

# ANNUAL REPORT



## 2008



**THE EPITOME OF  
LUXURY IN THE  
HEART OF THE CITY**



**SHANGRI-LA KUALA LUMPUR RETURNS AND RAISES THE BAR AGAIN WITH  
A LUXURIOUS NEW STANDARD IN ASIAN HOSPITALITY.**

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## GROUP FINANCIAL HIGHLIGHTS



	2008 RM'000	2007 RM'000	2006 RM'000	2005 RM'000	2004 RM'000
<b>RESULTS</b>					
Revenue	<b>415,447</b>	410,725	330,520	280,089	311,352
Exceptional items	-	-	-	12,191	(16,989)
Profit before tax	<b>71,474</b>	98,406	45,208	44,673	35,046
Profit attributable to shareholders	<b>49,267</b>	77,242	35,679	37,326	30,941
Dividend-net	<b>26,268</b>	32,428	25,564	25,344	23,760
<b>KEY BALANCE SHEET DATA</b>					
Issued capital	<b>440,000</b>	440,000	440,000	440,000	440,000
Total assets employed	<b>1,074,039</b>	1,041,826	1,010,791	938,055	1,509,010
Shareholders' equity	<b>739,322</b>	722,615	671,069	657,860	1,113,205
<b>PER SHARE DATA</b>					
Net earnings per share	(sen) <b>11.20</b>	17.56	8.11	8.48	7.03
Net assets per share	(RM) <b>1.68</b>	1.64	1.53	1.50	2.53
Dividend-gross	(sen) <b>8.0</b>	10.0	8.0	8.0	7.5
<b>FINANCIAL RATIOS</b>					
Return on shareholders' equity	(%) <b>6.7</b>	10.7	5.3	5.7	2.8
Return on total assets	(%) <b>4.6</b>	7.4	3.5	4.0	2.1
Net borrowings to shareholders' equity	(%) <b>20.9</b>	19.4	27.5	21.5	15.6

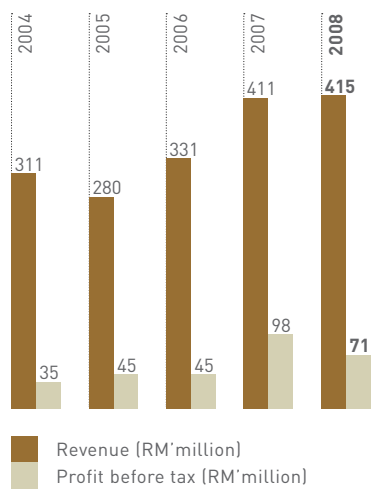
### NOTES

- Group profit attributable to shareholders for year 2008 of RM49.267 million is stated after charging to the income statement an amount of RM24.147 million for certain asset write-offs relating to the major renovation programme at Shangri-La Hotel Kuala Lumpur.
- Dividends of RM26.268 million for the financial year ended 31 December 2008 consist of (a) the interim dividend of 3% per share less tax at 26% paid on 26 November 2008 amounting to RM9.768 million and (b) the proposed final dividend of 5% less tax at 25% amounting to RM16.500 million. The proposed final dividend of 5% less tax at 25% for the financial year ended 31 December 2008 is subject to shareholders' approval at the Annual General Meeting of the Company to be held on 21 May 2009.

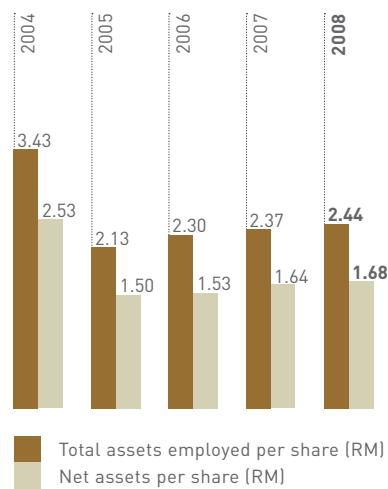
## GROUP FINANCIAL HIGHLIGHTS



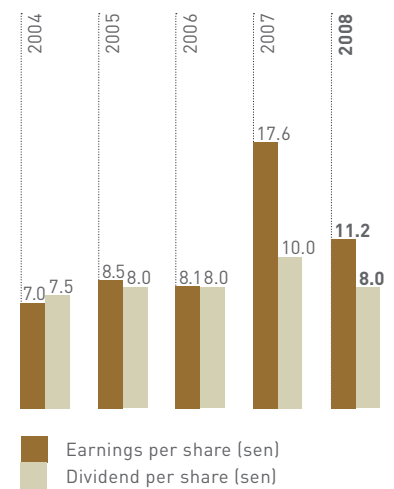
### REVENUE & PROFIT BEFORE TAX



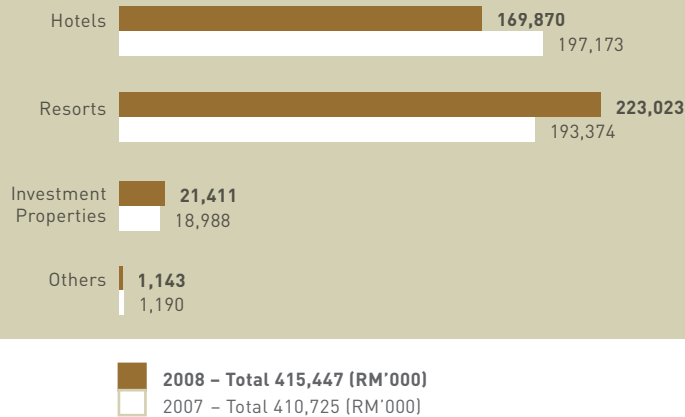
### TOTAL ASSETS EMPLOYED PER SHARE & NET ASSETS PER SHARE



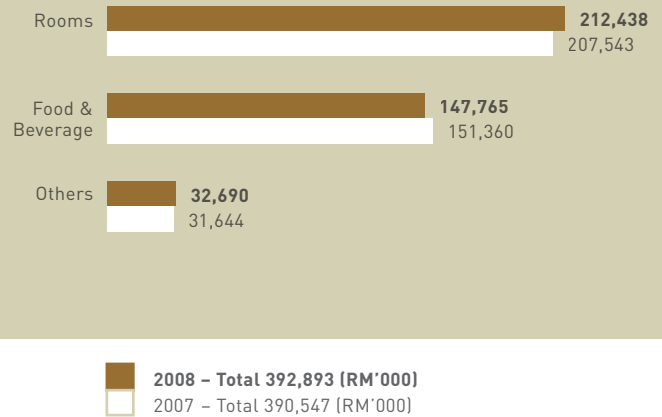
### EARNINGS PER SHARE & DIVIDEND PER SHARE



### REVENUE BY SEGMENT



### REVENUE OF HOTELS & RESORTS BY DEPARTMENTS



## CHAIRMAN'S STATEMENT



*Dear Shareholders,*

IN 2008, THE GROUP REGISTERED A DECLINE IN EARNINGS OVER THE PREVIOUS FINANCIAL YEAR. THIS WAS LARGELY AS A CONSEQUENCE OF THE SIGNIFICANTLY REDUCED PERFORMANCE OF SHANGRI-LA HOTEL KUALA LUMPUR, WHICH WAS UNDER MAJOR RENOVATIONS THROUGH MOST OF 2008. THE HOTEL INEVITABLY SUFFERED SUBSTANTIAL SHORTFALLS IN OCCUPANCY LEVELS AND REVENUE DURING THE YEAR AS THE WORK RESULTED IN A MATERIAL REDUCTION IN THE NUMBER OF ROOMS AVAILABLE FOR SALE.



