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# Hospitality Industry Newsletter

## Weekly Insights

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## Country Heights Repositions Iconic Palace Hotel to Unlock Long Term Value

Country Heights Holdings Bhd is repositioning the Palace of the Golden Horses, a 400 room landmark hotel in Mines Resort City, as part of its long term strategic plan. The luxury asset remains central to the group portfolio, benefiting from connectivity to the Mines International Exhibition and Convention Centre and views over Mines Lake. Consequently, it anchors the precinct as a leisure destination.

Developed in the 1990s on the former Sungei Besi Mine, the hotel formed part of an integrated development supporting tourism and business activity. It closed in 2020 for refurbishment and reopened in 2021 with upgraded facilities. Importantly, it remained operational during the pandemic by serving medical tourists, while traditional Chinese medicine services recorded demand.

Founder Tan Sri Lee Kim Yew said the repositioning supports initiatives covering Web 3.0 platforms, enhanced preventive healthcare services, and experiences. Meanwhile, CHHB is pursuing recovery of about RM15 million in rental arrears through legal channels, reinforcing governance, asset integrity, and sustainable growth.



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## **IHG Hotels & Resorts Accelerates Malaysian Growth with Strategic Brand Debuts**

IHG Hotels & Resorts is advancing its footprint in Malaysia with seven new hotels scheduled to open in coming years, introducing three brand debuts including Kimpton Naluria Kuala Lumpur at TRX in mid-December, Regent Kuala Lumpur at TRX in 2026, and voco Kuching. The InterContinental Penang Resort conversion from former Mutiara Penang Resort will also launch in 2026.

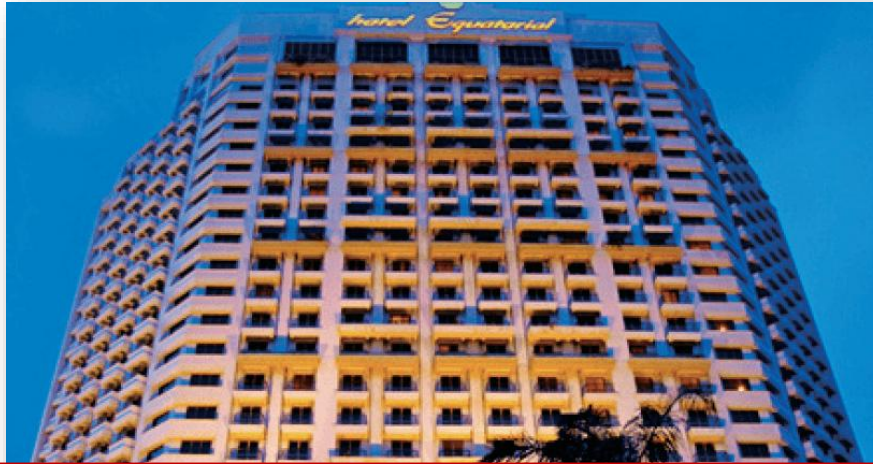
Malaysia recorded 62.1% average occupancy rate through October with RevPAR up 7.7% to US\$58.30. Tourism contributes 15% to Malaysia's GDP, with the country welcoming 25 million visitors in 2024, ranking second in Southeast Asia. Government allocated RM700 million to attract 47 million tourists in 2026. Over 50% of IHG's pipeline focuses on luxury and lifestyle segments.

From January to August, Malaysia welcomed 28 million international visitors, up 14.5% year on year, approaching the 31 million national target. IHG operates 12 hotels in Malaysia under management agreements, with conversions accounting for 25% of existing estate and 30% of pipeline.



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## Prime Melaka Hospitality Asset Offers Strategic Investment Opportunity for Redevelopment

The former 494-room Equatorial Melaka hotel is currently on market with asking price between RM125 million to RM135 million. Owned by Permodalan Nasional Bhd since 2016 acquisition from Sime Darby, the 22-storey property sits on three commercial leasehold land parcels totaling 136,077 sq ft with leases expiring between 2080 and 2116. The hotel closed in June 2019 for renovation but remained shuttered since.

