440,000	544,501

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.

13.2 Exchange translation reserve

The exchange translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations, as well as from the foreign exchange differences arising from net investment in foreign operations and net investment hedging instruments.

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14. RETIREMENT BENEFIT OBLIGATIONS

	GROUP		COMPANY	
	2022	2021	**2022**	2021
	RM'000	RM'000	**RM'000**	RM'000
Present value of unfunded liability	**24,563**	21,868	**3,690**	2,819
Recognised defined retirement benefit liability	**24,563**	21,868	**3,690**	2,819

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

Movements in the present value of defined retirement benefit liability

	Defined retirement benefit liability	
	2022	2021
	RM'000	RM'000
GROUP		
Balance at 1 January	**21,868**	24,612
Included in profit or loss		
Current service cost	**3,894**	1,624
Past service cost	**–**	526
Interest cost	**1,169**	1,073
Loss on settlement	**–**	139
	5,063	3,362
Included in other comprehensive income		
Remeasurement gain	**–**	(4,314)
Other		
Benefits paid	**(2,368)**	(1,792)
Balance at 31 December	**24,563**	21,868

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	Defined retirement benefit liability	
	2022	2021
	RM'000	RM'000
COMPANY		
Balance at 1 January	**2,819**	2,864
Included in profit or loss		
Current service cost	**792**	370
Past service cost	**–**	650
Interest cost	**134**	149
	926	1,169
Included in other comprehensive income		
Remeasurement gain	**–**	(1,157)
Other		
Benefits paid	**(55)**	(57)
Balance at 31 December	**3,690**	2,819

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 2021.

Actuarial assumptions

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

	GROUP		COMPANY	
	2022	2021	**2022**	2021
	%	%	**%**	%
Discount rate at 31 December	**4.00 – 4.80**	4.00 – 4.80	**4.80**	4.80
Future salary growth	**4.00 – 6.00**	4.00 – 6.00	**6.00**	6.00

At 31 December 2022, the weighted-average duration of the defined retirement benefit liability of the Group was 11 years (2021: 11 years) and the Company was 15 years (2021: 15 years).

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14. RETIREMENT BENEFIT OBLIGATIONS (cont'd)

Sensitivity analysis

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

	GROUP		COMPANY	
	Defined retirement benefit liability			
	Increase RM'000	**Decrease RM'000**	**Increase RM'000**	**Decrease RM'000**
2022				
Discount rate (1% movement)	**(2,110)**	**2,492**	**(401)**	**486**
Future salary growth (1% movement)	**2,581**	**(2,221)**	**492**	**(413)**
2021				
Discount rate (1% movement)	(2,048)	2,425	(372)	453
Future salary growth (1% movement)	2,285	(1,973)	427	(360)

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.

15. SHORT-TERM BORROWINGS

	GROUP		COMPANY	
	2022 RM'000	2021 RM'000	**2022 RM'000**	2021 RM'000
Current				
Unsecured revolving credits	**185,816**	174,731	**–**	5,000

The borrowings of the Group and of the Company bear interest ranging between 0.88% to 5.70% (2021: 0.76% to 2.60%) per annum and Nil (2021: 2.60%) per annum respectively.

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16. TRADE AND OTHER PAYABLES

	Note	GROUP 2022 RM'000	GROUP 2021 RM'000	COMPANY 2022 RM'000	COMPANY 2021 RM'000
Non-current					
Amount due to an associated company	a	**6,114**	–	**–**	–
Current					
Trade					
Trade payables		**29,816**	20,558	**5,777**	4,382
Amount due to subsidiaries	b	**–**	–	**46**	55
		29,816	20,558	**5,823**	4,437
Non-trade					
Amount due to subsidiaries	c	**–**	–	**45,669**	46,533
Other payables	d	**22,637**	15,873	**10,371**	6,262
Accrued expenses		**44,764**	35,309	**4,156**	4,628
		97,217	71,740	**66,019**	61,860
Amount due to an associated company	a	**9,326**	–	**–**	–

NOTES

a. The amount due to an associated company is pursuant to a shareholder's loan agreement entered into by a subsidiary of the Group with an associated company in Myanmar for the provision of a shareholder's loan to the associated company. The loan commitment has been fully provided for as at the reporting date.

b. Amount due to subsidiaries is subject to normal trade terms.

c. Amount due to subsidiaries represent advances received from subsidiaries which are unsecured, interest-free and repayable on demand, except for an amount of RM45,322,000 (2021: RM46,332,000) which bears interests ranging from 2.44% to 3.10% (2021: 2.55% to 2.75%) per annum.

d. Included in the other payables of the Group is an amount of Nil (2021: RM115,000) relating to retention sum payable to renovation contractors.

17. PROVISIONS

	GROUP RM'000	COMPANY RM'000
At 1 January 2021	14,968	5,497
Provision made during the year	2,557	892
Payment made during the year	(14,940)	(5,609)
At 31 December 2021/1 January 2022	**2,585**	**780**
Payment made during the year	**(1,717)**	**(575)**
At 31 December 2022	**868**	**205**

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17. PROVISIONS (cont'd)

The Group's hotels, namely Rasa Sayang Resort, Shangri-La Hotel Kuala Lumpur, Hotel Jen Penang and Golden Sands Resort were involved in litigation proceedings at various stages in the courts with the National Union of Hotel, Bar and Restaurant Workers Peninsular Malaysia ("Union"), arising from Minimum Wage Orders ("MWOs"), the first of which came into effect on 1 October 2013 for the hotel industry ("MW Litigation").

The crux of the MW Litigation concerned the Top-Up Structure implemented by the Group's hotels, whereby part of the service charge was converted to form part of the minimum wage, which was disputed by the Union.

On 24 March 2021, the Federal Court in the Crystal Crown Hotel Appeal delivered its landmark decision determining that as a matter of law, hotels are not entitled to utilise employees' service charge to satisfy their statutory obligation to pay the minimum wage and service charge cannot be utilised to top up the minimum wage. The Federal Court emphasised that its ruling was based on interpretation of law and not predicated on facts. The Federal Court also ruled that the minimum wage legislation is a social legislation and therefore, overrides factors such as financial implications on the hotel industry.

As a result of the apex court's pronouncement, the Group concluded that further pursuing the MW Litigation would not yield a favourable outcome.

Accordingly, the Group's hotels withdrew their MW Litigation in the various courts by way of an amicable resolution with the Union for a global settlement for all the Minimum Wage Orders (MWOs 2012, 2016, 2018 and 2021). The Group's hotels duly filed the Notices of Discontinuance in the various courts, the latest of which were filed in July 2021.

Following the withdrawal of the MW Litigation, the Group's hotels made payments of backwages under the various Minimum Wage Orders to the Unionised rank and file employees on 19 August 2021, and thereafter, to eligible former employees.

As at 31 December 2022, the balance of the provision relating to the payment of backwages to the Unionised rank and file employees of the Group's hotels for the MW Litigation is RM868,000 (2021: RM2,585,000) for the Group and RM205,000 (2021: RM780,000) for the Company. The balance was submitted to the *"Pendaftar Wang Tak Dituntut"* in January 2023.

18. CONTRACT LIABILITIES

	GROUP		COMPANY	
	2022	2021	**2022**	2021
	RM'000	RM'000	**RM'000**	RM'000
Contract liabilities	**11,400**	9,836	**2,719**	2,525

The Group and the Company recognise contract liabilities when a customer pays consideration, or is contractually required to pay consideration, before the Group and the Company recognise the related revenue. The contract liabilities are expected to be recognised as revenue within a year.

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Significant changes to contract liabilities balances during the period are as follows:

	GROUP		COMPANY	
	2022	2021	**2022**	2021
	RM'000	RM'000	**RM'000**	RM'000
Contract liabilities as at the beginning of the period recognised as revenue during the year	**(6,912)**	(3,272)	**(2,443)**	(2,512)
Contract liabilities at the beginning of the period not recognised as revenue due to refund of prior year's deposits on cancellation of contract	**(136)**	(977)	**–**	–
Advances received during the year	**8,612**	3,783	**2,637**	2,525

19. REVENUE, OPERATING LOSS AND OTHER COMPREHENSIVE INCOME

19.1 Revenue and operating loss

	GROUP		COMPANY	
	2022	2021	**2022**	2021
	RM'000	RM'000	**RM'000**	RM'000
Revenue from contracts with customers				
Hotels, resorts and golf operations	**339,430**	107,017	**75,178**	24,481
Laundry services	**3,077**	1,085	**–**	–
	342,507	108,102	**75,178**	24,481
Other revenue				
Property rental	**20,925**	20,628	**–**	–
Dividend income	**–**	–	**10,800**	–
Total revenue	**363,432**	128,730	**85,978**	24,481
Cost of services	**(186,506)**	(87,411)	**(35,007)**	(14,367)
	176,926	41,319	**50,971**	10,114
Administrative expenses	**(67,402)**	(43,162)	**(12,678)**	(8,321)
Other operating expenses	**(139,428)**	(101,561)	**(49,330)**	(34,380)
Other operating income	**1,676**	106	**120**	120
Operating loss	**(28,228)**	(103,298)	**(10,917)**	(32,467)

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19. REVENUE, OPERATING LOSS AND OTHER COMPREHENSIVE INCOME (cont'd)

