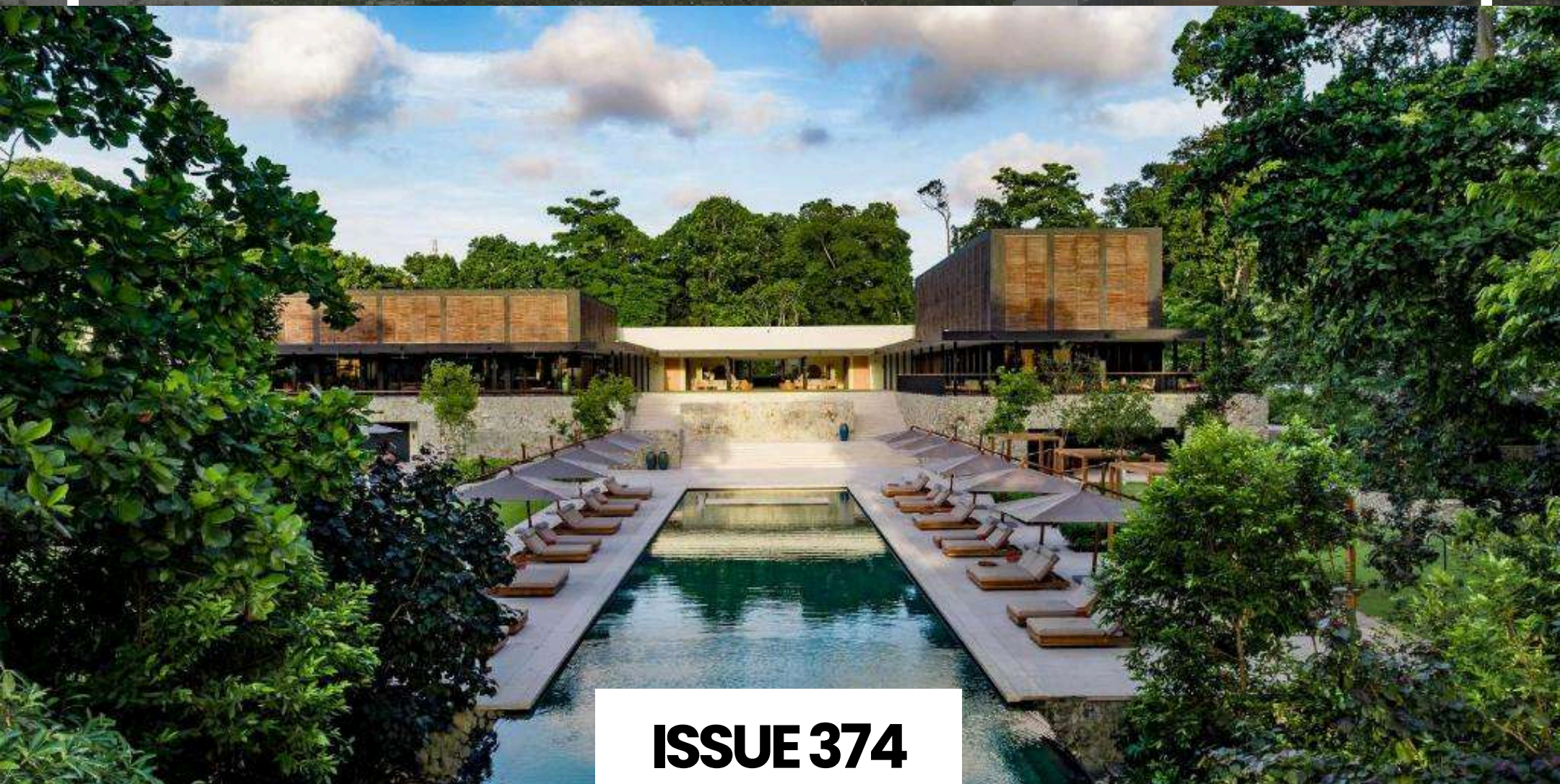


HOSPITALITY INDUSTRY NEWSLETTER



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Record 290 Million Visitors Drive Malaysia's Domestic Tourism Growth in 2025



Malaysia's domestic tourism sector closed 2025 strongly, with total visitors reaching 290.1 million – an 11.5% year-on-year increase from 260.1 million in 2024. Domestic tourism expenditure reached RM121 billion, reflecting 13.3% year-on-year growth. The figures were published by the Department of Statistics Malaysia (DOSM) in the Domestic Tourism Survey for Q4 2025.

