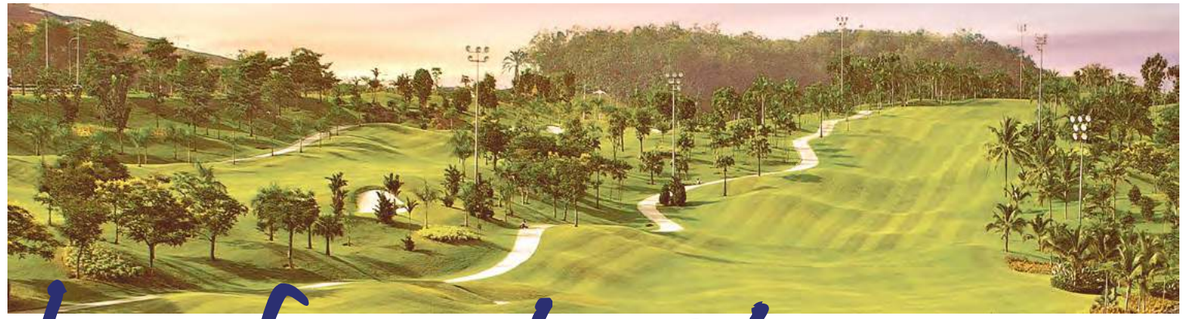
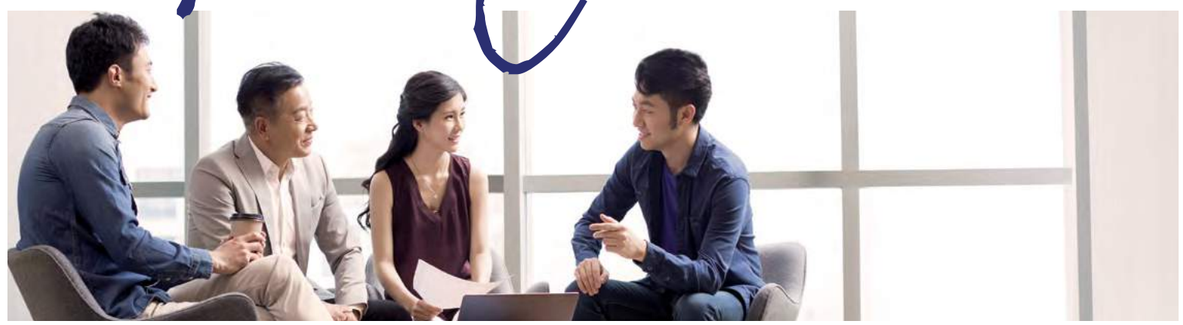
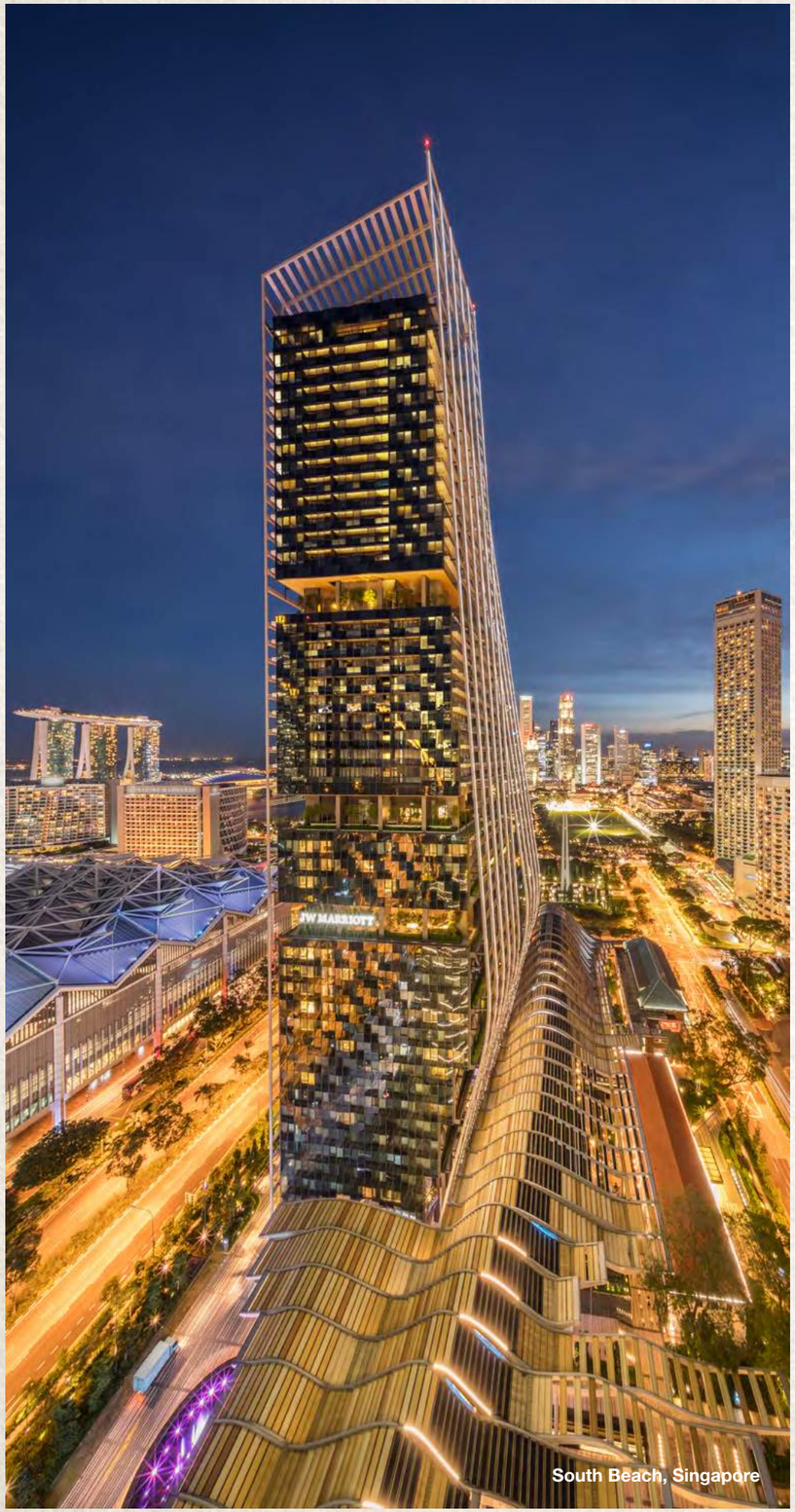


Lifestyle Influencer

IOI PROPERTIES

ANNUAL REPORT 2018





South Beach, Singapore

OUR VISION

…is to be a leading corporation in our core businesses by providing products and services of superior values and by sustaining consistent long-term growth in volume and profitability.

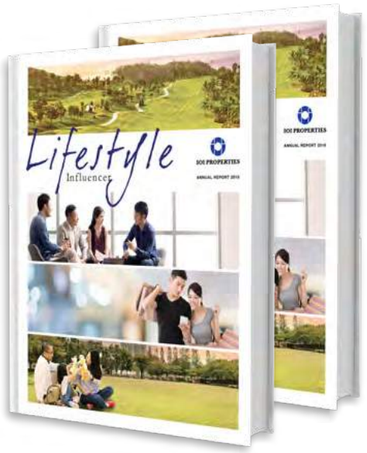
We shall strive to achieve responsible commercial success by satisfying our customers' needs, giving superior performance to our shareholders, providing rewarding careers to our people, cultivating mutually beneficial relationship with our business associates, caring for the society and the environment in which we operate and contributing towards the progress of our nation.

www.ioiproperties.com.my

OUR CORE VALUES

In our pursuit of Vision IOI, we expect our people to uphold, at all times, the IOI Core Values which are expressed as follows:

1. **INTEGRITY** which is essential and cannot be compromised
2. **COMMITMENT** as we do what we say we will do
3. **LOYALTY** is crucial because we are one team sharing one vision
4. **EXCELLENCE IN EXECUTION** as our commitments can only be realised through actions and results
5. **SPEED OR TIMELINESS** in response is important in our ever changing business environment
6. **INNOVATIVENESS** to provide us additional competitive edge
7. **COST EFFICIENCY** is crucial as we need to remain competitive



WE'RE A LIFESTYLE INFLUENCER

This year's annual report reflects our passion for designing exciting lifestyle spaces where our residents from all walks of life can stay, work and play – all within the same environment. Guided by our philosophy of creating integrated sustainable townships, we focus on creating living spaces that give residents a place to call home, blending seamlessly with nature, with a wide range of amenities, facilities, ease of accessibility within a safe and secure environment.

With our enviable collection of quality homes, hotels, shopping malls, golf courses and Grade A office spaces, we are able to nurture lifestyles and set new benchmarks in sustainable urban living standards across Malaysia, Singapore and the People's Republic of China (PRC). This is what we mean by being Lifestyle Influencer – creating vibrant, sustainable communities and thriving commercial hubs that deliver value not only to our residents but also to those in the surrounding areas. Backed by our strong track record in property development, property investment as well as hospitality and leisure, we believe we will be able to deliver sustainable long-term growth and value to both our shareholders and stakeholders.

6th ANNUAL GENERAL MEETING

DATE
31 October 2018, Wednesday

TIME
10:00 a.m.

VENUE
Millennium Ballroom 1 (Level 1),
Le Méridien Putrajaya,
Lebuh IRC, IOI Resort City,
62502 Putrajaya,
Malaysia

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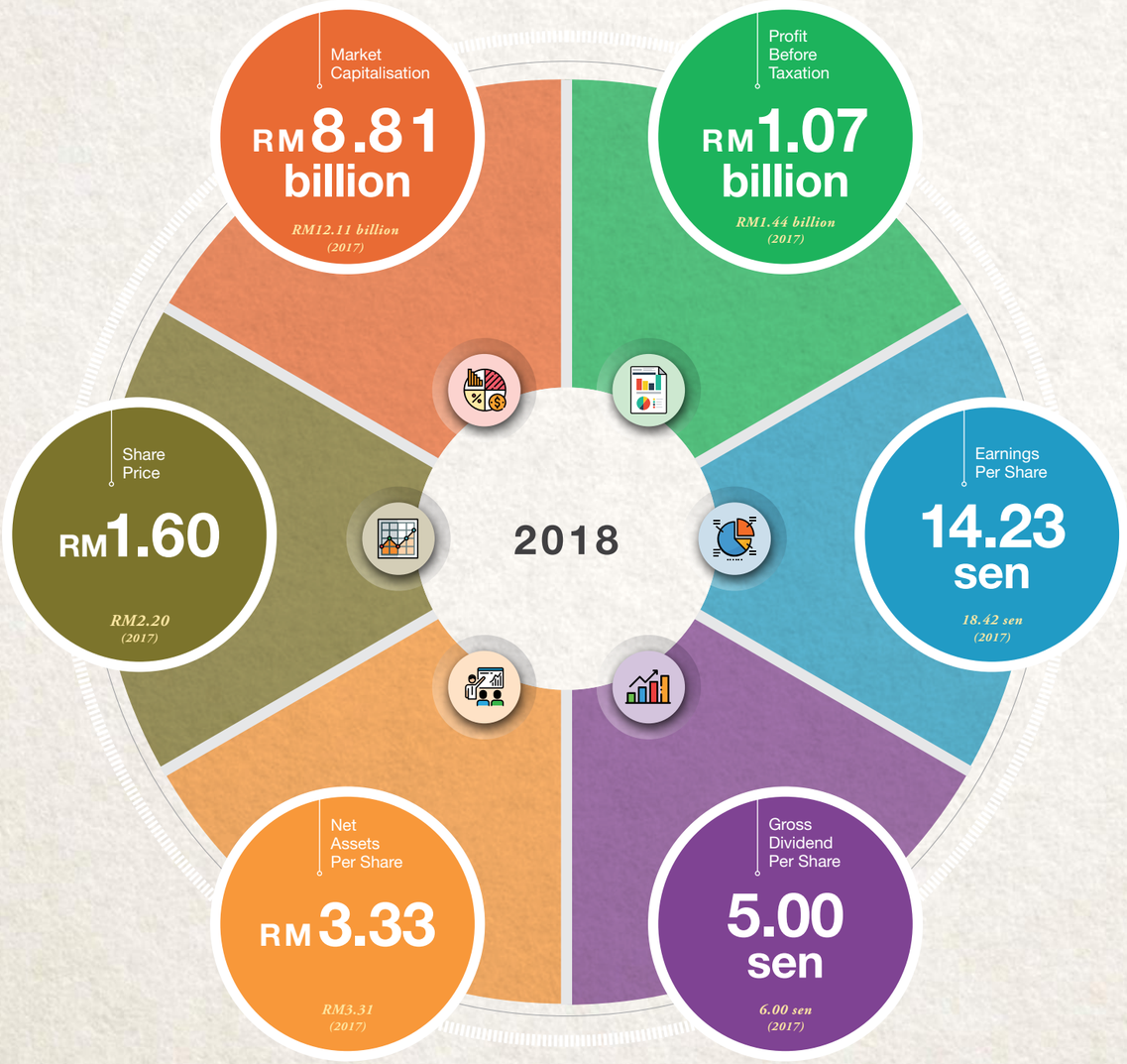
FACTS AT A GLANCE



KEY INDICATORS

CHAIRMAN'S STATEMENT

Tan Sri Dato' Lee Shin Cheng
Executive Chairman

Dear Shareholders,

On behalf of the Board of Directors and the management, I hereby present to you the Annual Report of IOI Properties Group Berhad ("IOIPG") for the financial year ended 30 June 2018 ("FY2018").

GROUP PERFORMANCE

For FY2018, the Group recorded revenue and profit after tax of RM2,792 million and RM808 million respectively, which is a decrease of approximately 33% and 17% from the previous financial year, mainly due to lesser units launched for sale for both Singapore and People's Republic of China ("PRC") projects.

Group revenue contribution continues to be driven by the property development segment (RM2,265 million), followed by property investment (RM326 million), hospitality & leisure (RM190 million) and other operations (RM11 million).

Revenue from our property development segment was contributed from projects in Klang Valley at 37%, Singapore at 25%, Johor at 21%, PRC at 11% and others (i.e. collectively from Penang, Negeri Sembilan and Melaka) at 6%. For the property investment segment, increased revenue contribution was mainly attributable to higher occupancy and rental rates for the retail and office segments. Meanwhile, higher occupancy and room rates achieved for the hotels as well as increased golfing activities, contributed to increased revenue in the hospitality & leisure segments.

REVENUE FROM THE GROUP'S OPERATING SEGMENTS

PROPERTY DEVELOPMENT
RM2,265
MILLION

PROPERTY INVESTMENT
RM326
MILLION

HOSPITALITY & LEISURE
RM190
MILLION

The Group achieved total sales of RM1,877 million (2,128 units), a decrease of approximately 34% from the previous financial year of RM2,847 million (2,296 units). Projects in Malaysia and Singapore accounted for 61% and 30% respectively of total sales for the financial year. Sales in Malaysia were mainly from projects in 16 Sierra and Bandar Puteri Bangi in the Klang Valley, and Taman Kempas Utama in Johor while overseas sales were mainly from the Trilinq project in Singapore.

The Group's financial position continued to remain strong with total assets of RM32,696 million, cash and cash equivalents of RM2,683 million and net assets per share of RM3.33.

A more detailed analysis of the Group's performance is available under the section "Management's Discussion and Analysis" in this Annual Report.

ECONOMIC OVERVIEW

The global economy continued to expand in the second quarter of 2018 with accelerated growth in the US economy whilst other major countries posted moderate expansions. In the advanced economies, private consumption was driven by steady wage growth and favourable employment conditions. Domestic demand remained resilient in the Asian region attributable to policy support and increased infrastructure expenditures.

In the second quarter of 2018, the Malaysian economy expanded by 4.5% year-on-year compared to 5.4% in the previous quarter year-on-year, attributable to supply disruptions in the mining sector, and supply constraints and unfavourable weather conditions lowering agriculture production. Private consumption increased by 8% attributable to continued growth in wage and employment. The construction sector expanded at a moderate pace, supported by growth in the civil engineering sub-sector contributed by the transportation, petrochemical and power plant projects while the residential and non-residential subsectors reflected a soft market sentiment.

Singapore's economy grew 3.8% year-on-year, in the second quarter of 2018 driven by growth in manufacturing, finance and insurance, wholesale and retail services subsectors. In the second quarter of 2018, the residential property market reflected healthy growth with increased property prices by 3.4% and higher take-up rate of 49.7% for new sales, compared to the previous quarter. New cooling measures recently introduced in July 2018 are expected to moderate price and demand growth. However, expectation of a steady economic and income growth as well as healthy employment condition will continue to support expansion in demand. In addition, projects in choice locations are expected to continue to attract prospective buyers.

In Xiamen, the PRC government's control measures continued to impact property transaction volumes and prices. Nevertheless, the market fundamental in Xiamen is still positive and property prices are anticipated to stabilise with gradual uplifting.

BUSINESS DEVELOPMENTS

In 16 Sierra, Zentro Residences, a 241-unit service apartment with GDV of approximately RM105 million was launched in October 2017. 16 Sierra is a 535-acre mixed development in the southern part of Puchong and close to Putrajaya, Cyberjaya and Puchong. The township is well connected via the South Klang Valley Expressway whilst Maju Expressway provides accessibility to Kuala Lumpur city centre, and Lebuhraya Damansara Puchong connects to Petaling Jaya and Kuala Lumpur International Airport ("KLIA"). Amenities and facilities within the township include a 7-acre park with 16 themed gardens, a clubhouse and an international school. The township is also close to IOI City Mall, AEON Taman Equine and Giant hypermarket in Seri Kembangan.

The first phase of our townhouse project in Bandar Puteri Bangi, Strata 1 comprising 310 units with GDV of approximately RM151 million was launched in September 2017. Bandar Puteri Bangi is a 360-acre freehold integrated mixed development, strategically located in the border of Selangor and Negeri Sembilan, close to Putrajaya, Kajang, Semenyih and Nilai and accessible via major highways such as North-South, North-South Expressway Central Link ("ELITE") and Kajang-Seremban ("LEKAS").

Ayden, the first phase of our townhouse project in Warisan Puteri in Sepang comprising 202 units with GDV of approximately RM99 million was launched in April 2018. Warisan Puteri is a 206-acre freehold integrated mixed development strategically located in Kota Warisan, next to Bandar Salak Tinggi and is accessible via the Maju Expressway and Putrajaya-Cyberjaya Expressway. The township is situated close to amenities and facilities such as KLIA, Express Rail Link Salak Tinggi station, KIP mall and Xiamen University. The on-going construction of an interchange at ELITE highway is expected to further improve connectivity to the township. In addition, a construction of a bypass flyover at Kampung Semarang-Simpang Empat has commenced and is expected to improve traffic flow and provide easy accessibility to Putrajaya, Cyberjaya and via Maju Expressway to Kuala Lumpur. These infrastructure investments and on-going construction of the Aeon mall in Nilai and second phase of the Xiamen University are anticipated to enhance the value propositions of our projects in the township and vibrancy of the southern Klang Valley area. Meanwhile, development of the e-commerce and logistics hub in KLIA Aeropolis under the Digital Free Trade Zone initiative is expected to attract foreign and domestic investments and generate positive spillover effect to developments in the surrounding areas, including our township.

For Xiamen, PRC, more launches will be expected from IOI Palm City comprising of high to mid-rise condominiums and town villas for the coming financial year. Meanwhile, the Xiang An project construction has been ongoing since fourth quarter of 2017 and its maiden launch is anticipated for the first half of 2019 which will consist of residential units. Future infrastructure developments that are currently in progress will not only complement the project but will also enhance visibility and connectivity to Xiamen Island. The infrastructure developments include a new Xiang An bridge, subway lines and a new airport in Dadeng Island in Xiang An district. The land is intended for mixed development comprising condominiums, town villas and commercial units within the new Xiang An central business district which is proposed to be an integrated eco-city.

The Trilinq project in Singapore continued to perform well with sales of 132 units worth approximately RM570 million in FY2018. To date, more than 98% from a total of 755 available units have been sold.

For South Beach in Singapore, an integrated development which is a joint venture with City Developments Limited, the 190-unit South Beach residences was launched in September 2018. South Beach's office tower and retail spaces are fully leased, and with the improved performance from the JW Marriott Hotel Singapore South Beach, the joint venture is expected to continue to contribute positively to the future prospects of the joint venture partners.

DIVIDEND

For the financial year under review, an interim dividend of 5 sen per ordinary share amounting to a total payout of approximately RM275 million was declared and subsequently paid on 28 September 2018, which represents approximately 35% distribution of the Group's net profit attributable to shareholders.

PROSPECTS

The Malaysian economy is anticipated to continue on a steady growth momentum in the year ahead supported by private sector spending. In the long term, the property market is expected to remain resilient with demand for properties to continue to be positive particularly for developments in strategic locations, supported by an expanding Malaysian economy and improved transportation infrastructure. Property ownership will continue to be the preferred asset to hedge against inflation in Malaysia.

With a track record spanning more than three decades in the property development industry and a strong pipeline of development land bank spread across strategic locations and key growth areas in Malaysia and abroad, the Group is confident that it is well positioned to continue to drive growth in its property development business. With successful developments of self-contained townships in Malaysia, as well as residential and commercial developments in Singapore and the PRC, the Group will continue to maximise returns through value enhancements in our products and execution of well planned projects in strategic locations, to cater for different economic conditions and market demand. We will also focus on strengthening marketing initiatives and branding across all platforms to cater to wider customer groups, particularly those utilising social media and digital channels. In addition, we will also embark on sustainable development measures in terms of minimising construction time through utilisation of the Industrial Building System (IBS) which will reduce use of timber and amount of timber waste from landfills. The Group is well-recognised in the Malaysian property sector and has continued to maintain its reputation as one of the leading public-listed property developers and consistently delivered on quality and product excellence in its property business.


IOI Palm City, Xiamen

For our established townships in Bandar Puteri Puchong and Bandar Puchong Jaya, we have the flexibility of maximising our product portfolio with the option of considering transit oriented developments as our land banks in these townships are located close to LRT stations. The availability of LRT services provide improved connectivity and convenience for residents and businesses as well as enhance visibility and marketability of our future projects in these townships. The Group's on going infrastructure investment for the upgrading and expansion of the Bandar Puteri interchange is expected to ease traffic flow and improve accessibility for the convenience of our stakeholders.

In IOI Resort City, new developments will include Clio 2 Residences and Gems Residences. Clio 2 Residences is a 550-units serviced apartment with an estimated GDV of approximately RM315 million. Gems Residences is a joint venture development with MJR Investment Pte Ltd which is affiliated to the Mitsubishi Estate Group. The first phase will be 334 units with an estimated GDV of approximately RM304 million. These new developments will be complemented by amenities and facilities within IOI Resort City amongst others such as IOI City Mall, Le Méridien Putrajaya and Putrajaya Marriott hotels and Palm Garden golf course. Construction on the second phase of IOI City Mall has also commenced and when completed, will increase total net lettable area from the current 1.5 million square feet to an estimated 2.5 million square feet. The new developments above mentioned is anticipated to support the existing components in this integrated development and further enhance IOI Resort City as a preferred residential and commercial destination for the southern corridor of greater Kuala Lumpur.

The Group is also optimistic on its future launches in IOI Palm City and Xiang An, as Xiamen is ideally located which is an attractive hub for economic activity as well as taking into consideration that Xiamen is the second largest city and a main commercial hub in the Fujian province and has one of the busiest ports in the PRC.

On Central Boulevard in Singapore, piling works has commenced since February 2018 and is progressing well. In view of the positive Singapore office market outlook, where central business district rental rates are anticipated to remain on a strong growth momentum, the Group remains optimistic on the prospects of this development as it is strategically located within Marina Bay area, the new financial and business district in Singapore. In addition, Central Boulevard is designed with various floor plates, including very large floor plates which will be attractive to major corporations who prefer buildings with open and efficient floor plates.

As our retail, hospitality and office developments are situated in urban and strategically located areas, these investment properties such as IOI City Mall, IOI Mall in Puchong and IOI Boulevard are expected to continue to enjoy high occupancies and generate healthy rental yields.

ACKNOWLEDGMENTS

On behalf of the Board of Directors, I wish to extend my sincere appreciation to all our stakeholders, including valued customers, shareholders and business associates for their continued support to the Group. I would also like to thank the financial institutions for their unwavering support to the Group all these years.

I wish to extend my gratitude to my fellow Board members for their guidance and wisdom, and to the management team and employees for their dedication and contribution to the success of the Group.

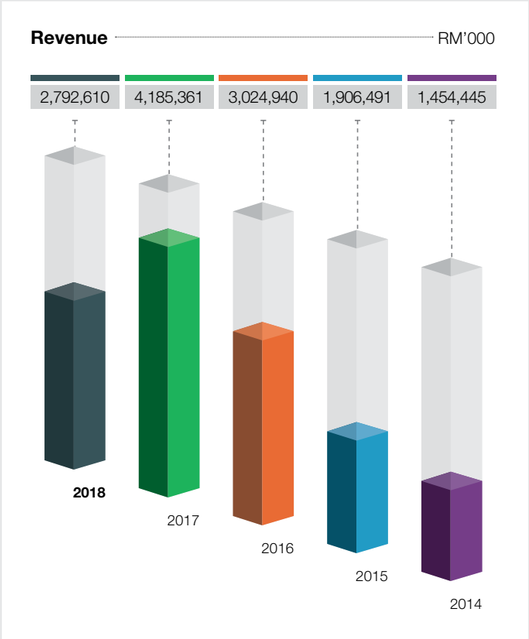
I am confident that the Group will continue to prosper and do well in the coming year with the continued support from all our stakeholders.

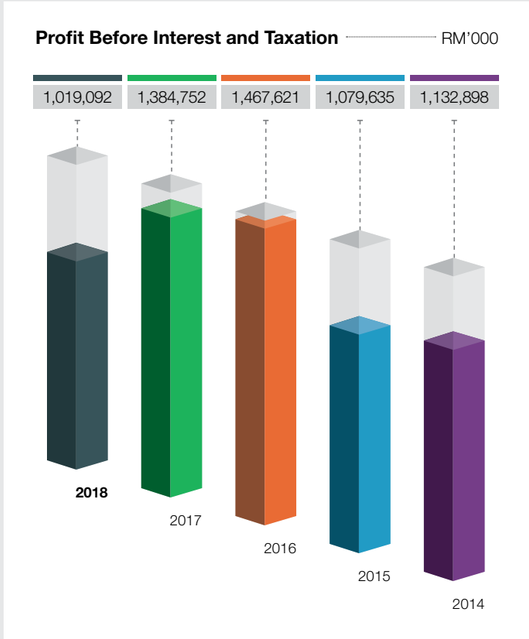
TAN SRI DATO' LEE SHIN CHENG
Executive Chairman

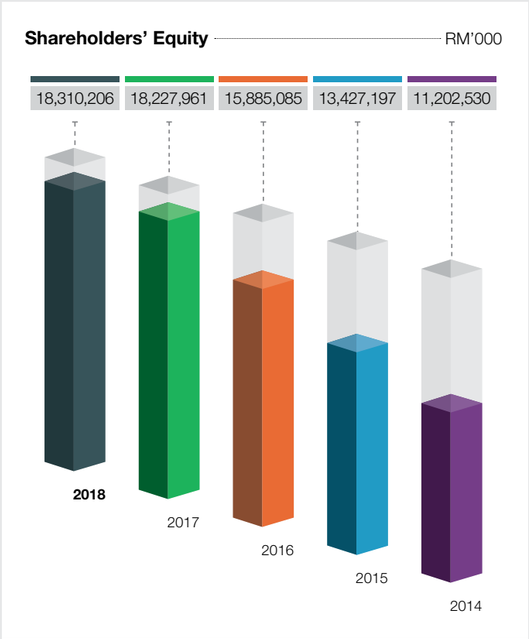
FIVE-YEAR FINANCIAL HIGHLIGHTS

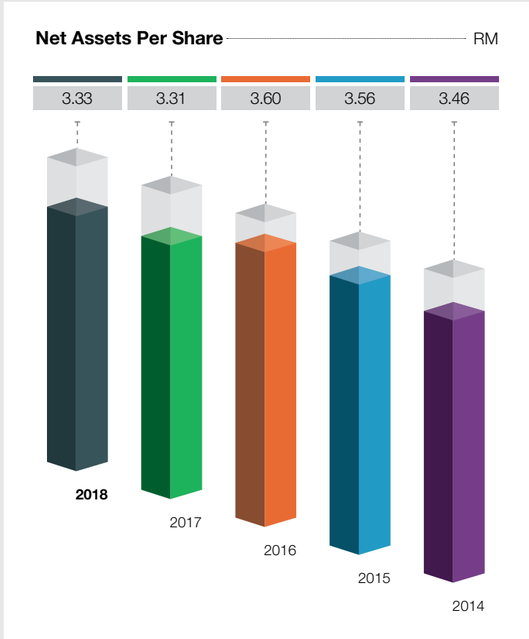
FINANCIAL YEAR ENDED 30 JUNE (RM'000)	2018	2017	2016	2015	2014
RESULTS					
Revenue	2,792,610	4,185,361	3,024,940	1,906,491	1,454,445
Profit before interest and taxation	1,019,092	1,384,752	1,467,621	1,079,635	1,132,898
Net interest income/(expense)	52,440	51,873	57,078	50,691	(12,494)
Profit before taxation	1,071,532	1,436,625	1,524,699	1,130,326	1,120,404
Taxation	(263,388)	(468,799)	(424,440)	(229,729)	(216,662)
Profit for the financial year	808,144	967,826	1,100,259	900,597	903,742
Attributable to:					
Owners of the parent	783,631	920,870	1,080,018	890,702	889,918
Non-controlling interests	24,513	46,956	20,241	9,895	13,824
ASSETS					
Property, plant & equipment	1,167,505	1,137,912	1,122,322	1,120,101	1,047,300
Land held for property development	4,508,568	4,560,892	4,591,032	2,894,104	3,011,711
Investment properties	12,895,582	12,804,095	4,024,219	3,388,152	2,765,489
Interests in joint ventures	4,951,803	5,126,081	4,820,518	4,155,262	3,855,746
Cash and cash equivalents	2,683,320	2,376,233	2,086,985	1,909,639	618,252
Other non-current assets	325,308	279,350	303,640	313,431	243,387
Other current assets	6,163,866	7,343,179	5,861,625	4,658,809	3,183,190
Total assets	32,695,952	33,627,742	22,810,341	18,439,498	14,725,075
EQUITY AND LIABILITIES					
Total shareholders' equity	18,310,206	18,227,961	15,885,085	13,427,197	11,202,530
Non-controlling interests	166,598	260,615	130,754	110,957	98,677
Total equity	18,476,804	18,488,576	16,015,839	13,538,154	11,301,207
Borrowings	11,953,066	12,494,506	4,262,032	2,799,010	2,057,230
Other non-current liabilities	868,717	1,065,346	916,614	422,438	300,716
Other current liabilities	1,397,365	1,579,314	1,615,856	1,679,896	1,065,922
Total liabilities	14,219,148	15,139,166	6,794,502	4,901,344	3,423,868
Total equity and liabilities	32,695,952	33,627,742	22,810,341	18,439,498	14,725,075
FINANCIAL RATIOS					
Basic earnings per share [N1] (sen)	14.23	18.42	24.99	25.83	27.47
Diluted earnings per share [N1] (sen)	14.23	18.42	24.99	25.83	27.47
Interest cover (times)	3.20	5.71	9.97	10.12	23.28
Net dividend per share (sen)	5.00	6.00	8.00	6.00	8.00
Dividend payout ratio (%)	35.13	35.88	32.68	25.37	29.12
Net assets per share (RM)	3.33	3.31	3.60	3.56	3.46
Gross gearing ratio (%)	65.28	68.55	26.83	20.85	18.36
Net gearing ratio (%)	50.63	55.51	13.69	6.62	12.85
Return on average shareholders' equity (%)	4.29	5.40	7.37	7.23	8.26
Return on average capital employed (%)	2.89	3.76	5.58	6.02	6.07

[N1] Basic and diluted earnings per share for FY2016 had been restated, due to adjustment made for bonus elements of rights issue.