19.1 Revenue and operating loss (cont'd)

	Note	GROUP 2022 RM'000	GROUP 2021 RM'000	COMPANY 2022 RM'000	COMPANY 2021 RM'000
Operating loss is arrived at after charging/(crediting):					
Auditors' remuneration: – Audit fees		**363**	319	**102**	90
– Non-audit fees		**19**	19	**14**	14
Material expenses/(income)					
Depreciation of property, plant and equipment	3	**48,181**	53,622	**5,706**	5,916
Depreciation of right-of-use assets	4	**895**	1,054	**353**	456
Exceptional items (which are included in other operating expenses)	19.4	**15,518**	–	**30,329**	17,480
Loss/(Gain) on disposal of property, plant and equipment		**69**	(30)	**5**	(2)
Personnel expenses (including key management personnel):					
– contributions to Employees' Provident Fund		**9,209**	7,506	**1,938**	1,677
– retirement benefits		**5,063**	3,362	**926**	1,169
– wages, salaries and others		**110,944**	77,102	**17,965**	14,116
– termination benefits		**–**	(518)	**–**	–
– government grants	a	**(4,305)**	(9,937)	**(844)**	(2,004)
Property, plant and equipment written off		**14**	29	**–**	–
Provision for backwages	17	**–**	2,557	**–**	892
Rental expense to a subsidiary		**–**	–	**212**	210
Net foreign exchange loss/(gain): – realised		**196**	115	**38**	–
– unrealised		**–**	–	**(6,682)**	(3,503)
Donation		**(53)**	(766)	**61**	(150)
Fair value gain on short-term fund placements		**(1,295)**	–	**–**	–
Gross dividends from unquoted subsidiaries		**–**	–	**(10,800)**	–
Rental income from: – subsidiary		**–**	–	**(120)**	(120)
– others		**(486)**	(341)	**–**	–
Expenses arising from leases					
Expenses relating to short-term leases	b	**43**	116	**–**	39
Net loss/(reversal) on impairment of financial instruments					
Trade and other receivables		**71**	(103)	**–**	–

NOTES

a. The Group and the Company received grant related to a wage subsidy programme introduced in response to the Covid-19 pandemic. The Group and the Company were entitled to the wage subsidy from January to May 2022 (2021: January to December). There is no unfulfilled conditions and other contingencies for the Group and the Company.

b. The Group leases several plant and equipment with contract terms of 1 year. These leases are short-term. The Group has elected not to recognise right-of-use assets and lease liabilities for these leases.

NOTES TO THE FINANCIAL STATEMENTS
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19.2 Disaggregation of revenue

GROUP	Hotels, resorts and golf course		Investment properties		Others		Total	
	2022	2021	**2022**	2021	**2022**	2021	**2022**	2021
	RM'000	RM'000	**RM'000**	RM'000	**RM'000**	RM'000	**RM'000**	RM'000
Revenue from rooms	**183,468**	55,255	**–**	–	**–**	–	**183,468**	55,255
Food and beverage sales	**140,359**	45,794	**–**	–	**–**	–	**140,359**	45,794
Rendering of ancillary services	**12,275**	3,939	**–**	–	**–**	–	**12,275**	3,939
Golf operations	**3,328**	2,029	**–**	–	**–**	–	**3,328**	2,029
Laundry revenue	**–**	–	**–**	–	**3,077**	1,085	**3,077**	1,085
Revenue from contracts with customers	**339,430**	107,017	**–**	–	**3,077**	1,085	**342,507**	108,102
Property rental	**–**	–	**20,925**	20,628	**–**	–	**20,925**	20,628
Total revenue	**339,430**	107,017	**20,925**	20,628	**3,077**	1,085	**363,432**	128,730

COMPANY	**2022**	2021
	RM'000	RM'000
Revenue from rooms	**46,371**	15,281
Food and beverage sales	**25,717**	8,211
Rendering of ancillary services	**3,090**	989
Revenue from contracts with customers	**75,178**	24,481
Dividend income	**10,800**	–
Total revenue	**85,978**	24,481

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19. REVENUE, OPERATING LOSS AND OTHER COMPREHENSIVE INCOME (cont'd)

19.3 Other comprehensive income

	2022			2021		
	Before tax RM'000	**Tax expense RM'000**	**Net of tax RM'000**	Before tax RM'000	Tax expense RM'000	Net of tax RM'000
GROUP						
Item that will not be reclassified subsequently to profit or loss						
Remeasurements of defined benefit retirement obligations, net of tax	**–**	**–**	**–**	4,314	(1,048)	3,266
Item that may be reclassified subsequently to profit or loss						
Exchange differences on translation of foreign operations and foreign currency loans forming part of net investment in foreign operations (Note a)	**962**	**–**	**962**	1,218	–	1,218
	962	**–**	**962**	5,532	(1,048)	4,484
COMPANY						
Item that will not be reclassified subsequently to profit or loss						
Remeasurements of defined benefit retirement obligations, net of tax	**–**	**–**	**–**	1,157	(278)	879

NOTE

a. This includes the net translation gain arising from translation of financial liabilities and the Group's net investment in foreign operations amounting to RM4,587,000 (2021: net translation gain of RM2,465,000).

19.4 Exceptional items

GROUP

The exceptional item of RM15,518,000 in the current year represents the allowance for impairment loss on loan commitment to an associate in Myanmar, namely Traders Yangon Company Ltd (Note 16(a)).

COMPANY

The exceptional item of RM30,329,000 (2021: RM17,480,000) represents an allowance for impairment loss on interests in a subsidiary (Note 6).

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20. INTEREST INCOME

	GROUP		COMPANY	
	2022	2021	**2022**	2021
	RM'000	RM'000	**RM'000**	RM'000
Interest income on:				
Deposits placed with licensed banks	**182**	66	**59**	13
Short-term fund placements	**100**	1,341	**–**	4
Subsidiaries	**–**	–	**56**	52
	282	1,407	**115**	69

21. INTEREST EXPENSE

	GROUP		COMPANY	
	2022	2021	**2022**	2021
	RM'000	RM'000	**RM'000**	RM'000
Interest expense on:				
Lease liabilities	**46**	52	**15**	16
Revolving credits	**6,049**	2,387	**309**	108
Subsidiaries	**–**	–	**1,319**	1,414
	6,095	2,439	**1,643**	1,538

22. SHARE OF RESULTS OF ASSOCIATED COMPANIES

	2022	2021
GROUP	**RM'000**	RM'000
Share of profit after tax of associates from operations	**1,035**	2,575
Share of fair value loss of investment properties, net of deferred tax	**(5,535)**	(24,719)
	(4,500)	(22,144)

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23. KEY MANAGEMENT PERSONNEL COMPENSATION

The key management personnel compensation is as follows:

GROUP	**2022 RM'000**	2021 RM'000
Directors		
– Fees	**234**	212
– Remuneration and other emoluments (meeting allowance)	**1,904**	1,077
– Other short-term employee benefits (including estimated monetary value of benefits-in-kind)	**16**	19
Total employee benefits	**2,154**	1,308

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group. The key management personnel of the Group comprises the executive directors and non-executive directors of the Company.

24. TAX EXPENSE/(CREDIT)

Recognised in profit or loss:

	GROUP		**COMPANY**	
	2022 RM'000	2021 RM'000	**2022 RM'000**	2021 RM'000
Current tax expense				
Malaysian – current year	**3,512**	3,118	**48**	–
– (over)/under provision in prior years	**(27)**	(574)	**–**	64
	3,485	2,544	**48**	64
Deferred tax expense				
Reversal and origination of temporary differences	**(4,066)**	(27,842)	**246**	(4,795)
Underprovision in prior years	**6,777**	1,872	**488**	1,241
	(2,711)	(25,970)	**734**	(3,554)
Total tax expense/(credit)	**6,196**	(23,426)	**782**	(3,490)

Reconciliation of tax credit

	GROUP		COMPANY	
	2022	2021	**2022**	2021
	RM'000	RM'000	**RM'000**	RM'000
Loss before tax	**(38,541)**	(126,474)	**(12,445)**	(33,936)
Tax at Malaysian tax rate of 24% (2021: 24%)	**(9,250)**	(30,354)	**(2,987)**	(8,145)
Non-deductible expenses	**10,367**	3,958	**7,628**	4,215
Non-taxable income	**(473)**	(385)	**(4,200)**	(841)
Tax incentives	**(483)**	(641)	**(147)**	(24)
Deferred tax assets not recognised	**356**	2,763	**–**	–
Recognition of previously unrecognised tax losses	**(1,071)**	–	**–**	–
Other items	**–**	(65)	**–**	–
	(554)	(24,724)	**294**	(4,795)
(Over)/Under provision in prior years – current tax expense	**(27)**	(574)	**–**	64
– deferred tax expense	**6,777**	1,872	**488**	1,241
	6,196	(23,426)	**782**	(3,490)

25. LOSS PER ORDINARY SHARE

Basic loss per ordinary share

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

GROUP	**2022**	2021
Loss attributable to shareholders of the Company (RM'000)	**(40,710)**	(91,752)
Weighted average number of ordinary shares outstanding during the year ('000)	**440,000**	440,000
Basic loss per ordinary share (sen)	**(9.25)**	(20.85)

Diluted loss per ordinary share

No diluted loss per ordinary share was presented as there are no dilutive potential ordinary shares.

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26. DIVIDEND

No interim or final dividends were declared or recommended for the financial years 2022 and 2021.

27. 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.

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

Segment assets

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

Geographical segments

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

Major customers

There were no customers with revenue equal or more than 10% of the Group's total revenue for the year ended 31 December 2022 (2021: RM Nil).