The fourth quarter alone saw 74 million visitors, up 10.8% year-on-year, with tourism expenditure of RM32.6 billion, rising 12.4% over the same period. On a quarter-on-quarter basis, visitor numbers and spending grew 2% and 9.1% respectively. Growth was driven by school holidays and the year-end festive season, with higher spending on accommodation, food and beverage, transportation, and retail.

Supporting indicators remained consistent with this momentum. Domestic airport arrivals rose 17.9% year-on-year, while automotive fuel retail sales grew 7.1%, reflecting increased travel activity. Accommodation revenue expanded 14.7%, with occupancy rates improving across all hotel categories. Chief statistician Datuk Seri Dr Mohd Uzir Mahidin highlighted the sector's key role in supporting MSMEs and reinforcing economic resilience across tourism-related industries.

Aquawalk Ventures into Sabah with RM70.5 Million Oceanarium Investment Opportunity



Aquawalk Group Bhd is expanding into Sabah with Aquaria KK, a new oceanarium in Kota Kinabalu estimated at RM70.5 million. Its subsidiary Aquawalk KK Sdn Bhd has signed a 30-year lease for 73,054 sq ft within The Bedrock at Jesselton Docklands, developed by a joint venture between Suria Capital Holdings Bhd and BEDI Development Sdn Bhd.

The project marks Aquawalk's first venture into Sabah, complementing Aquaria KLCC, Aquaria Phuket, and a 40% stake in Jakarta Aquarium and Safari. Originally planned as a joint venture, the group opted to proceed independently for full operational control. Targeted for completion by 2029, RM39.6 million from IPO proceeds will fund the project, with the balance sourced from internal funds and borrowings.

As at December 31, 2025, Aquawalk held RM180.9 million in cash with no borrowings and recorded net operating cash flow of RM50.4 million. Comparable in scale to Aquaria KLCC, Aquaria KK is projected to draw around 360,000 visitors annually. Executive chairman Datuk Simon Foong stated the expansion strengthens the group's position in a high-growth market while enhancing long-term earnings visibility.

YTL Hospitality REIT Placement Strengthens Capacity for Strategic Acquisition Value



YTL Hospitality REIT is advancing a proposed placement aimed at reducing gearing and enhancing financial flexibility for future acquisitions. According to Maybank Investment Bank (Maybank IB), the placement is expected to ease gearing from approximately 44% to 42%, creating greater headroom to pursue yield-accretive opportunities. Maybank IB maintains a BUY recommendation with a target price of RM1.35.

The placement is scheduled following the dividend ex-date on March 11, 2026. Maybank IB estimates a modest dilution of 2.2% in earnings per unit and 2.3% in distribution per unit for FY27 to FY28 post debt repayment. For FY25, the REIT posted revenue of RM548.3 million, net property income of RM292.1 million, and a distribution per unit of 7.75 sen.

The REIT manages a diversified portfolio of 19 hospitality assets valued at RM5.44 billion, weighted 52% in Malaysia, 37% in Australia, and 11% in Japan. Near-term growth catalysts include AC Hotel Puchong commencing lease contributions in April 2026 and the Moxy Niseko project in Japan targeted for completion in second half of 2027, offering medium-term earnings visibility.