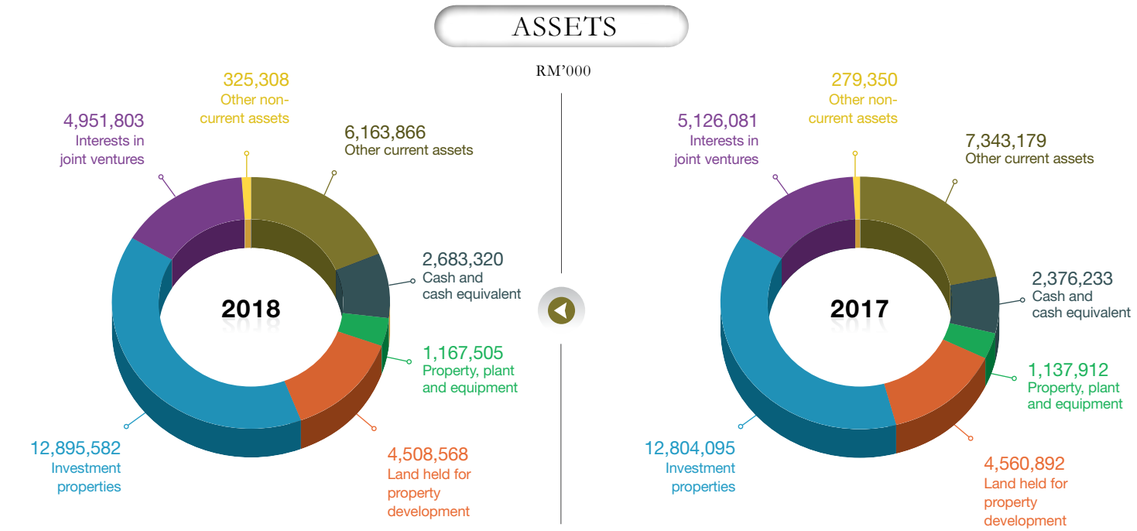


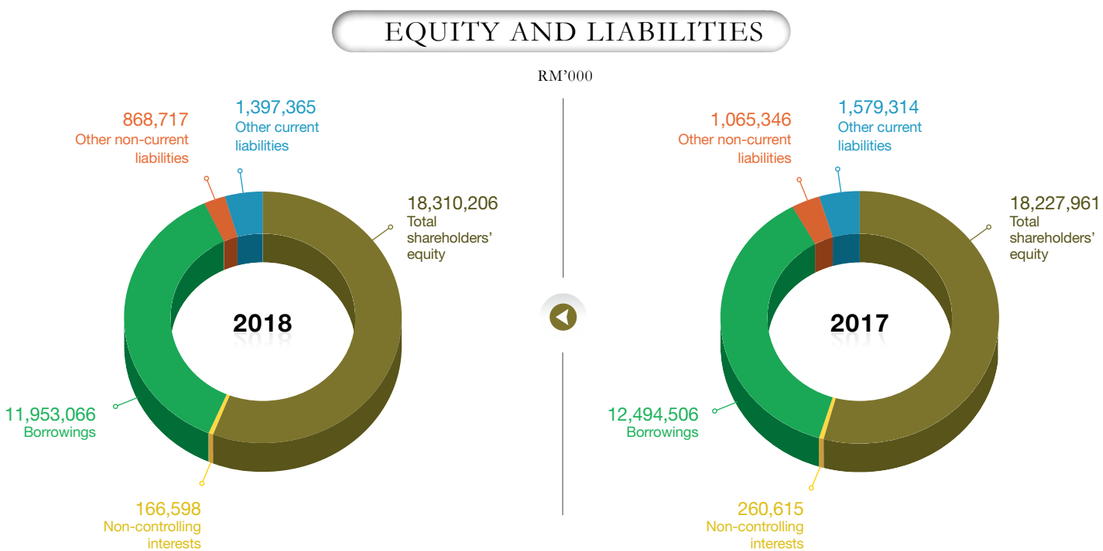






GROUP FINANCIAL POSITION





GROUP FINANCIAL AND SEGMENTAL PERFORMANCE HIGHLIGHTS

RM'000	2018	2017	2016	2015	2014
FINANCIAL PERFORMANCE					
Revenue	2,792,610	4,185,361	3,024,940	1,906,491	1,454,445
Segment operating profit	885,330	1,326,258	1,073,653	689,260	565,487
Fair value gain on investment properties	164,789	56,231	145,405	316,586	305,307
Gain on bargain purchase	-	-	71,091	-	197,966
Share of results of associates	3,193	3,264	(3,806)	1,716	3,494
Share of results of joint ventures	(34,220)	(1,001)	181,278	72,073	60,644
Profit before interest and taxation	1,019,092	1,384,752	1,467,621	1,079,635	1,132,898
Net interest income/(expense)	52,440	51,873	57,078	50,691	(12,494)
Profit before taxation	1,071,532	1,436,625	1,524,699	1,130,326	1,120,404
Taxation	(263,388)	(468,799)	(424,440)	(229,729)	(216,662)
Profit for the financial year	808,144	967,826	1,100,259	900,597	903,742
SEGMENT ANALYSIS					
Property Development					
Sales value	1,876,769	2,846,826	2,214,426	1,778,457	1,966,806
Sales (unit)	2,128	2,296	2,368	1,750	2,667
Revenue	2,265,137	3,714,204	2,613,666	1,592,174	1,274,255
Segment operating profit	653,020	1,179,487	909,134	575,831	480,271
Property Investment					
Assets under management#	4,252,624	3,773,716	3,670,067	2,764,753	1,603,288
Net lettable area ('000 sq ft)	6,696	5,682	5,573	4,591	3,248
Occupancy rate (%)	59	65	77	75	74
Rental yield (%)	8	8	7	6	6
Revenue	326,214	302,119	271,872	192,633	104,894
Segment operating profit	195,060	126,482	141,361	97,515	66,575
Hospitality & Leisure					
Number of hotels#	4	4	3	3	2
Number of rooms	1,241	1,241	888	888	639
Occupancy rate (%)	61-92	49-77	50-74	49-52	54-56
Revenue	190,023	161,796	131,816	110,778	58,317
Segment operating profit	28,533	15,393	18,221	10,143	4,377
Other Operations					
Revenue	11,236	7,242	7,586	10,906	16,979
Segment operating profit	8,717	4,896	4,937	5,771	14,264

Excluded assets that are currently under construction.

SEGMENTAL PERFORMANCE

PROPERTY DEVELOPMENT

SALES VALUE (RM'000)
1,876,769

SALES (UNIT)
2,128

REVENUE (RM'000)
2,265,137

SEGMENT OPERATING PROFIT (RM'000)
653,020

PROPERTY INVESTMENT

REVENUE (RM'000)
326,214

SEGMENT OPERATING PROFIT (RM'000)
195,060

HOSPITALITY AND LEISURE

REVENUE (RM'000)
190,023

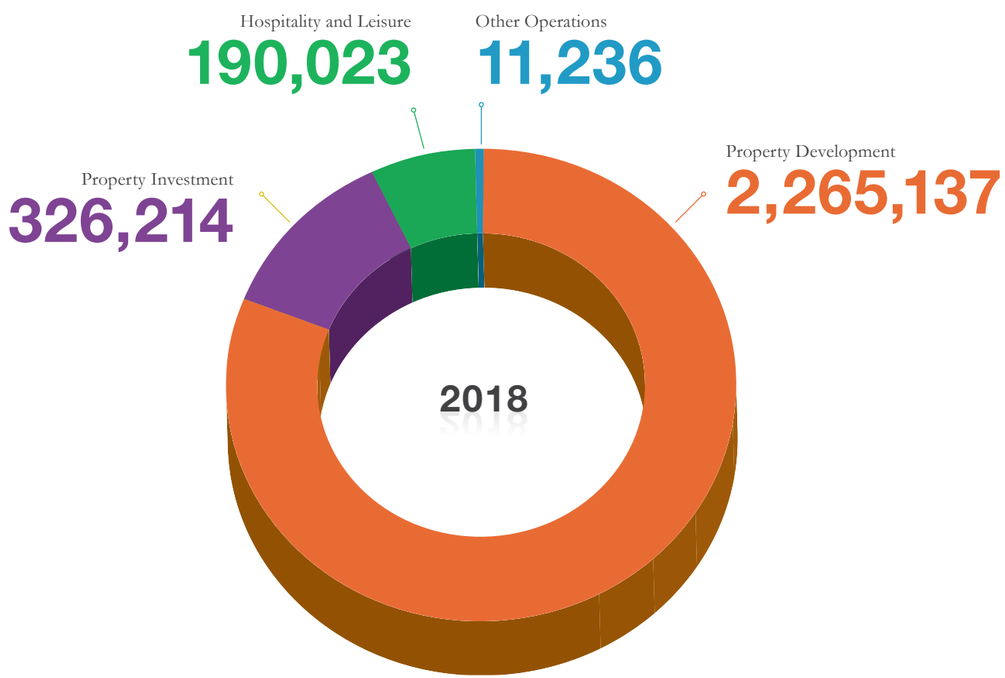
SEGMENT OPERATING PROFIT (RM'000)
28,533

OTHER OPERATIONS

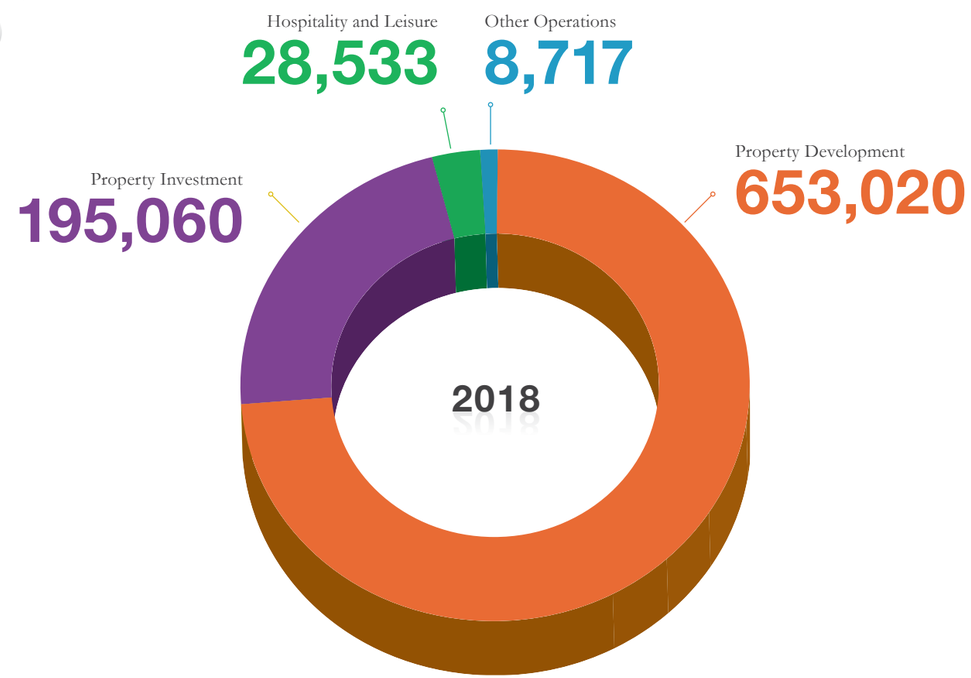
REVENUE (RM'000)
11,236

SEGMENT OPERATING PROFIT (RM'000)
8,717

REVENUE
(RM'000)



SEGMENT OPERATING PROFIT
(RM'000)



GROUP QUARTERLY RESULTS

In RM'000 unless otherwise stated	30 Sep 2017	%	31 Dec 2017	%	31 Mar 2018	%	30 Jun 2018	%
Revenue	869,979	31.2	707,444	25.3	541,212	19.4	673,975	24.1
Operating profit	328,990	31.3	246,050	23.4	197,025	18.8	278,054	26.5
Share of results of associates	916	28.7	731	22.9	655	20.5	891	27.9
Share of results of joint ventures	11,427	(33.4)	(69,932)	204.3	12,610	(36.8)	11,675	(34.1)
Profit before interest and taxation	341,333	33.5	176,849	17.4	210,290	20.6	290,620	28.5
Interest income	12,792	24.4	12,563	24.0	11,444	21.8	15,641	29.8
Profit before taxation	354,125	33.0	189,412	17.7	221,734	20.7	306,261	28.6
Taxation	(103,154)	39.1	(75,214)	28.6	(51,299)	19.5	(33,721)	12.8
Profit for the financial year	250,971	31.1	114,198	14.1	170,435	21.1	272,540	33.7
Attributable to:								
Owners of the parent	242,852	31.0	109,139	13.9	166,647	21.3	264,993	33.8
Non-controlling interest	8,119	33.1	5,059	20.6	3,788	15.5	7,547	30.8
	250,971	31.1	114,198	14.1	170,435	21.1	272,540	33.7
Earnings per share (sen)								
Basic	4.41		1.98		3.03		4.81	
Diluted	4.41		1.98		3.03		4.81	
SEGMENT REVENUE AND SEGMENT RESULTS								
Segment Revenue								
Property development	742,172	32.8	569,352	25.1	409,609	18.1	544,004	24.0
Property investment	77,059	23.6	82,041	25.2	83,627	25.6	83,487	25.6
Hospitality and leisure	48,273	25.4	52,427	27.6	45,777	24.1	43,546	22.9
Other operations	2,475	22.0	3,624	32.3	2,199	19.6	2,938	26.1
	869,979	31.2	707,444	25.3	541,212	19.4	673,975	24.1
Segment Results								
Property development	270,323	45.9	112,295	19.1	142,130	24.1	64,469	10.9
Property investment	61,748	15.5	52,258	13.1	65,642	16.4	219,263	55.0
Hospitality and leisure	7,321	32.9	9,173	41.2	1,786	8.0	3,967	17.9
Other operations	1,941	22.3	3,123	35.8	732	8.4	2,921	33.5
	341,333	33.5	176,849	17.4	210,290	20.6	290,620	28.5

FINANCIAL CALENDAR

FINANCIAL
YEAR END

30 JUNE 2018

ANNOUNCEMENT OF
RESULTS

1ST QUARTER
20 NOVEMBER 2017

2ND QUARTER
23 FEBRUARY 2018

3RD QUARTER
18 MAY 2018

4TH QUARTER
27 AUGUST 2018

PAYMENT OF
INTERIM DIVIDEND

DECLARATION
27 AUGUST 2018

BOOK CLOSURE
18 SEPTEMBER 2018

PAYMENT
28 SEPTEMBER 2018

GENERAL
MEETING

NOTICE OF AGM
1 OCTOBER 2018

AGM
31 OCTOBER 2018

MANAGEMENT DISCUSSION AND ANALYSIS
GROUP FINANCIAL REVIEW

MANAGEMENT DISCUSSION AND ANALYSIS
GROUP FINANCIAL REVIEW


Sky Condominium, Bandar Puchong Jaya

The Group recorded revenue of RM2.8 billion and profit before taxation ("PBT") of RM1.1 billion for the financial year ended 30 June 2018 ("FY2018"). The Property Development segment remained the key driver of our operations and accounted for 81% of the Group's total revenue, while the revenue from Property Investment, Hospitality & Leisure and Other operations accounted for the remaining 12% and 7% respectively. The revenue and PBT in FY2018 were 33% and 25% respectively lower than the previous financial year, mainly due to lower contribution from overseas projects in the property development segment arising from lesser units remaining for sale in Singapore and fewer units launched in Xiamen, PRC.

The Group's PBT of RM937.7 million (excluding the fair value gain from investment properties of RM164.8 million and net share of losses of joint ventures and associate of RM31.0 million) was RM440.4 million lower than the previous financial year of RM1,378.1 million (excluding the fair value gain of RM56.2 million and share of results of joint ventures and associate of RM2.3 million). Lower PBT in FY2018 was mainly due to lower contribution from overseas projects in both Singapore and PRC in the Property Development segment.

The Group's total assets as at 30 June 2018 stood at RM32.7 billion, which is RM931.82 million lower than the previous financial year mainly due to higher collections from the Property Development segment (utilisation of cash is discussed in the subsequent section) and translation loss on investment in foreign currencies assets and operations. Total liabilities of the Group decreased from RM15.1 billion in the previous financial year to RM14.2 billion in FY2018. This was mainly due to settlement of financial obligations and lower borrowings due to translation gain on borrowings that were denominated in foreign currencies. Based on the above, the Group's net assets as at 30 June 2018 stood at RM18.5 billion, which translated to net assets per share of RM3.33.

THE GROUP'S NET ASSETS
RM18.5 BILLION

DIVIDEND
5.0 SEN PER ORDINARY SHARE

The Group continued to maintain a healthy cash and bank balances (including placements of funds), which as at 30 June 2018 stood at RM2.7 billion, an increase of RM307.1 million from the previous financial year.

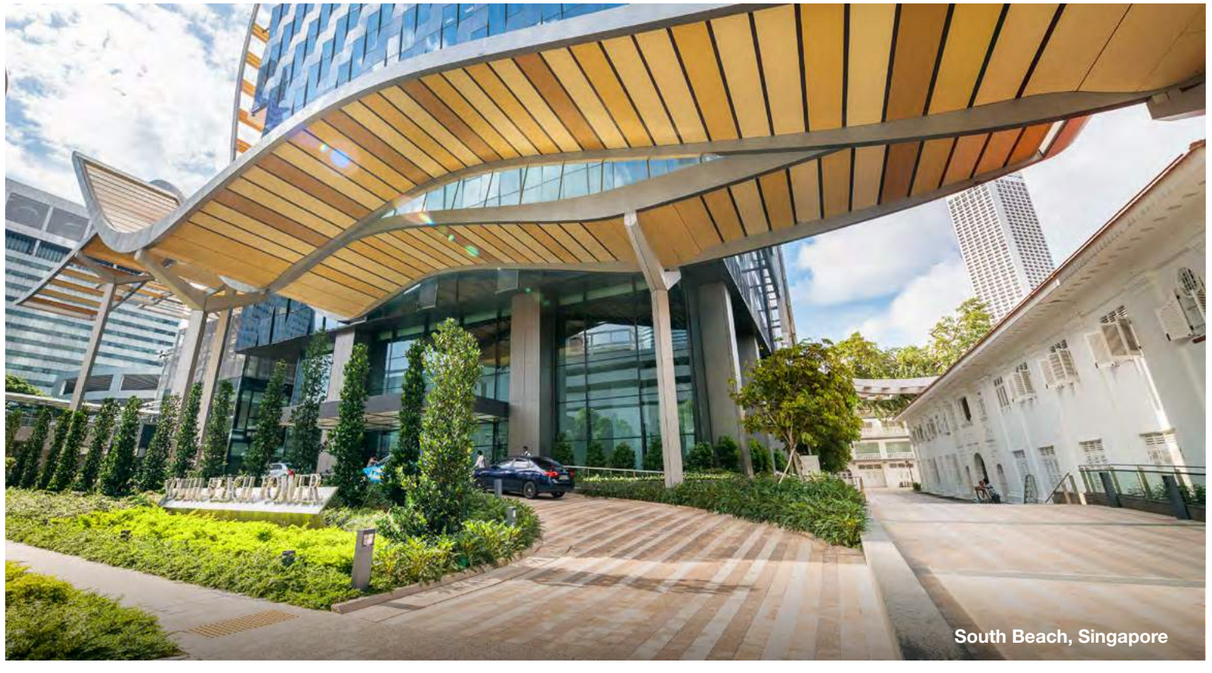
Net cash generated from operating activities was RM1,531.3 million in FY2018, which is RM1,496.3 million higher than the previous financial year. This was mainly attributable to higher collections from the sales of completed properties mainly from our overseas projects. The Group has total net cash outflows of RM357.1 million from investing activities in FY2018, mainly utilised for the Group's investment properties and hotel developments that are currently under construction, higher outflows in the previous financial year was mainly due to new land acquisitions of RM8.7 billion. Net cash used in financing activities of RM810.4 million in FY2018 was mainly for the payment of interest to banks and dividend to shareholders.

The Group's gross borrowings as of 30 June 2018 stood at RM11.9 billion, which decreased by RM541.4 million when compared with the previous financial year. The net borrowings of the Group of RM9.2 billion in FY2018 translated to net gearing ratio of 51%, which improved from 56% recorded in the previous financial year.

The Group's Net Interest Cover was 3.20 times for FY2018 (FY2017: 5.71 times). The decrease was mainly due to lower earnings and higher gross interest costs from RM242.4 million to RM318.7 million. The Group managed its capital structure conditions and optimised debt and equity mix to provide value to shareholders. The Group actively monitored its operating cash flows, debt maturing profile, and the availability of funding against its overall debt position so as to ensure all operating, investing and financing requirements as well as the loan covenants imposed by the financial institutions are met.

The Group has not formalised its dividend policy but the Group continued to maintain records of payment of annual dividend to our loyal shareholders. An interim single tier dividend of 5 sen per ordinary share amounting to RM275.3 million was declared in respect of FY2018. It equated to a dividend payout ratio of 35% (FY2017: 35%) out of total earnings attributable to the owners of the parent company.

THE GROUP'S DIVIDEND EQUATED TO A DIVIDEND PAYOUT OF 35% OUT OF TOTAL EARNINGS ATTRIBUTABLE TO THE OWNERS OF THE PARENT.


South Beach, Singapore

MANAGEMENT DISCUSSION AND ANALYSIS
GROUP BUSINESS REVIEW - PROPERTY DEVELOPMENT

PROPERTY DEVELOPMENT


IOI Resort City

CREATING SPACES FOR STAY, WORK AND PLAY

At IOIPG, we believe that everyone deserves a well-designed space within sustainable communities for stay, work and play. Every living and work space reflects our thoughts, ideas and principles. It is where the heart is and with this in mind, we have designed spaces that define the vibrant urban lifestyles of our customers and the community in which we operate.

Despite market uncertainties during the year in review, we adapted to market dynamics, delivered best in class products of high quality workmanship, backed by excellent services as well as unlocked the value of our sizeable landbank at high-growth corridors across Malaysia, Singapore and in Xiamen, People's Republic of China (PRC). The foundation of our business remained strong, underpinned by our ability to capitalise on opportunities and build competitive advantage across our core business focus.

Guided by creating spaces where people can stay, work and play, IOIPG has successfully designed integrated sustainable townships at some of the most sought-after townships and commercial enclaves along the high-growth corridors in the Klang Valley, Penang, Negeri Sembilan and Johor in Malaysia. The Group has also successfully extended its footprint abroad to Singapore and the PRC. As one of the Group's key growth drivers, the property development segment currently has a landbank of approximately 10,000 acres, both locally and abroad.

BUSINESS MODEL

As one of the largest township developer in the country with a proven track record spanning over three decades, IOIPG believes in creating sustainable communities and thriving commercial hubs at strategic locations that come complete with good transportation infrastructure within close proximity to the right amenities, to positively influence the lifestyle of residents as well as those in the surrounding communities. In line with this, we have embarked on developing Transit Oriented Developments (TOD) and Low Carbon City Development that not only provides the convenience of connectivity but reduces our carbon footprint as we continue to effectively manage the impacts of our operations on the environment, society and economy.

Focused on creating long-term value, we adapted well to market trends and increased the sales potential of our mixed range of products by constantly listening to our customers and communities. We continued to unlock the value of our landbank with the introduction of new development projects, leveraged on digital platforms to deepen customer relationships and improved the infrastructure at our current developments.

It was essentially a year where we strengthened our respective portfolios, focused on increasing operational efficiency and market impact. Underpinned by a strong legacy, we strengthened our foundation for future growth.

OPERATIONS REVIEW

During the year in review, the Malaysian Gross Domestic Product ("GDP") slowed down at a moderate pace from 5.9% in 2017 to 5.4% in 2018, driven mainly by domestic demand. In the first half of 2018, the economic environment demonstrated signs of improvement given the stronger than expected GDP recorded on strong domestic demand. On the back of this, the property development sector experienced uncertainties on several fronts, given the stringent bank lending policies, affordability issues and weak property market sentiment.

Notwithstanding this, we continued to design, build and deliver quality affordable residential and successful vibrant commercial properties within our townships. When it comes to creating living spaces, IOIPG believes in giving people a place where they would be proud to call home, within vibrant communities and commercial hubs that benefit them in a myriad of ways. We take into consideration every detail in the planning of our townships – strategic locations, connectivity, accessibility, facilities, amenities, security and economic opportunities – to ensure we create sustainable communities for the long-term.

For FY2018, IOIPG continued launching developments that met market demand, introduced innovative, targeted marketing strategies and a wide range of other initiatives.

We continued to unlock the value of our landbank with the introduction of new development projects, leveraged on digital platforms to deepen customer relationships, improved the infrastructure at our current developments.

Property development continued to be the key driver in both revenue and segmental operating profit of the Group. The property development segment registered a decrease of RM1.4 billion or 38% in revenue to RM2.3 billion and RM526.5 million or 45% decrease in segmental operating profit to RM653.0 million for the financial year ended 30 June 2018. Lower revenue and segmental operating profit in FY2018 was attributable to lower contribution from overseas projects as a result of lesser units remaining for sale.

The development projects in Malaysia contributed 63% (FY2017: 40%) of Group's revenue, followed by 25% (FY2017: 47%) from Singapore and the remaining balance of 12% (FY2017: 13%) from its development projects in Xiamen, PRC.

For FY2018, the Group sold 2,128 units and achieved sales of RM1,876.8 million, given the challenging market environment, both in Malaysia and abroad. Currently, with an existing landbank of approximately 10,000 acres in various geographical locations, backed by our deep understanding of the market and excellence in execution, the Group is well-positioned to deliver sustainable earnings performance for FY2019.

INNOVATIVE INITIATIVES TO DRIVE GROWTH

At IOIPG, we understand current market sentiments and challenges resulting from affordability issues and stringent loan approvals. To help customers address these challenges, we introduced several innovative sales and marketing initiatives during the year under review and some of our key initiatives include **Rent-To-Own** and **Buy Now Pay Later.**

HARNESSING THE POWER OF DIGITAL PLATFORMS

Through continual engagement with stakeholders particularly our customers, the Group recognises the importance of incorporating digital initiatives to engage with consumers, especially those in the younger segment. In fact, in recent years, we have seen an increase in interest amongst young adults towards home ownership. For this market segment, it is not just about having a house or apartment, but the lifestyle that comes with it. Thus research and engagement via online and social media platforms for info and reviews for better assessment in order to make informed decisions prior to committing to a purchase is a common practice among this particular segment. Cognisant of this, we intensified our advertising and promotional campaigns, leveraging on search engine optimisation (SEO) as well as content marketing via various social media and online platforms.

To increase the interest of this digitally-inclined generation towards our developments, we continued to harness the power of social media and various lifestyle online platforms to reach out to this targeted market segment. This was done via targeted marketing content focusing on the quality of our workmanship and the sustainable urban lifestyle at our developments. Leveraging on our engagement through social media and customer apps, we showcased new contemporary designs that allowed us to make strong inroads into the younger target segment.

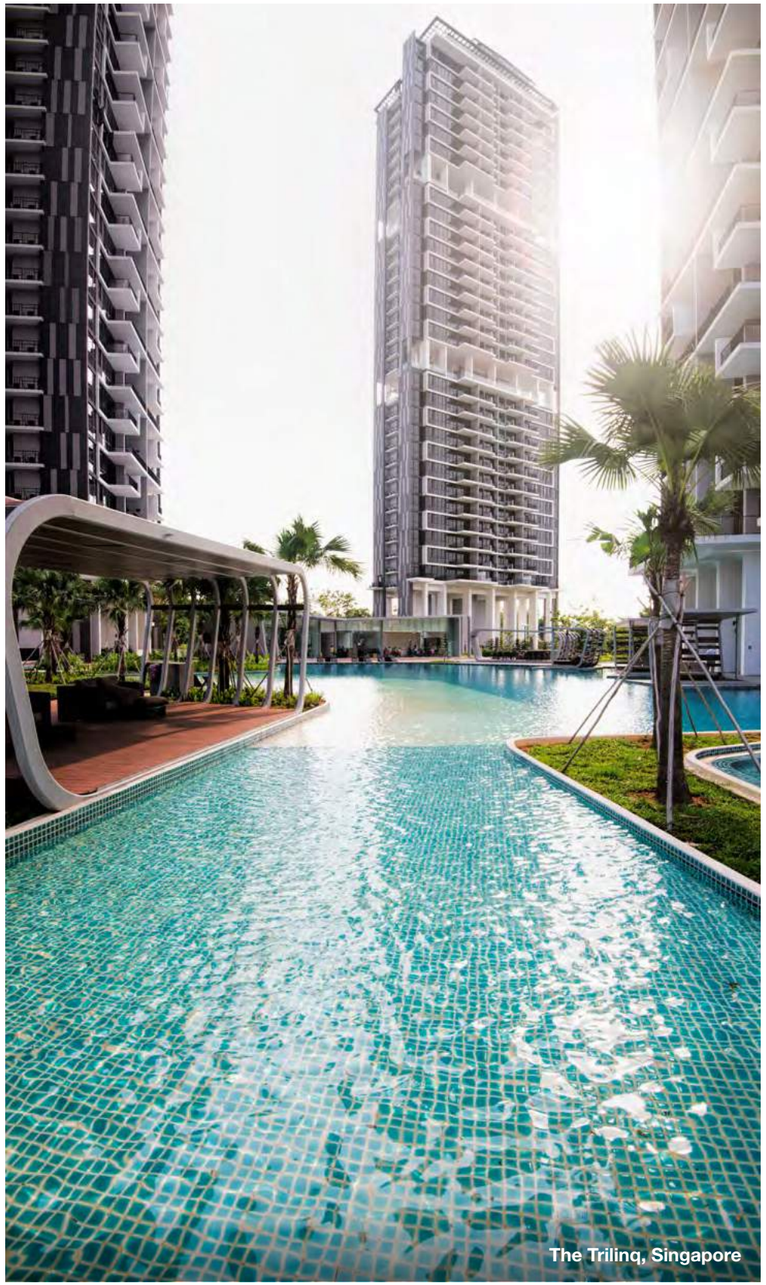
During the year under review, we created and launched a community engagement platform IOI Community App to facilitate two-way communication between management teams and the purchasers. Available via Google Play and Apple App Store, the app enhanced communication, allowed us to obtain real-time customer feedback and at the same time, provide prompt service. Data analytics were applied to improve our product quality and service delivery.