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	Hotels, resorts and golf course		Investment properties		Others *		Total		Eliminations of inter-segment transactions		Consolidated	
	2022	2021	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021
	RM'000	RM'000	**RM'000**	RM'000	**RM'000**	RM'000	**RM'000**	RM'000	**RM'000**	RM'000	**RM'000**	RM'000
BUSINESS SEGMENTS												
Revenue from												
external customers	**339,430**	107,017	**20,925**	20,628	**3,077**	1,085	**363,432**	128,730	**–**	–	**363,432**	128,730
Inter-segment revenue	**–**	–	**2,286**	2,345	**1,289**	597	**3,575**	2,942	**(3,575)**	(2,942)	**–**	–
Total segment revenue	**339,430**	107,017	**23,211**	22,973	**4,366**	1,682	**367,007**	131,672	**(3,575)**	(2,942)	**363,432**	128,730
Operating (loss)/profit	**(13,259)**	(127,192)	**12,731**	13,220	**(18,771)**	(8,504)	**(19,299)**	(122,476)	**(8,929)**	19,178	**(28,228)**	(103,298)
Interest income	**4,585**	5,051	**25**	296	**5**	74	**4,615**	5,421	**(4,333)**	(4,014)	**282**	1,407
Interest expense	**(5,891)**	(5,389)	**(225)**	(225)	**(5,796)**	(2,330)	**(11,912)**	(7,944)	**5,817**	5,505	**(6,095)**	(2,439)
Share of results of												
associated companies	**–**	–	**(4,500)**	(22,144)	**–**	–	**(4,500)**	(22,144)	**–**	–	**(4,500)**	(22,144)
(Loss)/Profit before tax	**(14,565)**	(127,530)	**8,031**	(8,853)	**(24,562)**	(10,760)	**(31,096)**	(147,143)	**(7,445)**	20,669	**(38,541)**	(126,474)
Net loss/(reversal) on impairment of financial instruments												
Trade and other receivables	**71**	(103)	**–**	–	**–**	–	**71**	(103)	**–**	–	**71**	(103)
Capital expenditure	**13,863**	5,588	**209**	–	**8**	–	**14,080**	5,588	**–**	–	**14,080**	5,588
Depreciation	**46,472**	51,996	**61**	139	**603**	627	**47,136**	52,762	**1,940**	1,914	**49,076**	54,676
Tax expense/(credit)	**3,257**	(26,118)	**2,898**	3,041	**23**	(362)	**6,178**	(23,439)	**18**	13	**6,196**	(23,426)
Segment assets before interests in associates	**873,178**	895,927	**356,788**	354,494	**5,546**	6,614	**1,235,512**	1,257,035	**(184,874)**	(210,489)	**1,050,638**	1,046,546
Interests in associates	**–**	–	**189,274**	182,592	**–**	–	**189,274**	182,592	**–**	–	**189,274**	182,592
Total segment assets	**873,178**	895,927	**546,062**	537,086	**5,546**	6,614	**1,424,786**	1,439,627	**(184,874)**	(210,489)	**1,239,912**	1,229,138

* Included in "Others" is investment holding which recorded total revenue of RM Nil (2021: Nil), operating loss of RM17,836,000 (2021: RM1,277,000) and loss before tax of RM23,631,000 (2021: RM3,606,000).

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28. FINANCIAL INSTRUMENTS

28.1 Categories of financial instruments

The table below provides an analysis of financial instruments categorised as amortised cost ("AC") and fair value through profit or loss ("FVTPL").

		GROUP			COMPANY	
	Note	Carrying amount RM'000	AC RM'000	FVTPL RM'000	Carrying amount RM'000	AC RM'000
2022						
FINANCIAL ASSETS						
Trade and other receivables (excluding prepayment)	11	**25,169**	**25,169**	**–**	**65,980**	**65,980**
Short-term fund placements	12	**82,448**	**–**	**82,448**	**–**	**–**
Cash and bank balances	12	**27,544**	**27,544**	**–**	**11,321**	**11,321**
		135,161	**52,713**	**82,448**	**77,301**	**77,301**
FINANCIAL LIABILITIES						
Short-term borrowings	15	**(185,816)**	**(185,816)**	**–**	**–**	**–**
Trade and other payables	16	**(112,657)**	**(112,657)**	**–**	**(66,019)**	**(66,019)**
		(298,473)	**(298,473)**	**–**	**(66,019)**	**(66,019)**

		GROUP		COMPANY	
	Note	Carrying amount RM'000	AC RM'000	Carrying amount RM'000	AC RM'000
2021					
FINANCIAL ASSETS					
Trade and other receivables (excluding prepayment)	11	13,381	13,381	57,489	57,489
Short-term fund placements	12	56,471	56,471	–	–
Cash and bank balances	12	21,699	21,699	6,799	6,799
		91,551	91,551	64,288	64,288
FINANCIAL LIABILITIES					
Short-term borrowings	15	(174,731)	(174,731)	(5,000)	(5,000)
Trade and other payables	16	(71,740)	(71,740)	(61,860)	(61,860)
		(246,471)	(246,471)	(66,860)	(66,860)

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28.2 Net gains and losses arising from financial instruments

Net gains/(losses) arising from financial instruments comprises interest income/(expense), fair value gains/(losses), foreign exchange gains/(losses) and net reversals/(losses) on impairment of financial instruments.

	GROUP		COMPANY	
	2022	2021	**2022**	2021
	RM'000	RM'000	**RM'000**	RM'000
Net gains/(losses) on:				
Financial assets at amortised cost	**14,897**	9,193	**6,778**	3,572
Financial assets at fair value through profit or loss	**1,295**	–	**–**	–
Financial liabilities at amortised cost	**(31,787)**	(7,720)	**(1,647)**	(1,522)
	(15,595)	1,473	**5,131**	(2,050)

28.3 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.

28.4 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. There are no significant changes as compared to prior periods.

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 terms. 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 terms 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 each reporting date, the Group or the Company assesses whether any of the receivables are credit impaired. Generally, the Group and the Company have a credit period of 30 days (2021: 30 days) from invoice date.

The gross carrying amounts of credit impaired receivables are written off (either partially or full) when there is no realistic prospect of recovery. This is generally the case when the Group or the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. Nevertheless, receivables that are written off could still be subject to enforcement activities.

28. FINANCIAL INSTRUMENTS (cont'd)

28.4 Credit risk (cont'd)

Receivables (cont'd)

There are no significant changes in the risk management objectives, policies and processes for managing the risk as compared to previous year.

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.

In managing credit risk of trade receivables, the Group manages its debtors and takes appropriate actions (including but not limited to legal actions) to recover long overdue balances.

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.

The Group uses individual assessment to measure expected credit losses ("ECLs") of trade receivables for all segments, taking into account of all relevant credit information and forward-looking macroeconomic information. Consistent with the debt recovery process, invoices which are past due 90 days will be considered as credit impaired.

The following table provides information about the exposure to credit risk and ECLs for trade receivables which are grouped together as they are expected to have similar risk nature.

	Note	Gross-carrying amount RM'000	Loss allowance/ credit impaired RM'000	Net balance RM'000
GROUP				
2022				
Current (Not past due)		**14,202**	**–**	**14,202**
1 – 3 months past due		**878**	**(72)**	**806**
4 – 6 months past due		**2**	**–**	**2**
	11	**15,082**	**(72)**	**15,010**
2021				
Current (Not past due)		5,362	–	5,362
1 – 3 months past due		376	(1)	375
4 – 6 months past due		56	–	56
	11	5,794	(1)	5,793

NOTES TO THE FINANCIAL STATEMENTS
31 December 2022

	Note	Gross-carrying amount RM'000	Loss allowance/ credit impaired RM'000	Net balance RM'000
COMPANY				
2022				
Current (Not past due)		**5,218**	**–**	**5,218**
1 – 3 months past due		**40**	**–**	**40**
4 – 6 months past due		**2**	**–**	**2**
	11	**5,260**	**–**	**5,260**
2021				
Current (Not past due)		1,520	–	1,520
1 – 3 months past due		2	–	2
4 – 6 months past due		–	–	–
	11	1,522	–	1,522

The individual impairment of trade receivables is in respect of receivables which are overdue for more than 3 months and are doubtful of recovery.

	TRADE RECEIVABLES Loss allowance/ credit impaired RM'000
GROUP	
Balance at 1 January 2021	118
Net remeasurement of loss allowance	(117)
Balance at 31 December 2021/1 January 2022	**1**
Net remeasurement of loss allowance	**71**
Balance at 31 December 2022	**72**

Other receivables

Other receivables are mainly arising from utilities and rental deposits paid. The amounts are unsecured and interest free.

The maximum exposure to credit risk is represented by the carrying amounts in the statement of financial position.

The other receivables have low credit risk. As at the end of the reporting period, the Company did not recognise any allowance for impairment losses.

28. FINANCIAL INSTRUMENTS (cont'd)

28.4 Credit risk (cont'd)

Cash and cash equivalents

Cash and cash equivalents are held with banks, financial institutions and cash management fund. As at the end of the reporting period, the maximum exposure to credit risks is represented by their carrying amounts in the statement of financial position.

These banks, financial institutions and cash management fund have low credit risks. In addition, some bank balances are insured by government agencies. The cash management fund will only invest into deposits with licensed financial institutions in Malaysia. Consequently, the Group and the Company are of the view that the loss allowance is not material and hence, not provided for.

Financial guarantees

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

The maximum exposure to credit risk amounts to RM185,816,000 (2021: RM169,731,000) 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.

The Company assumes that there is a significant increase in credit risk when a subsidiary's financial position deteriorates significantly. The Company considers a financial guarantee to be credit impaired when the subsidiary is unlikely to repay its credit obligation to the bank in full.

The Company determines the probability of default of the guaranteed loans individually using internal information available.

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.

Generally, the Company considers loans and advances to subsidiaries have low credit risk. The Company assumes that there is a significant increase in credit risk when a subsidiary's financial position deteriorates significantly. As the Company is able to determine the timing of payments of the subsidiaries' loans and advances when they are payable, the Company considers the loans and advances to be in default when the subsidiaries are not able to pay when demanded.

The Company determines the probability of default for these loans and advances individually using internal information available.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2022

The following table provides information about the exposure to credit risk and ECLs for subsidiaries' loans and advances:

	Note	Gross-carrying amount RM'000	Impairment loss allowance RM'000	Net balance RM'000
COMPANY				
2022				
Low credit risk		**58,818**	**–**	**58,818**
Significant increase in credit risk		**–**	**–**	**–**
Credit impaired		**–**	**–**	**–**
		58,818	**–**	**58,818**
2021				
Low credit risk	11	54,863	–	54,863
Significant increase in credit risk		–	–	–
Credit impaired		–	–	–
		54,863	–	54,863

28. FINANCIAL INSTRUMENTS (cont'd)

28.5 Interest rate risk

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

The borrowings of the Group as at the reporting date comprise short-term borrowings, which are rolled over at short intervals of one (1) to three (3) months.