*Lobby Lounge, SHANGRI-LA HOTEL KUALA LUMPUR*

Coupled with this, the Group's earnings in 2008 were also affected by a significant charge of RM24.147 million to write-off certain fixed assets related to the hotel's major renovation programme.

Overall, the year saw unprecedented turbulence in the global economy and the financial markets. Indeed, our business environment became increasingly challenging in the latter part of 2008 with the deepening of the credit crisis and recessionary conditions in the global economy, leading to a sharp downturn in international travel and lower economic activity.

Our hotels and investment properties responded quickly to these challenges with increased sales and marketing efforts, and a rigorous programme of cost savings in all areas of operations.

Against this background, it is particularly pleasing to report that Rasa Ria Resort and Rasa Sayang Resort did well to achieve strong improvements in their operating results over 2007, and also the good performance from UBN Tower, our investment property in Kuala Lumpur.

### GROUP RESULTS

For the full year 2008, Group revenue increased to RM415.447 million compared with RM410.725 million in the year ended 31 December 2007. This growth came mainly from Rasa Ria Resort and Rasa Sayang Resort, and helped offset the large drop in revenue at Shangri-La Hotel Kuala Lumpur.

After taking into account the impact of the RM24.147 million charge for asset write-offs, the Group's profit before tax for the full year fell by 27% to RM71.474 million from RM98.406 million in 2007. Consequently, the profit attributable to shareholders in 2008 declined by 36% to RM49.267 million from RM77.242 million in 2007. Earnings per share for 2008 were 11.20 sen as compared with 17.56 sen the previous year.

Excluding the asset write-offs, the Group's attributable profit for 2008 would have decreased by 5% to RM73.414 million from RM77.242 million last year, while earnings per share would have been 16.69 sen against 17.56 sen in 2007.



At the end of 2008, the Group had shareholders' equity of RM739.322 million, an improvement of 2% over RM722.615 million at year-end 2007, due to the retained profit for the year. In tandem, the net asset value per share of the Group at 31 December 2008 increased to RM1.68 compared with RM1.64 at the end of the previous year.

The consolidated net debt of the Group at the close of 2008 amounted to RM154.319 million, up from RM140.596 million at the end of 2007, principally as a result of the additional borrowings taken on to finance the renovation programme at Shangri-La Hotel Kuala Lumpur. The Group's balance sheet and financial position remained healthy, with a net gearing ratio of 21% at end-December 2008 compared with 19% as at the prior year-end.

### DIVIDENDS

In the light of prevailing market conditions and the significant level of uncertainty facing our business, the Board of Directors therefore felt it prudent to reduce the full year dividend in respect of 2008, and is recommending a final dividend of 5% less tax. Together with the interim dividend of 3% less tax paid in November 2008, this will make a total dividend of 8% less tax for the financial year ended 31 December 2008, compared with a total dividend of 10% less tax for 2007.

The proposed final dividend, if approved at the Annual General Meeting to be held on 21 May 2009, will be paid to shareholders on 30 June 2009.

## CHAIRMAN'S STATEMENT



### PERFORMANCE REVIEW

As expected, performance at Shangri-La Hotel Kuala Lumpur reflected the disruptions caused by its major renovation programme, which commenced in early April 2008. Owing to a reduction in available rooms, the hotel's occupancy fell sharply in the year from 70% in 2007 to 45%, and this contributed to a 17% decline in total revenue to RM136.113 million from RM163.121 million in 2007. The hotel ended the year with a loss of RM4.334 million compared with a profit of RM43.574 million for 2007.

In Sabah, Rasa Ria Resort posted strong growth, benefiting from a full year's contribution from its new 90-room extension that opened in late December 2007. Total revenue from its operations showed a 29% improvement to RM92.163 million in 2008, with pre-tax profit up by 39% to RM29.636 million versus RM21.300 million the previous year. The resort achieved 73% occupancy for 2008, while increasing the average room rate by 25% over last year.

In addition, Rasa Sayang Resort also enjoyed a strong year, helped by a healthy increase in occupancy levels. The resort grew total revenue by 20% to RM76.222 million, and operating profit rose to RM19.664 million, an increase of 65% over

RM11.929 million in 2007. With improved leisure demand, the resort raised its occupancy in the year from 52% in 2007 to 66%, which more than compensated for the 7% decrease in the average room rate.

The operating results from Golden Sands Resort were down on last year in a lacklustre market. Room occupancy of the resort for 2008 slipped to 69% from 70% in 2007, with the average room rate falling by 5% from the previous year. The resort saw overall revenue for the year drop by 7% to RM49.986 million, with pre-tax profit reducing from RM18.075 million in 2007 to RM16.410 million.

At Traders Hotel Penang, total revenue for 2008 decreased to RM33.757 million compared with RM34.052 million in the previous year attributed to weaker food and beverage sales. Despite this, the hotel managed to achieve an 11% growth in pre-tax profit to RM4.887 million in 2008 against RM4.390 million for 2007, reflecting the positive impact of cost saving actions taken in the year. Higher corporate demand enabled the hotel to grow occupancy to 73% in 2008 from 71% in 2007, along with a 3% rise in the average room rate.



Horizon Club Lounge, SHANGRI-LA HOTEL KUALA LUMPUR

The Group's investment properties in Kuala Lumpur produced stronger results in 2008 on the back of increased occupancy and rental rates at UBN Tower. The combined total rental revenue from UBN Tower and UBN Apartments for 2008 amounted to RM21.411 million, 13% better than last year, and pre-tax profit rose by 15% to RM14.969 million from RM13.010 million for 2007.

In the year ended 31 December 2008, the Group's share of losses in Traders Hotel Yangon, its 23.53% associate hotel in Myanmar, decreased to RM1.384 million compared with RM2.698 million in 2007.

### INITIATIVES AND DEVELOPMENT

In the face of many challenges, we have held firmly to our commitment to strengthen the foundations of the business to secure the future growth and long-term competitiveness of our business. During the year, we continued to improve and maintain the quality of our products through ongoing capital programmes, while continuing to invest in our technology, marketing and human resource capabilities.

We made good progress on the major renovation programme for all guestrooms at Shangri-La Hotel Kuala Lumpur. A total of 19

floors of guestrooms were completed by the end of March 2009, and the balance of the renovation programme is well underway with completion due in the middle of 2009. The rooms that have been renovated so far have been well received in the market and are already achieving significantly higher room rates. When renovations are fully completed, the hotel's improved room product and facilities will set the hotel firmly at the forefront of the market, and provide a strong platform for its future growth.

Having conducted a comprehensive review, we postponed some of our capital investment plans earmarked for 2009 due to the current economic climate. We decided, however to push ahead with the planned renovation programme at Golden Sands Resort designed to reinforce its leadership position in a marketplace that has become intensely competitive.

Work on the programme started in February 2009, and entails extensive renovations to all guestrooms, including a complete redesign and upgrade of the main and reception lobbies, and other public areas of the resort. This significant renovation programme is scheduled for full completion by mid-December 2009, and will have a negative impact on the financial performance of the resort in 2009.

## CHAIRMAN'S STATEMENT



### INITIATIVES AND DEVELOPMENT (cont'd)

Selective enhancement works at our hotel properties are also taking place over the course of 2009 to revitalise and refresh existing food and beverage outlets, guest facilities and some public areas.

Technology remains critical to the overall success of our growth strategy. We shall need to continue to invest in new and robust IT systems and infrastructure technologies to provide a reliable operating platform for our businesses, in order to sustain our competitive edge in the industry. In 2009, the property management systems, together with the inventory management systems at all our hotels will be upgraded with modernised technology to achieve improved operational effectiveness and better control processes.