Exsim and Majestic Gen Partnership Targets 3,000 Keys Nationwide Across Four Years



Exsim Hospitality Bhd has entered a strategic partnership with property developer Majestic Gen to introduce professionally managed accommodation across Malaysia, targeting a potential pipeline of over 3,000 keys within four years. Under the collaboration, Exsim Hospitality's brand Mana Mana Hospitality will be appointed as the operator for selected projects within Majestic Gen's nationwide development portfolio.

The programme will be rolled out progressively, based on project suitability, with Majestic Residence in Kuala Lumpur among the first developments to participate. Homeowner participation in the hospitality management programme will remain optional. Majestic Gen general manager of sales and marketing (group) Grace Foo stated the partnership reflects efforts to strengthen the value and resilience of its projects across Malaysia.

For Exsim Hospitality, the partnership supports its strategy to scale Mana Mana Hospitality into a broader hospitality operating platform. Mana Mana Hospitality managing director Debbie Leow noted the collaboration is designed to expand operational capabilities beyond short-term rentals into lifestyle resorts and full-service hotels. The partnership leverages Majestic Gen's nationwide pipeline to enable more consistent and scalable growth.

Batik Air and Sarawak Strengthen Routes with Festive Fares and China Connections



Sarawak Transport Minister Dato Sri Lee Kim Shin and Batik Air Malaysia chief executive officer Datuk Chandran Rama Muthy have reaffirmed their commitment to strengthening the state's air connectivity through expanded flight operations. Discussions covered flight scheduling, additional frequencies during peak periods, and the introduction of new international routes to support tourism and economic growth.

On the festive front, special airfares are capped at RM499 for selected flights from Peninsular Malaysia to Sabah and Sarawak during peak seasons, in line with an initiative by Federal Transport Minister Anthony Loke. Batik Air's international chartered scheduled flights between Kuching and Guangzhou Baiyun International Airport commenced on March 17, operating twice weekly on Tuesdays and Saturdays.

Additional routes from Zhangjiajie and Kunming are expected later in the year, further broadening air connectivity with China and enhancing tourist and economic flows to the state. Both parties also discussed promoting Sarawak's culture, local products, and cuisine alongside UNESCO World Heritage attractions such as the Mulu and Niah caves. These efforts complement national campaigns including Visit Malaysia 2026 and Cuti-Cuti Malaysia.

Penang Unlocks Three Direct Routes to Strengthen Tourism and Regional Connectivity



Penang is set to welcome three new direct flight routes, strengthening the state's connectivity with Thailand, China, and peninsular Malaysia. State Tourism and Creative Economy Committee chairman Wong Hon Wai confirmed that AirAsia launched a direct Phuket-Penang service on March 13, operating four weekly flights, while Batik Air commenced its Senai-Penang route on March 18 with one daily flight.

In addition, Qingdao Airlines will launch a Qingdao-Penang service on March 31, and Chongqing Airlines is scheduled to introduce the Chongqing-Penang route in April. The introduction of these routes during the early phase of Visit Malaysia 2026 highlights efforts to diversify visitor sources and strengthen Penang's aviation network, consolidating its role as a gateway for northern Malaysia.

Wong noted that global uncertainties, particularly in West Asia and Europe, may influence travel flows, making route diversification across East Asia and Southeast Asia a strategic priority. The coordinated expansion by domestic and international carriers is designed to sustain momentum in Penang's tourism economy and reinforce its position as a resilient and well-connected international tourism hub.

Xiamen Airlines Opens Direct Nanjing-KL Route, Tapping China's Booming Tourist Market



Tourism Malaysia welcomed the inaugural Xiamen Airlines direct flight from Nanjing to Kuala Lumpur on March 17, marking a meaningful boost to connectivity between Malaysia and eastern China. The new route links Nanjing Lukou International Airport with Kuala Lumpur International Airport and will operate seven times weekly using a Boeing 737-800 with a 173-passenger capacity.

Tourism Malaysia director-general Mohd Amirul Rizal Abdul Rahim highlighted the service as part of ongoing efforts to strengthen Malaysia's accessibility to eastern Chinese travellers and its standing as a premier destination. The route supports both leisure and business travel and is expected to deepen tourism and bilateral economic ties between the two countries.