The Group and the Company monitor the interest rates of borrowings offered by the financial institutions on a monthly basis. The interest expenses 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 RM45,322,000 (2021: RM46,332,000) bear interests ranging from 2.44% to 3.10% (2021: 2.55% to 2.75%) per annum.

Exposure to interest rate risk

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

	GROUP		COMPANY	
	2022	2021	**2022**	2021
	RM'000	RM'000	**RM'000**	RM'000
FIXED RATE INSTRUMENTS				
Cash and bank balances	**18,974**	7,908	**7,872**	1,344
Lease liabilities	**(987)**	(938)	**(582)**	(266)
Amount due to subsidiaries	**–**	–	**(45,322)**	(46,332)
FLOATING RATE INSTRUMENTS				
Short-term fund placements	**–**	56,471	**–**	–
Short-term borrowings	**(185,816)**	(174,731)	**–**	(5,000)

Interest rate risk sensitivity analysis for fixed rate instruments

The Group and the Company do not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2022

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 loss after tax by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

	EQUITY		LOSS AFTER TAX	
	1% increase RM'000	1% decrease RM'000	1% increase RM'000	1% decrease RM'000
GROUP				
2022				
FLOATING RATE INSTRUMENTS				
Short-term borrowings	**–**	**–**	**1,858**	**(1,858)**
Cash flow sensitivity (net)	**–**	**–**	**1,858**	**(1,858)**
2021				
FLOATING RATE INSTRUMENTS				
Short-term fund placements	–	–	(430)	430
Short-term borrowings	–	–	1,328	(1,328)
Cash flow sensitivity (net)	–	–	898	(898)
COMPANY				
2021				
FLOATING RATE INSTRUMENTS				
Short-term borrowings	–	–	38	(38)

28.6 Foreign currency risk

The Group incurs minimal foreign currency risk on sales and purchases 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 other than short-term borrowings, loans to associates and loan to a subsidiary, which are denominated in a currency other than Ringgit Malaysia. The currencies giving rise to this risk are primarily *U.S. Dollar (USD)* and *Hong Kong Dollar (HKD)*.

Risk management objectives, policies and processes for managing the risk

Net investment exposure arises from changes in the value of net investments denominated in currencies other than Ringgit Malaysia. The Group hedges its interests in overseas associates via foreign currency borrowings in matching currencies, which are formally designated as net investment hedge during the year.

28. FINANCIAL INSTRUMENTS (cont'd)

28.6 Foreign currency risk (cont'd)

Exposure to foreign currency risk

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

	2022 Denominated in		2021 Denominated in	
	USD RM'000	**HKD RM'000**	USD RM'000	HKD RM'000
GROUP				
Short-term borrowings	**(161,493)**	**(24,323)**	(146,799)	(22,932)
Loans to associates	**275,115**	**–**	244,790	–
	113,622	**(24,323)**	97,991	(22,932)
COMPANY				
Loans to a subsidiary	**107,049**	**9,614**	100,943	9,064

The Group has designated the short-term borrowings in USD and HKD as hedging instruments to hedge its exposure arises from changes in the value of net investment in USD. There is no net investment hedge ineffectiveness for current and prior years.

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 loss after tax by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

	EQUITY		LOSS AFTER TAX	
	2022 RM'000	2021 RM'000	**2022 RM'000**	2021 RM'000
GROUP				
USD	**(4,318)**	(3,724)	**–**	–
HKD	**924**	871	**–**	–
	(3,394)	(2,853)	**–**	–
COMPANY				
USD	**–**	–	**4,068**	3,836
HKD	**–**	–	**365**	344
	–	–	**4,433**	4,180

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.

28.7 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.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2022

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

Maturity analysis

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

	Note	Carrying amount RM'000	Contractual interest rate per annum %	Contractual cash flows RM'000	Under 1 year RM'000	1 – 2 years RM'000	2 – 5 years RM'000	More than 5 years RM'000
GROUP								
2022								
Lease liabilities		**(987)**	**3.63 – 5.60**	**(1,366)**	**(726)**	**(404)**	**(236)**	**–**
Short-term borrowings	15	**(185,816)**	**0.88 – 5.70**	**(196,208)**	**(196,208)**	**–**	**–**	**–**
Trade and other payables	16	**(112,657)**	**–**	**(112,657)**	**(106,543)**	**(6,114)**	**–**	**–**
		(299,460)		**(310,231)**	**(303,477)**	**(6,518)**	**(236)**	**–**
2021								
Lease liabilities		(938)	3.63 – 5.60	(1,218)	(584)	(275)	(339)	(20)
Short-term borrowings	15	(174,731)	0.76 – 2.60	(177,133)	(177,133)	–	–	–
Trade and other payables	16	(71,740)	–	(71,740)	(71,740)	–	–	–
		(247,409)		(250,091)	(249,457)	(275)	(339)	(20)
COMPANY								
2022								
Lease liabilities		**(582)**	**3.63 – 5.60**	**(620)**	**(316)**	**(255)**	**(49)**	**–**
Trade and other payables	16	**(20,304)**	**–**	**(20,304)**	**(20,304)**	**–**	**–**	**–**
Amount due to a subsidiary	16	**(45,322)**	**2.44 – 3.10**	**(46,727)**	**(46,727)**	**–**	**–**	**–**
Amount due to subsidiaries	16	**(393)**	**–**	**(393)**	**(393)**	**–**	**–**	**–**
Financial guarantees	28.4	**–**	**–**	**(185,816)**	**(185,816)**	**–**	**–**	**–**
		(66,601)		**(253,860)**	**(253,556)**	**(255)**	**(49)**	**–**
2021								
Lease liabilities		(266)	3.63 – 5.60	(279)	(170)	(30)	(79)	–
Short-term borrowings	15	(5,000)	2.60	(5,130)	(5,130)	–	–	–
Trade and other payables	16	(15,272)	–	(15,272)	(15,272)	–	–	–
Amount due to a subsidiary	16	(46,332)	2.55 – 2.75	(46,438)	(46,438)	–	–	–
Amount due to subsidiaries	16	(256)	–	(256)	(256)	–	–	–
Financial guarantees	28.4	–	–	(169,731)	(169,731)	–	–	–
		(67,126)		(237,106)	(236,997)	(30)	(79)	–

NOTES TO THE FINANCIAL STATEMENTS
31 December 2022

28. FINANCIAL INSTRUMENTS (cont'd)

28.8 Fair value information

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

The table below analyses other financial instruments at fair value.

	Fair value of financial instruments carried at fair value					
GROUP	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Total fair value RM'000	Carrying amount RM'000
2022						
FINANCIAL ASSETS						
Short-term fund placements	–	82,448	–	82,448	82,448	82,448

29. CAPITAL MANAGEMENT

The Group's objective 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.

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.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2022

30. CAPITAL COMMITMENTS

	GROUP		COMPANY	
	2022	2021	**2022**	2021
	RM'000	RM'000	**RM'000**	RM'000
CAPITAL EXPENDITURE COMMITMENTS				
Property, plant and equipment				
Contracted but not provided for	**7,605**	1,748	**3,522**	107
Authorised but not contracted for	**30,364**	19,118	**4,866**	3,817
	37,969	20,866	**8,388**	3,924

31. RELATED PARTIES

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

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

The Group has a related party relationship with its associates, its holding companies and subsidiaries of its holding companies.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2022

31. 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 amount for the year ended	
	2022	2021
	RM'000	RM'000
GROUP		
Subsidiaries of Shangri-La Asia Limited		
Management fees paid or payable		
– Shangri-La International Hotel Management Pte Ltd – Malaysian branch	**–**	457
Management, marketing and reservation fees paid or payable		
– Shangri-La Hotel Management (MY) Pte Ltd	**12,166**	4,328
Office rental income received or receivable		
– Shangri-La Shared Services Sdn Bhd	**1,153**	1,121
A major shareholder of the Company and its related companies		
Office rental income received		
– Kuok Brothers Sdn Bhd	**961**	961
– PPB Group Berhad	**964**	964
– Chemquest Sdn Bhd	**160**	160
COMPANY		
Subsidiaries		
Dividends received or receivable	**10,800**	–
Interest income received or receivable	**56**	52
Rental income received or receivable	**120**	120
Interest expense paid or payable	**1,319**	1,414
Rental expense paid or payable	**212**	210
Laundry service fees paid or payable	**486**	231
Subsidiaries of Shangri-La Asia Limited		
Management, marketing and reservation fees paid or payable		
– Shangri-La Hotel Management (MY) Pte Ltd	**3,029**	1,109

Significant balances with related parties of the Group and the Company at the reporting date are disclosed in Note 6, Note 7, Note 11 and Note 16 to the financial statements.Ibust, volupta nisque si as ea in noneste vid que num faceatu ritatem

APPENDIX

DIRECTORS OF SUBSIDIARY COMPANIES OF THE COMPANY

The list of directors who served on the boards of the subsidiary companies of the Company during the financial year until the date of the Directors' Report is set out below.