Simultaneously, we must continue to pay particular attention to our human resource management, making sure that our employees are fully equipped and competent to deliver our business objectives.

During 2008, we continued to focus our human resource activities on improving employee performance and skills, and developing the management and leadership capabilities within our businesses. This was done through effective training programmes, and we continue to make every effort to enhance the service efficiency and skills of our employees across our operations, thereby ensuring the consistent delivery of high standards of service to our customers. A number of ongoing initiatives are also being undertaken to provide our employees with a positive workplace environment, as well as to continuously improve their wellbeing, health and safety.

In the current tough business environment, our key priority is to reduce costs to help mitigate the impact of declining revenues, without compromising our strategic objectives.

In this regard, we have implemented a series of measures to drive cost savings and maximise operating efficiencies in all

areas of our business. We are tightly managing costs, and will continue to address our efforts towards achieving a more efficient cost structure through ongoing initiatives to further streamline our existing business processes, especially in the areas of food and beverage operations and procurement activities.

We are also placing a great deal of emphasis on cash flow enhancement and working capital efficiency, and shall continue to keep capital expenditure under tight control.

At the same time, we are intensifying our sales and marketing efforts to gain higher market share by increasing promotional activity and innovative marketing programmes in key target markets throughout 2009. In addition to this, we have also realigned our marketing strategy with a sharper focus on the regional and domestic markets, whilst maintaining a strong marketing drive in our traditional long-haul markets such as the UK, Europe and Australia. We intend to fully leverage our strong global sales and marketing network to optimise revenue opportunities during 2009.

### OUTLOOK

The overall outlook for our hotel business and the whole industry is more difficult in 2009. The worsening conditions and rising uncertainties in the global economy are likely to further depress both leisure and business travel, and will continue to pose considerable challenges for our hotels and resorts throughout 2009.

A marked slowdown in economic activity and continuing poor business sentiments have also resulted in a softening of demand in the property rental market in Kuala Lumpur. These factors are expected to weigh on the performance of our investment properties in 2009.

In these highly challenging and uncertain times, our businesses will continue to be vigilant in controlling costs and to augment marketing initiatives, while remaining resolutely focused on

maintaining and enhancing their competitive market positions. Meanwhile, our high-quality portfolio of hotels and investment properties, strong brand leadership and significant operational capabilities will stand us in good stead. This, together with the actions we are taking should enable us to manage effectively through this economic downturn and at the same time, will allow us to benefit quickly and strongly from a recovery in market conditions, when it returns.

#### **THE BOARD**

In June 2008, we were pleased to welcome Mr Khoo Eng Min and Mr Kuok Khoon Ho, who joined the Board as non-independent non-executive directors.

#### **SPECIAL THANKS**

I want to take this opportunity, on behalf of the Board, to thank all our employees for their enormous dedication, passion and hard work during 2008. I have no doubt that they will rise to the challenges in the tough year ahead with great determination and enthusiasm.

Equally, I am also deeply grateful to my colleagues on the Board for their strong commitment and invaluable counsel throughout the past year.

I must end by extending our wholehearted thanks to you, our shareholders for your continuing support and confidence in us.

TAN SRI A. RAZAK BIN RAMLI

Chairman

8 April 2009



*Horizon Club Lounge, SHANGRI-LA HOTEL KUALA LUMPUR*

## OPERATIONS REVIEW



### HOTELS

THE FINANCIAL PERFORMANCE OF **SHANGRI-LA HOTEL KUALA LUMPUR** DECLINED OVER 2007 DUE TO THE NEGATIVE IMPACT OF ITS MAJOR RENOVATION PROGRAMME. THE PROGRAMME SIGNIFICANTLY REDUCED THE NUMBER OF AVAILABLE ROOMS THROUGH MOST OF 2008 AND AS SUCH LIMITED OPPORTUNITIES FOR GROWTH IN BOTH ROOMS AND FOOD AND BEVERAGE OPERATIONS.



*Guestroom, SHANGRI-LA HOTEL KUALA LUMPUR*

As a result, total revenue from the hotel's operations for 2008 dropped by 17% to RM136.113 million compared with RM163.121 million in 2007. The hotel's 2008 results were further impacted by a one-off charge of RM24.147 million for certain asset write-offs associated with the major renovation programme. Consequently, the hotel incurred a loss of RM4.334 million in 2008 compared with a profit of RM43.574 million in 2007. Excluding the asset write-offs, the hotel would have recorded a profit of RM19.813 million against RM43.574 million in 2007.

Given the reduced availability of rooms for sale during the year, the hotel's occupancy fell to 45% in 2008 from 70% in 2007. Correspondingly, lower room night bookings were reported in all market segments particularly from the corporate group markets of Singapore, Malaysia and the UK, as well as from the leisure group markets of the UK, the Middle East and Australia. However, a more aggressive approach to rate strategies enabled the hotel to grow its average room rate by 22% over the previous year. During 2008, higher room rates were recorded in almost all market segments, with strong increases in the corporate group, corporate individual and leisure group segments. Overall, total room revenue at the hotel declined by 21% to RM57.423 million in 2008 from RM72.903 million in 2007, and profit decreased by 25% to RM44.568 million compared with RM59.170 million in 2007.

The renovation work also had an adverse effect on the hotel's food and beverage operations, with the banqueting business reporting the largest fall in covers due to a significant reduction in corporate events and conventions. The hotel's food and beverage outlets also recorded decreased covers, particularly at *Lemon Garden Café* and its Chinese restaurant, *Shang Palace* mainly due to generally lower consumer spending in a softer economic climate. Total food and beverage revenue in 2008 therefore reduced by 12% to RM72.304 million from RM81.968 million in 2007, and profit fell by 18% to RM26.952 million from RM32.781 million the previous year.

The major renovation programme covering all guestrooms at the hotel is progressing well. The programme, which began in early April 2008, is scheduled for full completion by the middle of 2009. As at end-March 2009, 19 floors of guestrooms have been completed and reopened for business. The newly renovated rooms have been very well received in the market and are attracting higher average

room rates. A new Horizon Club Lounge was also created and opened in early October 2008 to a favorable response from guests. When renovations are fully completed, the enhanced room product will significantly strengthen the hotel's market position and provide it with a solid foundation for long-term growth.

The hotel also undertook several other enhancement projects during 2008. The major work to re-clad the exterior of the building with a new finish was successfully completed at the end of November 2008. The swimming pool and deck area on level two were also renovated, while the hotel's *Lobby Lounge* underwent significant upgrading and was re-launched in June 2008. Since re-opening, it has been well received by both hotel guests and the local community.

In 2008, the hotel again received several prestigious awards for its high quality products and services. Conde Nast Traveler (USA) 2008 Readers' Choice Awards listed the hotel amongst the *Top 100 Asia Hotels*. The hotel was also voted *Asia's Best Hotel in Kuala Lumpur* by Asiamoney (Hong Kong) in its 16th Annual Travel Poll 2008.

In 2009, the hotel is moving on several fronts to meet the challenges ahead. A comprehensive advertising campaign will be carried out to re-launch and create stronger awareness of its renovated rooms. The hotel will also focus its efforts on driving higher corporate business from the domestic market and the regional markets of Singapore, Hong Kong and Japan, as well as seek to increase leisure business from the UK, Australia and the Middle East. At the same time, the hotel will continue to grow its high-yield corporate accounts for the Horizon floor guestrooms, primarily targeting the key markets of the USA and Europe. Greater efforts will be made to improve room yields through focused and effective rate management strategies.