DESIGNING HOMES THAT PROMOTE OVERALL WELL-BEING

Whenever we begin on a new development, we always take into consideration the needs and wants of customers, especially Malaysia's young adult population.

Leveraging on excellent track record and expertise, we design quality, contemporary, sustainable, bespoke homes that can stand the test of time as we strongly believe that these spaces are for long-term stay, work and play. In view of this, living spaces are designed to incorporate features that are suitable for multi-generational living, enhances lifestyles, with facilities and amenities for them to relax and socialise with friends and family. For example, our Sky Condominium in Bandar Puchong Jaya, Seri Puteri Hills in Bandar Puteri Puchong and Par 3 in IOI Resort City are some of our well-balanced developments with residential units that are designed to appeal to multi-generational customer preferences.

MANAGEMENT DISCUSSION AND ANALYSIS
GROUP BUSINESS REVIEW - PROPERTY DEVELOPMENT


The Trilinq, Singapore

Recognising the need for more affordable homes, we focused our efforts on rethinking our approach on building quality yet affordable homes, that are easily accessible, with green features, promotes a healthy lifestyle, safe and secure, as well as complete with range of facilities and amenities, in line with current market trends. Given our vast landbank at strategic locations, we were able to offer quality affordable houses and condominiums in suburban townships.

As we continued to research and listen to consumer feedback, we realised that there was an increased awareness amongst customers on the need to reduce carbon footprint and the importance of sustainable living. To cater to this growing segment, we incorporate features that influence sustainable lifestyles in the design of our developments such as north-south orientation to reduce heat and glare, rainwater harvesting systems, pedestrian walkways and cycling/jogging paths, parks amongst others. We have also seamlessly integrated these environmental features into our overall design of our developments at IOI Resort City, Bandar Puteri Bangi, Warisan Puteri Sepang and 16 Sierra as sustainability remains at the core of our business.

ENHANCING THE QUALITY OF PRODUCTS AND SERVICES

At IOIPG, our customers are always at the heart of our decisions. We focused our efforts on delivering professional and efficient services across all customer interfaces and touchpoints, both online or face-to-face in order to exceed their expectations. For us, it is important to deliver efficient, effective and personalised customer service. As such, we ensure our dedicated teams of knowledgeable and skilled personnel are able to guide them through the whole customer cycle for an IOI-branded customer experience.

The IOI Community App enables prompt response and effective management of customer issues; encouraging constant and active customer engagement, with opportunities arising from identifying areas of improvement through analysis of customer feedback and customer satisfaction levels.

We adhere strictly to International Quality Management Standard (ISO) procedures on designs, contracts, and construction throughout the whole property development cycle, with stringent quality audits and inspections to ensure our products exceeds customer expectations. Apart from ensuring the quality of our products, it also encourages best practices, efficient cost control and customer confidence.

We build properties that impacts lives and influences lifestyles. As such, we prioritise and ensure quality workmanship in our developments whereby we subscribe to the stringent assessment of the Quality Assessment System for Building Construction Works ("QLASSIC") in striving to exceed both customer expectations and industry standards.

We hold pride in workmanship. Our N'Dira development at 16 Sierra achieved a very high Qlassic score of 85% during the year in review Sierra 6 project at 16 Sierra, Almyra Residence at Bandar Puteri Bangi and Park Villa at Bandar Puchong Jaya were awarded the Best Qlassic Achievement Awards 2018 by CIDB.

Apart from this, we are guided by IOIPG's Health and Safety Policy to promote a healthy and safe working culture in job site.

To stay ahead of the curve, continuous research and development is conducted throughout our business to improve the quality of our building designs and drive innovation. This is important in order to adapt to lifestyle changes as well as market and consumer trends. We have been continuously researching on the application of Industrial Building Systems (IBS) to shorten construction time, minimise waste and reduce construction cost.

UNLOCKING THE VALUE OF OUR LANDBANK

At IOIPG, we believe it is important to harness the value of our landbank by creating vibrant communities and thriving commercial hubs, complemented with sustainable designs and features. Even before we acquire any piece of land, we always focus on ensuring proper due diligence is conducted to ensure it fits into IOIPG's overall growth strategy and to strive towards minimising our impacts on the environment.

Our ability to design bespoke spaces and homes at each project has created added value in terms of product features, security as well as the overall sustainability of the development. We also ensure that each development is well-planned, easily accessible, endowed with good facilities as this will positively impact the lifestyles of our residents and the communities in which we operate.


Whimsical Garden at Seri Puteri Hills, Bandar Puteri Puchong

MANAGEMENT DISCUSSION AND ANALYSIS
GROUP BUSINESS REVIEW - PROPERTY DEVELOPMENT

For instance, our Bandar Puteri Puchong is a mature township that comes complete with excellent infrastructure including two Light Rail Transit ("LRT") stations, namely the Taman Perindustrian Puchong and Bandar Puteri stations; interconnecting roads to its neighbouring developments; and connection to the Damansara Puchong Expressway ("LDP") at three intersection points (at the township interchange itself and at two other intersections into Puchong Perdana and Puchong Utama respectively). Due to its excellent infrastructure, it is the preferred location for many international and MSC-status companies. Bandar Puchong Jaya, our pioneer development in Puchong also benefits from the IOI Puchong Jaya LRT station.

During the year in review, we also continued on the infrastructure upgrading to the Bandar Puteri Puchong Interchange (BPP Interchange) to enhance connectivity of the township and improve traffic flow between the LDP and Bandar Puteri Puchong. Upon its completion, it will shorten travel time and ease traffic congestion in the area. By enhancing the infrastructure serving our Bandar Puteri Puchong township, this will also allow for greater value appreciation of the properties within this township.

Other Regions

Penang

Stramax Residences located within the Desaria housing development in Penang, which consists of 107 units of terrace houses are currently being handed over to its purchasers.

Johor

During the year in review, while property market in Johor continued to consolidate, there was still demand for affordable properties. We successfully handed over completed units of our D'Summit apartments and Viscosa two-storey twin villas at Kempas Utama; as well as D'Putra Serviced Apartment, Verana single-storey terrace house and Bougain Villa Bungalows at Bandar Putra Kulai.

Negeri Sembilan

For FY2018, we completed and delivered 50 units of Rumah Mampu Milik Type A and 60 units of Type B at Bandar IOI Bahau, Negeri Sembilan. These units were sold at RM80,000 and RM250,000 respectively, within the stipulated affordable housing range.

International

Singapore

For the financial year under review, our Trilinq project, which is located in Clementi recorded sales of 132 units which is valued at approximately RM569 million. To date, more than 98% from a total of 755 available units have been sold.

The Group's other development in Singapore includes two Sentosa Cove developments, namely Cape Royale and Seascape, which are located at the water way entrance to Sentosa Cove and the Marina. These developments are also within minutes from Resorts World, VivoCity, Orchard Road and Central Business District. The combined value of these two developments is approximately S$1.8 billion. Other developments include the 190 units of luxury residences in South Beach, which is located above the JW Marriott Hotel Singapore South Beach. The soft launch of the South Beach residences was made in September 2018 whilst the Sentosa Cove developments are currently being reassessed and will be timed for launch depending on market conditions. Meanwhile, the unsold units at our Sentosa Cove developments are leased out and the apartment units are enjoying good occupancy giving the Group a good return on investment while we assess the right timing for the launch.

PRC

Our Xiamen operations contributed about 9% of total sales for the financial year ended 30 June 2018 as compared to 15% recorded in the previous financial year. This was mainly because products that were launched in FY17 were mostly sold before the financial year end leaving little products carried forward for sales in FY18 coupled with fewer units launched for FY18 in the PRC. The only new launch from our PRC development for the current financial year was 32 units of luxury high rise condominium from IOI Palm City. The development has a GDV of approximately RM338 million and was launched in the last quarter of the financial year.

For the financial year ending 2019, the Company is looking at lining up more products to be launched in its existing developments in Xiamen for both IOI Palm City and in Xiang An. The components expected to be launched will comprise of high/mid-rise condominiums and town villas.

As at 30 June 2018, the Group's ongoing property development projects (excluding investment-based development) are as follows:-

Projects	Year of Development's Commencement	Original Development Land Size (Acres)	Remaining Development Land Size (Acres)	Estimated Gross Value 'billion	Remaining Estimated Gross Value 'billion
Ongoing					
Bandar Puchong Jaya, Selangor	1990	930	8	RM4.2	RM0.6
IOI Resort City, Putrajaya	1995 & 2016	354	312	RM19.0	RM16.6
Bandar Putra Kulai, Johor	1995	5,680	3,556	RM9.1	RM5.8
Bandar Putra Segamat, Johor	1995	489	51	RM0.9	RM0.3
Bandar Puteri Puchong, Selangor	2000	930	153	RM16.0	RM11.4
Taman Lagenda Putra, Kulai, Johor	2006	225	27	RM0.7	RM0.2
Taman Kempas Utama, Johor Bahru, Johor	2007	294	48	RM3.3	RM0.9
16 Sierra, Puchong South, Selangor	2008	535	184	RM6.8	RM3.8
The Platino, Tebrau	2012	5	-	RM0.5	RM0.2
Desaria, Sungai Ara, Penang	2013	32	15	RM0.5	RM0.3
IOI Palm City, Xiamen, PRC	2014	21	14	RMB8.0	RMB5.1
Bandar IOI, Bahau, Negeri Sembilan	2014	283	26	RM0.8	RM0.4
Bandar Puteri Bangi, Selangor	2014	345	213	RM4.9	RM3.5
Warisan Puteri Sepang	2014	336	111	RM3.9	RM3.4
i-Synergy, Senai, Kulai, Johor	2015	500	482	RM2.0	RM1.8
Xiang An, Xiamen, PRC	2018	6	6	RMB3.1	RMB3.1

MANAGEMENT DISCUSSION AND ANALYSIS
GROUP BUSINESS REVIEW - PROPERTY DEVELOPMENT

Oversea Projects	Year of Development's Commencement	Original Development Land Size (Acres)	Remaining Development Land Size (Acres)	Estimated Gross Value 'billion	Remaining Estimated Gross Value 'billion
Completed					
Seascape @ Sentosa Cove, Singapore	2008	4	-	SGD0.8	SGD0.5
Cape Royale @ Sentosa Cove, Singapore	2010	5	-	SGD1.3	SGD1.3
South Beach, Beach Road, Singapore	2011	9	-	SGD1.0	SGD1.0
The Trilinq @ Jalan Lempeng, Singapore	2013	6	-	SGD1.0	SGD0.03

The table below sets forth key information with respect to the performance of IOIPG's property development business excluding joint ventures:-

	2018	2017	2016	2015	2014
Units of property sold	2,128	2,296	2,368	1,750	2,667
Total sales (RM'000)	1,876,769	2,846,826	2,214,426	1,778,457	1,966,806
Revenue (RM'000)	2,265,137	3,714,204	2,613,666	1,592,174	1,274,255
Operating profit (RM'000)	653,020	1,179,487	909,134	575,831	480,271

The property sales mix by price range is as follows:-

	2018		2017	
Price Range	**(RM'000)**	**%**	**(RM'000)**	**%**
Below RM250,000	26,839	1	28,783	1
Between RM250,000 and RM500,000	344,873	19	188,586	7
Between RM500,000 and RM750,000	379,251	20	591,303	21
Between RM750,000 and RM1,000,000	127,883	7	107,173	4
Between RM1,000,000 and RM1,500,000	131,551	7	153,165	5
Between RM1,500,000 and RM2,000,000	79,009	4	30,672	1
Above RM2,000,000	787,363	42	1,747,144	61
Total	**1,876,769**	**100**	**2,846,826**	**100**

FUTURE PROSPECTS

Despite the challenging global economic environment and increased competition, IOIPG remains focused on delivering well planned integrated townships that creates shared values to the lives of its residents and surrounding communities.

On the local front in the property development segment, property market will be supported by steady economic growth, healthy employment rate and low inflation. The new initiatives introduced such as the substitution of GST with SST, abolishment of the fuel price floating mechanism, are expected to boost domestic market sentiments and renew consumer confidence in the property market.

The demand for entry-level housing is expected to continue as young population enter the job market. Backed by our wide-ranging product portfolio and vast landbank strategically located in different parts of Malaysia, we are well-positioned to cater to the growing demands of consumers from all walks of life and income levels.

We also look forward, as reported initiatives by the new ruling government to streamline the national housing policy which will positively impact the growth of the property development industry.

Against this backdrop, we remain cautiously optimistic that demand for properties in strategic locations with excellent transportation infrastructure and close proximity to amenities will continue to draw prospective buyers. The Group is expected to launch projects located in high growth corridors within the next financial year, both locally and abroad.

We will also continue to focus on our long-term growth strategy, namely seeking opportunities to acquire new land or seek joint-venture opportunities to grow our landbank. We will also continue to centre our efforts on enhancing the value of our vast product portfolio as this will allow us to cater to the different target segments which in turn, will drive growth and performance in the long term. To this effect, our matured townships will continue to offer excellent value to our customers.

The Group will also remain focused on building TODs, capitalising on the various mass public transportation systems that has been introduced. Currently, the advent of the LRT and MRT Line 2 stations has enhanced the value of our development at Bandar Puchong Jaya, Bandar Puteri Puchong and 16 Sierra. This will allow us to continue to unlock the value of our landbanks in these areas given the ease of accessibility, connectivity, wide range of facilities and amenities at these matured neighbourhoods.

Meanwhile in Johor, we believe the property market is poised for further improvements, especially in the affordable segment. Plans have been established to launch several landed projects in Kulai, comprising single storey terrace houses, double storey terrace houses, as well as double storey semi-detached houses located in the premier golf resort here. We will also


Central Park, 16 Sierra

MANAGEMENT DISCUSSION AND ANALYSIS
GROUP BUSINESS REVIEW - PROPERTY DEVELOPMENT


Eco Oasis Parklands, Bandar Puteri Bangi

continue to focus our efforts on increasing sales of our shop offices, light industrial and residential units in Bandar IOI Bahau, Negeri Sembilan.

For both Bandar Putra Kulai and Kempas Utama, we expect to launch affordable homes under the *Rumah Mampu Milik* and *Perumahan Komuniti Johor* programmes for the benefit of the wider segment of society. Plans are also in place to construct *Rumah Mampu Milik* at Bandar IOI Bahau in Negeri Sembilan.

International

Singapore

The overall residential property market continued its recovery momentum in the first half of 2018 indicated by a 3.4% private residential property price increase and a 49.7% higher take-up rate for new property sales in the second quarter of 2018 when compared to the first quarter. In the same quarter, a total of 2,437 units of uncompleted private residential properties were launched for sale compared to 921 units in the previous quarter.

The Singapore government's announcement on the new cooling measures on residential property market in July this year are expected to moderate price growth and demand. However, demand will continue to be supported by expectation of a steady economic and income growth, and a healthy employment market. In view of the new cooling measures, the Group will continue to monitor and assess the residential property market, and will adapt strategies which are in line with market sentiment.

PRC

Albeit cooling measures that has been introduced by the authorities in the PRC, the property market outlook is expected to remain positive with pricing stabilising with gradual uplift anticipated.

Given the positive response from our earlier launches in IOI Park Bay and IOI Palm City, coupled with the ideal location of our developments in a thriving economic hub with excellent transportation network, we remain optimistic on the long term prospects of our current land bank in Xiamen will continue to draw prospective buyers.

With regards to our Xiang An land, future infrastructure developments that is currently in progress will not only complement the project but will also enhance visibility and connectivity to Xiamen Island. The infrastructure developments include a new Xiang An bridge, subway lines and a new airport in Dadeng Island in Xiang An district. Construction on the Xiang An land has commenced since the fourth quarter of 2017. The land is intended for mixed development comprising condominiums, town villas and commercial units within the new Xiang An central business district which is proposed to be an integrated eco-city.

MANAGEMENT DISCUSSION AND ANALYSIS
GROUP BUSINESS REVIEW - PROPERTY INVESTMENT

PROPERTY INVESTMENT

For FY2018, the property investment industry in Malaysia continued to hold firm despite the challenging market environment. For IOIPG, our property investment arm is focused on creating shared values for its stakeholders and providing a steady revenue stream for the Group's growth.


IOI City Mall

SPEARHEADING SUSTAINABLE GROWTH THROUGH STRATEGIC INVESTMENTS

The Group is committed to deliver sustainable long-term returns with its impressive portfolio of prime investment assets. Aspiring to make a positive difference in people's lives, our property investment strategies are focused on achieving sustainable growth. Thriving commercial hubs which are essentially the heart of every community serve as catalysts to spur sustainable growth; enhancing the value of our investment assets and creating vibrant lifestyles for those who stay, work and play within and beyond.

We achieved positive returns and stable recurring income through our prime property investment interests which currently stands at an approximate total of 6.7 million sq ft of net lettable area ("NLA"), with retail space taking up approximately 2.6 million sq ft, office space at 3.4 million sq ft with the remaining comprising residential and commercial properties. Some of our key principal investment properties in Malaysia include regional and neighbourhood malls, GBI designed purpose-built office buildings, Conezion at IOI Resort City amongst others. While on the international front, the Group's prime investment portfolio in Singapore includes South Beach, a fully integrated mixed used development in Singapore as well as the upcoming Central Boulevard development located within the Marina Bay financial and business district; and in Xiamen, PRC, the Group has started construction of IOI Palm City, comprising a shopping mall, hotel, boutique offices, shop lots and shophouses.

The Group's major investment properties are as follows:

- IOI City Mall in IOI Resort City, Putrajaya with 380 retail shop lots with a total net lettable area ("NLA") of about 1.5 million sq ft;
- IOI Mall Puchong with a total NLA of approximately 864,000 sq ft;
- Four blocks of 12- to 21-storey purpose-built office buildings in Puchong Financial Corporate Centre ("PFCC") with a total NLA of approximately 887,000 sq ft;
- IOI Mall Kulai in Johor with over 155 retail shop lots with a total NLA of approximately 265,000 sq ft;
- One IOI Square and Two IOI Square located in IOI Resort City, Putrajaya that consists of two blocks of 12-storey purpose-built office towers with a total NLA of approximately 434,000 sq ft;
- IOI City Tower 1 and IOI City Tower 2 situated in IOI Resort City, Putrajaya comprising two blocks of office towers with an NLA of approximately 966,000 sq ft;
- IOI Boulevard in Puchong comprising 68 units of office and retail lots with a total NLA of approximately 229,000 sq ft; and
- Conezion Residences in IOI Resort City, Putrajaya that consists of shop and office lots with a total NLA of approximately 925,000 sq ft.

OPERATIONS REVIEW

The Group posted total revenue of RM326.2 million and operating profit of RM195.1 million, representing an improvement of RM24.1 million or 8% and RM25.3 million or 15% when compared with the previous financial year of RM302.1 million and RM169.8 million (after excluding one off property, plant and equipment written off of RM43.3 million) respectively. The key revenue and operating profit drivers were from the retail segment, which accounted for 81% of the Group's total revenue in property investment segment. It recorded a revenue and operating profit of RM265.1 million and RM163.6 million respectively. Higher financial performance in the FY2018 was mainly due to higher occupancy and rental rates from both retail and office sub segments.

The Group recorded total fair value gain on investment properties of RM164.8 million in FY2018, which was RM108.6 million higher than last financial year of RM56.2 million. Higher fair value gain was mainly attributable to IOI City Mall, arising from the renewal of tenancies.

TOTAL REVENUE
RM326.2
MILLION

OPERATING PROFIT
RM195.1
MILLION

Malaysia

Retail Segment

FY2018 proved to be another challenging year for the retail segment in Malaysia given the generally cautious sentiments experienced on the whole. During the period under review, the retail industry experienced a pick-up with the abolishment of the Goods and Services Tax ("GST") on 1 June 2018. We believe that the introduction of the Sales and Services Tax ("SST") on 1 September 2018 will not have a major impact on the retail sector.

Despite the strong competition, weaker consumer spending and growing prominence of the online retail market, we continued to witness strong occupancy in IOI City Mall and IOI Mall Puchong due to the strategic location of both malls in high growth areas and good connectivity via an excellent network of infrastructure.

Apart from that, we recognise that shoppers enjoy spacious, well-managed malls. Our malls are designed with generously high ceilings and wide corridors; and with well-managed facilities, we provide our mall patrons enjoyable IOI-branded customer experiences. Although shopping methods are evolving, many still prefer visiting physical spaces as this adds to their overall shopping experience, in line with the current trends and preferences to spend time with their family and friends at shopping malls as this allows them to rest and relax within a space that offers them good food, entertainment, unique brands and most of important of all, the right ambiance.

Confident that we have the right retail spaces – well-managed spaces where people want to be and retailers look to expand their growth at strategically located malls, we focused on the opportunities that lay ahead of us. With a total retail NLA of approximately 2.6 million sq ft during the year under review, we focused on realising the Group's commitment of efficiently managing its investment properties to maximise occupancy and in achieving a steady stream of recurring revenue for the longer-term. On average, the Group's shopping malls in the Klang Valley receive more than 32 million visitors a year, leveraging on the synergies from the various commercial developments and integrated transportation facilities within IOI Resort City.

To remain relevant, value-accretive initiatives were introduced through the creation of attractive environments, best-in-class food, leisure and entertainment outlets at our malls as this would further influence contemporary urban lifestyles, balanced with world-class facilities and lush green spaces at our integrated developments.

IOI Resort City

MANAGEMENT DISCUSSION AND ANALYSIS
GROUP BUSINESS REVIEW - PROPERTY INVESTMENT

Cognisant of the changing consumer needs and lifestyle preferences, the Group focused on enhancing the shopping experience of customers who come from all walks of life and income levels, both current and potential. We understand that customers and visitors to our malls look forward to have access to a broad range of facilities. Hence, we provided them easy, fresh and fun ways to experience our malls by improving our tenant mix, facilities, services provided as well as food & beverage (F&B) offerings. Beside enhancing tenant mix, the malls had in place strong and reliable teams that ensured seamless, effective and efficient mall management.

During the year under review, besides the consistent flow of family shoppers, we also witnessed increased purchasing power amongst the younger population. Hence, we improved our tenant mix by introducing more fashion and lifestyle-oriented tenants. We even made creative use of space with unique pop-up stores and kiosks that sold novelty goods to attract this target segment. Our ability to incorporate value-added elements to cater to consumers across various age groups helped in increasing our footfall.

We also paid close attention to consumer spending patterns, market trends and the overall retail landscape in order to increase the position of our malls as a shopping destination of choice. Cognisant of consumers who are constantly on the look-out for value-for-money goods and services, we worked closely with our tenants in terms of advertising and promotion strategies, choice of space as well as various avenues to enhance their value proposition and operational efficiency. By doing so, we managed to increase our tenants' confidence and loyalty, influenced customer buying behaviour while providing customers pleasant shopping experiences.

During the year in review, our award-winning flagship mall, IOI City Mall in IOI Resort City continued to strengthen its position as the largest regional malls in southern Klang Valley with an NLA of more than 1.5 million sq ft. As one of the architectural landmarks in IOI Resort City, IOI City Mall achieved an occupancy rate of 98% for FY2018 and a footfall of over 20 million. IOIPG sustained its good occupancy rate due to the strong demand from local communities in southern Klang Valley as well as from the other parts of Kuala Lumpur, Selangor and Negeri Sembilan. This was further attributed to IOI City Mall's strategic location, which is easily accessible via major highways namely LDP, South Klang Valley Expressway ("SKVE"), New Klang Valley Expressway ("NKVE"), Sungai Besi Expressway ("Besraya"), Maju Expressway ("MEX"), Kajang Dispersal Link Expressway ("SILK"), NSE and other public transportation systems.

IOI City Tower

In view of the abovementioned attractive attributes of IOI City Mall in terms of location, design, tenant mix and current demand for retail space amongst its potential tenants, the Group's expansion plans are currently underway to increase IOI City Mall's NLA by another one million sq ft. We are targeting to increase our F&B tenants base up to 30% and also introduce more upmarket lifestyle, specialty shops and mid-upper brands. The expansion is targeted to be completed in the next four years and is expected to be a key performance driver in the retail segment of the Group.

Meanwhile, IOI Mall Puchong continued to demonstrate high occupancy rate for FY2018. Its customer footfall has benefitted from the IOI Puchong Jaya LRT station and the LDP connecting Puchong to multiple high growth areas.

During the year under review, refurbishment works of our pioneer mall was ongoing. Scheduled for completion by the fourth quarter of 2018, this expansion will enable IOI Mall Puchong to be positioned as a contemporary lifestyle mall, which is not just the mall of choice for families but will also be more relevant to the professional and young adult population of Puchong.

Reconfiguration of tenant mix at IOI Mall with an increase of F&B tenants to approximately 30%, as well as adding more lifestyle and high-street brands ie Uniqlo, HLA amongst others is aimed at increasing customer loyalty and enhancing customer experience. Given its strategic location with the IOI Puchong Jaya LRT station in front of the mall and the construction of a bus terminal in the pipeline, IOI Mall Puchong is poised to be a transportation hub; complementing the Group's strategy in focusing on TODs.

Offices

During the year in review, the office space industry in Malaysia remained resilient in terms of rental and occupancy levels, despite experiencing pressure from space oversupply in certain locations in the Klang Valley. It's interesting to note that the office space industry has been positively impacted by the growing infrastructure improvements experienced such as the introduction of the LRT. The existing network of connectivity and accessibility in Puchong and Putrajaya continues to benefit the Group's investment assets located at these two high growth areas. The strategic location of PFCC, IOI Square and IOI City Tower amidst integrated developments complete with facilities and amenities within easy reach and high level of connectivity through an excellent infrastructure network provides the advantage that sets these offices apart from their competition.

For IOIPG, we focused our efforts on managing our portfolio of property investments which are strategically located at high-growth areas as this will contribute towards healthy occupancy rates and good rental yields. Currently, IOIPG's office space segment comprises PFCC, IOI Boulevard, IOI Business Park, IOI City Towers and IOI Square, Conezion with a total NLA of 3.4 million sq ft.

Against this backdrop, IOIPG's office spaces in Puchong and Putrajaya continued to receive positive interest, as a result of the Group's effective marketing and pricing strategies, our ability to use different marketing channels to target specific segments, backed by a strong property management and leasing team that was able to attract the appropriate tenants. Aside from this, tenants were also attracted to the strategic locations of our office spaces as they are easily accessible via a network of highways and public transportation systems, as well as the quality of our office spaces which are well-equipped and designed to cater to a contemporary workforce. This has also contributed to the increase in capital value of our properties.

Our ability to understand and meet their needs saw us receiving positive feedback on our office spaces. PFCC, an iconic landmark in Puchong is located strategically near to Putrajaya, Cyberjaya, Kuala Lumpur International Airport ("KLIA") as well as other established townships such as Subang Jaya, Bandar Sunway and Seri Kembangan with its high connectivity and accessibility via the LDP, its close proximity to the LRT stations and the Group's Four Points by Sheraton Puchong, continued to attract various multinational corporations ("MNCs") thus allowing PFCC to sustain its occupancy levels.

IOI Resort City is a good example of a well-planned integrated resort city development that has emerged as an important landmark along high-growth southern corridor of the Klang Valley. It is well-connected via a network of highways to various established residential areas such as Puchong, Subang Jaya, Bandar Equine Park, Seri Kembangan, Serdang, Bangi, Kajang, Putrajaya amongst others. During the year under review, the Group's office space within this development comprised the IOI City Towers, which are essentially two office towers that come complete with a wide array of facilities such as shopping malls, a hotel, the 18-hole Palm Garden Golf Club as well as One and Two IOI Square. The Group's new corporate office has been relocated to the IOI City Tower 2 which also houses key tenants such as Hewlett-Packard. Meanwhile, Two IOI Square, which is currently being rented out to a Korean medical rehabilitation company, is currently undergoing renovation and this is expected to be completed by year 2019.

MANAGEMENT DISCUSSION AND ANALYSIS
GROUP BUSINESS REVIEW - PROPERTY INVESTMENT


South Beach, Singapore

Regional Investment Properties

The South Beach's offices which is branded as South Beach Tower and retail space which is branded as South Beach Avenue performed well and are fully leased. The South Beach Tower continues to house international corporates like Facebook, Bain & Company and Rabo Bank. Our esteemed tenants have renewed their lease tenancies for the second term demonstrating the strong relationship that we have built with our business partners. The office and retail components in South Beach are anticipated to continue to perform well due to its strategic location within the central business district and its connectivity to the MRT network, major roads and expressways, as well as a wide spectrum of amenities.

OUTLOOK AND PROSPECTS

Malaysia

On the whole, IOIPG has a positive outlook on the assets that we have within our property investment segment, as they are located at key high-growth corridors with good connectivity and accessibility, key factors that will ensure they are well-occupied to generate a steady income stream of recurring revenue for the Group.

The retail industry in Malaysia is expected to remain challenging from the rising number of retail spaces and competition brought on by the online shopping trends. Nevertheless, we

believe that the average Malaysian will continue to frequent large, well-managed malls. At IOIPG, this bodes well as our malls and their generous design of high ceilings and expansive corridors as well as their respective ongoing expansions such as the renovation at IOI Mall Puchong and the expansion of IOI City Mall will continue to be brand differentiators offering experiences that exceed customer experiences. The strategic locations of our malls along the growth corridors of the Klang Valley and ease of accessibility will allow us to continue to position them as the mall destination of choice, targeting families and young adults in the vicinity.

In the meantime, we will continue to enhance and add diversity to the tenant mix at our shopping malls. To further enhance the customer experience at our malls, the recent launch of the IOI LiVO, a customer privilege programme will offer customers of IOI Properties Group a myriad of privileges from participating tenants.

While the market points towards an oversupply of office space and relatively slow take-up, we believe there will be continued demand for strategically located, Grade A office space located within TODs.

For further growth, we will continue to tap on the synergies that come from the increased integration of commercial developments within the existing IOI developments such as hotels, offices and shopping malls as it will allow them to cross-sell and leverage on each other's business.

Despite the competitive market environment for office leasing and growing prominence of online retailing, we are committed to maintain our property investment segment's competitiveness by attracting and retaining a good mix of tenants. We will continue to ensure our assets are well-managed and facilities are well-maintained with service levels that exceed expectations. Moving forward, the Group will also manage its portfolio of investment properties to ensure that they are able to generate a steady stream of recurring revenue for the Group, given its healthy occupancy levels and good rental yields.

Singapore

In the first half of 2018, net take-up for Grade A office space in the Central Business District ("CBD") totalled 879,000 square feet, 75% higher than the five year (2013-2017) average. Increase in net take-up was attributable to tenants moving into buildings


Icescape, IOI City Mall


District 21, IOI City Mall

completed in 2017, as well as strong take-up of secondary stock. Net take up in Marina Bay area totalled 125,000 square feet or 41% of the total net absorption in the second quarter of 2018. Leasing activities remained robust while limited new supply of Grade A office space in the CBD continued to persist. Marina Bay is one of the top three locations where rent increased the most at 5.1%, in the second quarter. The office market is viewed as a strong income-growth opportunity for investors whilst prime office rents in 2018 are expected to surpass the previous peak recorded in 2015. Further, CBD premium and Grade A rents are expected to grow by 10%-12% over 2018 and by 5%-7% over 2019.