Name of Subsidiary Company	Name of Director	
Shangri-La Hotel (KL) Sdn Bhd	Datin Rozina Mohd Amin	
	Chan Kong Leong	(appointed on 12 August 2022)
	Kuok Oon Kwong	(resigned on 12 August 2022)
Golden Sands Beach Resort Sdn Bhd	Datin Rozina Mohd Amin	
	Chan Kong Leong	(appointed on 12 August 2022)
	Kuok Oon Kwong	(resigned on 12 August 2022)
Pantai Dalit Beach Resort Sdn Bhd	Datin Rozina Mohd Amin	
	Chan Kong Leong	(appointed on 12 August 2022)
	Kuok Oon Kwong	(resigned on 12 August 2022)
Dalit Bay Golf & Country Club Berhad	Datin Rozina Mohd Amin	
	Chan Kong Leong	(appointed on 12 August 2022)
	Tay Keng Hock	(appointed on 12 August 2022)
	Kuok Oon Kwong	(resigned on 12 August 2022)
Komtar Hotel Sdn Bhd	Datin Rozina Mohd Amin	
	Mazuki bin Abdullah @ Muhammad	
	Chan Kong Leong	(appointed on 12 August 2022)
	Kuok Oon Kwong	(resigned on 12 August 2022)
UBN Tower Sdn Bhd	Datin Rozina Mohd Amin	
	Tay Keng Hock	
UBN Holdings Sdn Bhd	Datin Rozina Mohd Amin	
	Tay Keng Hock	
Pantai Emas Sdn Bhd	Datin Rozina Mohd Amin	
	Tay Keng Hock	
Madarac Corporation	Datin Rozina Mohd Amin	
	Chan Kong Leong	(appointed on 12 August 2022)
	Kuok Oon Kwong	(resigned on 12 August 2022)
Palm Beach Hotel Sdn Bhd (dormant)	Datin Rozina Mohd Amin	
	Chan Kong Leong	(appointed on 12 August 2022)
	Kuok Oon Kwong	(resigned on 12 August 2022)
Pantai Dalit Development Sdn Bhd (dormant)	Datin Rozina Mohd Amin	
	Tay Keng Hock	
Hasil-Usaha Sdn Bhd (dormant)	Tay Keng Hock	
	Leong Swee Leng	
Wisegain Sdn Bhd (dormant)	Tay Keng Hock	
	Leong Swee Leng	

ADDITIONAL COMPLIANCE INFORMATION

under the Listing Requirements of Bursa Malaysia Securities Berhad

AUDIT AND NON-AUDIT FEES

For the financial year ended 31 December 2022, the fees payable to the external auditors Messrs KPMG PLT (KPMG) for audit services provided to the Company and its subsidiaries and for the non-audit services in respect of the review of regulatory compliance reporting, including verification of compliance work relating to a submission to the Malaysian Investment Development Authority (MIDA) for the Investment Tax Allowance incentive in respect of a subsidiary hotel, are set out below.

	GROUP RM	COMPANY RM
Audit fees		
– KPMG	**362,500**	**102,000**
Non-audit fees		
– KPMG	**18,500**	**13,500**
Total	**381,000**	**115,500**

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 2022, there were no material contracts entered into by the Company or its subsidiaries involving the interests of Directors and substantial shareholders.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Tan Sri A. Razak bin Ramli
Chairman

Chan Kong Leong
Managing Director

Datin Rozina Mohd Amin
Executive Director

Goh Ching Yin*

Dato' Sri Khazali bin Ahmad*

Ahmed Reza bin Mohd Ghazali*

Lim Fen Nee*

*Independent Non-Executive Directors

AUDIT COMMITTEE

Goh Ching Yin
Chairman

Dato' Sri Khazali bin Ahmad

POLICY IMPLEMENTATION COMMITTEE – *Hotels & Resorts*

Chan Kong Leong
Chairman

Datin Rozina Mohd Amin

NOMINATION & REMUNERATION COMMITTEE

Dato' Sri Khazali bin Ahmad
Chairman

Ahmed Reza bin Mohd Ghazali

Goh Ching Yin

COMPANY SECRETARY

Choy Chiew Ling

REGISTERED OFFICE

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

SOLICITORS

Zaid Ibrahim & Co
Kadir, Andri & Partners
Chambers of Mai

AUDITORS

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

PRINCIPAL BANKERS

RHB Bank Berhad
Malayan Banking Berhad
HSBC Bank Malaysia Berhad

SHARE REGISTRAR

Boardroom Share Registrars Sdn Bhd
11th Floor, Menara Symphony
No. 5, Jalan Prof. Khoo Kay Kim
Seksyen 13
46200 Petaling Jaya
Selangor Darul Ehsan
Tel : (+60-3) 7890 4700
Fax : (+60-3) 7890 4670

STOCK EXCHANGE LISTING

Bursa Malaysia Securities Berhad

FINANCIAL CALENDAR

Year 2023

27 FEBRUARY
Announcement of Unaudited Results for the 4th Quarter and Financial Year ended 31.12.2022

28 APRIL
Issue of 2022 Annual Report

30 MAY
Announcement of Unaudited Results for the 1st Quarter ended 31.3.2023

30 MAY
52nd Annual General Meeting to be held

Year 2022

30 MAY
Announcement of Unaudited Results for the 1st Quarter ended 31.3.2022

30 JUNE
51st Annual General Meeting

29 AUGUST
Announcement of Unaudited Results for the 2nd Quarter ended 30.6.2022

17 NOVEMBER
Announcement of Unaudited Results for the 3rd Quarter ended 30.9.2022

GROUP PROPERTIES

as at 31 December 2022

Registered Owner	Description/Location	Tenure	Age of buildings (years)	Land area (sq. metres)	Net book value at 31.12.2022 (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**	**38**	**16,229**	**99,888**
Komtar Hotel Sdn Bhd	**Hotel Jen Penang** 17-storey, 443 room hotel located at Magazine Road George Town, 10300 Penang	**Leasehold** (Expires 2082)	**36**	**4,497**	**59,752**
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 Beach 11100 Penang	**Freehold**	**49**	**58,798**	**67,729**
	Land Lot 402, Section 2 Town of Batu Feringgi North East District, Penang	**Leasehold** (Expires 2037)	**–**	**2,989**	
	Industrial land on which the central laundry owned by Pantai Emas Sdn Bhd is situated at No.6 (Plot 68) Pesara Kampung Jawa Bayan Lepas, 11900 Penang	**Leasehold** (Expires 2047)	**–**	**3,737**	**439**
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 2022

Registered Owner	Description/Location	Tenure	Age of buildings (years)	Land area (sq. metres)	Net book value at 31.12.2022 (RM'000)
Golden Sands Beach Resort Sdn Bhd	**Golden Sands Resort** 8-storey, 387 room resort located at 10th Mile Batu Feringgi Beach 11100 Penang	**Freehold**	**44**	**19,359**	**32,240**
	Land Lot 389, Section 2 Town of Batu Feringgi North East District, Penang	**Leasehold** (Expires 2050)	**–**	**424**	
Pantai Emas Sdn Bhd	**Penang Laundry Services** A central laundry located at No.6 (Plot 68) Pesara Kampung Jawa Bayan Lepas, 11900 Penang	**Leasehold** (Expires 2047)	**32**	**3,737**	**553**
UBN Tower Sdn Bhd	**UBN Tower** 36-storey commercial/office complex located at 10 Jalan P. Ramlee 50250 Kuala Lumpur	**Freehold**	**38**	**3,696**	**199,715**
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**	**38**	**3,120**	**48,200#**
	Commercial land on which Shangri-La Hotel Kuala Lumpur is situated at 11 Jalan Sultan Ismail 50250 Kuala Lumpur and UBN Tower at 10 Jalan P. Ramlee 50250 Kuala Lumpur	**Freehold**	**–**	**19,925**	**214,475**

GROUP PROPERTIES

as at 31 December 2022

Registered Owner	Description/Location	Tenure	Age of buildings (years)	Land area (sq. metres)	Net book value at 31.12.2022 (RM'000)
Pantai Dalit Beach Resort Sdn Bhd	**Shangri-La's Rasa Ria Resort & Spa** 499 room resort comprising two 4-storey blocks, four 5-storey blocks and six 6-storey blocks of guestrooms located at Pantai Dalit 89208 Tuaran, Sabah	**Leasehold** (Expires 2090)	**26**	**105,318**	**101,548**
	Land Land on which Shangri-La's Rasa Ria Resort & Spa and Dalit Bay Golf & Country Club are situated at Pantai Dalit 89208 Tuaran, Sabah	**Leasehold** (Expires 2090)	**–**	**761,467**	**3,150**
	Undeveloped land for future development located at Pantai Dalit 89208 Tuaran, Sabah	**Leasehold** (Expires 2090)	**–**	**843,662**	
Dalit Bay Golf & Country Club Berhad	**Dalit Bay Golf & Country Club** An 18-hole golf course and clubhouse located at Pantai Dalit 89208 Tuaran, Sabah	**Leasehold** (Expires 2090)	**25**	**668,985**	**23,415**

SHAREHOLDING STATISTICS

as at 31 March 2023

The total number of issued shares of the Company stands at 440,000,000 ordinary shares, with voting right of one vote per ordinary share.

DISTRIBUTION OF SHAREHOLDINGS

Size of Holdings	No. of Holders	%	No. of Shares	% of Issued Shares
Less than 100	287	5.555	3,667	0.001
100 – 1,000	2,113	40.902	1,759,930	0.400
1,001 – 10,000	2,277	44.077	8,988,379	2.043
10,001 – 100,000	414	8.014	12,037,983	2.736
100,001 to less than 5% of issued shares	73	1.413	83,659,300	19.013
5% and above of issued shares	2	0.039	333,550,741	75.807
	5,166	100.000	440,000,000	100.000

SUBSTANTIAL SHAREHOLDERS

	Direct Interest	Deemed Interest	
Name of Substantial Shareholders	No. of Shares	No. of Shares	% of Issued Shares
Hoopersville Limited	232,237,841	–	52.781
Shangri-La Asia Limited	–	232,237,841	52.781
Caninco Investments Limited	–	232,237,841	52.781
Kerry Holdings Limited	–	232,237,841	52.781
Kerry Group Limited	–	232,237,841	52.781
Kuok Brothers Sdn Berhad	101,312,900	237,500	23.080
ABRDN PLC	–	31,776,400	7.222
ABRDN Holdings Limited (formerly known as Aberdeen Asset Management PLC)	–	31,776,400	7.222
ABRDN Asia Limited	–	25,644,600	5.828

SHAREHOLDING STATISTICS
as at 31 March 2023

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 2023 are as follows:

	Direct Interest	Deemed Interest	
The Company			
Shangri-La Hotels (Malaysia) Berhad	**No. of Shares**	**No. of Shares**	**% of Issued Shares**
Tan Sri A. Razak bin Ramli	–	–	–
Chan Kong Leong	–	–	–
Datin Rozina Mohd Amin	–	–	–
Goh Ching Yin	–	–	–
Dato' Sri Khazali bin Ahmad	–	–	–
Ahmed Reza bin Mohd Ghazali	–	–	–
Lim Fen Nee	–	–	–
Ng Chih Kaye (stepped down on 12 April 2023)	–	–	–