Meanwhile, more attractive food promotions will be introduced along with innovative dining concepts to further enhance food and beverage performance. The hotel will also continue to build on its food and beverage loyalty programme to attract new customers and draw repeat business at the outlets. In addition, sales and marketing initiatives will be intensified to grow its banqueting and outside catering business. Importantly, the hotel will continue to exercise stringent control over costs to achieve higher levels of operating efficiency.

## OPERATIONS REVIEW



**TRADERS HOTEL PENANG** ENJOYED INCREASED CORPORATE DEMAND IN 2008. THIS, COMBINED WITH TIGHT COST MANAGEMENT AND EFFICIENCY IMPROVEMENTS, LED TO HIGHER PROFITS IN SPITE OF AN OVERALL DECLINE IN REVENUE DUE TO LOWER FOOD AND BEVERAGE SALES. TOTAL REVENUE FOR THE HOTEL DROPPED FROM RM34.052 MILLION IN 2007 TO RM33.757 MILLION IN 2008, WHILE PRE-TAX PROFIT ROSE BY 11% TO RM4.887 MILLION COMPARED WITH RM4.390 MILLION THE YEAR BEFORE.



*Lemon Garden Café, SHANGRI-LA HOTEL KUALA LUMPUR*

During 2008, the hotel experienced healthy demand from its key corporate group and corporate individual segments of Malaysia, Japan, Singapore and the USA. Overall, room occupancy rose to 73% in 2008 from 71% in 2007. The hotel's average room rates in 2008 also showed an increase of 3% on the previous year as a result of higher rates achieved in most market segments, particularly in the corporate group and airline business segments. In consequence, total room revenue went up by 4% to RM23.027 million in 2008 against RM22.108 million in 2007, and profit increased by 3% to RM17.216 million compared with RM16.790 million in 2007.

The hotel's food and beverage operations faced intense levels of competition and stiff pricing pressure during the year. In this environment, the hotel's coffee shop, *The Islander* and *Lobby Lounge* recorded weak food and beverage covers and average checks. In addition, the food and beverage business was affected by the closure of the hotel's ballroom and function rooms for three months in the second quarter of 2008 for significant renovation works. Since re-opening in early July 2008, the upgraded banqueting facilities have been well received in the market. Total food and beverage covers from the hotel's outlets and banqueting business declined by 14% to 229,203 covers in 2008. This resulted in an

11% drop in total food and beverage revenue to RM9.210 million compared with RM10.330 million the year before. Despite the lower revenue, profit increased to RM1.956 million in 2008 as a result of effective cost saving measures. Correspondingly, food and beverage profit margins improved to 21% in 2008 from 19% the previous year.

Looking forward to 2009, the hotel will drive stronger corporate demand from its key regional markets of Singapore and Hong Kong, as well as from Malaysia. Marketing efforts will also be stepped up to expand its corporate customer base in the pharmaceutical, IT and government sectors, while relationships with existing corporate customers will be further strengthened to gain continued support. In addition, the hotel will implement attractive packages to generate greater demand from the leisure markets of China, India and the Middle East. To further grow its banqueting business, the hotel will intensify its sales activities to secure more corporate functions and social events. New and innovative food and beverage concepts and promotions will also continue to be introduced to enhance the performance of its outlets. At the same time, the hotel will focus on improving its service standards and boost cost efficiency throughout its operations.



Lift Lobby, SHANGRI-LA HOTEL KUALA LUMPUR

## OPERATIONS REVIEW



### RESORTS

**RASA SAYANG RESORT** DELIVERED A STRONG SET OF RESULTS IN 2008, DRIVEN MAINLY BY HIGHER OCCUPANCY LEVELS. TOTAL REVENUE FOR THE YEAR WENT UP BY 20% TO RM76.222 MILLION COMPARED WITH RM63.485 MILLION IN 2007, WHILE OPERATING PROFIT ROSE BY 65% TO RM19.664 MILLION FROM RM11.929 MILLION THE YEAR BEFORE.



*Boardroom, Horizon Club Lounge, SHANGRI-LA HOTEL KUALA LUMPUR*

Occupancy at the resort increased to 66% in 2008 from 52% the previous year due to a healthy upsurge in visitor arrivals from its major leisure markets, which helped to compensate for the 7% decline in average room rates. During the year, aggressive sales and marketing initiatives enabled the resort to generate significant growth in room night bookings mainly from the leisure group and leisure individual segments in its key markets of the UK, the Middle East, Australia and Japan. Total room night bookings from these two segments in 2008 increased by 45% or 15,165 room nights over 2007. Consequently, total room revenue went up by 19% to RM48.582 million in 2008 from RM40.820 million in 2007, and profit rose by 17% to RM40.321 million in 2008 versus RM34.346 million the year before.

The resort's food and beverage operations also performed better in line with improved room occupancy. Total food and beverage revenue rose 25% to RM22.198 million in 2008 from RM17.770 million in 2007, whilst profit climbed by 32% to RM8.093 million in 2008 against RM6.150 million in 2007. All food and beverage outlets at the resort recorded improved covers, particularly at *Spice Market Café*, *Tepi Laut* and *Feringgi Grill*. In addition, the resort's banqueting business did well, reflecting increased private functions and corporate events during the year.

In 2008, the resort's luxurious *Chi Spa* received The BrandLaureate Awards 2007-2008 for the *Best Brands in Wellness Spa* organised by the Asia Pacific Brands Foundation for excellence in product branding. It also won the FIABCI Malaysia Property Award 2008 for the *Resort Development* category, acknowledging the high standards and excellence achieved in its major redevelopment project which was completed in September 2006.

In the coming year, the resort will step up its sales and marketing activities to grow its leisure and corporate customer base in the regional markets of Singapore, Hong Kong and Thailand, as well as in Malaysia. At the same time, increased efforts will be made to secure more high-yield business from its traditional key leisure markets of the UK and Australia, while continuing to improve market share from the emerging markets of Russia and China. The resort will also focus on maximising room yields through more effective rate management strategies and aggressive upselling efforts. To help drive improvements in operating efficiency, ongoing initiatives to further rationalise the cost structure will be pursued through 2009. Alongside these initiatives, the resort will continue to place great emphasis on all aspects of skills training so as to maintain and enhance the overall quality of customer service standards.



Swimming Pool, SHANGRI-LA HOTEL KUALA LUMPUR

## OPERATIONS REVIEW



### RESORTS

**RASA RIA RESORT** IN SABAH GAVE A STRONG PERFORMANCE IN 2008, BUOYED BY A FULL YEAR'S CONTRIBUTION FROM THE OCEAN WING, ITS NEW 90-ROOM EXTENSION, WHICH OPENED IN LATE DECEMBER 2007.

THE RESORT INCREASED ITS TOTAL REVENUE BY 29% TO RM92.163 MILLION IN 2008 COMPARED WITH RM71.680 MILLION IN 2007, WITH PRE-TAX PROFIT UP BY 39% TO RM29.636 MILLION FROM RM21.300 MILLION IN 2007.



*Ocean Wing Pool, RASA RIA RESORT*

Healthy room night bookings were recorded by its key leisure markets of the UK, Europe, Australia and Hong Kong. The new rooms in the *Ocean Wing* also enjoyed good demand from high-yield leisure markets, particularly from the UK and Hong Kong. Overall, occupancy at the resort averaged 73% in 2008. Total room revenue for 2008 grew by 39% to RM49.447 million compared with RM35.466 million the previous year, while profit surged by 41% to RM43.182 million in 2008 versus RM30.683 million in 2007. The stronger room performance was primarily driven by a robust 25% growth in the average room rate. Good yield management combined with an effective rate upselling strategy resulted in all market segments recording higher room rates.