Several Melaka hotels are on the market, including Axteria Melaka Hotel, MidCity Hotel, and Mahkota Hotel. Average occupancy has eased to about 50% from 66% in 2016, reflecting higher supply and alternative accommodation. Despite this, new hotels continue to open, including Dusit Princess Hotel Melaka, Parkroyal AFamosa Melaka Resort, and Birkin International Hotel in 2024.

Tourist arrivals reached 15 million in 2024, projected to hit 16.5 million this year, supported by rising visitor spending and international marketing efforts including Fan Bingbing's appointment as tourism ambassador.



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## **New Apas Sports Complex to Boost Youth and Community Development**

The State Youth, Sports and Creative Economy Ministry plans to build a new sports facility in Apas, Tawau, with a projected cost of at least RM15 million. Minister Datuk Nizam Abu Bakar Titingan said construction is targeted to begin within five years, with a suitable site already identified near the Apas state constituency.

The project's design blueprint is complete, but progress depends on resolving land-use matters, meeting technical requirements, and securing state funding. Nizam described the sports complex as a personal priority to nurture youth talent and reduce reliance on the existing Tawau Sports Complex, which is located some distance away.

Once completed, the Apas Sports Complex is expected to promote healthier lifestyles and community engagement, benefiting not only residents of Apas but also neighbouring areas such as Balung and Sri Tanjong, while supporting broader youth development and recreational opportunities across the region.



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## **Dusit Princess Melaka Elevates Business Events with Refreshed MICE Facilities**

Dusit Princess Melaka unveiled newly refreshed meeting facilities at exclusive MICE Showcase on December 8, 2025, targeting business media, corporate partners, and travel agents. Malaysia's business events sector projects contribution up to RM76.8 billion in revenue, attracting over 25 million visitors in coming years. The hotel's revitalized Bendahara Room and upgraded seventh-floor event level feature refreshed interiors, improved acoustics, modern LCD screens, and enhanced pre-function spaces.

New General Manager Richard Suter brings extensive luxury hotel leadership experience across Asia. The venue includes one of Melaka's largest ballrooms spanning 774 sqm, accommodating up to 1,000 guests, supported by versatile multi-breakout rooms and networking areas. Hotel received Best Hotel for Business Travellers Malaysia recognition at International Business Magazine Awards 2025.

Domestic travel in Malaysia rose to 260.1 million trips in 2024, representing 21.7% year on year increase, boosting demand for corporate retreats and business-leisure stays in UNESCO World Heritage City.



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## Domestic Tourism Surge Drives Economic Momentum with Record Visitor Spending

Malaysia's domestic tourism recorded robust performance in first nine months of 2025 with 216 million visitors and RM88.4 billion spending, representing increases of 11.8% and 13.7% respectively compared to same period last year. Chief Statistician Datuk Seri Dr Mohd Uzir Mahidin noted tourism-related industries showed strong third quarter performance, with retail automotive fuel sales rising 6.3% year on year, reflecting sustained domestic travel activity.

Domestic airport arrivals increased 11.4%, indicating sustained mobility and travel demand. Accommodation sub-sector revenue rose 14.3% year on year, with occupancy rates reaching 68.8% for five-star hotels, 69.9% for three-star hotels, and 62.8% for four-star hotels. Urban hotel occupancy rates increased 1.2 percentage points to 64% compared to same quarter last year.

Domestic tourism remains main pillar of national economy, with sector growth expected to continue, further strengthening contribution to country's overall economic health.