South Beach's offices and retail area space is anticipated to continue to perform well due to its strategic location within the CBD and connection to an extensive MRT network, major roads and expressways linking to the CBD and airport, as well as a wide spectrum of amenities.

For the Central Boulevard development in Singapore, piling works has commenced since February 2018 and is progressing according to plan.

PRC

The Group remains optimistic on the prospects of our investment properties as Xiamen is a main commercial hub in the Fujian province that is well connected to other destinations in the PRC and abroad and therefore, its ideal location is expected to continue to provide development and investment potential for the Group.

IOI Palm City's commercial components comprising a shopping mall, hotel and boutique offices have commenced construction and are expected to be completed in stages starting from 2020 for the shopping mall followed by the boutique offices and hotel. Leasing activities for the mall has started and is progressing well as the location and the unique design of the mall has attracted good interests from various retailers.

MANAGEMENT DISCUSSION AND ANALYSIS
GROUP BUSINESS REVIEW - HOSPITALITY & LEISURE

HOSPITALITY & LEISURE

IOIPG's hospitality and leisure segment mainly comprises four world-class hotels and two award-winning golf courses that has strengthened our position in this industry. IOIPG is one of the few integrated developers that builds and manages its own investment properties.

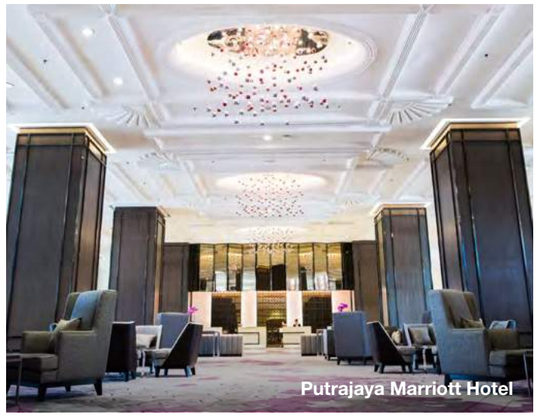

Summer Palace, Putrajaya Marriott Hotel

BUILDING RELATIONSHIPS THROUGH SERVICE EXCELLENCE

IOIPG's hospitality and leisure portfolio, comprising world-class brands and award-winning premier golf courses offers distinctive branded customer experiences that create lasting impressions amongst customers and clients from around the globe. For us, building meaningful relationships and delivering service excellence is one of our core growth drivers as we strive to be the destination of choice, with unwavering focus on strengthening our market leadership and elevating our brand reputation in the hospitality and leisure industry.

Backed by years of understanding customer needs, we have been able to design world-class, exclusive hotels, best in class resorts and premier golf courses within our integrated developments, in line with our strong commitment to influence lifestyles. To date, IOIPG has within its hospitality and leisure portfolio the following hotels, resorts and golf courses in Klang Valley, Johor and Singapore:

- Putrajaya Marriott Hotel, a five-star hotel located in IOI Resort City, that houses 380 spacious guest rooms, 73 executive rooms and 35 exclusive suites. Set amidst lush greeneries of a resort environment, this elegantly designed hotel was awarded the Best Hotel Development in 2004 while its restaurants have won several awards in 2007, 2008, 2009 and 2013;
- Four Points by Sheraton Puchong, strategically located in the heart of Puchong, is a four-star business hotel that features 249 stylish and contemporary guestrooms and suites;
- Palm Garden Hotel, a four-star hotel located within IOI Resort City that comes with 151 tastefully furnished rooms;
- Palm Garden Golf Club ("PGGC"), also located in IOI Resort City is a one-of-a-kind award-winning golf course which was picked as one of the top three winners in the Best Overall Golf Experience category in the ParGolf People's Choice Awards 2018;
- IOI Palm Villa Golf and Country Resort, located in the township of Bandar Putra Kulai, Johor, is a 27-hole golf course which comes with a comprehensive range of club facilities and is selected as one of the top three in the Most Improved Golf Course category in the ParGolf People's Choice Awards 2018;
- Le Méridien Putrajaya, a 353-room five-star world-class hotel located at IOI Resort City; and
- JW Marriott Hotel Singapore South Beach, a 634-room luxury hotel located on Beach Road, bordering the Singapore Central Business District, which is a 49.9% joint venture.


Putrajaya Marriott Hotel

OPERATIONS REVIEW

The Group registered total revenue and operating profit of RM190.0 million and RM28.5 million respectively, an increase of RM28.2 million or 17% and RM13.1 million or 85% respectively when compared with previous financial year. The hospitality sub-segment accounted for 83% of the total revenue in hospitality and leisure segment. The improvement in financial performance was primarily contributed by Le Méridien Putrajaya, which commenced its business in August 2016.

Malaysia

Across the global markets, the hospitality and leisure industry continued to grow given the resilient tourism industry. Our hotels expanded their focus to the corporate sectors and this was supported by strong dedicated teams across all functional units of our hotels offering consistent service excellence, thus maintaining crucial competitive edge amidst challenging environment within the industry. Our ability to consistently provide quality service has enabled us to build and sustain strong relationships with our customers and clients, from both the private and public sectors.

Notwithstanding the increasing competition, we remained committed to our goal of becoming a leading player in the hospitality and leisure sector, backed by our exclusive collection of world-class hotels. Our hotels and resorts have been designed into the overall integrated developments and townships that consist of residential, commercial, retail as well as the hospitality and leisure elements, all seamlessly blended into the lifestyles of our residents and those in the surrounding communities.

During the year under review, our range of world-class hotels successfully sustained their market share, given the encouraging response received from clients and customers, despite the highly competitive environment. Currently, our newly refurbished world-class hotel, namely Putrajaya Marriott Hotel and newly opened Le Méridien Putrajaya are poised to be choice hotels for functions and stay. In order to ensure we deliver optimal client experience at our hotels, the newly-renovated resort-styled Palm Garden Hotel with its fresh contemporary ambience and upgraded rooms cater to family vacationers while Four Points by Sheraton Puchong which is located in the commercial hub of Bandar Puteri Puchong caters to business travellers.

In terms of occupancy rates, Putrajaya Marriott Hotel recorded 61%, Four Points by Sheraton Puchong 73%, Le Méridien Putrajaya 66% and Palm Garden Hotel 92%. We reached out to the Meetings, Incentives, Conferences and Exhibitions (MICE) sector as well as government sector, leveraging on our proximity to the federal administration capital, which was essentially a major advantage.

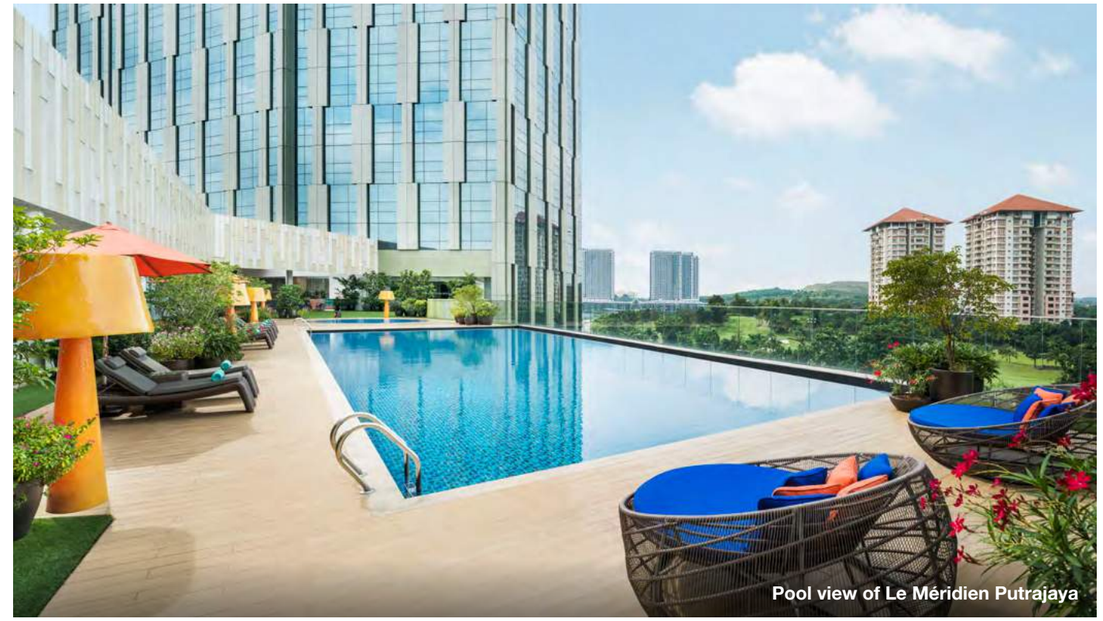
The Group will continue its aggressive marketing strategies, targeting the right market segment and expanding its reach to new market segments such as the corporate sector and tourism sector to further increase its occupancy rate.

Meanwhile, our five-star hotel, Le Méridien Putrajaya carried out effective strategies that enabled the hotel to not only sustain its strong customer base, but also extend its reach to new markets, cutting across both public and private sectors. This hotel drew in consistently good guest numbers from all over the world for FY2018. During the year under review, Le Méridien Putrajaya also won several accolades, namely Guest Review Award 2017 from booking.com, Certificate of Excellence from TripAdvisor while its Le Mei Restaurant won Malaysia Tatler's Best Restaurant 2017.

With regard to our golf courses, PGGC continued to strengthen its position as one of the most preferred premier public golf courses in the country given its adherence to the high standards in its golf course maintenance. As a non-membership premier golf club, it is well-known for its unique signature high-lipped bunkers and challenging greens which test the ability of even some of the best golfers, attracting both local and overseas golfers. With its strategic location within IOI Resort City, PGGC sustained its position as one of the leading golf courses in the country, as it introduced more attractive golf packages and as such, performed better in FY2018 as compared with the previous years. During the year under review, PGGC was one of the top three winners for the Best Overall Golf Experience by ParGolf People's Choice Awards 2018.


Palm Garden Golf Club, IOI Resort City

MANAGEMENT DISCUSSION AND ANALYSIS
GROUP BUSINESS REVIEW - HOSPITALITY & LEISURE


Pool view of Le Méridien Putrajaya

International

With the opening of more dining and entertainment venues housed under the NCO Club at JW Marriott Hotel Singapore South Beach, under our 49.9% owned associated company, coupled with its location to nearby attractions such as Suntec City Convention Centre, Raffles City Convention Centre and Marina Centre, hotel operation is anticipated to continue to perform well. Amongst others, upcoming events such as the Grand Prix Season Singapore motorsports and the regular MICE events held at the neighbouring Suntec City Convention Centre and Raffles City Convention Centre are expected to attract even higher tourist arrivals and business travellers thus increase hotel occupancy.

According to the Singapore Tourism Board, tourism receipts are expected to increase between 1% to 3% and international visitor arrivals are expected to reach between 17.6 million to 18.1 million in 2018. Outlook on the hospitality sector is expected to remain positive given Singapore's location as a global and regional transit hub that is well connected with an established tourism infrastructure and efficient transportation network.

OUTLOOK AND PROSPECTS

Malaysia

While IOIPG is aware that the outlook for the hotel segment remains challenging in an increasingly competitive market with new hotels envisaged to be opened, we believe we are well-positioned for further growth.

Against this backdrop, the Group will continue to strengthen the quality of our service and presence in the institutional sector, while at the same time, make further inroads into corporate and tourism sectors in order to increase our market share. Our new hotel, Le Méridien Putrajaya; newly refurbished hotels, Putrajaya Marriott Hotel and Palm Garden Hotel, and PGGC are expected to drive the growth via seasonal campaigns, new food varieties, dining experiences and luxury rooms at special rates. On the golfing front, we will introduce more attractive golfing packages to the targeted market segments as well as expand into new market segments in order to increase its customer base across local and foreign markets of both corporate and institutional clients.

For the long term, the Group will build hotels when the need arises as such a leisure component will complement the integrated developments of the Group with the aim to create value for its stakeholders.

MANAGEMENT DISCUSSION AND ANALYSIS
HOW WE MANAGE OUR RISKS

MANAGEMENT DISCUSSION AND ANALYSIS
HOW WE MANAGE OUR RISKS

Key risks that are common across the Group's business segments are being managed through concerted strategies to mitigate its impact on Group performance.

	RISKS	HOW WE MANAGE IT
MARKET RISK	The Group recognises that its performance is affected by the challenging market, given affordability issues, new market entrants, peer competition and stringent loan approval process.	The Group has in place a spectrum of products with different pricing strategies to cater to different market segments, tailored-made branding and marketing strategies as well as campaigns to reach out to target markets; innovative financing schemes; and technology-led tools to enable good customer engagement.
FINANCIAL RISK	The Group acknowledges that in view of the current challenging market condition, cash flow liquidity risks is to be closely monitored and managed.	The Group adopts strategies to minimise potential adverse effects of this risk on its financial performance via prudent financial policies, proactive monitoring of risk factors and strict implementation of control activities.
PROJECT MANAGEMENT RISK	The Group recognises the importance of accomplishing project objectives which include timely delivery of project within budget, and at the predetermined high level of quality.	The Group has in place Project Management tools and quality management systems to monitor progress and ensure strict and prompt implementation of corrective actions to mitigate such risks.

	RISKS	HOW WE MANAGE IT
CYBER SECURITY RISK	The Group acknowledges the disruptive potential of cyber security risks with financial, operational and reputational impacts.	The Group has established an IT Policy and Procedures to mitigate such risks as well as ensure high levels of awareness, including cultivating a culture of cyber-security awareness amongst its workforce.
GEOPOLITICAL RISK	Global and local economic climate, new government regulations and global trade agreements may have an impact on the Group's business.	The Group regularly monitors local regulations and the global economic environment for prompt response in the implementation of planning and marketing strategies to mitigate such risks on its performance.
HEALTH AND SAFETY RISK	The Group is potentially exposed to health and safety risks in its business activities.	High standards of Health and Safety policies and procedures have been established; with regularly-scheduled training conducted; and implementation of management systems for stringent regulation enforcement.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Tan Sri Dato' Lee Shin Cheng
Executive Chairman

Tan Sri Dato' Sri Koh Kin Lip
Senior Independent Non-Executive Director

Lee Yeow Seng
Executive Director/ Chief Executive Officer

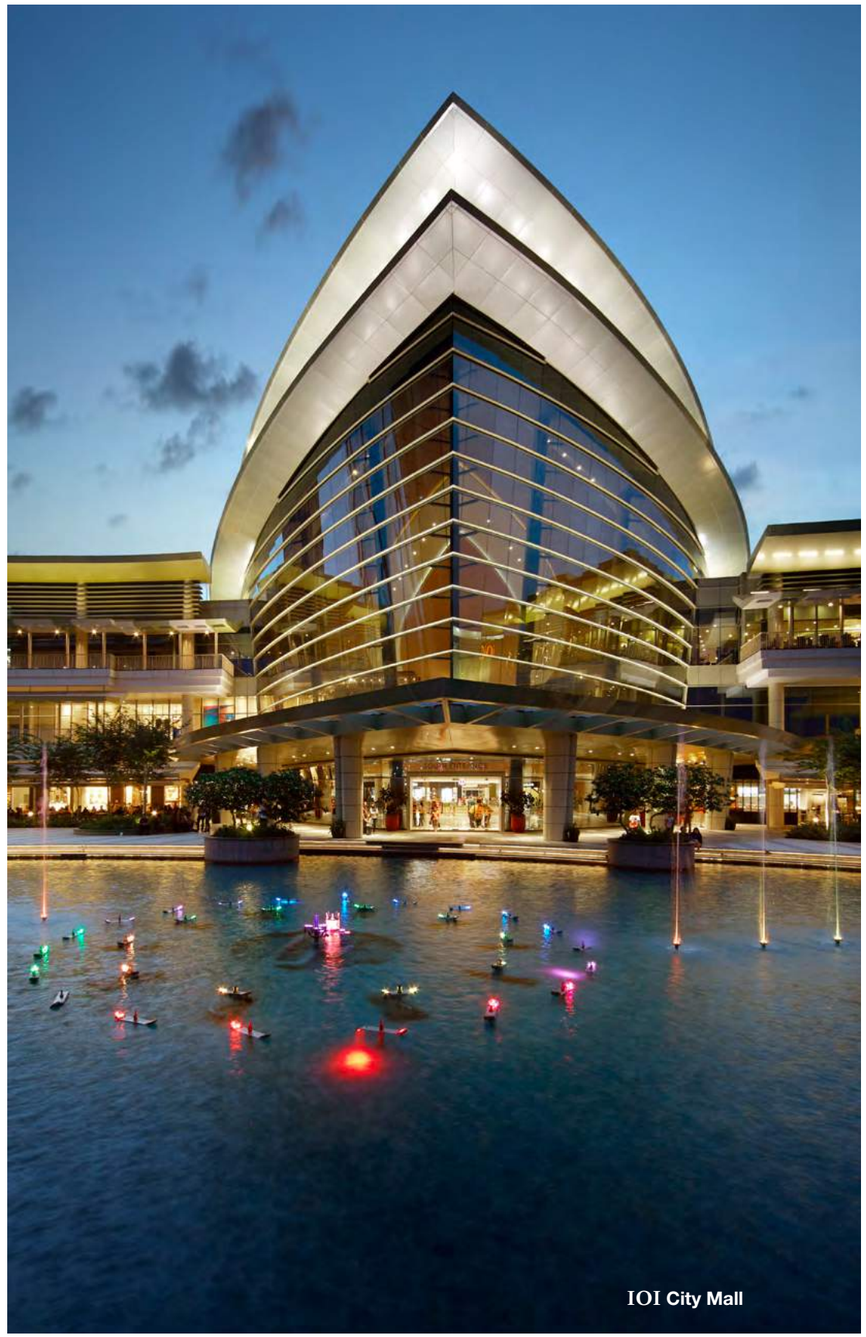
Lee Yoke Har
Executive Director

Dato' Lee Yeow Chor
Non-Independent Non-Executive Director

Datuk Tan Kim Leong @ Tan Chong Min
Independent Non-Executive Director

Datuk Lee Say Tshin
Independent Non-Executive Director

Datuk Dr Tan Kim Heung
Independent Non-Executive Director


IOI City Mall

AUDIT COMMITTEE

Datuk Tan Kim Leong @ Tan Chong Min*
Chairman

Datuk Lee Say Tshin*

Datuk Dr Tan Kim Heung*

GOVERNANCE, NOMINATING AND REMUNERATION COMMITTEE

Tan Sri Dato' Sri Koh Kin Lip*
Chairman

Datuk Tan Kim Leong @ Tan Chong Min*

Datuk Dr Tan Kim Heung*

RISK MANAGEMENT COMMITTEE

Datuk Lee Say Tshin*
Chairman

Tan Sri Dato' Sri Koh Kin Lip*

Datuk Dr Tan Kim Heung*

EMPLOYEES' SHARE OPTION SCHEME COMMITTEE

Tan Sri Dato' Lee Shin Cheng
Chairman

Lee Yeow Seng

Dato' Lee Yeow Chor

* Independent Non-Executive Directors

COMPANY SECRETARIES

Chee Ban Tuck
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Chang Mei Yee
(MAICSA 7064078)

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Chartered Accountants
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50706 Kuala Lumpur
Tel +60 3 2173 1188
Fax +60 3 2173 1288

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Fax +60 3 2783 9222

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Boardroom Corporate Services (KL) Sdn Bhd
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8 First Avenue, Bandar Utama
47800 Petaling Jaya
Selangor Darul Ehsan
Tel +60 3 7720 1188
Fax +60 3 7720 1111

LEGAL FORM AND DOMICILE

Public Limited Liability Company
Incorporated and Domiciled in Malaysia

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad

STOCK CODE

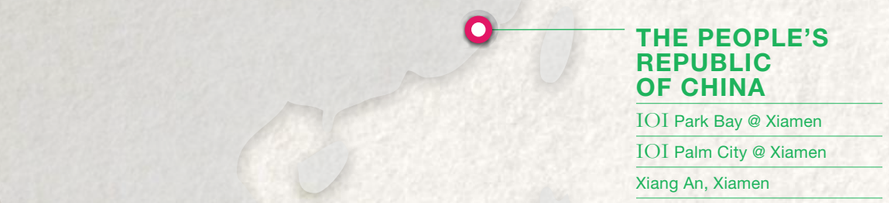
5249

WEBSITES

www.ioiproperties.com.my
www.myioi.com

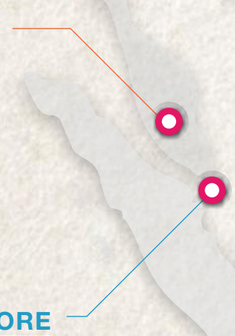

Conezion, IOI Resort City

REGIONAL PRESENCE



THE PEOPLE'S REPUBLIC OF CHINA

- IOI Park Bay @ Xiamen
- IOI Palm City @ Xiamen
- Xiang An, Xiamen



MALAYSIA

- Penang
- Selangor
- Negeri Sembilan
- Malacca
- Johor

SINGAPORE

- Seascape, Sentosa Cove
- Cape Royale, Sentosa Cove
- Cityscape @ Farrer Park
- South Beach
- The Trilinq
- Central Boulevard

LOCATION OF OPERATIONS IN MALAYSIA

PENANG

1	Desaria, Sungai Ara

SELANGOR

2	Bandar Puchong Jaya & Bandar Puteri Puchong
3	16 Sierra, Puchong South
4	IOI Resort City, Putrajaya
5	Bandar Puteri Bangi
6	Warisan Puteri Sepang

NEGERI SEMBILAN

7	Bandar IOI, Bahau

MALACCA

8	Ayer Keroh

JOHOR

9	Bandar IOI Segamat
10	Taman Lagenda Putra
11	Bandar Putra Kulai
12	Taman Kempas Utama
13	The Platino

CORPORATE CALENDAR

01 JULY 2017

LEE YOKE HAR APPOINTED AS EXECUTIVE DIRECTOR

Lee Yoke Har was appointed as Executive Director of IOIPG Board of Directors. She held various positions in IOIPG such as in legal, marketing and business development over the span of 22 years before her appointment as Executive Director.

17 AUGUST 2017

PROPERTYGURU ASIA PROPERTY AWARDS (MALAYSIA) 2017 - HIGHLY COMMENDED - SIERRA 6

IOIPG bagged the Best Housing Development (Kuala Lumpur) award for its Sierra 6, 16 Sierra Residence at the fourth annual PropertyGuru Asia Property Awards (Malaysia) 2017.

03 AUGUST 2017

AUXILIARY POLICE GRADUATION CEREMONY

A graduation ceremony was held for the Auxiliary Police of IOIPG and the event was graced by Deputy OCPD IPD Sepang Supt Baharudin bin Haji Mat Taib.

18 AUGUST 2017

LE MÉRIDIEN PUTRAJAYA 1ST ANNIVERSARY

Le Méridien Putrajaya marked a milestone as it turned one, signalling a successful first year of operations for the hotel.

23 SEPTEMBER 2017

IOI CITY MALL NEW OFFICE

IOI City Mall moved into its new office at IOI City Tower Two.

08 OCTOBER 2017

SOUTH BEACH - WINNER OF SUSTAINABLE DEVELOPMENT CATEGORY

FIABCI SINGAPORE PROPERTY AWARDS 2017

South Beach development in Singapore won in the Sustainable Development category at the FIABCI Singapore Property Awards 2017.

08 OCTOBER 2017

TWO AWARDS FOR JW MARRIOTT HOTEL SINGAPORE SOUTH BEACH

JW Marriott Hotel Singapore South Beach won two industry awards namely TTG (Travel Trade Gazette) Travel Awards for Best New City Hotel and Business Traveller Awards for Best New Business Hotel.

CORPORATE CALENDAR

30 OCTOBER 2017

THE EDGE MALAYSIA TOP PROPERTY DEVELOPERS AWARDS 2017 AND BEST IN QUANTITATIVE ATTRIBUTES AWARD

IOIPG was honoured as one of the top property developers in The Edge Malaysia Top Property Developers Awards 2017 and also clinched the Best in Quantitative Attributes Award.

03 MARCH 2018

IOI NEW CORPORATE OFFICE

The Group relocated its corporate office to IOI City Tower Two in IOI Resort City, a GBI-designed state-of-the-art office building.

21 MARCH 2018

LAUNCH OF IOI COMMUNITY APP

IOIPG launched the IOI Community app to enhance communication with its customers, leverage on real-time customer feedback to enable prompt service and utilise data analytics to continuously improve on products and services delivery. The app allowed IOIPG to foster sustainable community relations and create conducive environment for stay, work and play within its developments.

09 APRIL 2018

COMMENCEMENT OF THE GEMS

IOIPG and Mitsubishi Jisho Residence, a wholly-owned subsidiary of Mitsubishi Estate Co Ltd, are jointly developing The Gems, IOI Resort City.

20 JANUARY 2018

LAUNCH OF WAVE @ MARINA COVE

IOIPG launched Tower B of Wave @ Marina Cove at Johor Bahru, Johor.

14 MARCH 2018

STARPROPERTY.MY AWARDS 2018

IOIPG was honoured for its outstanding achievements at the third annual StarProperty.my Awards 2018 and was awarded for The All-Star Top Ranked Developers of the Year accolade.

03 APRIL 2018

PARGOLF PEOPLE'S CHOICE AWARDS 2018

Palm Garden Golf Club achieved top three in the Best Overall Golf Experience category in the ParGolf People's Choice Awards 2018.

IOI Palm Villa Golf & Country Resort made it to the top three in the Most Improved Golf Course category in the ParGolf People's Choice Awards 2018.

26 APRIL 2018

PROPERTYGURU ASIA PROPERTY AWARDS (MALAYSIA) 2018

IOIPG received the Best Mass Market Development (Condo) award for Sky Condominium at the annual PropertyGuru Asia Property Awards (Malaysia) 2018.

CORPORATE CALENDAR

28 APRIL 2018

BANDAR IOI SEGAMAT OPENS ITS NEW OFFICE

Bandar IOI Segamat, the largest township development in Segamat, Johor celebrated the opening of its new office.

28 APRIL 2018

LAUNCH OF LAVENDA

IOIPG launched Lavenda, 1.5-storey terrace houses at Bandar IOI Segamat. The launch received good response from prospective house buyers.

16 JUNE 2018

PALM GARDEN GOLF CLUB'S 6TH ANNIVERSARY

Palm Garden Golf Club celebrated its sixth anniversary as a premier public golf course with a tournament featuring a full field of 132 players to mark the occasion.

16 JUNE 2018

OFFICIAL LAUNCH OF IOI GALLERIA @ WARISAN PUTERI

The new SEPANG IOI Galleria @ Warisan Puteri Sepang was launched and is poised to become a community hub.

02 JULY 2018

COMMENCEMENT OF IOI CITY MALL EXPANSION

IOIPG commenced work on the expansion of IOI City Mall to increase the mall's net lettable area by one million sq ft.

01 AUGUST 2018

LAUNCH OF LiVO

IOIPG rejuvenated its IOI Privilege Card with the launch of its cardless IOI LiVO, using digital technology to give purchasers more benefits and lifestyle privileges.

16 AUGUST 2018

QUALITY ASSESSMENT SYSTEM IN CONSTRUCTION AWARD 2018

IOIPG received Qlassic awards including High Qlassic Achievement Awards 2018 for Almyra Residence, High Qlassic Achievement Awards 2018 for Park Villa, High Qlassic Achievement Awards 2018 for Sierra 6, Best Qlassic Achievement Awards 2018 – Residential Category B – Stratified Housing for Park Villa and Best Qlassic Achievement Awards 2018 – Residential Category B – Stratified Housing for Almyra Residence.

OUR SOCIAL RESPONSIBILITY CALENDAR

15 JULY 2017

LOTUS CHARITY CARE CENTRE (LCCC)

Yayasan Tan Sri Lee Shin Cheng (TSLSC) donated RM10,000 to the underprivileged at LCCC.

22 JULY 2017

FROST THE TRAIL MY MERCY RUN 2017

IOI employees participated in the Frost the Trail my MERCY run 2017 at the Kepong Botanical Garden. IOIPG sponsored RM20,000 as platinum donor as part of its CSR initiatives.

25 JULY 2017

THE EDGE KL RAT RACE 2017

IOIPG employees participated in The Edge KL Rat Race 2017 contributing RM18,000 in support of The Edge Education Foundation.

19 AUGUST 2017

13TH PUTRA CHARITY RUN 2017

About 4,300 participants took part in the 13th Putra Charity Run 2017, organised by IOIPG and IOI Mall Kulai. The charity event raised RM75,000 in cash for the Handicapped & Mentally Disabled Children's Association and Rotary Hemodialysis Centre.

05 SEPTEMBER 2017

bargain basement
give... and get

IMPACT DRIVEN ENTERPRISE ACCREDITATION (IDEA) - ONE OF THE 40 IMPACT DRIVEN ENTERPRISES (IDES)

Recognised as one of the 40 Impact Driven Enterprises under the Malaysian Global Innovation and Creativity Centre, Bargain Basement, a social enterprise managed by Yayasan TSLSC now has a platform to potentially connect with local and global customers.

06 SEPTEMBER 2017

PALM GARDEN BIG HOLE CHARITY GOLF

Palm Garden Golf Club ("PGGC") collaborated with Miss World Cosmopolitan in the Big Hole Charity Golf and raised RM28,400 to build new homes for children of Yayasan Sunbeams Home.

OUR SOCIAL RESPONSIBILITY CALENDAR

14 SEPTEMBER 2017

BURSA BULL CHARGE 2017

IOI employees raced through Kuala Lumpur in Bursa Malaysia Berhad's Bursa Bull Charge 2017. IOIPG contributed RM23,000 to the total funds that were raised to be distributed to 30 beneficiaries representing different segments including the disabled, youths, underprivileged and single mothers.

16 SEPTEMBER 2017

IOI CITY MALL HOSTS UNDERPRIVILEGED CHILDREN ON MALAYSIA DAY

IOI City Mall hosted 34 underprivileged children from Cornerstone Orphanage Home and Rumah Bakti Al-Kausar in Bangi to a range of fun-filled activities on Malaysia Day.

24 SEPTEMBER 2017

MARRIOTT RUN TO GIVE 2017

Employees of Four Points by Sheraton Puchong participated in the annual Run to Give 2017, a fundraiser organised by Marriott International throughout Asia-Pacific. Proceeds were channelled to the National Kidney Foundation for purchase of new dialysis machines.

OUR SOCIAL RESPONSIBILITY CALENDAR

25 SEPTEMBER 2017

YAYASAN TAN SRI LEE SHIN CHENG SHOWS SUPPORT FOR MONTFORT

Yayasan Tan Sri Lee Shin Cheng presented a cheque of RM10,000 to Montfort Boys Town in Shah Alam to support the latter's mission and to defray its operational costs.

30 SEPTEMBER 2017

BARGAIN BASEMENT OPENS 2ND OUTLET

Bargain Basement, an innovative social enterprise initiated and managed by Yayasan Tan Sri Lee Shin Cheng, opened its second branch at IOI Mall Puchong.