The resort's food and beverage operations also performed well, helped by higher business levels in most outlets. In total, the food and beverage outlets showed an increase of 93,498 covers, up 23% on 2007, mainly from the *Coffee Terrace* and *Coast*, its Western restaurant by the beachfront. Lower covers were, however, recorded by its banqueting facilities due to a reduction in corporate meetings and social events. In 2008, the resort's Indian restaurant, *Naan*, underwent a complete renovation and part of its space was converted into a new Japanese restaurant, *Kozan Teppan-yaki* to widen and improve the range of its food and beverage offering. The upgraded *Naan* and the new *Kozan Teppan-yaki*

outlets have been well received by guests and the local community since opening in December 2008. Overall, total food and beverage revenue in 2008 went up by 16% to RM30.122 million from RM25.916 million in 2007, while profit gained 9% to RM11.854 million from RM10.842 million the previous year.

In 2008, Conde Nast Traveller (UK) Readers' Travel Awards 2008 ranked the resort seventh in the *Top 20 Overseas Leisure Hotels in the Asia & Indian Subcontinent Category* and also featured the resort in its prestigious *2009 Gold List Best for Facilities Category*.

Moving forward, the resort will continue to pursue focused and innovative marketing strategies to generate higher business volumes from its key leisure markets of the UK, Europe, Japan and Australia. Simultaneously, sales efforts will be stepped up to secure more corporate meeting business, particularly from the regional markets of Singapore, Hong Kong and Korea. In addition, an active marketing programme is in place to strengthen awareness of its new *Ocean Wing* rooms so as to capture a larger share of the higher-end leisure and business travellers from the UK, Europe and the Asian region. In order to achieve better cost efficiency throughout its operations, ongoing initiatives will be undertaken to streamline existing cost structures and improve operational processes, while maintaining a commitment to product and service excellence.



## OPERATIONS REVIEW



## RESORTS

**GOLDEN SANDS RESORT** RECORDED LOWER RESULTS FOR 2008 IN A SUBDUED MARKET. SOFTER LEISURE DEMAND COUPLED WITH DECLINING AVERAGE ROOM RATES CAUSED A 7% FALL IN TOTAL REVENUE TO RM49.986 MILLION FROM RM53.486 MILLION IN 2007, WHILE PRE-TAX PROFIT DECREASED BY 9% TO RM16.410 MILLION IN 2008 FROM RM18.075 MILLION THE PREVIOUS YEAR.



*Kozan Teppan-yaki, RASA RIA RESORT*

During the year, the resort experienced a decline in room night bookings from its key leisure markets of the UK, Japan and Europe, as well as from the corporate meeting segment of Malaysia. Meanwhile, leisure business from the resort's traditional major long-haul markets of Australia and the Middle East held relatively firm. Overall, occupancy declined to 69% in 2008 compared with 70% the previous year, while average room rate dropped by 5% from 2007, mainly as a result of various tactical promotions and offers introduced during the year to stimulate demand.

Consequently, total room revenue declined by 6% to RM33.959 million in 2008 from RM36.246 million in 2007, whilst profit reduced to RM28.577 million for the year against RM30.894 million in 2007.

The resort's food and beverage operations also performed below expectations in tandem with weaker occupancy levels and increasing competition from freestanding restaurants in the Batu Feringgi area. Most of the outlets at the resort registered lower food and beverage covers, particularly at *Garden Café* and the poolside outlet, *Kuda Laut*. Similarly, the resort's banqueting facilities saw reduced business levels due to fewer business functions and meetings. Results from the food and beverage operations in 2008 were also impacted by a three-month closure of the *Garden Café* for upgrading work. The renovated coffee shop has received encouraging response from guests and the local community since re-opening in October 2008.

For 2008, total food and beverage revenue at the resort dropped by 10% to RM13.364 million from RM14.777 million, with profit down by 29% to RM3.126 million in 2008 from RM4.374 million in 2007.

To stay ahead of competition, the resort initiated a major renovation programme in February 2009 to upgrade all its guestrooms, main and reception lobbies, and other public areas. This programme is targeted for full completion by mid-December 2009 and will have a large negative impact on the financial performance of the resort in 2009. On completion, the new room product and facilities will greatly enhance the resort's leadership position and enable it to compete more effectively.

In 2009, the resort will also be streamlining and consolidating its food and beverage operations to gain improved operating efficiency and productivity. The resort's Italian restaurant, *Peppino*, and *Kuda Laut* will be closed and their operations merged into *Sigi's by the Sea*, its outlet by the beachfront. As part of this initiative, *Sigi's by the Sea* will be completely redesigned and repositioned.

With renovations ongoing through a significant part of 2009, the resort will actively launch direct sales campaigns and aggressive promotional activities to drive business volumes from the domestic market and the regional markets of Japan, Singapore and Hong Kong. In addition, it will implement targeted marketing programmes and attractive room packages to grow share from its major long-haul leisure markets of Australia, the Middle East and the UK. The resort will also aim to maximise room yields through more effective rate management strategies and upselling initiatives. Innovative food and beverage programmes will be introduced to attract higher in-house covers at the outlets. Along with this, weekend buffets and new dining promotions will be created to draw greater patronage from the local community. Further, it will step up its cost containment measures in all areas of operations, while maintaining high customer service levels.





## OPERATIONS REVIEW



### INVESTMENT PROPERTIES

THE GROUP'S INVESTMENT PROPERTIES IN KUALA LUMPUR ACHIEVED IMPROVED FINANCIAL RESULTS IN 2008, UNDERPINNED BY GOOD GROWTH IN OCCUPANCY RATES AT UBN TOWER.

THE COMBINED RENTAL REVENUE FROM UBN TOWER AND UBN APARTMENTS ROSE BY 13% TO RM21.411 MILLION IN 2008 FROM RM18.988 MILLION THE YEAR BEFORE, WHILE THEIR COMBINED PRE-TAX PROFIT INCREASED BY 15% TO RM14.969 MILLION IN 2008 COMPARED WITH RM13.010 MILLION IN 2007.

The overall demand for prime office space in the Kuala Lumpur Golden Triangle area remained healthy during the year. This, together with focused marketing strategies, enabled UBN Tower to improve its occupancy rate from 72% in 2007 to 83% in 2008. Most of the new tenants secured in 2008 were from the oil and gas, financial business services and IT sectors. The growth in demand was also supported by increased office space requirements from several existing tenants for their business expansions.

As a result, total rental revenue for UBN Tower went up by 16% to RM18.824 million in 2008 from RM16.166 million the previous year, and pre-tax profit grew by 24% to RM11.549 million in 2008 from RM9.323 million in 2007.

A renovation programme was started in the fourth quarter of 2008 to significantly upgrade all the washrooms, service lift lobbies and car park lift lobbies at UBN Tower, in order to enhance its high-quality image and competitive edge. Work on the programme is making satisfactory progress, with completion planned by end-June 2009.

The performance of UBN Apartments was, however, affected by sluggish demand due to the slower growth in the number of expatriates in Kuala Lumpur, coupled with smaller corporate housing budgets, amidst a weakening global economy. The situation was further exacerbated by a significant increase in competitive activity, given the prevalence of new supply of high-end apartment units in the market.

Consequently, the occupancy rate at UBN Apartments for 2008 reduced to 77% from 80% in 2007. Total rental revenue from UBN Apartments for 2008 decreased by 8% from RM2.822 million in 2007 to RM2.587 million, with pre-tax profit falling to RM3.420 million in 2008 against RM3.687 million the year before.