(Ordinary Shares of HKD1.00 each)

Related Corporation			
Shangri-La Asia Limited (Ultimate Holding Company)	**No. of Shares**	**No. of Shares**	**% of Issued Shares**
Tan Sri A. Razak bin Ramli	–	–	–
Chan Kong Leong	108,000	–	0.003
Datin Rozina Mohd Amin	–	–	–
Goh Ching Yin	–	–	–
Dato' Sri Khazali bin Ahmad	–	–	–
Ahmed Reza bin Mohd Ghazali	–	–	–
Lim Fen Nee	–	–	–
Ng Chih Kaye (stepped down on 12 April 2023)	–	–	–

SHAREHOLDING STATISTICS

as at 31 March 2023

THE THIRTY LARGEST SHAREHOLDERS (AS PER RECORD OF DEPOSITORS)

Name of Shareholders	No. of Shares Held	% of Issued Shares
1. Hoopersville Limited	232,237,841	52.781
2. Kuok Brothers Sdn Berhad	101,312,900	23.026
3. HSBC Nominees (Asing) Sdn Bhd BNPP Lux/2S for Aberdeen Standard Sicav I – Asian Smaller Companies Fund	16,131,100	3.666
4. Amsec Nominees (Tempatan) Sdn Bhd Ambank (M) Berhad	11,433,400	2.599
5. HSBC Nominees (Asing) Sdn Bhd BNPP LDN/2S for Aberdeen Standard Asia Focus PLC	9,513,500	2.162
6. Amsec Nominees (Tempatan) Sdn Bhd Exempt AN for KGI Securities (Singapore) Pte Ltd (66581 T CL)	5,578,500	1.268
7. CIMB Group Nominees (Tempatan) Sdn Bhd CIMB Bank Berhad (EDP 2)	3,546,100	0.806
8. Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board (Aberdeen)	3,496,700	0.795
9. Citigroup Nominees (Tempatan) Sdn Bhd Kumpulan Wang Persaraan (Diperbadankan) (Aberdeen)	2,635,100	0.599
10. HSBC Nominees (Asing) Sdn Bhd Societe Generale Paris	2,332,500	0.530
11. CIMB Commerce Trustee Berhad Public Focus Select Fund	2,173,900	0.494
12. Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Yu Kuan Chon	2,004,700	0.456
13. Amanahraya Trustees Berhad Public Strategic Smallcap Fund	1,955,100	0.444
14. Amsec Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Yu Kuan Chon	1,558,500	0.354
15. HLB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Chan Sow Keng	1,276,200	0.290
16. Key Development Sdn Berhad	1,156,400	0.263
17. Amanahraya Trustees Berhad Public Emerging Opportunities Fund	836,200	0.190
18. Ying Holding Sdn Bhd	776,000	0.176
19. Amanahraya Trustees Berhad PB Smallcap Growth Fund	676,300	0.154
20. Lim Kian Huat	650,000	0.148
21. Gan Teng Siew Realty Sdn Berhad	645,000	0.147
22. Lee Kong Meng	617,000	0.140
23. G.T.Y. Holdings Sdn Bhd	606,000	0.138
24. Gemas Bahru Estates Sdn Bhd	600,000	0.136
25. Migan Sdn Bhd	595,300	0.135
26. Rengo Malay Estate Sendirian Berhad	571,000	0.130
27. Malaysia Nominees (Tempatan) Sendirian Berhad Pledged Securities Account for Yu Kuan Chon (01-00868-000)	565,000	0.128
28. HLB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lee Yuen Lang	521,900	0.119
29. Bidor Tahan Estates Sdn Bhd	516,000	0.117
30. Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ting Sing Ning	480,000	0.109
	406,998,141	92.500

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Fifty-Second Annual General Meeting of the Company (52nd AGM) will be held as a virtual meeting at the Broadcast Venue in the Johor Room, Lower Lobby, Shangri-La Hotel Kuala Lumpur, 11 Jalan Sultan Ismail, 50250 Kuala Lumpur on Tuesday, 30 May 2023 at 10.00 a.m. for the following purposes:

AS ORDINARY BUSINESS

1. To receive the Report of the Directors and Audited Financial Statements for the year ended 31 December 2022 and the Auditors' Report thereon.

2. To approve the payment of Directors' fees and meeting allowances to the Non-Executive Directors amounting to RM252,363 for the financial year ended 31 December 2022. **Ordinary Resolution 1**

3. To re-elect the following Directors who retire by rotation pursuant to Article 95 of the Company's Constitution and who, being eligible, offer themselves for re-election:
   i) Dato' Sri Khazali bin Ahmad **Ordinary Resolution 2**
   ii) Encik Ahmed Reza bin Mohd Ghazali. **Ordinary Resolution 3**

4. To re-appoint KPMG PLT 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 4**

By Order of the Board

CHOY CHIEW LING (MAICSA 7012415)
SSM Practising Certificate No.: 202008001431
Company Secretary

Kuala Lumpur
28 April 2023

NOTICE OF ANNUAL GENERAL MEETING

NOTES

Virtual AGM

i) The 52nd AGM of the Company will be conducted on a virtual basis through live streaming and online remote voting via Remote Participation and Electronic Voting (RPEV) facilities. These are available on the Online Meeting Platform provided by Boardroom Share Registrars Sdn Bhd at https://meeting.boardroomlimited.my. Please follow the procedures provided in the Administrative Guide for the 52nd AGM in order to register, participate and vote remotely via the RPEV facilities.

ii) The main venue for the 52nd AGM, namely the Broadcast Venue, is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 which requires the Chairman of the meeting to be present at the main venue to conduct the proceedings of the meeting. Kindly take note that no shareholders/proxies from the public shall be physically present at the Broadcast Venue on the day of the 52nd AGM.

Appointment of Proxies

i) A Member of the Company entitled to attend and vote at the 52nd AGM is entitled to appoint a proxy or proxies to attend, participate and vote in his/her stead. Where a Member appoints more than one proxy, the appointments shall be invalid unless he/she specifies the proportion of his/her shareholding to be represented by each proxy. A proxy need not be a Member of the Company. If a Member is unable to participate in the 52nd AGM via the RPEV facilities, he/she may appoint the Chairman of the Meeting as his/her proxy and indicate the voting instructions in the Proxy Form.

ii) The Proxy Form must be signed by the appointor or his/her attorney duly authorised in writing or, if the Member is a corporation, executed under its common seal or by its attorney or officer duly authorised in writing.

iii) The instrument appointing a proxy must either (a) be deposited at the office of Boardroom Share Registrars Sdn Bhd, 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor, Malaysia, not less than 48 hours before the date and time appointed for holding the 52nd AGM, i.e. no later than 10.00 a.m. on Sunday, 28 May 2023, or (b) be submitted via electronic means through the Boardroom Smart Investor Portal. Please follow the link at https://investor.boardroomlimited.com to login and deposit your Proxy Form electronically no later than 10.00 a.m. on Sunday, 28 May 2023.

Entitlement to Participate and Vote

i) In respect of deposited securities, only Members whose names appear in the Record of Depositors on Friday, 19 May 2023 (General Meeting Record of Depositors) will be entitled to attend, participate in and vote at the 52nd AGM.

ii) Voting on all the resolutions set out in the Notice of the 52nd AGM will be conducted by way of a poll in accordance with Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

EXPLANATORY NOTES ON ORDINARY BUSINESS

a) Audited Financial Statements for the year ended 31 December 2022

The Audited Financial Statements for the year ended 31 December 2022 are contained within the Company's 2022 Annual Report, printed copies of which were sent to all shareholders on 28 April 2023. In line with Section 340(1)(a) of the Companies Act 2016, the Audited Financial Statements are for discussion only and do not require shareholders' approval. As such, they will not be put to a vote by shareholders.

NOTICE OF ANNUAL GENERAL MEETING

b) Ordinary Resolution 1 — Directors' Fees and Meeting Allowances

Resolution 1 seeks shareholders' approval for the payment of Directors' fees and meeting allowances of RM252,363 to the Non-Executive Directors (NEDs) of the Company for the year ended 31 December 2022 based on the remuneration structure set out below. Details of the Directors' fees and meeting allowances payable to each of the NEDs are given on page 30 in the Corporate Governance Overview Statement contained within the Company's 2022 Annual Report.

Director's Fixed Fees (per annum)	Chairman	Other NEDs
Board of Directors	RM50,000	RM35,000

Board Committee Fixed Fees (per annum)	Chairman	Member
• Audit Committee	RM8,000	RM5,000
• Nomination and Remuneration Committee	RM4,000	-

Meeting Allowances • Board meetings • Board committee meetings	RM500 per meeting attended

In respect of the financial year 2021, a total sum of RM229,500 made up of Directors' fees (RM212,000) and meeting allowances (RM17,500) was approved by shareholders at the 51st Annual General Meeting held on 30 June 2022 and paid to the NEDs of the Company.

c) Ordinary Resolutions 2 and 3 — Re-election of Directors pursuant to Article 95 of the Company's Constitution

Resolutions 2 and 3 relate to the re-election of Dato' Sri Khazali bin Ahmad and Encik Ahmed Reza bin Mohd Ghazali as Directors of the Company.

Following a performance assessment of Dato' Sri Khazali bin Ahmad and Encik Ahmed Reza bin Mohd Ghazali, the Board confirms that each Director continues to make an effective and valuable contribution to the work of the Board, demonstrates commitment to his role and has sufficient time to devote to the Company's affairs. The Board also considers that both retiring Directors remain fully independent and that there are no relationships or circumstances likely to affect their independence or judgement. Therefore, pursuant to the recommendation made by the Nomination and Remuneration Committee and for the reasons aforesaid, the Board supports the proposed re-election of Dato' Sri Khazali bin Ahmad and Encik Ahmed Reza bin Mohd Ghazali to the Board.