06-08 OCTOBER 2017

22ND KUALA LUMPUR TOURISM GAMES

Team IOI showcased excellent esprit de corps at the 22nd Kuala Lumpur Tourism Games organised by the Kuala Lumpur Tourism Association.

OUR SOCIAL RESPONSIBILITY CALENDAR

08 OCTOBER 2017

RUNNING IN PINK WIGS FOR CHARITY

IOI staff donned pink wigs for the second biennial Pink Wig-A-Thon charity run in Kuala Lumpur. This is in support of efforts to raise funds for breast health education and breast screening services to the local community as well as support services to breast cancer patients and their families.

26 OCTOBER 2017

DONATION TO LOVELY NURSING CENTRE

Bargain Basement donated adult diapers worth RM2,544 to Lovely Nursing Centre, a home caring for elderly citizens, terminally-ill patients, individuals with special needs and homeless persons.

27 OCTOBER 2017

DEEPAVALI CHARITY DINNER

Putrajaya Marriott Hotel and Palm Garden Hotel hosted a Deepavali Charity Dinner for 90 children and 15 caretakers from Rumah Beribuan Kasih, Rumah Bakti Nur Ain and Persatuan Kanak-kanak Istimewa Kajang.

OUR SOCIAL RESPONSIBILITY CALENDAR

04 NOVEMBER 2017

YAYASAN TSLSC SCHOLARSHIP PRESENTATION CEREMONY

Yayasan Tan Sri Lee Shin Cheng awarded scholarships worth RM333,000 to outstanding students pursuing their full-time undergraduate studies at recognised local higher education institutions.

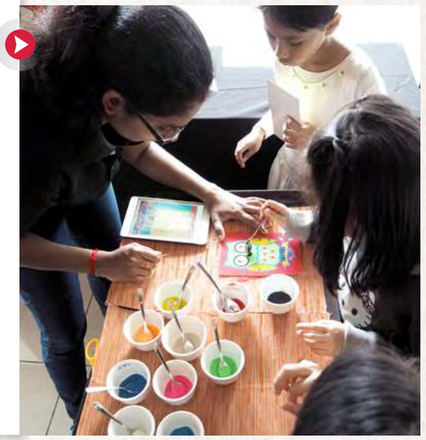
12 NOVEMBER 2017

STEM @ PUCHONG MAKER FAIRE 2017

Yayasan Tan Sri Lee Shin Cheng and Agensi Inovasi Malaysia in collaboration with Chumbaka hosted the STEM @ Puchong Maker Faire 2017 at IOI Mall Puchong which attracted about 6,000 visitors with 150 students showcasing their creative and innovative inventions.

UNICEF: CHECK OUT FOR CHILDREN CHARITY EVENT

Four Points by Sheraton Puchong co-hosted its annual Check Out for Children charity event with Le Méridien Putrajaya to raise funds in providing clean drinking water and proper sanitation facilities for children across Asia-Pacific. The event, in partnership with United Nations Children's Fund (UNICEF) and Starwood Legacy Hotels in support of UNICEF Water Sanitation and Hygiene (WASH) projects in Africa and Middle East, raised over RM3,800 for UNICEF.



06-30 NOVEMBER 2017

GRANT A WISH THIS CHRISTMAS 2017 CHARITY

Yayasan Tan Sri Lee Shin Cheng organised the Grant a Wish This Christmas 2017 charity campaign to fulfil the wishes of 49 underprivileged children from Rumah Victory and Rumah Shalom and presented cheques worth RM10,000 to each home respectively.

25-30 NOVEMBER 2017

"BUY FOR IMPACT" MARKETPLACE AT PUBLIKA

Bargain Basement participated in the Buy for Impact marketplace at Publika Shopping Mall, Kuala Lumpur, an event aimed at educating the public on the use of purchasing power to create a positive impact on society and the environment through waste minimisation, upcycling etc.

13 DECEMBER 2017

DONATION TO LIGHTHOUSE CHILDREN WELFARE HOME ASSOCIATION

Bargain Basement donated RM2,000 to Lighthouse Children Welfare Home Association in Bangsar to assist the children in their 2018 back-to-school expenses.

18 DECEMBER 2017

CARNIVAL CHRISTMAS & MAGICAL CHARITY LUNCH

Putrajaya Marriott Hotel and Palm Garden Hotel co-hosted a Carnival Christmas & Magical Charity Lunch for a total of 113 children from Persatuan Pertubuhan Islam Buah Hatiku, Kavitha Homes, Rainbow Homes and Shepherd's Home. They were treated to an afternoon filled with carnival-like atmosphere and fun magical wonders.

26 DECEMBER 2017

SPREADING OF THE HOLIDAY SPIRIT

IOI City Mall hosted 61 children and their 10 guardians from Al Madrasah Rabaniya, Tangam Illam Welfare Society and Jireh Home to a day of celebration during the year-end holiday season.

30 DECEMBER 2017

SPREADING JOY TO HANDICAP JB

A team of MyIOI Social Club volunteers from IOIPG Johor Bahru and IOI Mall Kulai visited special needs children at the Handicapped and Mentally Disabled Children's Association Johor Bahru (HANDICAPJB), currently housing 55 caregivers who are taking care of 288 special needs children. A total of RM15,000 was donated to HANDICAPJB to purchase daily necessities such as food, first-aid and disinfection liquid, and electrical items.

24 JANUARY 2018

YAYASAN STUDENT ADOPTION PROGRAMME 2018

Yayasan Tan Sri Lee Shin Cheng awarded RM111,200 to 257 underprivileged students from 26 primary and secondary schools in Peninsular Malaysia and Sabah under its Student Adoption Programme 2018. The financial aid is to provide underprivileged students with equal access to education by easing the financial burden of their families while supporting the students' educational needs. It aims to motivate them to maintain good grades and to excel in English and Information and Communication Technology.

29 JANUARY 2018

SPLENDOURS OF SPRING WITH THE ELDERLY

IOI City Mall hosted an outing for 33 senior citizens with their nine guardians from Rumah Amal Murni Kajang and Little Sister of Poor. They were treated to a movie screening, lion dance performances and dinner; and received ang pows and gift bags.

12 FEBRUARY 2018

YAYASAN CNY CHARITY

Yayasan Tan Sri Lee Shin Cheng purchased 1,000 bottles of CNY nougats for its employee from Dual Blessing Berhad in support of the social enterprise's initiatives. Dual Blessing received RM21,000 which was used to cover renovation cost of extension on its premises in Taman OUG, Kuala Lumpur.

21 FEBRUARY 2018

PUTRAJAYA MARRIOTT HOTEL CNY CHARITY

Putrajaya Marriott Hotel visited 60 underprivileged old folks at the Lovely Nursing Home in Kelana Jaya, treated them to a scrumptious Chinese New Year lunch and live entertainment; and donated basic necessities for the usage of the home.

01 MARCH 2018

PALM GARDEN HOTEL CNY CHARITY DINNER

Palm Garden Hotel celebrated Chinese New Year with a charity dinner and entertainment with 90 senior citizens and children from Persatuan Rumah Caring Kajang, Persatuan Kebajikan Thirumular Dengkil and Shepherds Home Dengkil.

01-24 MARCH 2018

SAVE THE MALAYAN TIGER EXHIBITION @ IOI MALL KULAI

IOI Mall Kulai organised an installation themed Save Malayan Tiger to create awareness of the near extinct species. It also held a fundraising campaign to save these tigers and proceeds were donated to the Malaysian Conservation Alliance for Tigers.

19-22 MARCH 2018

UTAR DEAR STRESS EVENT

In line with its efforts to support capacity building of Young Urbanites, IOIPG sponsored Dear Stress, a stress management event organised by Universiti Tunku Abdul Rahman's undergraduates.

23 MARCH 2018

CHARITY SCREENING

Yayasan Tan Sri Lee Shin Cheng hosted Padmasambhava Children Loving Association and Pertubuhan Kebajikan Yesuvin Mahligai Selangor to a charity screening of the movie **Lee Chong Wei: The Rise of the Legend**.

24 MARCH 2018

EARTH HOUR 2018

Various IOIPG business units including Putrajaya Marriott Hotel, Le Méridien Putrajaya and Palm Garden Hotel supported the global initiative of Earth Hour by switching off non-essential lights and organising fun activities to encourage responsible use of earth's non-renewable resource for a sustainable future.

OUR SOCIAL RESPONSIBILITY CALENDAR

10 APRIL 2018

IOI-AIESEC IN MALAYSIA – CLEAN OUR PLATE

IOIPG collaborated with AIESEC, a global youth leadership organisation on the IOI-AIESEC Clean Our Plate, for three secondary schools in Puchong. The project addressed the global issue of food waste by creating awareness, changing attitude and encouraging youths to take action in minimising food waste in schools and at home.

03 MAY 2018

PALM GARDEN HOTEL DISTRIBUTING BUBUR LAMBUK

Employees of Palm Garden Hotel shared the spirit of Ramadan and distributed about 1,000 packets of bubur lambuk to motorists at the SKVE Ayer Hitam and SILK Sungai Ramal toll plazas with the assistance of officers from both highway operators.

04 MAY 2018

LE MÉRIDIEN PUTRAJAYA BLOOD DONATION

Employees across the Group participated in a blood donation drive organised by Le Méridien Putrajaya with Pusat Darah Negara.

OUR SOCIAL RESPONSIBILITY CALENDAR

18 MAY 2018

PALM GARDEN HOTEL A GIFT OF RAMADAN

Palm Garden Hotel hosted its annual Ramadan Charity event for 80 children from Pertubuhan Anak Yatim Darul Izzah, Rumah Bakti Nur Ain and Shepherds Home. The children were treated to a sumptuous buffet with entertainment from the resident Ghazal band and received Raya packets and door gifts.

18 MAY 2018

PUTRAJAYA MARRIOTT HOTEL CHARITY RAMADAN BUKA PUASA & MUZIK-MUZIK RAYA

Putrajaya Marriott Hotel organised a Ramadan Buka Puasa for 120 underprivileged children from Persatuan Kebajikan Kanak-kanak Cornerstone, Persatuan Pertubuhan Islam Buah Hatiku Cheras, Pusat Jagaan Anak-anak Yatim Rukaiyah Kajang and Pertubuhan Anak-anak Warisan Suci Kajang. The children were treated to a recording of Muzik-Muzik Raya 33, duit raya and goodies from the hotel and Pertubuhan Legasi Tun Abdullah Ahmad Badawi.

21 MAY 2018

LE MÉRIDIEN PUTRAJAYA SHARES SPIRIT OF RAMADAN

In the spirit of Ramadan, twenty volunteers from Le Méridien Putrajaya's food and beverage team cooked and distributed 800 packets of bubur lambuk around IOI City Mall and the hotel.

OUR SOCIAL RESPONSIBILITY CALENDAR

04 JUN 2018

IOI CITY MALL HARI RAYA TREAT

IOI City Mall treated 50 children and their 10 caretakers from Rumah Bakti Nur Ain and Rumah Bakti Nur Syaheera to an early Hari Raya celebration with dinner and traditional performance, duit raya and new Hari Raya attire.

06 JUN 2018

ACTIVE CITIZENS PROGRAMME

IOIPG organised the Active Citizens social leadership programme amongst its management personnel, developing agents of change to deliver social action projects for the benefit of the community.

30 JUNE 2018

COLLABORATION WITH TAYLOR'S UNIVERSITY

IOIPG collaborated with students of the School of Communication from Taylor's University to develop the Blissful Home campaign. The collaboration was aimed at providing the undergraduates with more exposure in the property industry.

OUR SOCIAL RESPONSIBILITY CALENDAR

15 JULY 2018

IOI SUSTAIN DAY

IOIPG organised its maiden IOI Sustain Day themed "NIP it! at the source" at IOI City Mall to create awareness on waste minimisation at the source by reaching out to employees and the public.

15 JULY 2018

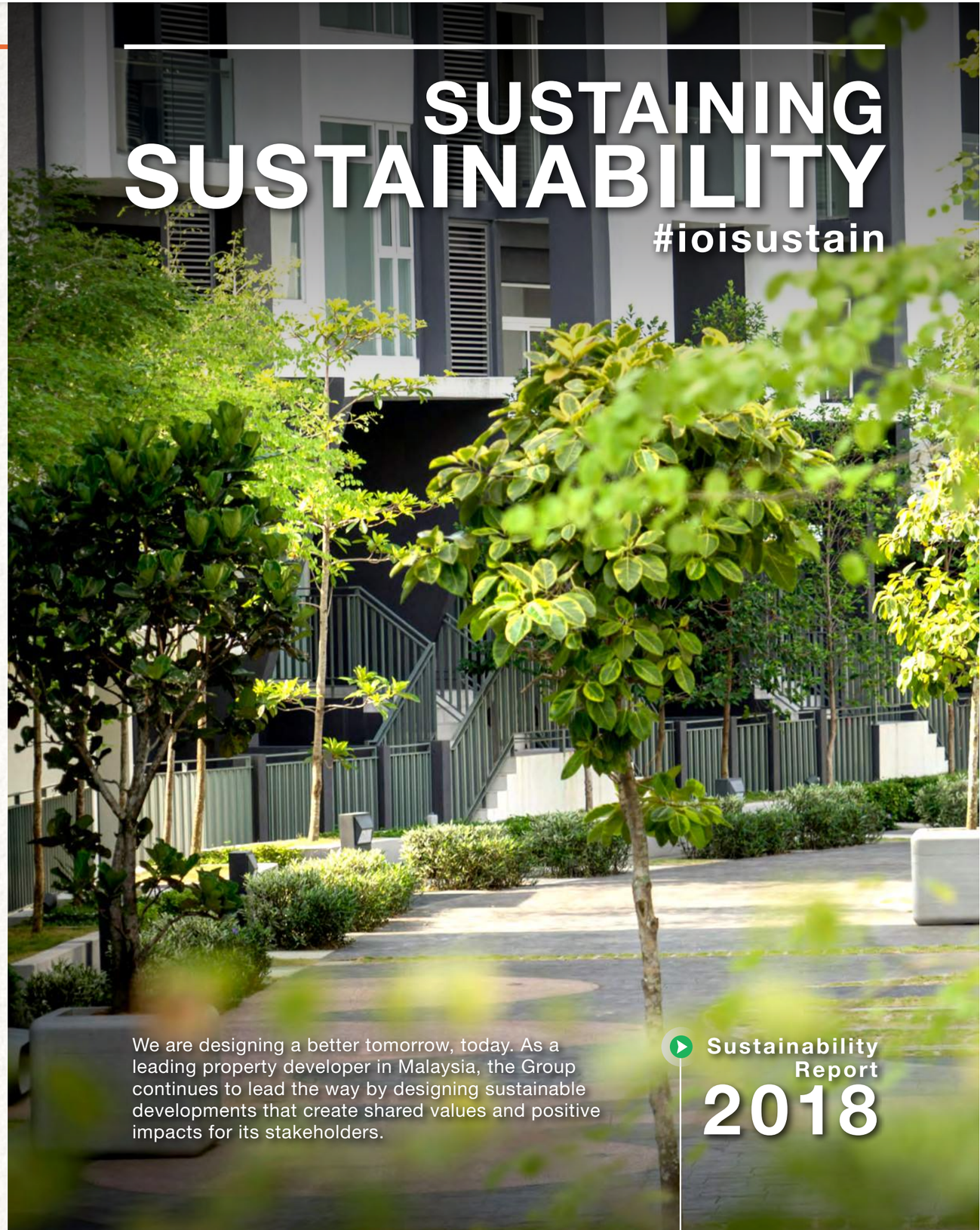
COLLABORATION WITH AIESEC – GLOBAL VILLAGE

IOIPG supported Global Village, a cultural showcase of performances and cultural games from over 26 countries by AIESEC, a global youth leadership organisation. The event at IOI City Mall promoted better understanding of cultures from different countries and bridged differences through interaction with the foreign AIESEC members.

31 JULY 2018

THE EDGE KL RAT RACE 2018

IOIPG supported The Edge KL Rat Race 2018 to raise funds for The Edge Education Foundation.



SUSTAINING SUSTAINABILITY

#ioisustain

We are designing a better tomorrow, today. As a leading property developer in Malaysia, the Group continues to lead the way by designing sustainable developments that create shared values and positive impacts for its stakeholders.

Sustainability Report 2018

SUSTAINABILITY REPORT 2018

OUR SUSTAINABILITY JOURNEY

Since embarking on the Sustainability Journey, IOI Properties Group (IOIPG) embeds the fundamental aspects of Sustainability in its business operations, with the aim of creating positive impacts on the economy, society and environment.

In association with its brand of reliability, quality and lifestyle, the Group has strengthened the implementation of Sustainability initiatives pursuant to its firm belief in Corporate Responsibility, embracing the ESG as well as the EES models, and being fully committed in contributing towards the United Nations Sustainable Development Goals.

In line with IOI Properties Group's Vision & Core Values, the Group's Sustainability Policy and Framework has been progressively translated into actions embedded within business strategies, addressing risks and opportunities arising from its management approach of its impacts on the economy, society and environment.

In brief, IOI Properties Group aspires to lead by example, taking up the role as lifestyle influencer in sustainable living, advocating mindset change, catalysing behavioural change within its network of employees, customers and communities as the Group acknowledges driving sustainability as a transgenerational mission.

Scope of Reporting

The IOI Properties Group Sustainability Report 2018 intends to keep the Group's stakeholders abreast of its social, economic and environmental progress throughout FY2018. The reporting scope encompasses the Group's businesses and operations of Property Development, Property Investment as well as Hospitality and Leisure within Klang Valley.

This report is prepared in accordance to Bursa Malaysia Main Market Listing Requirements and we referred to the Global Reporting Initiative (GRI) Standards in order to enhance our report.

FEEDBACK

IOI Properties Group welcomes our stakeholders to share with us opinions and feedback. Please contact us via:

Group Corporate Sustainability Department
IOI Properties Group Berhad
Level 29, IOI City Tower 2,
Lebuh IRC,
IOI Resort City,
62502, Putrajaya, Malaysia.
Tel : +603-8947 8888
Fax : +603-8947 6634
Email : corpcomm@ioigroup.com

Performance Highlights

DELIVERING EXCELLENCE

Achieve prominence in ***Products & Services Excellence*** to deliver our brand promise of reliability, quality and lifestyle; and strive for responsible commercial success and sustainable business growth.

HIGHLIGHTS

- Customer satisfaction level increased from 74% to 79% in FY2018
- Communal green spaces in developed townships supporting urban biodiversity
- Community and customer engagement activities through both online & social media platforms as well as direct contact

CARING FOR THE ENVIRONMENT

Uphold environmental ethics through ***Green Efforts*** e.g. energy management, water conservation, emission and waste reduction as well as care for the environment towards sustainability for future generations.

HIGHLIGHTS

- Top Volume of Energy Saved - One and Two IOI Square (Reduced 1,574 MWh from FY2016 - FY2018)
- IOI Sustain Day – Nip It! at the Source: A Waste Minimisation Initiative
- Puteri Mart turns fruit waste into resources

CREATING VALUE FOR OUR EMPLOYEES

Maintain a healthy, safe and fair ***Work Culture*** with emphasis on employee engagement; and to encourage employee participation in the organisation's transformational journey of sustainability.

HIGHLIGHTS

- 36% women in senior management – exceeding Malaysia's aim to have 30% women in decision making roles by 2020
- 234 interns gained experience at IOIPG in FY2018
- Enhanced benefits for employees in FY2018

DEVELOPING SUSTAINABLE COMMUNITIES

Enhance social well-being via ***Community Initiatives*** i.e. social responsibility commitments including community investments, community development programmes for positive long-term impact to society and employee volunteerism activities.

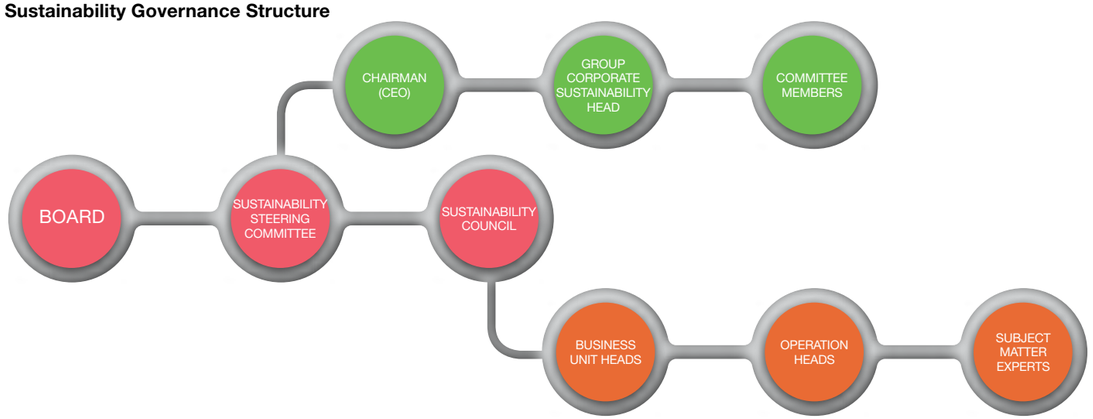
HIGHLIGHTS

- Partnering local institutions and youth organisations to unearth young talents
- Yayasan TSLSC contributes beyond ringgit and cents
- Promoting volunteerism among employees

Sustainability Governance

Sustainability at IOI Properties Group has oversight by the Board of Directors. It is led by the CEO, Mr. Lee Yeow Seng who chairs the Sustainability Steering Committee with the Head of Group Corporate Sustainability reporting directly to him. The Sustainability Steering Committee itself comprises of Senior Management across core business segments at the helm to steer sustainability of the company, review policies and material sustainability matters as well as monitor sustainability performances. The Sustainability Council, with representation from Business Unit Heads and cross-function representatives comprising Heads of Departments as well as subject matter experts, supports the Sustainability Steering Committee in making informed decisions to integrate the Group's sustainability strategies into business operations and implement initiatives towards achieving its sustainability goals.

Sustainability Governance Structure



With Board oversight, sustainability strategies are translated into effective implementations of initiatives at respective business units and departments across all business segments. These strategies complement the policies, management systems, standard operating procedures as well as best practices formulated and developed throughout the years.

FOCUS AREA	POLICIES & MANAGEMENT SYSTEMS
Economic Environment Social	• Code of Business Conduct & Ethics • Whistleblowing Policy • Sustainability Policy • Waste Management Policy • Health & Safety Policy • Health & Safety Management System • Quality Management System • Quality Policy

IOIPG's commitment in sustainable development is best reflected through the enactment of its Sustainability Policy which sets out distinctive scope of not only integrating corporate sustainability and responsibility into business strategies, but also in accordance to the Group's Vision and Core Values, striving to enhance social wellbeing of both our employees and local communities, to stimulate local economy as well as to conserve the environment for the present and future generations.

WE SEEK TO:

- Deliver our brand promise of Reliability, Product Quality and Lifestyle; and achieve products and services excellence with positive impact on the environment and society
- Pursue green efforts that focus on resources management, climate change mitigation and adaptation, environmental conservation, waste minimisation and pollution reduction
- Cultivate a safe and healthy work environment that encourages the growth of employees and provides equal employment opportunities
- Continue our community initiatives and deliver our commitment towards community development
- Ensure compliance to applicable legislations, standards and codes of practices
- Create sustainability awareness amongst our employees, customers and business partners on commitment towards sustainability

Stakeholder Engagement and Materiality Assessment

At IOI Properties Group, it has always been the tradition to engage stakeholders in making inclusive decisions, empathising with customers, managing perceptions and addressing varied requirements as well as satisfying needs in business development and the management of business operations. IOIPG recognises that its decisions have an impact on not only the Group as a corporate entity but also on stakeholders who it comes in contact with directly and indirectly. Hence, their opinions and voices are given various platforms to influence our business decisions. Insightful feedback from stakeholders are of paramount importance to the Group for continual improvement in delivering excellence in product quality and services.

As we regularly engage our internal and external stakeholders in a continual and iterative manner to capture feedback and opinions, we are able to make informed business and management decisions, with a more comprehensive understanding on the emerging risks and opportunities pertaining to socio-economic and environmental impacts of our business, effectively translating it into products and services that exceed customer expectations.

This year, we initiated public surveys that assessed the perception of our stakeholders on sustainability. The findings were both supportive and informative, reassuring that the Group is on the right track in acknowledging and managing the prioritised material sustainability matters. Hence, such surveys will be conducted progressively to further reinforce the findings, to equip us with more concrete information of our stakeholders' concerns and priorities in terms of sustainability impacts and the relevance of initiatives in managing these impacts.

Further from managing the material sustainability matters identified and prioritised in early financial year 2017, we took the initiative to review performance and disclosure of each of the material sustainability matters via gap analysis that benchmarked ourselves against GRI Standards and best practices of our peers that shares common material sustainability matters in Real Estate and Property Development sectors. As a constituent of FTSE Bursa Malaysia Emas Index and FTSE4Good Emerging Index, we've made careful consideration on disclosure of information within our operational control in relation to FTSE4Good themes and indicators apart from adopting some of the indicators to enhance our sustainability performance monitoring, reporting and information disclosure.

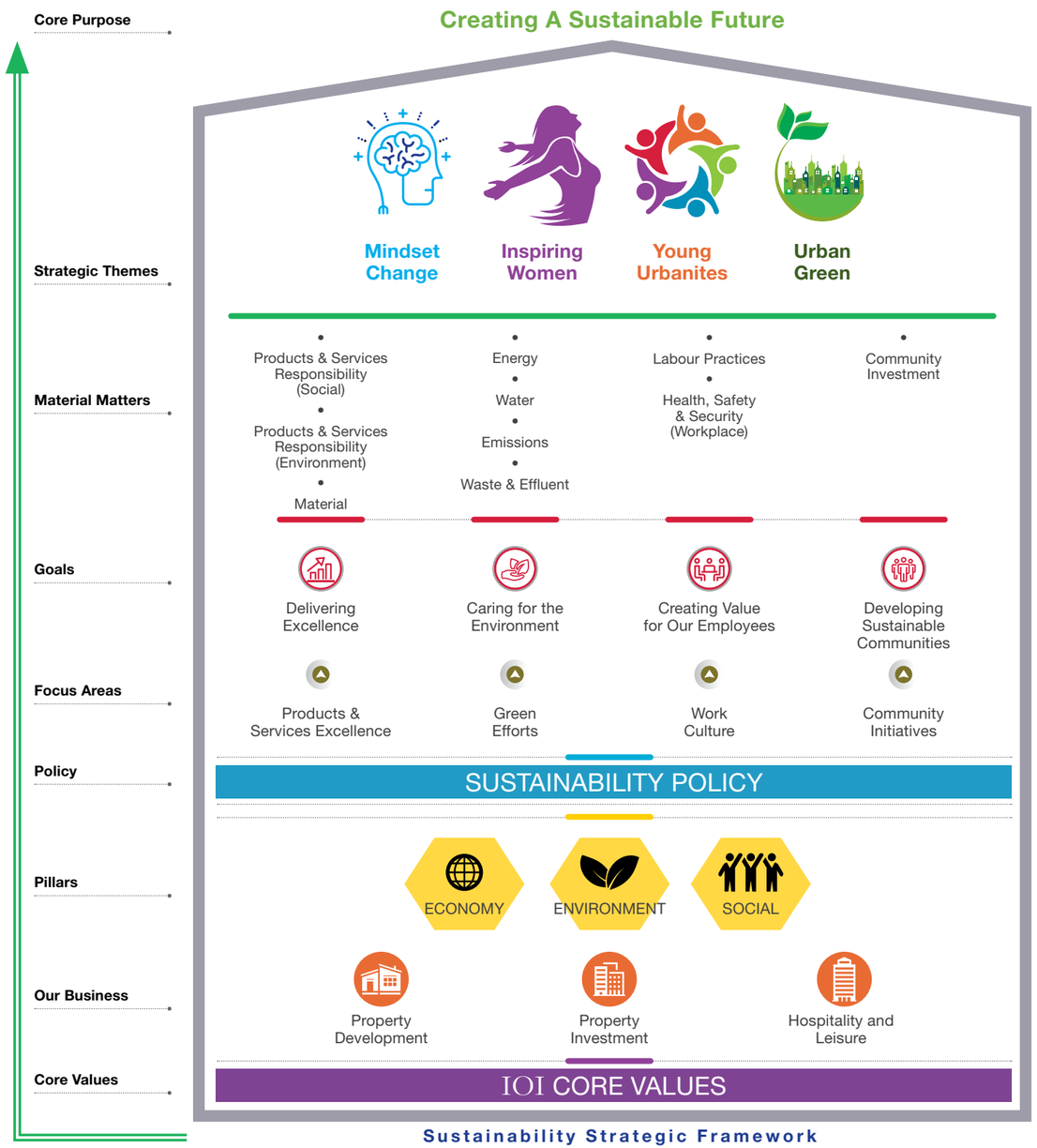
The abovementioned stakeholder engagement feedback and survey results, along with the identified gaps were further discussed in Focus Group Discussions (FGD) attended by internal stakeholders who are experts in each material sustainability matters where areas for improvement were proposed with new initiatives discussed and implemented.

Stakeholder Engagement Methods

STAKEHOLDERS	INVESTORS	CUSTOMERS	EMPLOYEES	BUSINESS ASSOCIATES/ VENDORS	AUTHORITIES	MEDIA	RESIDENTS' ASSOCIATIONS/ JMB	LOCAL COMMUNITIES
STAKEHOLDERS INTERESTS	• Group financial performance • Business strategies • Governance stability	• Product affordability • Product quality • Support services	• Career development • Compensation benchmark • Employee health and safety	• Supply chain management • Cost reduction/ savings • Procurement practices	• Regulatory compliance • Environmental management & compliance • Security and Safety management	• Market presence • Reputation • Corporate responsibility	• Security measures at development projects • Facilities management • Community investment	• Economic investments for local welfare • Community programs and events for social development
METHODS OF ENGAGEMENT & FREQUENCY	• Ongoing meetings • AGM • Financial reports	• Public events • IOIPG social media platforms • Customer feedback channels and service hotline • Customer surveys	• Meetings • Workshops and trainings • IOIPG internal engagement platforms • Townhall sessions • Employee engagement activities	• Meetings • Workshops and trainings • Performance appraisals	• Meetings • Emails and letters • Inspections	• Press release/ media invites • Meetings • Public events	• Meetings • Public events • IOIPG social media platforms • Customer feedback channels and service hotline	• Surveys • Public events • Strategic partnerships

SUSTAINABILITY REPORT 2018

Framework and Strategy



Sustainability Strategic Framework

Sustainability Framework and Strategy

IOI Properties Group Sustainability Strategic Framework outlines the key elements of sustainability administration and management, delineating the synergy between the **material sustainability matters** that fall within 4 key **Focus Areas** which contribute towards achieving the company's 4 **Sustainability Goals** and the ultimate objective to address the 3 pillars of Sustainability: **Economy, Social** and **Environment** within the Group's business segments. The framework also includes the **Sustainability Strategic Themes** that align group-wide organised event or activities to the principles of sustainability.

As we aspire to achieve the core purpose of Creating a Sustainable Future, we are determined to uphold implementation of sustainability initiatives guided by our Sustainability Policy, in accordance to our IOI **Core Values** of **Integrity, Commitment, Loyalty, Excellence in Execution, Speed & Timeliness, Innovativeness** and **Cost Efficiency**.