In tandem with the deepening economic slowdown and uncertain outlook, trading conditions in the prime office and residential property rental markets in Kuala Lumpur are expected to weaken considerably in the course of 2009 on the back of slower demand. In addition, the leasing market for high-end apartments in Kuala Lumpur will likely face higher competition as more supply is expected to come on line with the completion of several new condominium development projects during 2009. These factors will put added pressure on the overall occupancy levels and rental rates at UBN Tower and UBN Apartments.

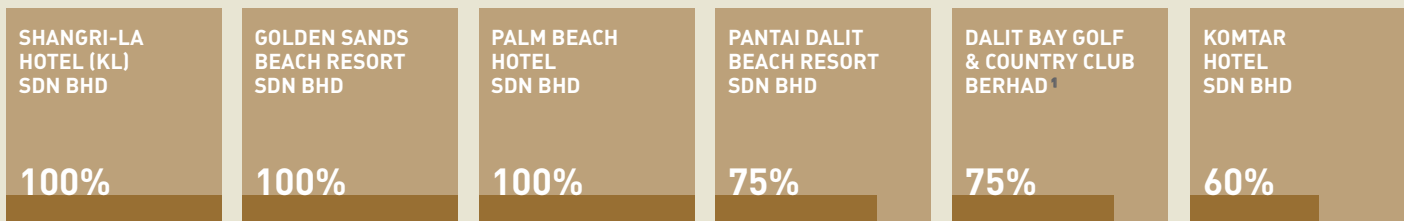
In response to these market challenges, the Group's investment properties will redouble their marketing efforts and employ more strategic marketing initiatives to attract new tenants, as well as to retain existing tenants. Greater emphasis will be placed on cost management during 2009 to drive further improvements in operating efficiencies. At the same time, both properties will strive for high standards of building maintenance and security, and will increase their focus on maintaining and improving their service offer to tenants.

## CORPORATE STRUCTURE

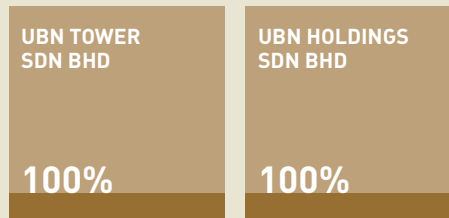


### SHANGRI-LA HOTELS (MALAYSIA) BERHAD

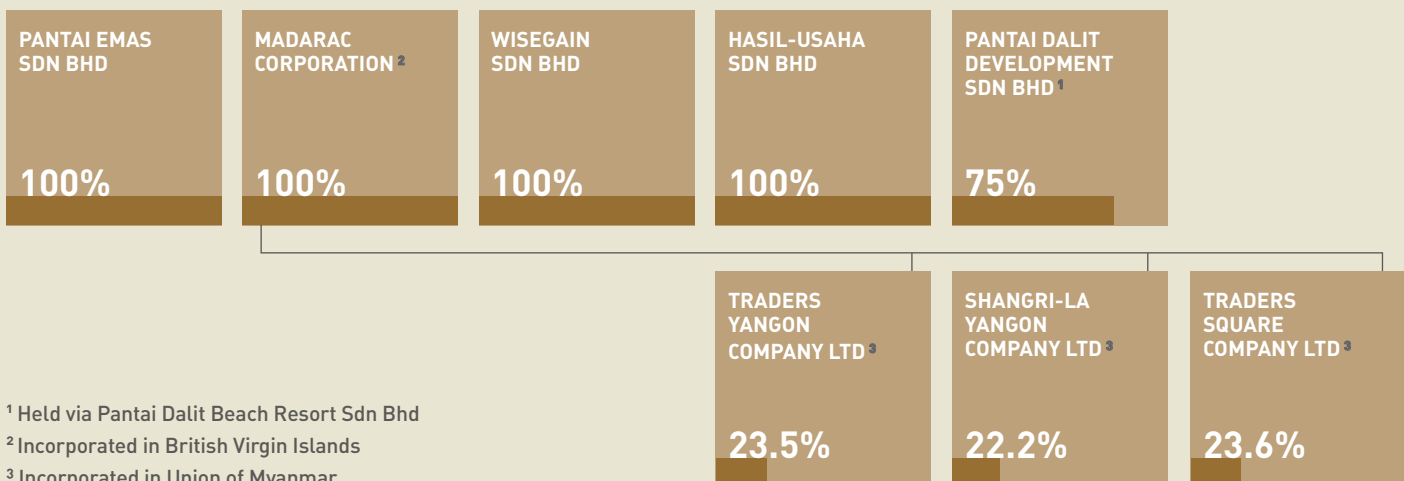
#### HOTELS & RESORTS



#### INVESTMENT PROPERTIES



#### INVESTMENT HOLDING & OTHERS



<sup>1</sup> Held via Pantai Dalit Beach Resort Sdn Bhd

<sup>2</sup> Incorporated in British Virgin Islands

<sup>3</sup> Incorporated in Union of Myanmar

## FINANCIAL CALENDAR



### YEAR 2008

#### **15 MAY**

Announcement of Unaudited Consolidated Results for the 1st Quarter ended 31.3.2008

#### **27 AUGUST**

Announcement of Unaudited Consolidated Results for the 2nd Quarter ended 30.6.2008

#### **3 NOVEMBER**

2008 Interim Dividend Entitlement Date

#### **6 NOVEMBER**

Announcement of Unaudited Consolidated Results for the 3rd Quarter ended 30.9.2008

#### **26 NOVEMBER**

2008 Interim Dividend Payment Date

#### **31 DECEMBER**

Financial Year End

### YEAR 2009

#### **24 FEBRUARY**

Announcement of Audited Consolidated Results for the 4th Quarter and Financial year ended 31.12.2008

#### **29 APRIL**

Issue of 2008 Annual Report

#### **21 MAY**

2009 Annual General Meeting to be held

#### **21 MAY**

Announcement of Unaudited Consolidated Results for the 1st Quarter ended 31.3.2009

#### **2 JUNE**

Entitlement Date for the proposed 2008 Final Dividend

#### **30 JUNE**

Payment Date for the proposed 2008 Final Dividend

## C O R P O R A T E   D A T A



### BOARD OF DIRECTORS

Tan Sri A. Razak bin Ramli  
Chairman

Kuok Oon Kwong  
Managing Director

Rozina Mohd Amin  
Executive Director

Dato' Haris Onn bin Hussein \*

Dato' Seri Ismail Farouk Abdullah \*

Khoo Eng Min

Kuok Khoo Ho

Tan Sri Dato' Mohd Amin bin Osman

Ravinder Singh Grewal Sarbjit S

Richard Anthony Johnson

Datuk Supperamaniam a/l Manickam \*

Dato' Dr Tan Tat Wai \*

Tan Yew Jin

Alternate Director  
Joseph Patrick Stevens  
(Alternate to Richard Anthony Johnson)

\* Independent Non-Executive Directors

### AUDIT COMMITTEE

Dato' Seri Ismail Farouk Abdullah  
Chairman

Datuk Supperamaniam a/l Manickam

Tan Yew Jin

### POLICY IMPLEMENTATION COMMITTEE

- *Hotels & Resorts*

Kuok Oon Kwong  
Chairman

Rozina Mohd Amin

### NOMINATION & REMUNERATION COMMITTEE

Dato' Dr Tan Tat Wai  
Chairman

Dato' Seri Ismail Farouk Abdullah

Datuk Supperamaniam a/l Manickam

### COMPANY SECRETARY

Rozina Mohd Amin

### REGISTERED OFFICE

13th Floor, UBN Tower  
10 Jalan P. Ramlee  
50250 Kuala Lumpur  
Tel : (+60-3) 2026 1018  
Fax : (+60-3) 2026 1068  
E-Mail : shmb@po.jaring.my