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## Penang Tourism Sector Matures with Global Partnerships and Infrastructure Growth

Penang's tourism sector demonstrates maturity with 7.22 million passenger movements through airport in first 11 months of 2025, representing nearly 6% year on year increase, building on over 8.2 million hotel guests welcomed in 2024. Chief Minister Chow Kon Yeow emphasized state's focus shifting towards quality, distinctiveness, and sustainability as visitor numbers grow. Modern travellers increasingly seek meaningful experiences rooted in authenticity, learning, and sustainability, positioning Penang to meet evolving demand.

Entopia's recent international franchise agreement expanding into eight countries exemplifies Penang brands competing globally while anchored in knowledge-driven values. The achievement aims to inspire more Penang-based enterprises to think globally, innovate boldly, and scale responsibly. Planned expansion of Penang International Airport to 12 million passenger capacity will prove crucial for strengthening connectivity and attracting new international routes.

The infrastructure upgrade supports higher-value tourism development and reinforces state's competitive position in tourism landscape.



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### **Desa Kirana Programme Targets 100,000 Visitors to Rural Destinations**

The Rural and Regional Development Ministry aims to attract 100,000 tourist visits to rural destinations through the Desa Kirana programme ahead of Visit Malaysia Year 2026. Deputy Prime Minister Datuk Seri Dr Ahmad Zahid Hamidi said the target is expected to be met by end next year, supporting the goal of generating economic benefits for rural communities. Key visitor markets include ASEAN, Oceania, Europe, South Korea, and Japan, with growing interest in Malaysia rural lifestyle.

Ministry urges all parties including homestay operators and village heads to maintain promoted locations ensuring sustainability beyond campaign period. The Desa Kirana programme covers 25 locations across Malaysia, representing strategic approach to comprehensive and unique rural tourism package with local communities as main drivers.

Ministry targets 20% income increase for local communities next year, considering potential of each location. Collaboration with Ministry of Tourism, Arts and Culture will support success of related tourism products nationwide.



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## **Private Medical Centre Planned in Kota Sentosa to Boost Sarawak Healthcare**

Sarawak's private healthcare sector gains major boost with state-of-the-art medical centre development in Kota Sentosa, fast-growing township at southern gateway to Kuching. Timber Land Group will undertake full-fledged private medical facility targeted for completion by 2030. Phase One scheduled to commence in 2027, initially comprising 172 beds, expanding into 300-room medical centre offering over 30 medical and surgical specialties.

A key feature being considered is a dedicated cancer treatment centre offering advanced oncology services such as diagnosis, chemotherapy, and radiotherapy. The facility aims to reduce the need for Sarawak patients to travel long distances for specialised care and to provide accessible medical services for communities in southern Sarawak.

Kota Sentosa was chosen for its strategic location as a main entry point into Kuching, with improved access from the Pan Borneo Highway. The medical centre is part of the Lunna integrated wellness development, which also includes Lunna Shopping Mall and 490 serviced apartments designed for medical specialists, patients, and their families.



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## Malaysia Airlines Recognized for Service and Operational Excellence in Indonesia

Malaysia Airlines was named Indonesia's Most Improved International Airline at the Indonesia Travel and Tourism Award 2025 ceremony held on December 16 in Jakarta. Organised by the ITTA Foundation, the recognition reflects progress in strengthening operations and market presence in Indonesia, supported by improvements in connectivity, service consistency, brand visibility, and Malaysian Hospitality.

Earlier in the year, the airline also received the Most Improved Airline award at the ITTA Foundation 10th Bali Tourism Awards in Denpasar. Together, these achievements highlight sustained progress and a long term commitment to the market, while supporting Malaysia's tourism goals ahead of Visit Malaysia 2026 through stronger regional and international links.

Malaysia Airlines operates services from Jakarta, Surabaya, Bali, and Medan to Kuala Lumpur and onward to more than 70 international destinations. The introduction of the Airbus A330neo on selected Bali routes further enhances capacity, strengthens network growth, and supports expansion across ASEAN, China, India, and Australasia.