The Sustainability Policy underlines the key course of actions embedded with sustainability principles to streamline business strategies for long-term sustainable business growth, driving value creation for our stakeholders and crafting a future that is sustainable for many generations to come.

In striving to enhance business operations and minimise detrimental impacts towards the economy, society and environment, our business strategy takes into account the emerging risks and opportunities, for instance environmental related risks such as climate change and biodiversity as well as socio-economic related risks such as health & safety and human rights. We realise and acknowledge the importance of addressing such risks as we understand that absence of concerted strategy that links risks and opportunities to sustainability practices may lead to strategic and operational risks. Through Enterprise Risk Management (ERM), the ESG risks and opportunities from associated business operations are identified, mitigated and monitored.

Sustainability Goals

The Sustainability Goals, albeit targeting different areas of focus, are all bound by common aspiration to achieve the Sustainability Core Purpose of Creating a Sustainable Future.

DELIVERING EXCELLENCE

Achieve prominence in ***Products & Services Excellence*** to deliver our brand promise of reliability, quality and lifestyle; and strive for responsible commercial success and sustainable business growth.

CARING FOR THE ENVIRONMENT

Uphold environmental ethics through ***Green Efforts*** e.g. energy management, water conservation, emissions and waste reduction as well as care for the environment towards sustainability for future generations.

CREATING VALUE FOR OUR EMPLOYEES

Maintain a healthy, safe and fair ***Work Culture*** with emphasis on employee engagement; and to encourage employee participation in the organisation's transformational journey of sustainability.

DEVELOPING SUSTAINABLE COMMUNITIES

Enhance social well-being via ***Community Initiatives*** i.e. social responsibility commitments, community investments, community development programmes for positive long-term impacts to society and employee volunteerism activities.

Sustainability Strategic Themes

The Sustainability Strategic Themes are designed to align ground efforts and initiatives to 4 themes aimed at achieving the Sustainability Goals and Core Purpose:

MINDSET CHANGE
Create internal awareness to promote integration of Sustainability principles into business strategies by highlighting the environment and social connectivity to business; and encourage the community to take ownership of sustaining the environment for future generations.

INSPIRING WOMEN
Support and empower women such as young students, single mothers amongst others through programme that helps to build capacity and chart career or entrepreneurial growth.

YOUNG URBANITES
Groom young talents, introduce the spirit of sustainability and expose them to best practices in socio-economic and environmental ethics.

URBAN GREEN
Encourage a wide array of ecological friendly initiatives that advocates low carbon footprint principles, responsible consumption on resources and waste minimisation which generates positive impacts on the environment and society.

As Lifestyle Influencer, we are passionate in initiating mindset shift towards increased awareness and ownership of sustainability practices, on top of infusing it into the work culture for sustainable business development. Whilst the Group's Sustainability Strategic Framework is subjected to periodic reviews and due considerations largely attributed by both rising local and global issues as well as stakeholder expectations, the management approaches of the material sustainability matters are continually enhanced. In order to effectively manage the prioritised material sustainability matters, the Sustainability Council ensures sustainability initiatives with measurable indicators are materialised across all business units within the Group, besides bridging gaps and resolving issues that arise via consistent synchronised coordination.

IOI Sustain Series
Under this series, the Group embarked on a mission to reinforce internal brand pride, create sustainability awareness and instil sustainability ownership among our employees and the local communities. It was initiated with peer to peer influence projects that were achieved through empowering employees to select and verify content as well as choreograph and create artwork in the delivery of IOI Sustain Stories. This series is intended to activate an internal mindset change among the employees by encouraging a sense of ownership towards sustainable practices.

The IOI Sustain Series consists of a series of activities that creates an emotional connection among the targeted audience towards socio-economic well-being and environmental ethics. In FY2018, the Farm to Table Programme and Young Urbanites at Work were highlighted as Sustain Stories to the employees via our internal communication platform. Amplifying our reach this year, the IOI Sustain Stories were extended to the local community via online platforms and social media. All our videos are posted on our Facebook page: https://www.facebook.com/ioisustain, including videos advocating waste minimisation i.e. recycling e-waste and refusing single-use plastics.

Apart from Sustain Stories under the umbrella of IOI Sustain Series, Sustain Talk by practitioners and subject experts kicked-off this financial year with sessions on *Ethical Eating*, *Mind Maturity* and even *How to Enjoy Food*. The talks were conducted to educate the employees on a green lifestyle and green practices.

In the long run, the IOI Sustain Series is expected to generate a collective impact on both mindset and behavioural change in relation to sustainable practices at work and at home. This is in line with the Mindset Change strategic theme of shifting perspectives from reactive to a proactive lifestyle strengthened by determination to make positive impact on the economy, environment and society.

In view of Malaysia's commitment in implementing the United Nations' 2030 Agenda for Sustainable Development and its 17 Sustainable Development Goals (SDGs), IOI Properties Group is proud to be a responsible corporate citizen that plays its role in contributing towards the national commitment and a global cause.

IOIPG Material Sustainability Matters

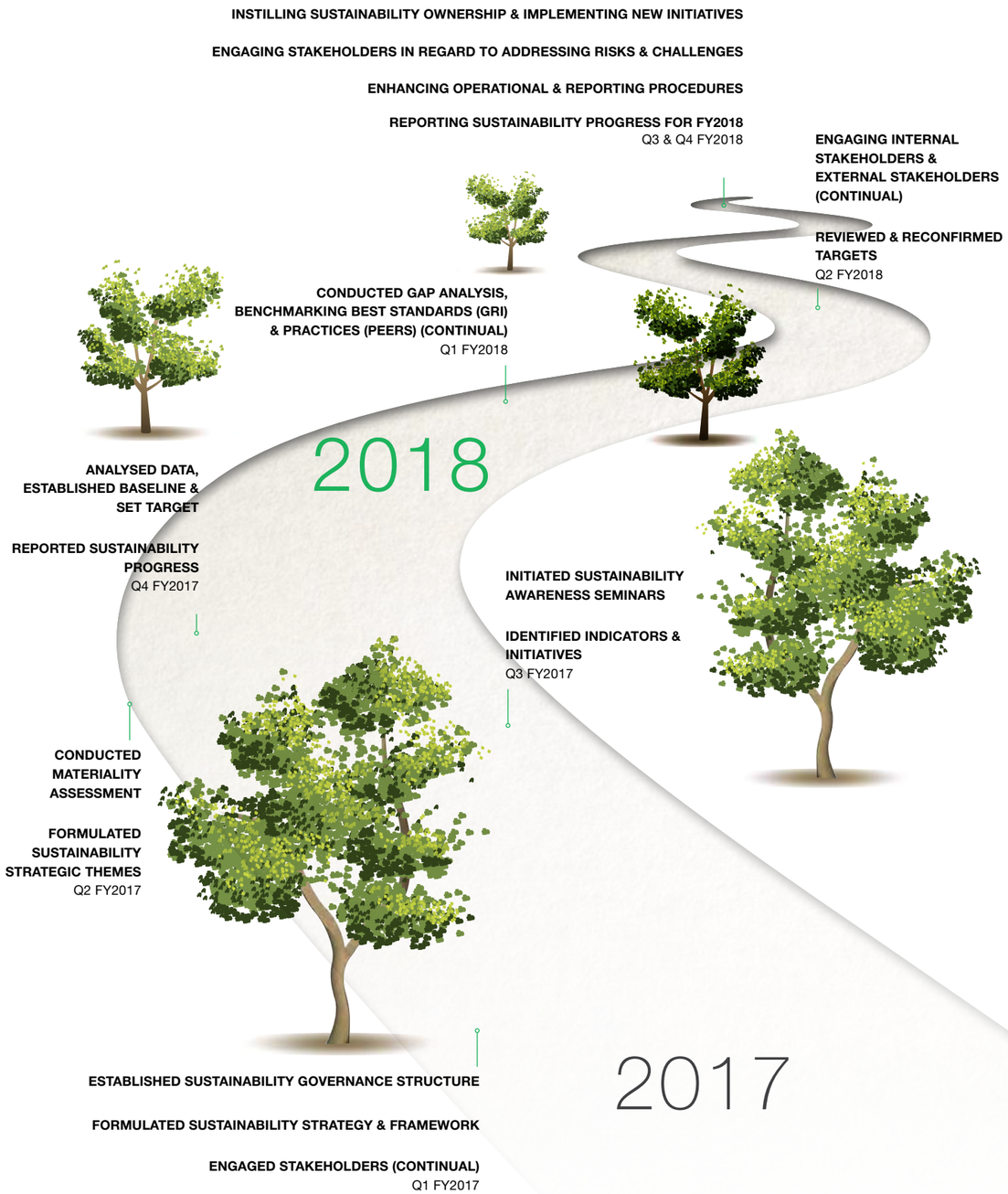
DELIVERING EXCELLENCE
1. Products & Services Responsibility (Social)
2. Products & Services Responsibility (Environment)
3. Material

CARING FOR THE ENVIRONMENT
4. Energy
5. Water
6. Emissions
7. Waste & Effluent

CREATING VALUE FOR OUR EMPLOYEES
8. Labour Practices
9. Health, Safety & Security (Workplace)

DEVELOPING SUSTAINABLE COMMUNITIES
10. Community Investment

Sustainability Roadmap



Delivering Excellence

Achieve prominence in ***Products & Services Excellence*** to deliver our brand promise of reliability, quality and lifestyle; and strive for responsible commercial success and sustainable business growth.

Exceeding Expectations	Developing Thriving Communities	Developing Sustainable Living Environment	Optimising Use of Material

Exceeding Expectations

IOIPG with its legacy as a reputable township developer and a Lifestyle Influencer aims to positively impact the lives of its communities and instil sustainable routine by design in its townships and the properties managed by the Group. The Group is committed to deliver excellent products and services by constantly engaging with its customers to understand and assess customer expectations. Through community engagement, future trends and potential opportunities are analysed to ensure the sustainability of products and services that influence lifestyles. On futureproofing and in view of climate change, we strive to develop sustainable and climate resilient townships that feature both mitigation and adaptation functions. All these initiatives will naturally translate to greater customer satisfaction and are in line with the IOIPG brand as a sustainable developer.

Winning Prestigious Awards

PropertyGuru Asia Property Awards (Malaysia) 2017
- Highly Commended - Sierra 6

IOIPG bagged the Best Housing Development (Kuala Lumpur) award for its Sierra 6 Residence at the fourth annual PropertyGuru Asia Property Awards (Malaysia) 2017.

As the region's biggest and most respected real estate awards programme, the PropertyGuru Asia Property Awards acknowledge, reward and celebrate the extraordinary achievements of developers and developments at a domestic and regional level.

FIABCI Singapore Property Awards 2017
- Winner of Sustainable Development Category

South Beach development in Singapore won in the Sustainable Development category at the FIABCI Singapore Property Awards 2017.

The FIABCI Singapore Property Awards recognise projects that display distinction in various aspects of development. Entrants are evaluated on the following criteria: overall concept, architecture and design, development and construction, community benefit and environmental impact, and financial and marketing.

The Edge Malaysia Top Property Developers Awards 2017
- Best in Quantitative Attributes Award

IOIPG was honoured as one of the top property developers in The Edge Malaysia Top Property Developers Awards 2017 and also clinched the Best in Quantitative Attributes Award based on shareholders' funds, turnover, profitability, and cash or gearing.

The Edge Malaysia Top Property Developers Awards rank the best property players based on their quantitative and qualitative attributes. The ranking of an outstanding player is based not only on its profitability or the number of homes it builds and sells each year but also on the quality and innovation of its products.

ParGolf People's Choice Awards

Palm Garden Golf Club was picked as one of the top three golf courses in the Best Overall Golf Experience category while IOI Palm Villa Golf & Country Resort was selected as one of the top three in the Most Improved Golf Course category in the ParGolf People's Choice Awards 2018.

The ParGolf People's Choice Awards is based solely on online voting by the public with the awards presented to the top three clubs in each category. The awards recognise excellence in the Malaysian golf course industry.

StarProperty.my Awards 2018

IOIPG was honoured for its outstanding achievements at the third annual StarProperty.my Awards 2018 including The All-Star Top Ranked Developers of the Year accolade.

StarProperty.my Awards commend the top developers in Malaysia for their significant contributions in creating a progressive and modern nation by delivering sustainable, innovative and quality property developments for the public.

PropertyGuru Asia Property Awards (Malaysia) 2018

IOIPG received the Best Mass Market Development (Condo) award for Sky Condominium at the annual PropertyGuru Asia Property Awards (Malaysia) 2018.

As one of the most credible industry award in the region, the PropertyGuru Asia Property Awards accredits the extraordinary achievements of developers and developments both in the local and regional arena.

SUSTAINABILITY REPORT 2018

Managing Product Quality

IOIPG commits to deliver excellent products and services at all times that exceed our customers' expectations. We believe that a well-executed Product Quality Management process is crucial to sustain the Group's long-term growth and sustainability. Continual improvement and review of its quality management process are also necessary to uphold the Group's reputation as a committed and responsible developer.

DESIGN

- Incorporate inputs and feedback from customers and local communities
- Ensure that the designs fulfil the needs and functions of the customers and communities

PRE-CONSTRUCTION

- Ensure project quality requirements are well communicated to the project management teams
- Select the most suitable team of consultants and contractors through strict pre-selection processes

CONSTRUCTION STAGE

- Ensure quality inspection and audit at all stages of construction from received materials to finishing details
- Enhance skills and workmanship through continuous technical trainings

PRE-HANDOVER

- Conduct series of quality inspections and assessments by both internal and external assessors to ensure products meet the IOI Quality Standards

AFTER SALE

- Request for feedback, preferences and expectations from homebuyers through customer satisfaction surveys
- Evaluate and incorporate valuable inputs for future products

IOIPG uses the Construction Industry Development Board's (CIDB) QLASSIC as a benchmark for all our property development projects.

Name of Project	QLASSIC Score
N'Dira Townhouse, 16 Sierra	85
Sierra 6, 2-storey superlink, 16 Sierra	82
Sierra 6, 3-storey superlink, 16 Sierra	81
Park Villa, Bandar Puchong Jaya	81
Almyra Residence, Bandar Puteri Bangi	80

IOIPG's commitment to manage our product quality is evident when IOIPG won the Awards of Excellence during QLASSIC DAY 2018 organised by the Construction Industry Development Board (CIDB). The projects, Almyra Residence and Park Villa, won the Best QLASSIC Achievement Awards 2018 - Residential while Almyra Residence, Sierra 6 and Park Villa won the High QLASSIC Achievement Award 2018. The highest QLASSIC score of 85% was achieved in FY2018.

Managing Supply Chain

IOIPG upholds strict standards for quality and this is applied to all levels of our supply chain. Contractors and consultants are vetted through stringent pre-selection criteria covering the areas of Quality, Health & Safety and Environment Management. The contractors and consultants are also evaluated progressively and their performance are closely monitored to ensure that the quality of our products and services are maintained and upheld across all development projects. IOIPG also gives preference to local contractors for our Property Investment division. We believe in contributing towards the local economy and thus local vendors and contractors are provided with the support and opportunities available in the management of our supply chain. Besides, we source construction materials and products locally as much as possible to reduce Green House Gas (GHG) emission from transportation and to support local economy.

Park Villa, Bandar Puchong Jaya

Managing Customer Relations and Grievance Mechanism

IOIPG is committed to ensure excellence in product quality and services in all its business segments. Strong service ownership is the key determinant in delivering the IOI Branded Customer Experience.

As IOIPG positions itself as an integral part of the community that it is developing, the Group plays an important role in actively contributing towards sustainable growth.

Hence, IOIPG takes serious consideration of all feedback from both customers as well as communities in which it operates. This is achieved through IOIPG's established customer feedback management system and grievance mechanism at individual business units across business segments. This process also acts as a community and customer engagement opportunity for IOIPG to better understand and identify the changing needs of our customers and local communities.

The Property Development business segment of the Group has a feedback management system under the purview of the Group's Customer Relations Unit that is dedicated to handling customer feedback, enquiries, suggestions, complaints as well as grievances from local communities via multiple communication platforms. These platforms are easily accessible to customers including the latest IOI Community App that allows for prompt and efficient handling of feedback. All feedback is duly verified and channelled to the relevant departments for urgent action and prompt resolution.

Customer feedback data is compiled and analysed to identify common complaints, gaps and risks, and possible sources of customer dissatisfaction. Senior Management is tasked with the responsibility to address issues of non-compliances in handling customer complaints. Prompt measures are recommended and implemented to resolve issues and to prevent recurrence of similar issues. Listening to our customers and stakeholders, compiling and analysing their feedback, opinions and views are effective approaches towards delighting customers, incorporating the unique factor to our products and services and creating value for our customers.

The response and resolution time of non-defect related feedback are as shown below:

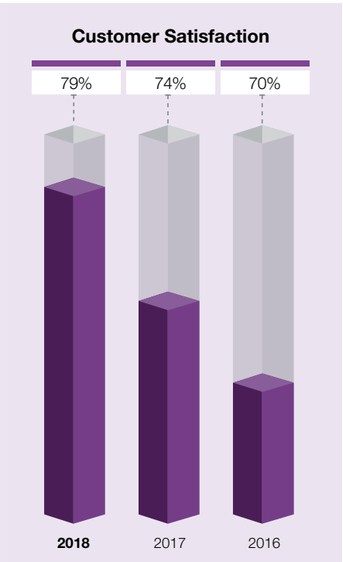
Response time to homebuyers

Emergency complaints	**Immediate**
Verbal complaints	**2 days**
Written complaints	**2 days**

Based on feedback and grievances by both customers and local communities received this financial year, there were no cases of human rights violation or any substantiated complaints recorded regarding breach of customer privacy. In relation to customer information, IOIPG is committed to protect its customers' privacy and data security in strict compliance to the Personal Data Protection Act 2010 (PDPA) in all our operational procedures.

Managing Customer Expectations & Satisfaction

At IOIPG, we strive to exceed customer expectations in products and services quality as well as customer preferences. Customer satisfaction surveys are conducted across business units, gathering inputs from new property owners, mall visitors and hotel guests on customer preferences. These surveys are vital to determine customer preferences and expectations; and to evaluate customer satisfaction towards our products and services. These insights into the satisfaction levels of our customers and their preferences provide IOIPG an opportunity for continual improvement for its future developments. Based on these results, key issues are identified and improvement measures are carried out. The overall Customer Satisfaction score for these surveys amongst house owners has been improving, reaching 79% for 2018. The guest satisfaction score for our world-class managed hotels ranges from 4.2 to 4.5 out of a scale of 5 which consists of scores from across various notable social media platforms.



Developing Thriving Communities

As an experienced township developer, we view socio-economic and environmental elements as integral part of developing sustainable communities. We endeavour to build vibrant township enabling thriving communities to **STAY, WORK & PLAY**. Distinctive communal spaces are one of the key features of IOIPG's townships, besides multi-functional communal spaces that enable social interactions, encourage recreational activities as well as green spaces housing urban biodiversity. Facilities such as gym, swimming pools, barbeque areas and playgrounds amongst others are commonly found in most of our townships.

Creating Communal Green Spaces

With well-designed communal spaces and pocket parks within our townships, one can find a variety of distinctive themed garden and green spaces within the neighbourhood. These spaces serve multiple objectives, predominantly as social gathering and recreational spots apart from playing the role of urban carbon sequestration site, providing fresh air to the neighbourhood.

The Central Park in 16 Sierra serves as an outdoor amphitheatre and provides a wide-open lawn for a multitude of activities from kite flying to community events. Right next to Central Park sits Amigo Clubhouse that provides recreational facilities such as yoga room, swimming pool, mini water park and sauna room. Apart from these, other recreational facilities such as playgrounds, futsal pitches, basketball and badminton courts are available across our developments to encourage healthy lifestyle and community living.

Sky Condominium provides its residents with 24,111m^2 of communal spaces that consist of sky decks, garden decks and club house for quality relaxation and family time as well as for private functions and parties.

IOIPG's development in Warisan Puteri Sepang boast various themed parkland such as Persian Park, Rangoli Park and Mediterranean Park. EcoOasis Park in Bandar Puteri Bangi will feature wetland and greenspaces to provide habitats for both aquatic and terrestrial species.

IOIPG is committed to provide communal green spaces as it is part of the Group's commitment to manage social impacts by creating lush green open spaces and parks for the relaxation and enjoyment of the residents and community interactions.


Bandar Puteri Puchong Town Park

SUSTAINABILITY REPORT 2018

Conserving Urban Biodiversity

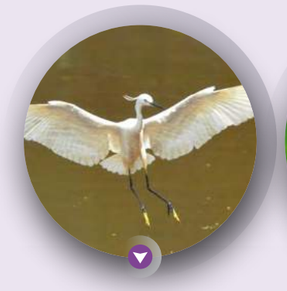
In spite of environmental changes in urbanised areas, biodiversity still thrives in urban townships. In Bandar Puteri Puchong Town Park which sits in a signature township development by IOIPG, the biodiversity is so well-conserved that it supports the habitat for many life forms. Here, biodiversity blooms with different species of flora and fauna that coexist with the urban environment. The mature Town Park located amidst the bustling commercial centre of Bandar Puteri Puchong, has a thriving aquatic and terrestrial ecosystem supporting urban wilderness. It has since become an ideal attraction for local communities and nature organisations carrying out various nature appreciation and biodiversity education activities such as bird sighting, insect spotting and other environmental conservation-related activities. Referred as a manicured wilderness, the rich biodiversity of the Town Park is still protected and preserved despite mild human activities. The landscape upkeep of the park is done in the absence of pesticides and chemical fertiliser.

THE STORY OF A LITTLE BIRD...

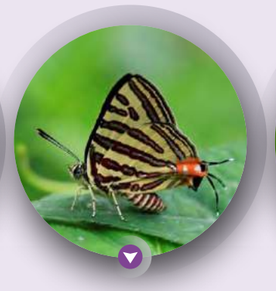
Little Heron (*Butorides striatus*) or commonly known as Pucung Keladi or Pucung Bakau.

The burung pucung is the namesake of Puchong town as it was commonly found in that area in the past. These birds are commonly found near wetlands or swamps. Their main diet consists of small fish, frogs and aquatic insects. These clever little birds sometimes drop a feather or leaf onto the water surface to bait curious fish. Although these birds are now a rare sight in Bandar Puchong, you can still catch them hunting at Bandar Puteri Puchong Town Park water bodies like we did!

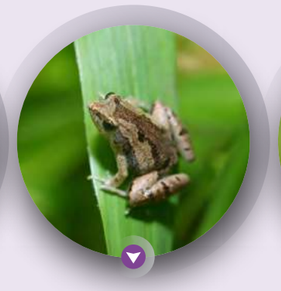
URBAN WILDLIFE IN BANDAR PUTERI PUCHONG TOWN PARK



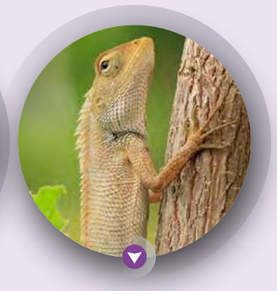
Little Egret
(*Egretta garzetta*)
Listed under Totally Protected Wildlife schedule of Wildlife Conservation Act 2010



Striped Punch
(*Dodona adonira*)
A native butterfly species of the Indomalayan realm



Painted Chorus Frog
(Microhyla butleri)
Tiny species inhabiting grassy areas and tree trunks classified as least concern under IUCN Red List version 3.1



Oriental Garden Lizard
aka Changeable Lizard
(Calotes versicolor)
An agamid lizard protected under Wildlife Conservation Act 2010

All photos credit to SOWM

According to observation from Society of Wilderness Malaysia (SOWM), the park is home to hundreds of species of insects, approximately 20 species of birds and several types of reptiles. One of the frequent visitors, the Little Egret and a number of easily spotted amphibians and reptiles are all protected under Wildlife Conservation Act 2010.

IOIPG acknowledges that green communal spaces are crucial to provide clean air, decrease surface runoff and contribute towards carbon sequestration. To date, an estimated 3,057 plants; including shrubs and trees were relocated around IOIPG's townships. More than 17,000 trees are planted across our townships to create a lush and green ambience for the comfort and relaxation of our homebuyers.

Some of the transplanted trees species are listed as below:

Species	Common Name	Status in IUCN Red List
Hopea odorata	Merawan siput jantan	Vulnerable A2cd ver 3.1
Khaya senegalensis	African mahogany	Vulnerable A1cd ver 2.3
Terminalia catappa	Indian Almond	Near threatened under Encyclopedia of Life (Not accessed under IUCN Red List)

Endangered or vulnerable tree species planted across our townships are listed as below:

Species	Common Name	Status in IUCN Red List
Agathis borneensis	Dammar minyak	Endangered A4cd ver 3.1
Dalbergia latifolia	Indian rosewood	Vulnerable A1cd ver 2.3
Dipterocarpus alatus	Keruing	Vulnerable A2cd ver 3.1
Dracaena draco	Dragon tree	Vulnerable A1abcde ver 2.3
Dypsis lutescens	Golden cane palm	Near Threatened ver 3.1
Elaeocarpus apiculatus	-	Vulnerable B1+2a ver 2.3
Hopea odorata	Merawan siput jantan	Vulnerable A2cd ver 3.1
Lagerstroemia langkawiensis	Langkawi bungor	Endangered B1+2c ver 2.3
Swietenia mahagoni	American mahogany	Endangered A1cd ver 2.3
Terminalia ivorensis	Black afara	Vulnerable A1cd ver 2.3

IUCN - International Union for Conservation of Nature

As shown in table above, 10 tree species found across our townships are listed under the International Union for Conservation of Nature (IUCN) Red List of Threatened Species. In fact, *Hopea odorata* has the highest number planted among the endangered or vulnerable species. This species is proven to adapt to degraded sites such as log yards and ex-mining land. It is a common tree species, but it is threatened by habitat loss.

Moving forward, IOIPG is engaging with environmental NGOs to support the conservation and preservation of Town Park. As biodiversity mapping is carried out in Town Park, the collected information is valuable for management and future planning of the park.

3,057
plants were transplanted across IOIPG's townships.

>17,000
trees were planted across IOIPG's townships.

SUSTAINABILITY REPORT 2018

PARK CRAWL

Project Park Crawl is an activity initiated by IOIPG to assess all the parks and open spaces in IOIPG's developments. The parks are appreciated for their biodiversity, landscape features and recreational facilities. Moving forward, we strive to create ecosystems where urban wilderness thrive in the parks that are located in urban area, small in land size but able to support multiple flora and fauna with ecological functions.

Easing Accessibility in Our Buildings

All IOIPG's properties in Klang Valley are designed and constructed in accordance to the State of Selangor requirements that mandate accessibility and facilities provided for disabled persons under the Uniform Building By-Law 34A and other relevant regulations and statutory requirements. The facilities such as disabled parking bays and multiple ramps are conveniently located around our malls to ease access for wheelchairs and strollers. Other family-friendly facilities such as wheelchairs and baby strollers are also provided to cater to multi-generational customers in our malls.

Enhanced Customer Experience at IOI City Mall

IOI City Mall has unique car park features that will ease customers' shopping experience through various means.

1. **Car finder system**
   Forgot where you park? Just key in your car number plate at the car finder kiosk and the system will locate your car for you!

2. **Parking guidance system**
   Thinking that there is an empty parking lot only to find a small car parked in the lot? Fear not with the parking guidance system in IOI City Mall. Red lights will indicate that the parking lots are occupied while green lights indicate the available parking lots!

3. **Reserve parking facilities**
   Your movie is starting and you have no time to look for a parking lot? Use the reservation app to reserve your parking spot! The reserved bays are located near the entrance and travellator to ease families with strollers or wheelchair users to enter the mall as well. There are also 4 extra-large VIP bays suitable for large vehicles, strollers and wheelchairs.

Offering Peace of Mind at Our Developments

The safety and security of IOIPG developments are prioritised during the design and planning stage with multi-tier security systems of perimeter fencing, CCTV surveillance, restricted-access, card access control, digital internal security features and security screening at guarded entrance providing sustainable living spaces for those who seek a safe and secure living environment. IOIPG's commitment towards safety and security is also notable in the contribution of police stations in Bandar Puchong Jaya and Bandar Puteri Klang.

Seri Puteri Hills

One of the Group's prominent strata development, Seri Puteri Hills in Bandar Puteri Puchong is designed with the safety of its residents as the utmost priority, featuring a 40,000 ft² vehicle-free landscape deck. This is further complemented by 5-tier security features, providing peace of mind for the residents to relax and unwind.

Auxiliary Police for the Safety and Security of IOIPG Managed Properties

For properties managed by the Group's Property Investment segment, a dedicated team of security personnel led by the Auxiliary Police (AP) team are entrusted to maintain a safe and secure environment for its customers, tenants and visitors. The auxiliary police team is professionally trained to handle any security breaches in various types of situations within their areas of jurisdiction.

Various security trainings are regularly conducted to refresh the knowledge of the relevant personnel and are part of IOIPG's commitment to keep our customers, tenants and visitors safe in all our properties.

All IOIPG managed properties are secured by a team of
239 security personnel

The safety and security of our managed properties are safeguarded by Auxiliary Police (AP) and security personnel. Safety and security features such as CCTV surveillance, panic buttons and security escorts ensure that our customers, visitors and guests can enjoy their visit with peace of mind.

SUSTAINABILITY REPORT 2018

Engaging Customers & Communities

IOIPG has been working to align our customer engagement activities to be sustainability-driven for FY2018. We have incorporated sustainability awareness through social and environmental related events geared towards the younger generation. This is in line with IOIPG's Sustainability Strategic Themes of Young Urbanites and Mindset Change, creating awareness on better managing the impacts of our daily lives on the environment and society. Community and customer engagement activities were carried out through both online & social media platforms as well as direct contact. We constantly engage with our existing and potential customers by conducting online surveys through our social media pages. These frequent engagements with our potential buyers ensure the relevance of our products as well as services and aim to exceed customer expectations to identify shared values and to build on these values.

For this financial year, the Group has provided new homeowners with the "Urban Sustainable Living Kit" that outlines the green features of their respective properties. The online kit available on the IOI Community App aims to increase awareness and instil a sense of pride and sustainability ownership for the homeowners to appreciate and facilitate the use of these features.

Meanwhile, the hotels and malls within the Group celebrated Earth Hour on the 24th of March with this year's theme of #connect2earth. Fun and exciting activities as well as competitions were carried out to reach out to the community and raise awareness on climate change and biodiversity loss.

In support of Sustainable Development Goal (SDG) 1 on Zero Hunger, urban farming activities were carried out in our sales gallerias to create awareness on food planting process. Urban farming also has smaller footprint compared to traditional farming techniques. However, as more and more urbanites stay in apartments or places without gardens, they may not get the know-how on urban farming. Throughout this reporting period, IOIPG had arranged various urban farming workshops from "balcony farming", focusing on hydroponic and soilless planting techniques to herbs planting. By planting their own food, participants will have increased appreciation for food and its process and this encourages less food wastage in the long run.