### AUDITORS

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

### SHARE REGISTRAR

PPB Corporate Services Sdn Bhd  
17th Floor, Wisma Jerneh  
38 Jalan Sultan Ismail  
50250 Kuala Lumpur  
Tel : (+60-3) 2117 0888  
Fax : (+60-3) 2117 0999

### SOLICITORS

Puthuchery Firoz & Mai  
Kadir, Andri & Partners

### PRINCIPAL BANKERS

HSBC Bank Malaysia Berhad  
Malayan Banking Berhad  
RHB Bank Berhad

### STOCK EXCHANGE LISTING

Bursa Malaysia Securities Berhad

## PROFILE OF BOARD OF DIRECTORS



### TAN SRI A. RAZAK BIN RAMLI

Board Chairman

MALAYSIAN, NON-INDEPENDENT NON-EXECUTIVE DIRECTOR

Tan Sri A. Razak bin Ramli was appointed to the Board of Shangri-La Hotels (Malaysia) Berhad (“SHMB”) on 1 November 2004 and became Board Chairman of SHMB on 19 May 2005.

He graduated with a Bachelor of Arts (Honours) in Public Administration from University of Tasmania in 1971 and obtained a *Diplome Gestion Publique Institut International D’Administration Publique*, Paris in 1980. He started his career in the Policy Research Division of the Malaysian Prime Minister’s Department and subsequently held the position of Principal Assistant Director in both the Public Services Department and the Technical Cooperation Division of the Economic Planning Unit. From 1985 to October 2004, he held various positions in the Ministry of International Trade & Industry (MITI), and his last position was as the Secretary General of MITI. He currently sits on the boards of other public listed companies namely, Ann Joo Resources Berhad, Favelle Favco Berhad, Lafarge Malayan Cement Berhad and Transmile Group Berhad. He is also a board member of Hong Leong Islamic Bank Berhad, Hong Leong Tokio Marine Takaful Berhad and Hong Leong Investment Bank Berhad.

Tan Sri A. Razak has no family relationship with any Director and/or major shareholder of SHMB, no conflict of interest with SHMB and no convictions for any offences within the past ten years. He attended all five Board meetings held in 2008. Age 60.

### KUOK OON KWONG

Managing Director

SINGAPOREAN, NON-INDEPENDENT EXECUTIVE DIRECTOR

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

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

Her brother, Mr Kuok Khoon Ho is also a member of the Board. She has no conflict of interest with SHMB and no convictions for any offences within the past ten years. She attended all five Board meetings held in 2008. Age 62.

## PROFILE OF BOARD OF DIRECTORS



### **ROZINA MOHD AMIN**

Executive Director

MALAYSIAN, NON-INDEPENDENT EXECUTIVE DIRECTOR

Puan Rozina Mohd Amin was appointed as an Executive Director of SHMB on 1 June 1998. She sits on the board of a number of companies in the SHMB Group and has also been a member of the Policy Implementation Committee since 1996. She has been with the Group for more than twenty years and has held various senior corporate positions within the Group before her present appointment as Executive Director. Puan Rozina is also Group Company Secretary, a position which she has held since August 1991, and oversees the Group's corporate finance, legal and company secretarial functions. She is an Associate Member of The Malaysian Institute of Chartered Secretaries and Administrators.

Her father, Tan Sri Dato' Mohd Amin bin Osman is also a member of the Board. She does not have any family relationship with any major shareholder of SHMB. She has no conflict of interest with SHMB and no convictions for any offences within the past ten years. She attended all five Board meetings held in 2008. Age 49.

### **DATO' HARIS ONN BIN HUSSEIN**

MALAYSIAN, INDEPENDENT NON-EXECUTIVE DIRECTOR

Dato' Haris Onn bin Hussein was appointed to the Board on 17 October 2006. He graduated from Cambridge University, United Kingdom, with a Bachelor of Arts Degree in Economics. He started his working career with Touche Ross & Co, London, an accounting firm, in 1989. In 1992, he returned to Malaysia to work with DCB Sakura Merchant Bankers Berhad and he subsequently joined Rohas Sdn Bhd as General Manager from 1993 to 1995. He was an executive director of Bell & Order Berhad (now known as Scomi Engineering Berhad) from 1996 to 2003. Currently, he is the Managing Director of Konsortium Lebuhraya Utara-Timur (KL) Sdn Bhd (KESTURI), the concession holder of Lebuhraya Duta-Ulu Kelang and also sits on the board of Scomi Marine Berhad, which is listed on Bursa Malaysia Securities Berhad.

Dato' Haris Onn has no family relationship with any Director and/or major shareholder of SHMB, no conflict of interest with SHMB and no convictions for any offences within the past ten years. He attended all five Board meetings held in 2008. Age 42.

### **DATO' SERI ISMAIL FAROUK ABDULLAH**

MALAYSIAN, INDEPENDENT NON-EXECUTIVE DIRECTOR

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

Dato' Seri Ismail Farouk has no family relationship with any Director and/or major shareholder of SHMB, no conflict of interest with SHMB and no convictions for any offences within the past ten years. He attended all five Board meetings held in 2008. Age 63.

## PROFILE OF BOARD OF DIRECTORS



### **KHOO ENG MIN**

MALAYSIAN, NON-INDEPENDENT NON-EXECUTIVE DIRECTOR

Mr Khoo Eng Min was appointed to the Board on 10 June 2008. He holds a Diploma in Business Administration from Brookes University, Oxford (United Kingdom) and is a member of the Royal Agriculture College in Rural Estate Management, United Kingdom. He joined PPB Oil Palms group of companies in 1987 and has held many senior positions within the plantation division including the position of Managing Director of PPB Oil Palms Berhad (2004 – 2008). Prior to this, he was with Dunlop Estates Berhad for about 21 years. He does not sit on the board of any other public listed company.

Mr Khoo Eng Min has no family relationship with any Director and/or major shareholder of SHMB, no conflict of interest with SHMB and no convictions for any offences within the past ten years. He attended all three Board meetings held since his appointment in June 2008. Age 67.

### **KUOK KHOON HO**

MALAYSIAN, NON-INDEPENDENT NON-EXECUTIVE DIRECTOR

Mr Kuok Khoon Ho was appointed to the Board on 26 June 2008. He graduated from McGill University, Canada with a bachelor's degree in Commerce. Mr Kuok began his career with the Kuok Group in 1976 and has extensive international experience in hotel management, property development and corporate management. He previously held the positions of Managing Director of Shangri-La Asia Limited, Hong Kong, Managing Director of Television Broadcasts Ltd, Hong Kong and also served on the Board of Shangri-La Hotels Malaysia Berhad from June 2001 to December 2007. He is currently the Chairman of Kuok Brothers Sdn Bhd and also sits on the boards of Wilmar International Limited, Singapore and Transmile Group Berhad.

His sister, Madam Kuok Oon Kwong is also a member of the Board. He has no conflict of interest with SHMB and no convictions for any offences within the past ten years. He attended all three Board meetings held since his appointment in June 2008. Age 58.