The launch builds on strong momentum, as Malaysia welcomed 4.7 million visitors from China in 2025, a 25.15% year-on-year increase. Xiamen Airlines' expansion into this route signals growing confidence in international travel and underscores Malaysia's appeal as a destination celebrated for its gastronomy, world-class shopping, and warm hospitality. Tourism Malaysia remains confident that Chinese visitor arrivals will continue their upward trajectory.

AirAsia's 20th Indonesia Route Connects Kota Bharu to Jakarta from June 2026



AirAsia Malaysia has announced the launch of its 20th route to Indonesia, connecting Kota Bharu to Jakarta starting June 16, 2026. The airline will operate four weekly flights between Kota Bharu (KBR) and Jakarta (CGK), making AirAsia the first airline to link Kota Bharu with Indonesia in the second half of the year.

The new route supports Kelantan's target of attracting 12 million tourists in 2026, building on approximately 11 million visitor arrivals in 2025, of which nearly 90% were domestic. It also aligns with the national goal of welcoming 4.6 million Indonesian visitors under Visit Malaysia 2026, while the Indonesian government targets between 16 and 17.6 million foreign tourist arrivals this year.

AirAsia operates over 370 weekly flights between Malaysia and Indonesia and carried nearly three million passengers on these routes in 2025. As Kelantan develops its medical tourism sector targeting Indonesian patients, stronger air links are essential. Dato' Captain Fareh Mazputra noted the route fosters economic and healthcare ties between both nations. Introductory fares for the Kota Bharu to Jakarta service start from RM199 one way.

Johor Sets Ambitious 15% Revenue Growth Target for Healthcare Tourism in 2026



Johor is targeting RM230 million in medical tourism revenue in 2026, a 15% increase from RM202 million in 2025, which itself marked a 12% rise from the prior year. State health and environment committee chairman Ling Tian Soon noted the target is aligned with Visit Johor 2026 and Malaysia Year of Medical Tourism 2026.

Approximately 127,000 healthcare travellers visited Johor in 2025, up 3% year-on-year. Indonesia, Singapore, and China collectively represented over 60% of healthcare arrivals, supported by Johor's strategic location and accessibility. Treatment costs are 30% to 60% lower than in Singapore, making the state a favoured destination. Key entry points include Senai International Airport and its well-connected highway network.

High-demand specialities include orthopaedic surgery, cardiology, oncology, and respiratory medicine, among a total of 10 identified categories. Recognised hospitals under Malaysia's healthcare travel programme include KPJ Johor Specialist Hospital, Gleneagles Hospital Medini, Columbia Asia Hospital Tebrau, and Regency Specialist Hospital. The sector is estimated to generate an economic multiplier of four times direct patient spending, highlighting its broader value beyond direct medical revenues.

Sunway Healthcare Sees Middle East Tensions as Opportunity for Malaysia's Medical Tourism



Sunway Healthcare Holdings Bhd anticipates a potential influx of medical tourists from the Middle East as ongoing geopolitical tensions prompt patients to seek alternative healthcare destinations in Asia. After its Main Market listing, president Datuk Lau Beng Long noted that patients previously travelling to hubs such as Dubai may redirect to Southeast Asia as conditions remain uncertain.

Despite these uncertainties, the company's medical tourism outlook remains positive. Its patient base is driven primarily by regional neighbours including Indonesia, Cambodia, China, and India. Chief financial officer Chelsea Cheng noted the low reliance on European patients provides a degree of insulation from travel disruptions, reinforcing the group's confidence in its medical tourism performance for the year.

Currency dynamics are also working in Malaysia's favour. The ringgit's relative strength against the Singapore dollar and the weakness of the Indonesian rupiah have contributed to higher Indonesian patient volumes. Sunway Healthcare made its Main Market debut at RM1.70 per share, a 17% premium to its IPO price of RM1.45, raising over RM3 billion to fund hospital capacity expansion and regional growth.