Dato' Sri Khazali bin Ahmad and Encik Ahmed Reza bin Mohd Ghazali do not have any interest in the shares of Shangri-La Hotels (Malaysia) Berhad and its subsidiaries and their biographical details and profile are shown on pages 7 and 8 of the Company's 2022 Annual Report.

d) Ordinary Resolution 4 — Auditors

Resolution 4 proposes the re-appointment of KPMG PLT as the Auditors of the Company until the conclusion of the Company's Annual General Meeting in 2024 and seeks authority for the Directors to determine their remuneration.

ADMINISTRATIVE GUIDE

for the Virtual 52nd Annual General Meeting of the Company (AGM)

DATE	:	Tuesday, 30 May 2023
TIME	:	10.00 a.m.
BROADCAST VENUE	:	Johor Room, Lower Lobby, Shangri-La Hotel Kuala Lumpur, 11 Jalan Sultan Ismail, 50250 Kuala Lumpur, Malaysia
ONLINE MEETING PLATFORM	:	https://meeting.boardroomlimited.my

1. Virtual AGM

a) The AGM will be conducted virtually through live streaming and online remote voting using Remote Participation and Electronic Voting (RPEV) facilities. These facilities are available at the Online Meeting Platform provided by Boardroom Share Registrars Sdn Bhd at https://meeting.boardroomlimited.my.

b) You are strongly encouraged to go online, participate, and vote at the AGM via the RPEV facilities. These facilities will allow you to view a live streaming of the AGM, ask questions online and submit votes remotely.

c) The Board Chairman of the Company will conduct the proceedings by electronic means at the Broadcast Venue in compliance with Section 327(2) of the Companies Act 2016. No shareholders/proxies will be permitted to be physically present at the Broadcast Venue on the day. Please note that there will also be no vouchers for meal packs for shareholders/proxies who participate in the AGM.

We thank you for your understanding and support for the arrangements made in respect of the forthcoming AGM of Shangri-La Hotels (Malaysia) Berhad which will be conducted on a virtual basis from the Broadcast Venue.

2. Entitlement to Participate and Vote

In respect of deposited securities, only Members of the Company whose names appear in the Record of Depositors on Friday, 19 May 2023 (General Meeting Record of Depositors) will be entitled to attend, participate and vote at the AGM.

3. Appointment of Proxies

a) If you are unable to participate in the AGM via the RPEV facilities, you may either:
- Appoint the Chairman of the Meeting as your proxy and indicate your voting instructions in the Proxy Form; or
- Appoint a proxy or proxies (other than the Chairman of the Meeting) to attend, participate and vote in your stead. If you appoint more than one proxy, the appointments will be invalid unless you specify the proportion of your shareholding to be represented by each proxy. A proxy need not be a Member of the Company.

b) If you wish to appoint a proxy(ies), please complete the Proxy Form in accordance with the notes and instructions printed on the form.

c) The Proxy Form must be signed by you or your attorney duly authorised in writing. If the Member is a corporation, the Proxy Form must be executed under the corporation's common seal or by its attorney or officer duly authorised in writing.

ADMINISTRATIVE GUIDE

for the Virtual 52nd Annual General Meeting of the Company (AGM)

d) **No later than 10.00 a.m. on Sunday, 28 May 2023**, the Proxy Form must either:
- Be deposited at the office of Boardroom Share Registrars Sdn Bhd, 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor, Malaysia; or
- Be submitted via electronic means through the Boardroom Smart Investor Portal. Please follow the link at https://investor.boardroomlimited.com to login and deposit your Proxy Form electronically. For further information, kindly refer 5c below.

e) If you have submitted your Proxy Form and subsequently decide to appoint another proxy, or wish to participate and vote at the AGM yourself, please email bsr.helpdesk@boardroomlimited.com to revoke the earlier Proxy Form.

4. Voting Procedures

a) Voting on all resolutions set out in the Notice of the AGM will be conducted by way of a poll in accordance with Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

b) The Company has appointed Boardroom Share Registrars Sdn Bhd (Boardroom) as Poll Administrator to conduct the poll by way of electronic voting (e-voting); and Deloitte Business Advisory Sdn Bhd as the Scrutineers to verify the results of the poll.

c) During the AGM, the Chairman will invite the Poll Administrator to brief shareholders and proxies on the e-voting procedures.

d) For the purpose of this AGM, e-voting will be carried out via smart mobile phones, tablets or computers/laptops. There are two ways of e-voting, as follows:
- Launch **Lumi AGM** by scanning the QR Code which will be given to you in the email that contains your remote access user ID and password (see 5c below); or
- Access **Lumi AGM** via https://meeting.boardroomlimited.my.

e) The voting session will start as soon as the Chairman calls for the poll to be opened and will continue till the Chairman announces the closure of the poll.

f) When voting has ended, the Scrutineers will verify the poll result reports, after which the Chairman of the Meeting will announce whether the resolutions have been passed.

5. Steps for Registration for Remote Participation and Electronic Voting

a) The RPEV facilities are available to individual members, corporate shareholders, Authorised Nominees and Exempt Authorised Nominees.

b) The RPEV facilities will enable you to view a live streaming of the AGM proceedings, pose questions and submit your votes in real-time.

c) To request a remote participation user ID and password in order to participate in the AGM and to lodge a Proxy Form electronically, please follow the detailed steps.

ADMINISTRATIVE GUIDE

for the Virtual 52nd Annual General Meeting of the Company (AGM)

STEP 1 – Register Online with the Boardroom Smart Investor Portal (BSIP) *(for first time registration only)*

(Note: If you have already signed up with the BSIP, you are not required to register again. You may proceed to Step 2.)

- Go to https://investor.boardroomlimited.com.
- Click <<Register>> to sign up as a user.
- Select the correct account type, i.e. sign up as "Shareholder" or "Corporate Holder".
- Complete your registration with all required information and upload a soft copy of your MyKad (front and back) or your passport. For Corporate Shareholders, kindly upload the authorisation letter as well.
- Enter a valid email address and wait for Boardroom's email verification.

Your registration will be verified and approved within one business day and you will be notified by email.

STEP 2 – Submit a Request for a Remote Participation User ID and Password

(Note: The registration for remote access will open on Friday, 28 April 2023. The closing time and date to submit your request is no later than 10.00 a.m. on Sunday, 28 May 2023.)

Individual and Corporate Shareholders – Registration for Remote Participation via BSIP

- Login to https://investor.boardroomlimited.com using your user ID (registered email address) and password.
- Select and click <<Meeting Event>> from the main menu.
- Select <<SHANGRI-LA HOTELS (MALAYSIA) BERHAD – FIFTY-SECOND (52ND) ANNUAL GENERAL MEETING>> from the Meeting Event list and click <<Enter>>.
- Go to "VIRTUAL" and then click <<Register for RPEV>>.
- Enter your CDS Account Number.
- Read and agree to the terms and conditions, and click <<Register>>.

Individual and Corporate Shareholders – eProxy Lodgement via BSIP

- Login to https://investor.boardroomlimited.com using your user ID (registered email address) and password.
- Select and click << Meeting Event>> from the main menu.
- Select <<SHANGRI-LA HOTELS (MALAYSIA) BERHAD – FIFTY-SECOND (52ND) ANNUAL GENERAL MEETING>> from the Meeting Event list and click <<Enter>>.
- Go to "PROXY" and click <<Submit eProxy Form>>.
- For Corporate Shareholders, select the company(ies) you will be representing.
- Enter your CDS Account Number and indicate the number of securities.
- Appoint your proxy(ies) or the Chairman of the Meeting.
- Read and agree to the terms and conditions, and click <<Next>>.
- Enter the required particulars of your proxy(ies), and click <<Next>>.
- Indicate your voting instruction – FOR or AGAINST or ABSTAIN. If you wish to have your proxy(ies) to act at his/her/their discretion, please indicate DISCRETIONARY.
- Review and confirm your proxy(ies) appointment.
- Click <<Apply>>.
- Download and print the e-Proxy Form acknowledgement.

ADMINISTRATIVE GUIDE

for the Virtual 52nd Annual General Meeting of the Company (AGM)

STEP 2 – Submit a Request for a Remote Participation User ID and Password (cont'd)

Corporate Shareholders – Proxy Lodgement via Email

- Email bsr.helpdesk@boardroomlimited.com, providing the name of the shareholder, the CDS Account Number and the Certificate of Appointment of Corporate Representative or Proxy Form.
- Attach a copy of the corporate representative's MyKad (front and back) or passport and his/her email address.

Authorised Nominees and Exempt Authorised Nominees – eProxy Lodgement via BSIP

- Login to https://investor.boardroomlimited.com using your user ID (registered email address) and password.
- Select and click << Meeting Event>> from the main menu.
- Select <<SHANGRI-LA HOTELS (MALAYSIA) BERHAD – FIFTY-SECOND (52ND) ANNUAL GENERAL MEETING>> from the Meeting Event list and click <<Enter>>.
- Go to "PROXY" and click <<Submit eProxy Form>>.
- Select the nominee(s)/company(ies) you will be representing.
- Download the file format for "Submission of Proxy Form".
- Prepare the file for the appointment of proxy(ies) by inserting the required data.
- Upload the duly completed proxy appointment file.
- Review and confirm your proxy appointment.
- Click <<Submit>>.
- Download and print the e-Proxy Form acknowledgement.

Authorised Nominees and Exempt Authorised Nominees – Proxy Lodgement via Email

- Email bsr.helpdesk@boardroomlimited.com, providing the name of the shareholder, the CDS Account Number and the Proxy Form.
- Provide a copy of the proxy holder's MyKad (front and back) or passport and his/her email address.

Note for Corporate Shareholders, Authorised Nominees and Exempt Authorised Nominees

If you wish to appoint a proxy(ies) or corporate representative for more than one company/nominee, kindly click the home button and select "Edit Profile" in order to add another company/nominee name.