### **TAN SRI DATO' MOHD AMIN BIN OSMAN**

MALAYSIAN, NON-INDEPENDENT NON-EXECUTIVE DIRECTOR

Tan Sri Dato' Mohd Amin bin Osman joined the Board on 3 December 1992. He has had a successful and distinguished career with the Royal Malaysian Police Force spanning over thirty-six years. He joined the Royal Malaysian Police Force in 1949 as an Inspector and held various senior posts including Deputy Commissioner of Police (Sabah), Brigade Commander, Police Field Force (East Malaysia), Chief of City Police (Kuala Lumpur) and Director of Special Branch (Malaysia). He later became the Acting Inspector General of Police (Malaysia) before retiring from the civil service in 1985. He also sits on the boards of Genting Berhad and Asiatic Development Berhad.

His daughter, Puan Rozina Mohd Amin is also a member of the Board. He does not have any family relationship with any major shareholder of SHMB. He has no conflict of interest with SHMB and no convictions for any offences within the past ten years. He attended all five Board meetings held in 2008. Age 81.

## PROFILE OF BOARD OF DIRECTORS



### **RAVINDER SINGH GREWAL SARBJIT S**

MALAYSIAN, NON-INDEPENDENT NON-EXECUTIVE DIRECTOR

Mr Ravinder Singh Grewal was appointed to the Board on 1 November 2007. He holds a Bachelor of Commerce from the University of New South Wales, Australia and is also a member of the Certified Public Accountants, Australia. He has 16 years of experience in corporate finance and private equity. His corporate finance deals have included IPOs and bond issues in Singapore, merger & acquisition transactions in South-East Asia as well as debt restructuring transactions in Malaysia and Indonesia. His private equity deals have included development capital investments in middle-market companies in Malaysia and Singapore. He previously worked for Standard Chartered Merchant Bank and also DBS Bank in Singapore. Currently, he is an Investment Director of Standard Chartered Private Equity Limited. He does not sit on the board of any other public listed company in Malaysia.

Mr Ravinder has no family relationship with any Director and/or major shareholder of SHMB, no conflict of interest with SHMB and no convictions for any offences within the past ten years. He attended all five Board meetings held in 2008. Age 39.

### **RICHARD ANTHONY JOHNSON**

BRITISH, NON-INDEPENDENT NON-EXECUTIVE DIRECTOR

Mr Richard Anthony Johnson was appointed to the Board on 1 November 2007. He holds a Master of Arts in Jurisprudence from Oxford University, a Master of Science in Property Investment from City University, London and is a Chartered Surveyor. He has over 20 years of experience in real estate investment, development and financing in many of the world's major markets. Previously, he was an International Director of Jones Lang LaSalle based in China, Singapore and London, as well as a Partner of St Quintin in London. He was also the Managing Director of Istithmar, a Dubai based global private equity investor in a wide range of alternative investments and real estate. He is currently the Chief Executive Officer of Standard Chartered-Istithmar Asia Real Estate Opportunity Fund. He does not sit on the board of any other public listed company in Malaysia.

Mr Richard Johnson has no family relationship with any Director and/or major shareholder of SHMB, no conflict of interest with SHMB and no convictions for any offences within the past ten years. He attended four out of five Board meetings held in 2008. Age 44.

## PROFILE OF BOARD OF DIRECTORS



### **DATUK SUPPERAMANIAM A/L MANICKAM**

MALAYSIAN, INDEPENDENT NON-EXECUTIVE DIRECTOR

Datuk Supperamaniam a/l Manickam was appointed to the Board on 3 January 2005 and is a member of the Audit Committee and Nomination & Remuneration Committee. He holds a Bachelor of Arts (Honours) degree in Economics from the University of Malaya. Datuk Supperamaniam joined the Malaysian Administrative and Diplomatic Service in 1970 and was posted to the Ministry of Trade and Industry as Assistant Director. He served in the same Ministry for thirty-three years and was appointed as Deputy Secretary General of the Ministry of International Trade and Industry (MITI) from 1997 up to his official retirement in March 2000. In May 2000, he was appointed by the Government as Ambassador/Permanent Representative of Malaysia to the World Trade Organisation, Geneva, Switzerland and held the position until September 2003. During the tenure of his service, he represented Malaysia at various bilateral, regional and international conferences including Senior Officials Meetings as well as in Summits and Ministerial Conferences of APEC, World Trade Organisation (WTO), UNCTAD and ASEAN. Since his retirement from government service, he has continued to be invited to participate as a resource person and consultant to meetings, workshops and conferences organised by United Nations Agencies, regional and international organisations and foreign governments. He has also been appointed to serve as a member on several committees of the Government on Globalisation issues especially those relating to trade policy and negotiations. Currently, he also serves as an adjunct Professor to the International Islamic University of Malaysia and a Visiting Professor of Macao University of Science and Technology (Faculty of Law). He is also the Advisor to the Federation of Malaysian Manufacturers on Trade Policy, WTO and Free Trade Agreement (FTA) Negotiations. He also sits on the board of Panasonic Manufacturing Malaysia Berhad.

Datuk Supperamaniam has no family relationship with any Director and/or major shareholder of SHMB, no conflict of interest with SHMB and no convictions for any offences within the past ten years. He attended all five Board meetings held in 2008. Age 64.

### **DATO' DR TAN TAT WAI**

MALAYSIAN, INDEPENDENT NON-EXECUTIVE DIRECTOR

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

Dato' Dr Tan has no family relationship with any Director and/or major shareholder of SHMB, no conflict of interest with SHMB and no convictions for any offences within the past ten years. He attended all five Board meetings held in 2008. Age 62.

## PROFILE OF BOARD OF DIRECTORS



### TAN YEW JIN

MALAYSIAN, NON-INDEPENDENT NON-EXECUTIVE DIRECTOR

Mr Tan Yew Jin was appointed to the Board of SHMB on 17 October 2006 and is a member of the Audit Committee. He is a member of the Malaysian Institute of Accountants, Malaysian Institute of Certified Public Accountants, CPA Australia and a Fellow of the Institute of Certified Public Accountants, Singapore. He joined FFM Group in 1966 and was the Deputy Managing Director of FFM Berhad (1998-2000). He previously held the positions of Executive Chairman of PPB Oil Palms Berhad (2000-2004), Deputy Chairman of Jerneh Asia Berhad (2001-2007) and was also a Director of PPB Group Berhad (2001-2007). He does not sit on the board of any other public listed company.

Mr Tan has no family relationship with any Director and/or major shareholder of SHMB, no conflict of interest with SHMB and no convictions for any offences within the past ten years. He attended all five Board meetings held in 2008. Age 67.

### JOSEPH PATRICK STEVENS

AMERICAN, ALTERNATE DIRECTOR

Mr Joseph Patrick Stevens joined the Board on 1 November 2007 as an Alternate Director to Mr Richard Anthony Johnson. He holds a Juris Doctorate from Georgetown University (United States) and a Bachelor of Science in Political Science from Alfred University (United States). He spent 13 years at Goldman Sachs in the Investment Banking Division, where he held various leadership positions throughout Asia (Hong Kong, Singapore, Tokyo, Beijing), including Chief Executive and Managing Director of Goldman Sachs' China joint venture, Goldman Sachs Gao Hua Securities Limited. His investment banking experience includes several successful principal investments, mergers and acquisitions, acquisition financings and capital markets transactions. Prior to joining Goldman, he was an attorney with a US law firm, Cravath, Swaine & Moore (in New York and London) for 6 years, focusing primarily on mergers & acquisitions and securities transactions. Currently, he is the Global Head of Principal Finance at Standard Chartered Bank, and is based in Singapore. He does not sit on the board of any other public listed company in Malaysia.

Mr Joseph Stevens has no family relationship with any Director and/or major shareholder of SHMB, no conflict of interest with SHMB and no convictions for any offences within the past ten years. Age 47.