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## Malaysia Airports Enhances Connectivity and Efficiency for Visit Malaysia 2026

Malaysia Airports is expanding air connectivity and improving operational efficiency to prepare for higher travel demand ahead of Visit Malaysia 2026. Managing director Datuk Mohd Izani Ghani said close collaboration with airlines supports network growth, better flight schedules, and smoother airport operations, ensuring capacity and service levels match expected demand.

Airline confidence remains strong, with new routes launched across the network in November and December 2025. These include services by Spring Airlines from Shanghai, Xiamen Airlines from Hangzhou, 9 Air from Haikou to Kuching and Penang, Hong Kong Express to Kota Kinabalu, and TransNusa from Jakarta to Penang.

In November 2025, the airport network handled 8.7 million passengers, including 4.7 million international and 4.0 million domestic travellers. KLIA recorded 5.5 million passengers, while total movements including Istanbul Sabiha Gokcen International Airport reached 12.9 million for the month.



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## Malaysia Aviation Group Expands Global Reach Through Strategic Royal Air Maroc Partnership

Malaysia Aviation Group has signed a codeshare agreement with Royal Air Maroc to boost connectivity across Africa, Europe, and Asia. Effective immediately, the partnership gives passengers more travel options. Malaysia Airlines will place its MH code on Royal Air Maroc flights between Casablanca and Doha, London, and Paris, while Royal Air Maroc will add its AT code on Malaysia Airlines services between Kuala Lumpur and the same cities.

Group managing director Datuk Captain Izham Ismail said the collaboration leverages the collective strength of the oneworld alliance, allowing the group to extend its reach beyond its own network. This approach provides customers with improved access, convenience, and seamless travel across key markets, particularly between Asia and Africa.

Royal Air Maroc chairman Hamid Addou said the codeshare supports the airline's strategy to strengthen its international network and enhance connectivity between Africa, Europe, and Asia, in line with growing global travel demand.



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## AirBorneo to Take Over MASwings, Strengthening Regional Connectivity in Malaysia

Sarawak-owned AirBorneo will take over MASwings' services, including flights, customer service, and passenger operations, from January 1, 2026. The transition follows MASwings' sale to the Sarawak government under a February 12 agreement with Malaysia Aviation Group. MASwings branding may remain initially as AirBorneo rolls out its new identity. MAG thanked passengers, partners, and stakeholders for supporting a smooth handover.

Since October 1, 2007, MASwings has been East Malaysia's first dedicated commuter airline, providing Rural Air Services that connect remote communities in Sabah, Sarawak, and Labuan to major urban centres. Its network supported access to healthcare, education, government services, commerce, and tourism, contributing to regional socio-economic development.

Over nearly two decades, MASwings operated more than 430,000 flights and carried over 19 million passengers. Upgrading to ATR 72-500 aircraft improved efficiency, reliability, and the passenger experience, creating a strong foundation for AirBorneo's future growth.



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## Direct Kuala Lumpur Flights Launching to Boost Trade and Education Ties

Air Algerie's direct Kuala Lumpur flight, launching March 29 next year, is expected to boost Malaysia-Algeria business ties and encourage more Algerian students to study in Malaysia. The three weekly services come amid expanding trade and cultural exchanges between the two countries, said Malaysian Ambassador to Algeria Datuk Rizany Irwan Muhamad Mazlan.

The ambassador highlighted that Air Algerie is not only connecting a popular tourist destination but also establishing a strategic presence in Southeast Asia's key economic hub. The direct route offers advantages for Algerian travellers, diaspora, and businesses. It is also timely given the growing relations between Malaysia and Algeria across multiple sectors, while Malaysia becomes increasingly attractive for North African students, encouraging greater enrolment in local universities and colleges.

Flights will operate for approximately 13 hours using the Airbus A330-900neo. Air Algerie is acquiring seven A330-900s to support its international route expansion, with the first aircraft scheduled for delivery in November.



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