Thereafter

- Boardroom will notify you that your request has been received and is being verified.
- Following verification against the Record of Depositors as at Friday, 19 May 2023, Boardroom will email you either approving or rejecting your registration for remote participation.
- If your registration is approved, you will receive an email with your remote access user ID and password.

ADMINISTRATIVE GUIDE

for the Virtual 52nd Annual General Meeting of the Company (AGM)

STEP 3 – Login to Virtual Meeting Portal

(Note: The Virtual Meeting Portal will open for login one hour before the start of the AGM, i.e. at 9.00 a.m. on Tuesday, 30 May 2023.)

- To login to the Virtual Meeting Portal, follow the steps given to you in the email from Boardroom, using the remote access user ID and password provided.
- The Boardroom email will also guide you on how to view live streaming, ask questions and vote.
- Once the Chairman of the Meeting announces the closure of the AGM, the live streaming will end and the Messaging window will be disabled. You can then logout from the Virtual Meeting Portal.

6. Further Information on the Virtual AGM

a) A Login User Guide to participate, pose questions and vote at the AGM will be emailed to you together with your remote access user ID and password when your registration has been approved.

b) No recording or photography of the AGM proceedings is allowed without the prior written permission of the Company.

c) Please stay connected at all times in order to participate and vote at the AGM. Please be aware that the quality of the connectivity to the Virtual Meeting Portal for live streaming as well as for online voting is dependent on the bandwidth and the stability of the internet connectivity at your location.

d) The Board of Directors will address as many questions as possible about the business set out in the Notice of the AGM and any other matters about the Company's business. Shareholders/proxies may use the Messaging window to transmit questions to the Board of Directors during the live streaming, and may also send questions to the Company Secretary by email to shmb@shangri-la.com by 5.00 p.m. on Tuesday, 23 May 2023.

7. Annual Report 2022

The Company's Annual Report 2022 (AR 2022) was sent to all shareholders on 28 April 2023. The AR 2022 can also be downloaded from the Company's website at https://www.shangri-la.com/group/investors/public-disclosures-malaysia. Should you need a copy of the printed AR 2022, please email to Boardroom Share Registrars Sdn Bhd at bsr.helpdesk@boardroomlimited.com.

ADMINISTRATIVE GUIDE

for the Virtual 52nd Annual General Meeting of the Company (AGM)

8. Personal Data Privacy

By registering for the RPEV facilities and/or submitting the instrument appointing a proxy(ies) and/or representative(s), you have consented to the use of such data for the purposes of processing and administration by the Company or its agents, and to comply with any relevant laws, listing rules, regulations and/or guidelines.

9. Enquiries

Should you have any enquiries about the virtual AGM, please contact Boardroom Share Registrars Sdn Bhd between 8.30 a.m. and 5.30 p.m., Mondays to Fridays (except on public holidays) as follows:

Contact Persons	Telephone No.
(i) Ms Nur Atiqah Mohd Arif	+603-7890 4704
(ii) Ms Vivien Khoh	+603-7890 4726
(iii) Mr Allen Sii	+603-7890 4788

Office Helpdesk No. : +603-7890 4700
Fax No. : +603-7890 4670
Email : nuratiqah.arif@boardroomlimited.com
: vivien.khoh@boardroomlimited.com
: allen.sii@boardroomlimited.com

NOTES

SHANGRI-LA HOTELS (MALAYSIA) BERHAD
197101000484 (10889-U)
(Incorporated in Malaysia)

PROXY FORM

for the Fifty-Second Annual General Meeting of the Company

No. of Shares held :

CDS Account No. :

I/We _____ NRIC/Passport/Company No. _____

of _____
(full address)

Tel. No. _____ Email address : _____

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

_____ NRIC/Passport No. _____

of _____
(full address)

Tel. No. _____ Email address : _____

or failing him/her _____ NRIC/Passport No. _____

of _____
(full address)

Tel. No. _____ Email address : _____

or failing him/her, the Chairman of the Meeting, as my/our proxy/proxies to vote for me/us and on my/our behalf at the Fifty-Second Annual General Meeting of the Company to be conducted on a virtual basis at the Broadcast Venue in the Johor Room, Lower Lobby, Shangri-La Hotel Kuala Lumpur, 11 Jalan Sultan Ismail, 50250 Kuala Lumpur on Tuesday, 30 May 2023 at 10.00 a.m. or at any adjournment thereof in the following manner:

NO.	ORDINARY RESOLUTIONS	FOR	AGAINST
1	To approve the payment of Directors' Fees and Meeting Allowances		
2	To re-elect Dato' Sri Khazali bin Ahmad as Director		
3	To re-elect Encik Ahmed Reza bin Mohd Ghazali as Director		
4	To re-appoint KPMG PLT as Auditors		

To indicate how you wish your votes to be cast, please tick (√) in the appropriate box for each Resolution. If no voting instruction is given, the proxy/proxies will vote or abstain from voting at his/her/their discretion.

Signed this _____ day of _____ 2023

_____
Signature or Common Seal of Member

The proportions of my/our holding to be represented by my/our proxies are as follows:	
First Proxy	%
Second Proxy	%
Total	**100%**

NOTES

a. A Member of the Company entitled to attend and vote at the Fifty-Second Annual General Meeting (52nd AGM) is entitled to appoint a proxy or proxies to attend, participate and vote in his/her/their stead. Where a Member appoints more than one proxy, the appointments shall be invalid unless he/she specifies the proportion of his/her shareholding to be represented by each proxy. A proxy need not be a Member of the Company.

b. The Proxy Form must be signed by the appointor or his/her attorney duly authorised in writing or, if the Member is a corporation, executed under its common seal or by its attorney or officer duly authorised in writing.

c. The instrument appointing a proxy must either (a) be deposited at the office of Boardroom Share Registrars Sdn Bhd, 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor, Malaysia, not less than 48 hours before the date and time appointed for holding the 52nd AGM, i.e. no later than 10.00 a.m. on Sunday, 28 May 2023, or (b) be submitted via electronic means through the Boardroom Smart Investor Portal. Please follow the link at https://investor.boardroomlimited.com to login and deposit your Proxy Form electronically no later than 10.00 a.m. on Sunday, 28 May 2023.

d. Only Members whose names appear in the Record of Depositors on Friday, 19 May 2023 (General Meeting Record of Depositors) shall be entitled to attend, participate and vote at the 52nd AGM.

FOLD THIS FLAP FOR SEALING

THEN FOLD HERE

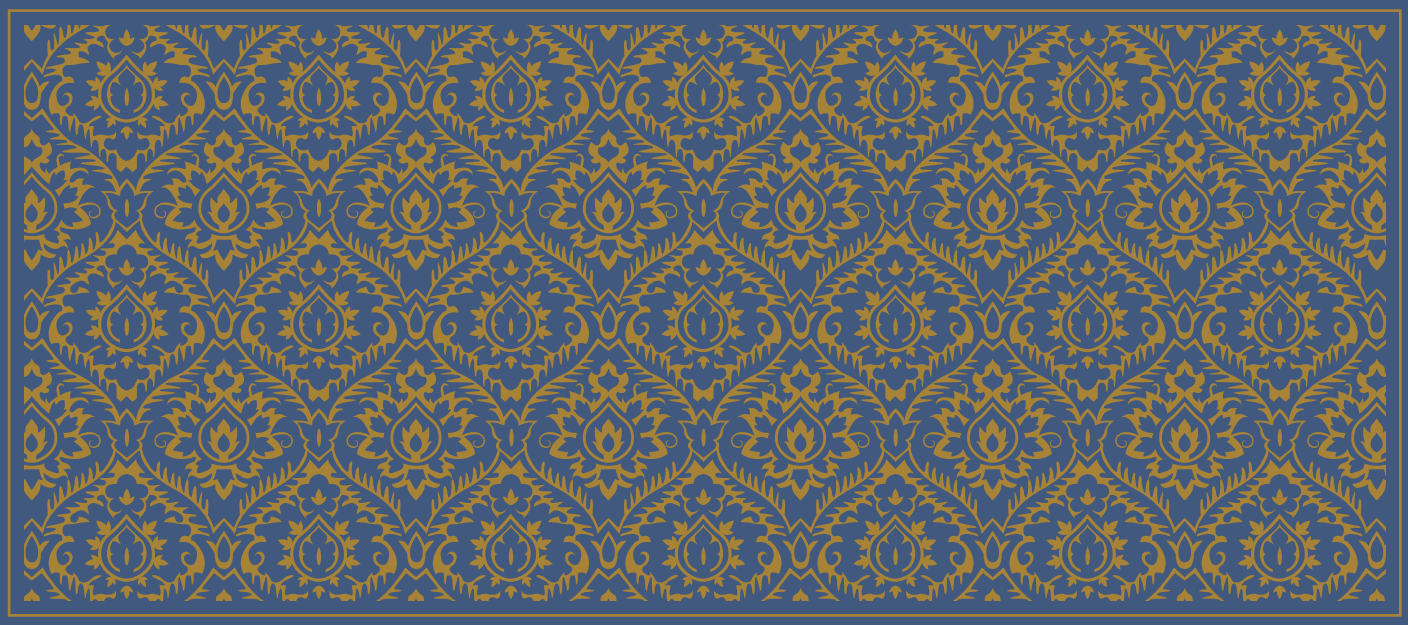
AFFIX
STAMP

BOARDROOM SHARE REGISTRARS SDN BHD
Reg. No: 199601006647 (378993-D)

11th Floor Menara Symphony,
No. 5, Jalan Prof. Khoo Kay Kim,
Seksyen 13,
46200 Petaling Jaya,
Selangor, Malaysia.

1ST FOLD HERE

SHANGRI-LA HOTELS (MALAYSIA) BERHAD Reg. No.: 197101000484 (10889-U)
REGISTERED OFFICE 13th Floor, UBN Tower, 10 Jalan P. Ramlee, 50250 Kuala Lumpur | tel (+60-3) 2026 1018 fax (+60-3) 2026 1068



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