IOI Community App

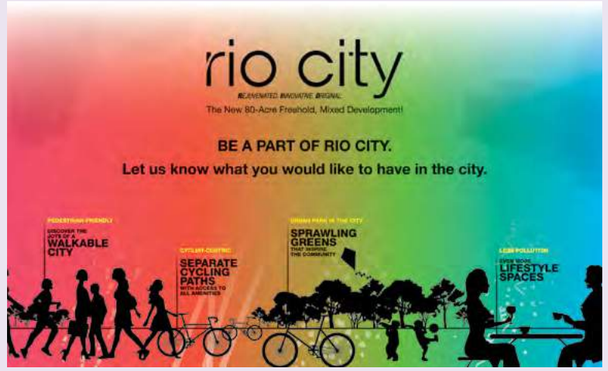
IOI Community App was launched in the first quarter of 2018 as an online community engagement platform. The application promotes seamless communication between the homebuyers and the property management team. Homebuyers will be able to report defects, book facilities, obtain various technical information regarding their units and even contacts of recommended service providers from the app. The application can be downloaded on both Android and iOS platforms. Currently, the app is in use at Conezion, Sky Condominium and Almyra Residences. This system will be rolled out more extensively to new IOI communities in the near future.

IOI LiVO

IOI LiVO app is a loyalty programme exclusively for IOIPG customers. App users will be able to enjoy special privileges and collect reward points at participating outlets in our Klang Valley malls. Additionally, members will be able to enjoy rebate for subsequent property purchase. This app replaces the IOI Privilege Card as IOIPG embraces the digital platform in line with the current trend of Fourth Industrial Revolution. Prior to the launch of the app, IOIPG engaged with its customers in a contest to name the app. This encouraged ownership and pride in being part of IOI LiVO.

Rio City "YOU DESIGN, WE BUILD"

IOIPG's commitment to engage with and to respond to the expectations of the local communities and potential customers is clearly evident in IOI RIO City's concept of "You Design, We Build". As we strive to develop sustainable townships, respondents were invited to suggest preferred facilities and amenities for RIO City via the IOI Properties website (https://www.ioiproperties.com.my/Bandar-Puteri-Puchong-About/) and its social media platforms.



Urban Shaper

Urban shaper is developed by IOIPG to engage with our potential customers and community in a fun and creative way. Urban shaper was first launched at an event in University Tunku Abdul Rahman (UTAR) on 19th of March 2018. At the event, participants were asked to design their ideal stress-free city on pre-determined maps. The opinions of the participants were recorded and reviewed as part of our customer engagement exercise. The suggestions provided good indicators on the features of stress-free and healthy townships that meet the requirements and preferences of our future or potential customers. The urban shaper was also carried out during the IOI Sustain Day (a waste minimisation awareness event) whereby the theme was "Design Your Sustainable City". Through these exercises, we were able to conclude that sustainability awareness among the public is on the rise, especially among the younger generation. This revelation shines light on the importance of sustainable development, especially for IOIPG as a property developer.

SUSTAINABILITY REPORT 2018

Developing Sustainable Living Environment

In line with the national commitment to reduce 45% of greenhouse gas emission intensity per GDP by year 2020 in support of Paris Agreement, IOIPG subscribes to the Low Carbon Cities Framework and Assessment System (LCCF) as well as SDG 11 by focusing on low carbon and Transit-Oriented Development. As a reputable developer and member of Real Estate & Housing Development Authority Malaysia (REHDA), we believe in incorporating environment-friendly designs and green technologies to create sustainable homes and townships for our homebuyers. These sustainable features will increase the comfort and at the same time help reduce the impact on the environment for our homebuyers in view of the escalating climate change phenomena. IOIPG is also one of few developers selected by MPSJ to adopt LCCF criteria in its developments.

Integrating Green Features into Our Townships

With the aim to reduce carbon footprint and hence enabling home users and tenants to benefit from higher utility cost efficiency, various passive and active designs have been adopted for properties built for stay and buildings for commercial use in order to encourage sustainable lifestyles by harnessing natural lighting and ventilation, promoting energy efficiency and improving water conservation. Some examples and descriptions are highlighted in the following section.

COMMERCIAL HIGH-RISE BUILDINGS

- Green Building Index (GBI) or Green Mark Certification
- Building orientation facing North-South direction
- Energy management modules in Building Management System (BMS)
- Low Volatile Organic Compound (VOC) paint
- Photovoltaic cells at rooftop
- Motion sensor lights at staircase areas
- Water-saving toilet cisterns
- Sensor taps in public toilets
- Natural light harnessing features
- Reduction of mechanical ventilation at carpark

RESIDENTIAL BUILDINGS

- Cross ventilation designs
- Natural ventilation features at bathrooms without the use of exhaust fans
- Natural lighting and ventilation features e.g. open concept and high ceiling
- North-South building orientation
- Vertical plantings
- Solar water heating systems
- Rainwater harvesting for irrigation purpose
- Reduction of mechanical ventilation at carpark of high rise residential projects
- Replacement of Conventional High-Pressure Sodium (HPS) Light to LED Compound Lighting

ENVIRONMENTAL FRIENDLY OPERATIONAL INITIATIVES

In striving to efficiently manage the Group's investment assets and to reduce environmental impact, low energy consumption and energy saving features are introduced into its business operations. Some of the green initiatives include:

- Chiller retrofitting
- Room Temperature Control Practices through Air Conditioning and Mechanical Ventilation (ACMV)
- Replacement of Conventional High-Pressure Sodium (HPS) Light to LED Compound Lighting
- Alternative looping for lighting circuits at the carpark and staircase areas which allows the flexibility of reducing 50% use of lights during non-peak hours
- Waste management system at construction sites
- Recyclable metal formwork used at high rise development
- Recycling used cooking oil
- Organic waste decomposition of garden waste
- Electric Vehicles (EV) Charging stations at IOI Mall Puchong, IOI City Mall and Putrajaya Marriott Hotel
- Electrical buggies at Palm Garden Golf Club

IOIPG incorporates passive designs whenever possible to maximise natural ventilation and daylighting. This is clearly seen by our efforts to reduce mechanical ventilation at above ground carparks and bathrooms, especially for high rise buildings.

Projects with Reduction in Mechanical Ventilation:
Almyra Residence
Sky Condominium
Cruise
Palmyra Residence

Estimated **2,630 MWh** of energy will be saved yearly

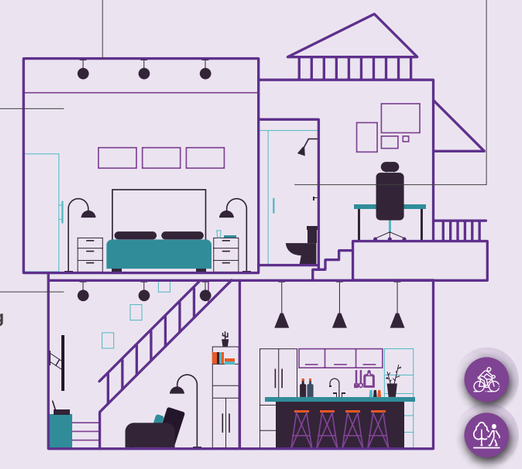
Estimated **1,825 tCO_2** of carbon emission reduction yearly

Note: Ongoing and completed projects in FY2018.

Daylighting and Natural Ventilation
Natural sunlight and air movement can reduce usage of electricity by reducing the duration and number of lights and mechanical ventilation required. Natural sunlight and ventilation reduce air humidity and prevent mould growth.

Solar Water Heater
Using solar water heater can greatly reduce electricity consumption and consequently carbon emission.

Water efficient fittings and rainwater harvesting
Water efficient fittings and rainwater harvesting for landscape irrigation will significantly reduce the demand for potable water and be able to address seasonal water scarcity.



Energy Efficient Lighting
LED compound lightings are installed in our developments as they consume significantly less energy compared to conventional fluorescent lighting.

N-S Orientation
North-South orientation reduces heat gain of the building compared to buildings facing East and West.

Cycling and Pedestrian Pathway
Cycling and pedestrian pathways encourage healthier lifestyle for our residents and local communities, and reduce dependency on motorised vehicles. These pathways interlinking nearby neighbourhoods also promote larger community interactions.

SUSTAINABILITY REPORT 2018

Realising GBI Designed Building

It is the Group's priority to adopt passive design to reduce its energy consumption and carbon emission. Two prominent GBI buildings in our portfolio are the Puchong Financial Corporate Centre Tower 4 & 5 and IOI City Tower 1 & 2. These buildings have an overall thermal transfer value of less than 50W/m^2, hence require less energy to cool the building. In terms of water initiatives, these buildings also recover water from regular fire protection system testing. These properties have good indoor environmental qualities such as external view, daylighting, glare control and are smoke-free buildings. Sustainable site management and planning, development density and community connectivity as well as public transportation access were taken into consideration during the design and planning of these buildings to fulfil the green building criteria. Meanwhile, PJ Midtown, a joint venture mixed development project managed by IOIPG is designed to achieve GBI Gold certification.


IOI City Tower

Puchong Financial Corporate Centre

Embracing Transit Oriented Development (TOD)

Bandar Puchong Jaya and Bandar Puteri Puchong are mature urban areas with the availability of excellent infrastructure and facilities. These two areas are located in public transit nodes and corridors as they are served by the extensive Ampang-Sri Petaling LRT line. Commuters can then complete the last leg of their journey by various bus lines and pedestrian walkways. For instance, IOI Mall Puchong, which is located within walking distance from IOI Puchong Jaya LRT station is connected via passenger overpass to Bandar Puchong Jaya. IOIPG also focuses on mixed-use development where the development integrates commercial, industrial and residential activities to maximise the use of space as well as to reduce travelling frequency and distance by the community to fulfil their daily needs.

Currently, there are shuttle bus services to connect commuters from both KTM Serdang and MRT Kajang to IOI City Mall which is located in IOI Resort City. Future development of the Mass Rapid Transit (MRT) Sungai Buloh – Serdang – Putrajaya (SSP LINE) will also increase the connectivity of 16 Sierra and IOI Resort City with a station located at 16 Sierra.

Pedestrian walkways and cycling pathways in our townships increase connectivity between nearby neighbourhoods and reduce the dependency on motorised vehicles particularly for short distance travel. Provision of these dedicated pathways is expected to lower carbon footprint and improve local air quality.

One of IOIPG's upcoming TOD, Stellar Suite is located approximately 50m away from Bandar Puteri LRT station. The Small Office Versatile Office (SOVO) development will consist of office suites and retail shops in the mature town of Bandar Puteri Puchong. Moving forward, IOIPG is in a joint venture to develop a TOD near IOI Mall and IOI Puchong Jaya LRT station.

Optimising Use of Material

Utilising System Formwork

In addition to optimising the use of resources and raw materials, IOIPG has incorporated system formwork into their property construction wherever feasible. Other than improved production efficiency, system formwork promotes material efficiency. System formwork has a longer lifespan and can be reused for significantly more cycles than conventional timber formwork. The use of system formwork decreases wastage and defects, hence promoting efficient resource management. Other than increased efficiency and work quality, system formwork made from steel or aluminium usually has high content of recycled materials, reducing the virgin materials used in its production.

IOIPG will further encourage the use of system formwork especially for high rise properties above 10-storey height.

Projects	Utilisation of system formwork
Sky Condominium	100%
Palmyra Residence	100%
Sierra Zentro	100%
Almyra Residence	57%
Conezion Residence	51%

Notes:
- *Ongoing and completed projects in FY2018.*
- *Total formwork area for typical high-rise floor is for tower blocks; which excludes Podium levels, Facility levels, Basement levels and Standalone structures such as guard house, refuse centre etc.*

Reducing Waste from Business Operations

There have been various initiatives by IOIPG to reuse materials that do not affect the quality of service while trying to preserve the limited resources of the planet. This includes reusing furnitures and fittings in show units across our townships. Stationeries, festive decorations, event props and presentation materials are reused whenever possible. Other initiatives include:

- Using e-backdrops instead of physical backdrops
- Providing water dispensers in all meeting rooms to replace bottled water
- Eliminating the use of tablecloth and chair cover
- Setting up stationery stations for sharing and only providing to those who are in need of it

Icescape Advocating Circular Economy

The IOIPG-managed ice skating rink at IOI City Mall, Icescape is using rubber tiles made from 100% recycled materials. The rubber tiles are manufactured from recycled tyres, in compliance with international standards for play equipment. By using recycled material, less raw materials and resources are consumed in addition to reducing waste from ending up in the landfill. This is in line with IOIPG's Sustainability Policy and Waste Management Policy in responsible use of resources and waste minimisation.

Moving Forward

Products and Services Excellence are vital to fulfil and anticipate the expectations and needs of our customers. IOIPG aims to create resilient townships and properties that will add value for its tenants, customers and guests in the long term.

Caring For The Environment

Uphold environmental ethics through ***Green Efforts*** e.g. energy management, water conservation, emission and waste reduction as well as care for the environment towards sustainability for future generations.

Energy	Water	Emissions	Waste & Effluent

Top Volume of Energy Saved
One and Two IOI Square
1,574 MWh/year
Energy Reduction
(FY2016 – FY2018)

Top Volume of Carbon Emission Reduced
One and Two IOI Square
1,092 Tonnes
CO_2 Reduction
(FY2016 – FY2018)

Top Volume of Water Saved
Puchong Financial Corporate Centre
99,757 m^3
Water Saved
(FY2016 – FY2018)

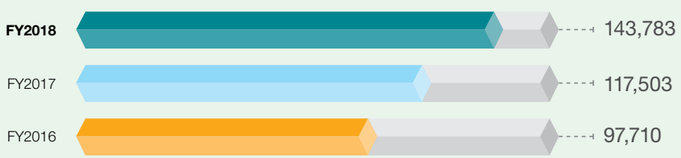
IOIPG is committed to minimising the environmental impacts of its business operations and to conserve the natural environment in acknowledgement of the impacts of climate change. We always strive to incorporate environmentally sensible and sustainable practices and technology; besides monitoring the performance of energy, water, emission, waste and effluent in working towards reducing consumption and increasing efficiency whenever applicable as elaborated in the following sections.

Energy

Effective energy management is one of the strategies undertaken in reducing energy consumption in buildings managed by IOIPG. This reduces not only the Group's operational cost but also greenhouse gas emission as well as contributing towards climate change mitigation.

The core of IOIPG's Energy Management is guided by its energy policy that serves as a guideline for energy planning in both our existing and new operations. Upon initial implementation and commencement of operations, continuous checking and verification are done through performance monitoring and analysis. Whenever necessary, energy audits are carried out to identify non-compliances and to improve and enhance energy efficiencies. Centralised chiller systems are linked to building management systems to ensure that optimum energy efficiency is achieved at all operation times. Recognising the need to optimise electricity consumption, we track the performance of electrical consumption across all IOIPG managed properties.

Estimated Electricity Consumption
(MWh/year)



The increase in total electricity consumption from FY2016 to FY2018 is mainly due to the inclusion of a new hotel and commercial buildings.

Notes:
1. *The data presented is estimated from the total amount of purchased electricity only.*
2. *The data presented is estimated from electrical bill or direct meter reading.*
3. *The data presented is from buildings that we manage.*
4. *PFCC includes GBI Cluster Buildings only.*
5. *Buildings where a structured data collection system has not commenced are excluded.*
6. *For Energy Intensity, data includes corporate office (HQ) only for FY2018 as we are currently setting up systematic data collection platform.*
7. *Systematic data collection at all business units is currently under way.*

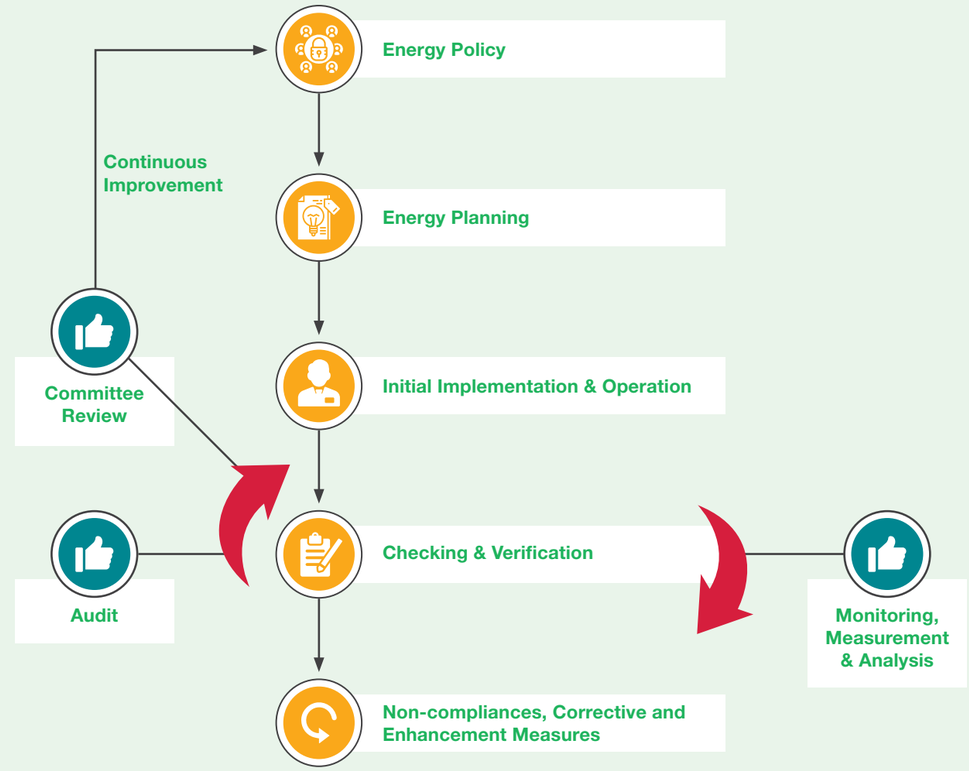
Estimated Electricity Consumption Intensity at Corporate Office:
156.20 kWh/m²/year Note 6
***IOIPG moved into the new Corporate Office in March 2018.*

Building Management System

The Building Management System (BMS) is an online monitoring and optimising system which provides higher control accuracy of the building's facilities, such as the energy consumption for lighting, air conditioning etc.

It allows:
- Performance optimisation of the operating parameters and minimisation of human error
- Capacity of instantaneous operating conditions monitoring of critical equipment (i.e. water pumps and Air Handling Units (AHU) by promoting faster response time from the technical team
- Real time optimisation in full automation mode for more advanced BMS e.g. chiller plant specific BMS (Chilled Water Plant Automation System, CPA)

Energy Management Flowchart



Several energy saving initiatives are currently underway while some have been completed as part of the Group's strategy to optimise energy consumption of the managed buildings. Retrofitting of chiller systems are being implemented in stages whilst initiatives to replace conventional lightings with LED is ongoing for all IOIPG managed buildings.

Energy Saving Initiatives

Chiller Retrofitted

Approximately 1,570 MWh/year of energy is saved based on the newly retrofitted chiller in Putrajaya Marriott Hotel. This is due to the 29% increase in chiller system efficiency compared to the previous system. Continuous monitoring will be carried out to verify the chiller performance.

Current chiller retrofitting works for IOI Mall Puchong is expected to reduce energy consumption as much as 2,014 MWh/year when fully commissioned.

LED Conversion

LED conversion from conventional fluorescent lamps for IOI Mall Puchong, PFCC Tower 1 & 2 and IOI Business Park led to approximately 180 MWh/year electricity savings.

Note:
Estimation based on random on-site testing and calculation after the completion of LED conversion at basement carpark of malls and office buildings

Chilled Water Temperature

IOIPG energy management regulates chilled water temperature to improve the efficiency of the chiller systems without compromising the comfort of the building occupants. For new chiller systems, the chilled water is raised from 6.7°C to 7.2°C, improving the chiller efficiency and reducing the electricity consumption of the building.

Energy Saving Practices

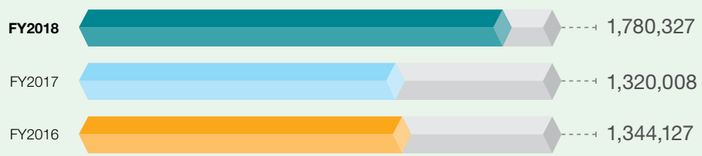
The daily energy saving practices that are observed by all employees and operation are:

- Maintaining optimum energy efficiency for all equipment and machinery, especially chiller system. e.g: At IOI City Tower 2, the dynamic control of secondary pumps has contributed to savings up to 26,000 kWh/year.
- Maintaining room temperature at office buildings and hotels at an optimum level.
- Lights and other unnecessary receptacle loads are switched off after office hours and if possible during lunch hours.

Water

Water security is one of the main concerns for today's world population. Irregular rainfall patterns and rising sea levels are greatly affecting the availability of potable water. Acknowledging this as a possible risk to the Group's business operations, IOIPG is committed to reduce water wastage and utilise water responsibly and efficiently. IOIPG's water consumption management approach is not just communicated to its employees but to the tenants, customers and guests. The Group's water consumption management includes monitoring water consumption performance, identifying associated risks and opportunities, and implementing innovative water saving initiatives.

Estimated Total Water Consumption
(m^3/year)



The increase in total water consumption from FY2016 to FY2018 is mainly due to the inclusion of a new hotel and commercial buildings.

Notes
1. *The data presented is from buildings that we manage.*
2. *Buildings where a structured data collection system has not commenced are excluded.*
3. *The water consumption data is estimated from water bills or direct meter reading.*
4. *PFCC includes GBI Cluster Buildings only.*

Water Saving Initiatives

Water Taps
- Basin taps with lower flow rate were installed at our managed properties
- Taps with aerators are preferred over conventional taps

Rainwater Harvesting
Rainwater harvesting tanks provided water for irrigation and cleaning of common areas.

Water Saving Practices
Our employees are advised to practise the water-saving habits listed below:

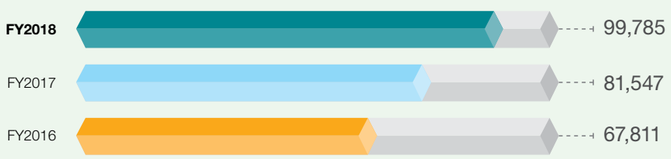
- Minimising water wastage in washrooms and pantries
- Turn off the taps when not in use
- Avoid repeated flushing when unnecessary
- Adjust tap flow to low flow rate
- Minimising water wastage for landscape irrigation and common area cleaning
- Avoid over-irrigation when unnecessary
- Avoid repeated cleaning and overflow scenario
- Fast response on repair works

Emissions

In line with IOIPG's Sustainability Policy to pursue climate change mitigation measures, we acknowledge the carbon emission implications towards global warming and climate change from our business operations. Recognising the need to limit global temperature at 2-degree Celsius as Malaysia ratified the Paris Agreement, we are committed to support the nation's contribution to minimise GHG emissions by maximising our energy consumption efficiency, vastly from electricity consumption. The carbon emission factor for the purchased electricity was calculated based on a study conducted by Malaysia Green Tech Corporation for year 2014 while the direct emission factor was obtained from MYCarbon GHG Reporting Guidelines published by Ministry of Natural Resources and Environment Malaysia in partnership with UNDP.

Moving forward from Scope 2 reporting last year, Scope 1 data collection has commenced. The direct carbon emission discharge from company vehicles at project sites was estimated to be approximately 31.3 tCO_2.

Estimated Scope 2 Carbon Emission
(Tonnes CO_2/year)



The increase in total carbon emission from FY2016 to FY2018 is mainly due to the inclusion of a new hotel and commercial buildings.

Notes:
1. *The data presented is from buildings that we manage.*
2. *Buildings where a structured data collection system has not commenced are excluded.*
3. *The carbon emission data presented is estimated from the consumption of energy (electricity which is sourced from the local electricity grid distribution).*
4. *For Carbon Emission Intensity, only data from the corporate office (HQ) is reported.*
5. *PFCC includes GBI Cluster Buildings only.*

Estimated Carbon Emission Intensity at Corporate Office in FY2018:
0.11 tonnes CO_2 /m²/year Note 4

IOIPG continuously maintain and upgrade various green features to act against climate change, reducing the greenhouse gases emitted from our operations as shown below:

Carbon Emission Mitigation Initiatives

Tree

- More than **17,000** trees are planted across our townships in Klang Valley.

Electric Vehicle

- **Electric motorbikes** are used by security personnel in IOI Resort City.
- **120 electric buggies** are available in Palm Garden Golf Club.
- **4 electric vehicle charging stations** are available at IOI City Mall, IOI Mall Puchong & Putrajaya Marriott Hotel.

Electric vehicle charging station in IOI City Mall


Electric buggies in Palm Garden Golf Club

Vehicle Sharing

- We encourage carpooling among our employees.
- In order to facilitate first and last-mile connections, shuttle bus services are provided:
  - Between IOI City Mall and Serdang KTM Station
  - Between IOI City Mall and Putrajaya Marriott Hotel
  - Between IOI Mall Puchong and Four Points by Sheraton Puchong

Cycling

- We propagate cycling for short distance travel with provision of bicycle paths in our developments.

SUSTAINABILITY REPORT 2018

Waste & Effluent

Recognising that landfills lead to environmental repercussions such as GHG emissions, surface and groundwater contamination, land toxification etc., IOIPG is determined in reducing such impacts by minimising waste disposal from business operations and hence diverting waste from disposal at landfills. Employees are guided by the Group's Waste Management Policy in exercising waste segregation at source, reusing and recycling.

Recyclables

In IOIPG, employees practise waste minimisation by reducing waste generation as much as possible. This is in line with the Group's Waste Management Policy where employees are encouraged to firstly reduce waste by reusing resources and then segregating the remaining waste for recycling. This is applicable to both office waste and organic waste. Employees are also encouraged to practise these habits in their daily life, as we would like to encourage them to become agents of change and lifestyle influencers, not just at the workplace but within their communities.

Recyclables are waste that can be converted into new materials or objects. Recycling can help in reducing the consumption of raw materials, water and energy while diverting waste from ending up in the landfills. Consequently, recycling helps in lowering greenhouse gas emissions and help mitigate climate change.

In daily business operations, office waste is recycled as much as possible. Paper waste constitutes a large proportion of the recyclable waste generated in our daily operations especially within the office setting.

Estimated **42,365** kg of recyclable waste had been recycled in FY2018

Estimated **12,480** kg paper saved from replacing Reach Out (Community newsletter) with e-copies (To date)

Top Performing Business Unit
26,858 kg Paper Recycled at IOI Corporate Office in FY2018

Paper Waste Minimisation Initiatives

- Employees are encouraged to use soft copies for data archive and data presentation purposes
- Employees are discouraged from printing e-mails or documents
- Employees are encouraged to practice double-side printing and photocopying
- Employees are encouraged to print and photocopy only exact copies required
- Limited paper supply is provided at the common printer and photocopier
- The company's policies, administration document and application forms have been made available online to employees

In order to improve the waste segregation efforts amongst employees, the corporate administration department has introduced a competition to raise the awareness and know-how of waste segregation. As the main hurdle of recycling is the lack of waste segregation at the source, the contest is aimed at increasing the recycling rate of our corporate office. These segregated wastes are sent for recycling and consequently diverted from the landfill.

Organic Waste

The disposal of organic waste to the landfill causes the release of greenhouse gas that contributes to global warming. Acknowledging this, IOIPG carried out two initiatives in FY2018 in order to "upcycle" landscape waste and fruit waste from Palm Garden Golf Club and Puteri Mart respectively.

Palm Garden Golf Club has initiated a compost heap 4 years ago to help reduce the disposal of fallen leaves, trimmed grass and dried plants from the golf course. The compost is then used as soil conditioner to help improve the soil composition and water penetration of the golf course. Composting of these yard wastes on site also decreases the transportation of bulky waste to the landfill and hence reduces GHG emission.

Puteri Mart turns Fruit Waste to Resources

Fruit waste has been upcycled into enzymatic cleaner in Puteri Mart for the past 9 years. Puteri Mart, a wet market complex owned and managed by IOIPG spearheaded this initiative, leveraging on the large amounts of fruit peel waste available. The management decided to collect the fruit peels and turned it into cleaning enzyme. The enzyme is added to cleaning agents for washing the stalls and floors in the market complex. The cleaning enzyme reduces the usage of strong chemical detergents and also increase cleaning effectiveness, especially towards oil and grease.

As part of a community initiative, Puteri Mart distributes the enzymes to customers and local community in Bandar Puteri Puchong for free. Due to the heightened sustainability drive by IOIPG, Puteri Mart increased their production of these cleaning enzymes in FY2018. A total of 64.7kg of fruit peels and fruit waste were utilised for the production of the enzymatic cleaners at Puteri Mart.

> **Puteri Mart continues with this initiative although it requires a lot of resources and manpower in the effort to create awareness amongst the community regarding environmental issues. We will continue to engage with our tenants and customers in raising awareness on the benefits of fruit enzyme as a cleaning agent and the importance of diverting waste from landfills; as well as reducing use of chemical cleaning agents and fertilisers as these harmful chemicals may enter our drains and rivers.**
>
> **Cheng Chor Joo**
> Operations Manager
> Puteri Mart

Scheduled Waste

Scheduled waste contains hazardous characteristics and will cause adverse environmental pollution if not handled properly. As such, IOIPG imposes stringent procedures in scheduled waste management by our contractors. Fat, oil and grease are also prevented from polluting the environment by the installation of grease traps in individual restaurants at malls and hotels.

IOI Sustain Day

NIP it! at the source

A waste minimisation initiative

IOIPG organised its maiden campaign themed "NIP it! at the source" across business units within the Group to create awareness on waste minimisation at the source. The sustainability campaign reached out to employees and the public, focusing on four major areas comprising of food waste, single-use plastic, clothes and e-waste. In order to keep the awareness levels going, collection bins for e-waste and pre-loved items were placed at IOI City Mall to encourage the public to dispose of their e-waste responsibly and donate their pre-loved items.

Tent cards reminding customers to plan their meals and order appropriate amount of food to avoid food wastage were displayed in food and beverage outlets in the malls and hotels, reaching out to an estimated 9,700,000 customers to date. Feedback from the participating F&B operators has indicated a change in habits with more people packing leftovers to take home and lesser food being wasted at the end of each day.

During the IOI Sustain Day, which is the highlight of the campaign, children and families signed up for fun upcycling workshops and talks throughout the event. Awareness was the order of the day with educational videos and games with insights on waste composting, fruit enzymes, urban gardens, upcycled materials and e-waste collection. The day also provided an opportunity for more than 240 youths from AIESEC and UTAR Sustainable Development Club to experience organising and facilitating educational activities.

IOIPG collaborated with various NGOs and social enterprises as well as sustainability focused business associates in making the event a success.

On this day, pre-loved items are collected and donated to Bargain Basement, a social enterprise under Yayasan Tan Sri Lee Shin Cheng. These items are available on sale and the net proceeds go to charity. Apart from contributing to circular economy, this noble effort by Bargain Basement with outlets located at IOI City Mall and IOI Mall Puchong helps to reduce waste from entering landfills as well as reducing usage of raw materials in producing new products.

> "Tent card to create food minimisation awareness reached out to **9,700,000** customers to date"

Moving Forward

IOIPG is determined to strengthen the management and monitoring of our green efforts in energy management, water conservation, emission reduction and waste minimisation. We aim to perform better in all these areas in the next financial year by systematic and progressive implementation of new initiatives and organised data collection.

Creating Value For Our Employees

Maintain a healthy, safe and fair ***Work Culture*** with emphasis on employee engagement; and to encourage employee participation in the organisation's transformational journey of sustainability.

Group Human Resource Policy and Practices	Embracing Diversity at the Workplace	Nurturing Young Talents	Engaging Employees
Caring for Employees	Talent Development and Capacity Building	Strengthening Health, Safety & Security Practices	

Workplace Health & Safety Achievement
ZERO FATALITIES

Total Health & Safety Training Hours attended
6,010 HRS

Total Security Training Hours attended
2,078 HRS

Group Human Resource Policy and Practices

IOI Properties Group recognises the value of a strong and committed workforce in continually strengthening its foundation for business sustainability. As one of the leading developers in the country, we are member of Malaysian Employers Federation (MEF) which is a member of International Organisation of Employers (IOE). This is an assurance that we align our policies to good employment practices and the rights of both employee and employer are respected and protected, as Freedom of Association is respected and applied fairly.

The Group is committed to providing a work environment where openness, trust and respect are integral to its corporate culture as stated in our Code of Business Conducts and Ethics. Employees are expected to treat each other with respect and to value each other's differences and the diverse perspectives those differences bring. To enable this, the Group has made their comprehensive policies and procedures available to all its employees.

- Board Diversity Policy
- Code of Business Conducts and Ethics
- Whistleblowing Policy
- Group Health and Safety Policy
- Training Policies & Procedures
- Grievance Procedures
- Recruitment Policy & Procedure

The Group adopts the Ten Principles of the United Nations Global Compact whereby its operations give high value to human rights, its employees and the environment while taking a strong stance in anti-corruption. In FY2018, the management teams of our hotel business entities attended Code of Ethics and Anti-corruption training to reinforce this stance. All employees undergo an onboarding session which stresses the importance of our seven core values that uphold integrity, commitment and loyalty; advocates innovation, speed in execution, cost efficiency among others. In FY2018, a "Corruption Free Pledge Ceremony" was held in Putrajaya Marriott Hotel in support of SDG16: Peace, Justice and Strong Institutions.

We are mindful of the rights of our employees as accorded in the Malaysia Employment Act, the Universal Declaration of Human Rights, the National Action Plans on Business and Human Rights as per the UN "Protect, Respect and Remedy" Framework and in compliance to all statutory requirements.

As a Group, we heavily invest in the education and wellbeing of the young and do not partake in economic exploitation of minors. The Group has in place business ethics that prevent the incidence of child labour or forced labour.

ZERO INCIDENTS of

Human Rights Violation	Child Labour or Forced Labour	Bullying or Harassment

IOIPG Strategic Human Resource Management Focus

Increase Talent Pipeline

- Introduced the Talent Management framework and initiated the identification of high potential talent and successor for key and critical positions.
- Identified Ready Soon and Ready Future successors and completed the respective development plans.

Retain High Performing Workforce

- Implemented HR initiatives to assist in the retention of high performing employees and talents:
  - Reviewed and enhanced employee compensation & benefits scheme.
  - Implementation of training, learning & development programs i.e. competency-based programs, industry related talks and initiation of coaching & mentoring practices.
  - Reduced turnover rate by 2%[1].

Establish Positive Internal and External Employer Branding

- Established a career page on an online recruitment platform to significantly improve our employer branding globally, allowing solicited and unsolicited deposit of CVs for current or future reference of suitable opportunities; providing a more substantial talent pool to match with vacancies. The postings focused on our products, services and people which contributed to increased visibility and positive branding of the Group.
- Increased employee engagement via events organised by Kelab Keluarga IOI such as trips, movie days and staff dinners.
- Learning engagement activities such as Lunch and Learn talks and knowledge-sharing.

HR Digitisation

- Digitisation of HR i.e. covering full spectrum from payroll, time attendance, claims as well as performance management, talent management and reward.
- HR analytics-driven implementation of HR strategies and initiatives for better people resource management to propel growth.
- Commencement of imaging & record management system to establish paperless work environment.

[1] *Property Corporate; and the business segments of Property Development and Property Investment within Klang Valley.*

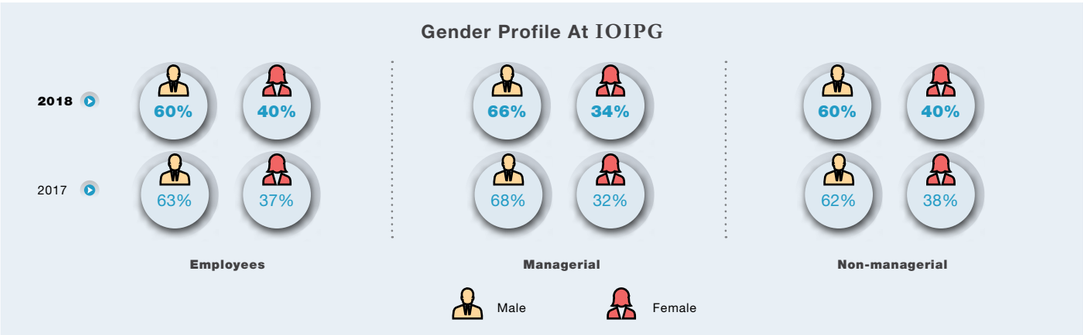
Employees well informed of Operation Changes

The Corporate HQ of IOI Properties Group moved from its location at IOI Square to the GBI-designed building of IOI City Tower 2. Adequate notice was given via email with comprehensive instructions to the employees on the moving stages and regular updates were communicated from relevant departments. An orderly system and a mechanism for moving were put in place to ensure a smooth transition and to minimise any undue interruption to business or inconvenience to customers.

Embracing Diversity at the Workplace

Our employees are our most valuable assets. It is our basic philosophy to provide fair and equal employment opportunities for all job applicants and employees regardless of race, colour, religion, sex, age, national origin, physical handicap or social status. Our Recruitment Policy & Procedure ensures a structured and unbiased recruitment process. Our employee demography reflects this spirit of inclusiveness and non-discrimination at all levels. The Group also recognises the importance of a sustainable talent pipeline and has been able to attract a healthy percentage of youth within its workforce.

Realising Potential with Gender Diversity



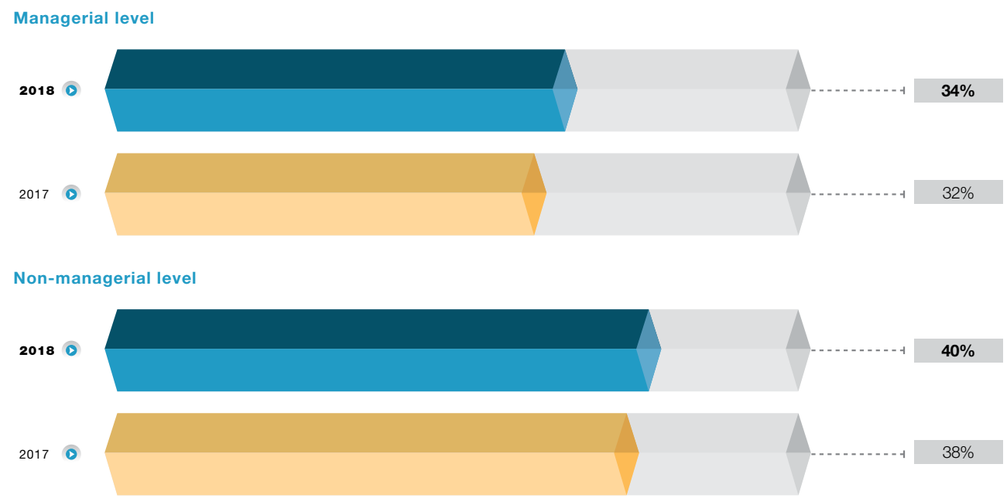
Gender Diversity is tangible at all levels of employment. With an equal balance of both genders, a more comprehensive and integrative work environment is established.

The local demography is obvious in the diversity of the workforce within the Group - a reflection of commitment to create jobs for the local community; and this is especially apparent with all senior management positions held by individuals from the local community. Despite the local context, our employees come from various backgrounds and experiences, creating value in contributing to the sustainable growth of the Group.

WHY WOMEN? **Gendered mindset is an underlying prevention to the progress of women around the world; in leadership, at work and even at home. At IOI, our female employees have an equitable and competitive opportunity for salaries, promotions and career development. This ensures economic security and stability as advocated by the UN Women in promoting a decent work environment, sustainable livelihood options and a satisfactory standard of living.**

Since FY2017, the gender ratio is of resemblance to the Malaysian national average of 40% female employee. Apart from this, the benefit terms have been revised to be more gender-inclusive with Paternity Leave, Maternity Leave and even Maternity Subsidy supporting a working environment that empowers women and builds a robust talent pool amongst our female employees. In IOIPG, 36% of its senior management personnel are women; exceeding the national target of 30% in the 9th Malaysia Plan.

Inspiring Women in IOI %



SUSTAINABILITY REPORT 2018

Women in Leadership, Safety & Social

Putrajaya Marriott Hotel organised a Safety Awareness and Social Talk as part of the Women in Leadership - Marriott International's Spirit to Serve programme.

The talk was attended by 45 female employees across the IOI Properties Group and Marriott International, and was officiated by the Honourable Datuk Yatimah Sarjiman – Director General, Department of Women's Development. This talk addressed many relevant issues; amongst them being security issues of online data sharing, empowering female employees to protect oneself especially when using social media platforms i.e. self-censorship to avoid unpleasant harassment.

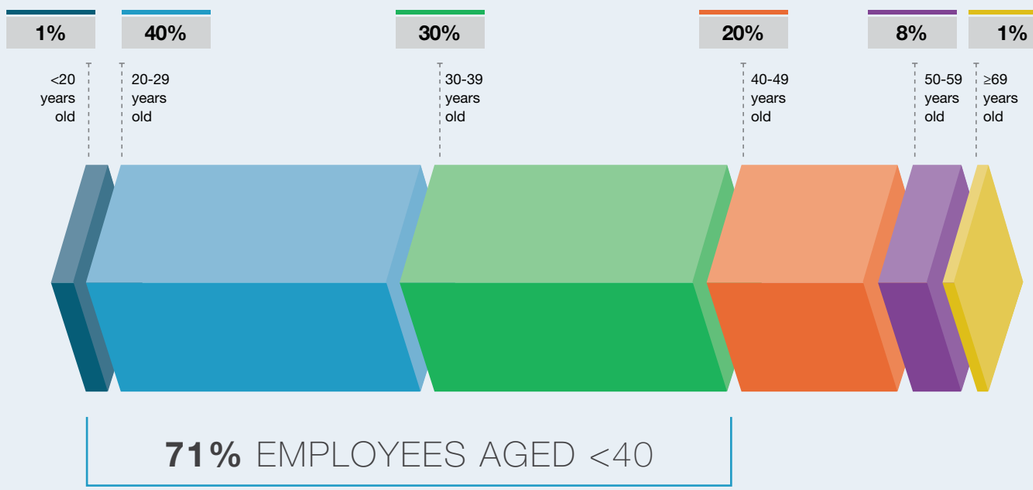
Women in Leadership Today

Women in Leadership Today was organised by Le Méridien Putrajaya to inspire the female workforce to rise up to challenges in the corporate world. Ms. Lee Yoke Har, the Executive Director of IOI Properties Group did the honours as the guest panellist at the event.

She shared her experience of rising through the ranks and how she drew inspiration from a leader by example; the founder of the Tzu Chi Foundation, Master Cheng Yan. Ms. Lee, a lawyer by qualification, is now well-versed in property development through perseverance and a strong will to learn. Learning the ropes of the industry was no easy task and Ms. Lee highlighted the importance of breaking the gender mindset.

Driving Performance with Vibrant Energy at the Workplace

Age Profile At IOIPG



Notes:
The data includes employees from all business units within the Property Development, Property Investment as well as Hospitality and Leisure business segments of the Group within Klang Valley only.

Nurturing Young Talents

IOIPG supports the development of young talents by offering university students the opportunity to gain valuable insights into a formal working environment at our various business units, in line with the Sustainability Strategic Theme of ***Young Urbanites***. Our interns may stay for a period of 3 to 6 months, depending on their respective course requirements. An internship at IOIPG doesn't only fulfil the required internship period and its related academic requirements but provides the intern an exposure to the overall operations and the specific tasks of the departments that they are attached to. In FY2018, 234 interns joined the various business units within the Group.

An intern from the Sustainability Department creating awareness about the SDGs at a public event.

Eunice Tan
Internship Dept:
Group Corporate Sustainability Dept

"Working with IOIPG allowed me to have broad exposure to sustainability-related knowledge."

Ng Zhe Yuan
Internship Dept:
Contracts Dept
(Property Investment)

"Thanks to IOI Properties I have developed many practical skills in my field of study!"

Loh Shu Yee
Internship Dept:
Group Corporate Communication Dept

"It was indeed a fruitful internship experience in IOIPG"

Ong Chaih Yen
Internship Dept:
Contracts Dept
(Property Investment)

"The internship opportunity with IOIPG was a great chance for learning and professional development!"

Our Yayasan Tan Sri Lee Shin Cheng Scholars

Scholars of Yayasan Tan Sri Lee Shin Cheng are able to gain exposure in the corporate environment during their attachment with various departments within the Group. It provides the opportunity for the Group to contribute towards the improvement of knowledge and skills of these Young Urbanites; grooming them to take on their professional roles with ease when they join the Group upon graduation.

Full Name	: Ashley Tan Kiat Nee
Course	: BSc (Hons) Environmental Science
Internship Department	: Group Corporate Sustainability Department

An internship at IOIPG does not constitute the typical coffee-making or photocopying tasks. Instead, I was given the opportunity to complete different tasks; from core sustainability data verification, event coordination, site visits to drafting reports and designing internal awareness campaigns. I learnt that every minute counts when working in a fast-paced professional environment. Moreover, IOIPG taught me that there is more than one solution to every problem, thus we need to have a broader-thinking mindset.

Personally, my internship has provided me with reliable and valuable resources which are helpful to my career. I was given the opportunity to meet experienced and knowledgeable professionals in my field. The experiences and advice they shared will definitely influence and guide me in the ensuing days. The internship also allowed me to hone my communication skills through sharing and fruitful discussion sessions.

I appreciate my internship here because my experience here was enriched with passionate and knowledgeable colleagues who guided me and gave me room to learn and grow as part of the team.

Full Name	: Brendan Ong Wei Wenn
Course	: Bachelor Of Corporate Communication (Hons)
Internship Department	: Group Corporate Communication Department

My internship at IOIPG was an eye-opener to me. I was given a lot of ownership during my internship, which provided me with real insight of the corporate communication and property industry. From creating corporate brand designs, managing events, building media relations, improving my corporate writing skills to generating ideas during brainstorm sessions, I was able to apply classroom knowledge in a real environment.

With colleagues and staff that are more than happy to guide and share experiences with interns, I would certainly recommend an internship placement with IOIPG. The learning curve during my internship not only furnished me with the necessary technical skills but also people skills that are vital in my field.

The most valuable lesson from my internship is the spirit of continuous learning. As an intern, I am thirsty for knowledge and eager to learn the ropes of the industry. I have always reminded myself that there is no end in the journey of learning. The competitive business environment is always changing. We have to be flexible, adaptable, and willing to accept changes in order to improve ourselves; and IOIPG has provided me the conducive environment to do just that.

SUSTAINABILITY REPORT 2018

Engaging Employees

The business units under IOIPG play a fundamental part to ensure employee engagement in order to cultivate a trusting and conducive work environment. This is achieved through several types of activities such as town hall meetings, focus groups, team building and company trips amongst others. Formal engagement activities are led by Business Unit Heads and in attendance of C-level Senior Management. These engagements tend to be transparent as it involves employees at all levels in an interactive environment. Employees are able to share their views and thoughts with the senior management thus fostering mutual respect and a collaborative work relationship in the Group's dynamic setup. Relevant and constructive opinions from the employees are translated into actions aimed at enhancing business strategies and daily operations. This empathetic and inclusive process allows voices from the employees to generate valuable ideas and improvements for business sustainability.

In striving towards internalising the Group's brand and embedding sustainability within the organisation culture, employee engagement efforts are further facilitated and supported through an effective internal communication structure by the Corporate Communications Department spanning across the business units within the Group.

Team Building and Social Activities

Palm Garden Hotel Bowling Tournament, Wangsa Bowl, IOI City Mall

Bollywood Bonanza, Appreciation Night 2017, Four Points by Sheraton Puchong

Town Hall Meetings

16 Sierra & PJ Midtown Townhall, 16 Sierra Clubhouse

Caring for Employees

The Group is fully committed to recruit, develop, engage and retain the best talents with the aim to drive excellence in performance and to be an employer of choice in the property industry. To ensure this, our employees enjoy a competitive package that not only includes standard entitlement (i.e. leaves, medical and insurance coverage) but incentives that credit their services and contributions to the company.

In the year under review, contract staff which constitutes 2% of our workforce enjoyed the same basic benefits as permanent employees. Some of the benefits enjoyed are dental, optical, calamity leave and various subsidies that correlate to their job needs, providing adequate job security to both contract and permanent employment.

January - June 2018 IOI Service Champion Award winners with COO (Property Development) Mr Teh (centre)

Four Points by Sheraton Puchong Associate Appreciation Week

Employees are appraised via the Group's Total Performance Management System. Due recognition is also accorded to employees with outstanding performance at work; e.g. Best Employee Award, and Service Champion Award amongst others. All year round, IOIPG employees enjoy special discounts covering dining, shopping and even sporting activities at the various business units within the Group.

The Group takes great care to ensure a conducive work environment for all employees to thrive in their careers and to provide them with the knowledge, skills and tools to contribute towards and add value to the Group's sustainable business growth. However, should the need arise, every employee has access to the Group's grievance procedures and managers are well-equipped with the knowledge and skills that are necessary in effectively handling employee grievances.

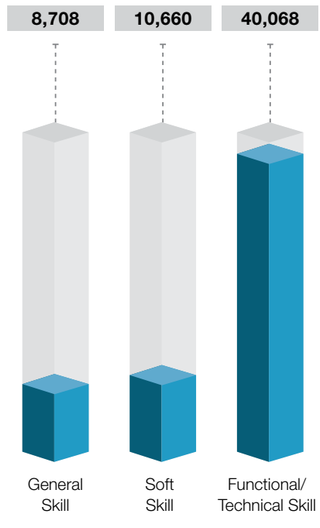
Talent Development and Capacity Building

The Group believes in the need to be a 'learning organisation' to maintain its competitive-edge gained through matching competencies to the demands of the Group's business. The Group acknowledges that its success depends on attracting and retaining a diverse workforce of talented employees. Every employee will be recognised for their skills, knowledge, experience and performance, which are vital to the growth of the organisation.

Under the Group's COMBAT module, managers are encouraged to lead with the seven core values of the Group. Besides promoting an ethical working culture by example, the management also adopts a coaching culture in areas of talent development. Employees are facilitated to grow within the Group through this knowledge and skill sharing culture. This improves the performance of the employees as they are inspired and motivated by their superiors.

Our Training Policies & Procedures encourage career advancement of employees through training and development internally and externally. By the end of FY2018, a total of 59,436 training hours were clocked by our employees to enhance their knowledge at work or to contribute to their self-development.

Training Hours By Skills
Total Hours



Finance for Non-Finance Manager Simulation attended by Senior Management across business units within the Group

Technical training on Effective Chiller System

Strengthening Health, Safety and Security Practices

The safety and well-being of all parties in IOIPG's business operations and workplaces is paramount to the Group, as safety and health impacts lives as well as the organisation's productivity, quality and delivery of products and services.

In order to maintain and further improve health, safety and security practices, the Group reviews the associated risks and opportunities periodically and work closely with its business partners, contractors, consultants as well as vendors to proactively emphasise its commitment in addressing the safety and health aspects of its employees, customers, tenants and contractors present at properties and buildings managed by IOIPG. This is reflected in the Group's efforts in progressively improving its Safety and Health Management by means of inculcating preventive practices and reinforcing safety and health awareness which are in line with the Group Health and Safety Policy.

Promoting Conducive Working Environment for Innovation

At IOI Properties Group, we prioritise employee health. Our new workspaces are furnished with fitness equipment, breakout areas and even racks of vegetables with the aim of promoting health awareness and reducing stress at work; apart from encouraging an unconventional work environment that advocates innovation for result driven performance.

The breakout area functions as a place for employees to hold informal meetings, take a break and also as a comfortable seat to enjoy the IOI Resort City view.

The space was designed to allow employees to unwind or take a short break, deemed necessary for the benefits of employees' well-being and their mental health.

Apart from that, it encourages an unconventional workstyle that encourages innovation and inspires sterling performance.

The Farm to Table programme is a pilot sustainability initiative by IOIPG to encourage healthy living and ethical eating among our employees through provision of a more plant-based diet.

The high demand for meat in today's world have a direct impact on climate change. This programme creates change agents and climate change ambassadors amongst our employees; where ownership of sustainability encourages them to support the reduction of carbon footprint by opting to consume meat in moderation.

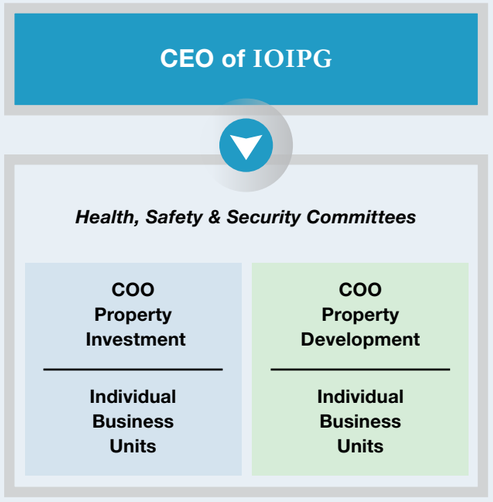
Exercise stations have been added to the breakout areas to allow our employees an avenue to opt for a light workout while taking a break from their work desk to rejuvenate, refresh and realign their thoughts in order to generate innovative ideas and implement performance-driven strategies.

Upholding Occupational Health and Safety

In its efforts to ensure safe and conducive working environment, IOIPG upholds safety and security precautions strictly; acknowledging employees as valuable assets. We are in compliance with applicable statutory requirements and regulations related to health and safety at workplace, and at properties developed and managed by the Group.

We strive to maintain stringent work ethics and implement a number of health and safety initiatives to achieve zero fatalities at the workplace, in adherence to the company's Health & Safety Management Policy. This includes scheduled site inspections to ensure unsafe acts are prevented and conditions at site are well-controlled, installation of safety net and perimeter net as catch platform for falling objects, proper label and colour signages, good housekeeping management; and the one rule no one shall ever neglect, to put on proper personal protective equipment (PPE). IOIPG maintains the ultimate target of zero workplace fatalities for FY2018, which was achieved in FY2017 as well.

IOIPG Health, Safety & Security Management Structure



The established safety and health committee based at each project location plays significant role in maintaining and strengthening health and safety implementation at construction sites, in accordance to applied regulations. Each safety and health committee is chaired by authorised manager from the contractor reporting to the Project Manager. The committee comprises of representatives of main contractors, representatives of subcontractors and secretary.

For buildings operated and managed by the Property Investment (PI) division of IOIPG, managing safety and health is a commonly shared responsibility and ownership across all the business units. This is supported by implementing realistic prudent safety and health approaches and measures, and by means of having established risk management platform to assess and review control on the safety and health risks areas. During the year in review, several initiatives were rolled out which were defined by safety and health strategic frameworks for standardised implementation across all buildings managed by IOIPG.

Safety and Health is driven from both top down and bottom up through various safety and health committee. Among the key approach is the monthly Township Meeting chaired by the Chief Operation Officer of Property Investment which is part of the consistent proactive engagement with other Heads of Business Units to provide leadership and direction on matters pertaining to safety and health, security and crisis/emergency preparedness accordingly. The Occupational Safety and Health Council is chaired by the COO and comprises Safety and Health Representatives from business units covering operation of hotels, retail malls and office towers. Among the roles and responsibilities of the council are:

- Ensuring compliance with applicable Safety and Health legalities and other requirements
- Developing direction and action plans for Safety and Health improvement
- Championing the implementation of Safety and Health programs and monitoring progress
- Promoting Safety and Health awareness initiatives amongst stakeholders
- Maintaining and reviewing statistical analysis of Safety and Health related incidents to ensure effectiveness of mitigation measures
- Achieving synergy and fostering cooperation among the Safety and Health resources

Similarly, all the buildings operated and managed by the PI business units have their respective Safety and Health Committee to assist in coordinating and executing the safety and health initiatives from divisional level; in adherence to Occupational Safety and Health Act 1994. The committee is chaired by respective building head and comprises employer and employee representatives. It meets on a quarterly basis at a minimum to discuss and resolve related risks on safety and health and reports back to PI division level. With this governance approach, safety and health practices are more effectively communicated and implemented.

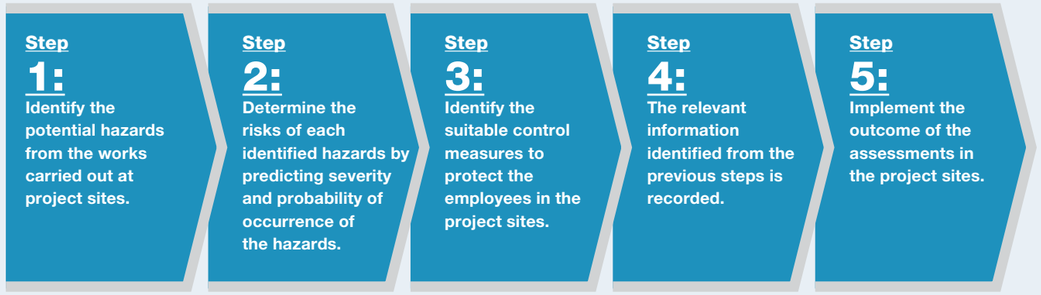
On top of that, we also emphasise on the importance for our employees, contractors and third-party personnel to adhere to our standards and rules on safety and health at our workplace, and the properties managed by us. Our Safety and Health management as well as practices are in compliance with relevant legislative requirements such as Occupational Safety and Health Act, Factories and Machineries Act, Fire Services Act, Workplace First Aid Guidelines as well as hotels Brand Standards Audits requirements on Fire Life Safety.

Minimising occupational health and safety risks at project sites

In view of ease of assessing incident/accident, IOIPG developed incident/accident investigation and reporting procedure as a guidance in case incident/accident happens in the construction sites. This proper procedure enables identification of the causes of incident/accident, hence ensure that corrective actions could be performed and control measures could be improved to avoid re-occurrence of such incident/accident in the future.

Hazard Identification Risk Assessment and Control (HIRARC)

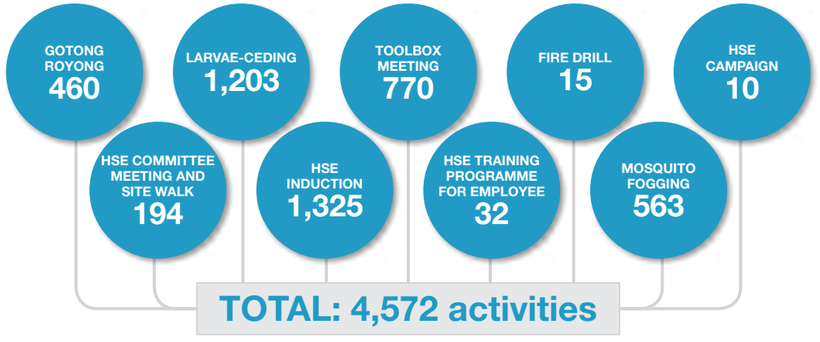
HIRARC is carried out to determine the potential hazards, evaluate the risks and identify the necessary control measures to ensure safety of personnel entering site.



IOIPG is streamlining the health and safety assessment for project sites at Klang Valley through the launch of IOIPG – Safety Assessment Management System (IOIPG-SAMS) App. The app is a cloud-based management system with reference to CIDB's Safety and Health Assessment System in Construction (SHASSIC) practice. IOI Safety and Health Officers can now perform their safety and health assessment through this system, replacing the current pen and paper practice. Below are some of the functions of the IOIPG-SAMS:

- To provide data and analytics for tracking and monitoring of site safety practices.
- To elevate the effectiveness and accuracy of safety assessments for internal and external stakeholders.

Health, Safety and Environment (HSE) Training and Activities organised at project sites



Minimising safety and security risk at managed properties

Throughout the year, we continue to embark on a variety of preventive and intervention measures to minimise safety and health risks and incidents as well as training programs to strengthen the awareness and capability on safety and health among our employees. The following are key programmes implemented as part of our Safety and Health management system:

- Perform regular internal workplace safety and health walkabout inspection as well as hazard identification and assessment that cover common areas such as engineering/building facilities, F&B tenants, kitchen and stewarding, laundry, housekeeping, storage area, banquets as well as front and back office area along with contractor permit to work (PTW) checks to ensure compliance to in-house rules.
- Conduct joint periodic inspection with DOSH/JKKP on our machinery, including escalators, lifts, LPG/natural gas storage tank, etc to renew the Certificate of Fitness (CF). Regular preventive maintenance is carried out to ensure that the machines are maintained accordingly.
- Annual basis Fire Certificate (FC) inspection with BOMBA at all our buildings, to ensure fire safety equipment are in working order and emergency response plan is established. Regular maintenance and testing of our automated fire detection and protection system are carried out by appointed fire safety services contractors.
- Annual Fire Life Safety Audit by external assessor at our hotel buildings which includes verification of fire life safety documents and physical inspection to ensure readiness and functionality of fire control system and equipment.
- Organise series of safety and health awareness trainings such as safety and health induction for new onboarding employees, safe work procedure briefing to contractor prior to commencement of works, safe chemical handling, food safety awareness training to F&B personnel, etc.
- Facilitate safety and health trainings and showcase best practices for our safety and health representatives and buildings services/operation teams through Safety & Health Officer programme (DOSH/NIOSH) and CIDB (green card program) to build up better safety and health capabilities.
- Perform annual fire/emergency evacuation drills at hotels, retail malls and office towers to ensure smooth evacuation and familiarisation of emergency response process in the event of actual fire.
- Regular related Emergency Rescue Team (ERT) trainings such as fire extinguisher usage, first aid and CPR training, buildings Crisis/Emergency Management SOP etc are in place to prepare the ERT to respond and render assistance during emergency situations.

During the year of reporting, Safety and Health Department has strengthened its standard monthly reporting procedure to constantly record and keep track on progress of Safety and Health performances and initiatives by respective buildings. The monthly Safety and Health report covers a wide range of matters such as (but not limited to):

- Key programs carried out to improve safety and health awareness and compliance on legal requirements;
- Occupational safety and health related statistics;
- Status of crisis/emergency/general safety training program;
- Safety and Health inspection/audit carried out by internal and external parties; and
- Suggestions for improvement

In the FY2018, there were zero fatalities reported, as compared to the National Fatality rate (4.9) published by Department of Occupational Safety and Health Malaysia. This is the result of collective efforts on the risk prevention and safety measures applied across the Group. Moving forward, we will continue to work towards further improving our compliance, management system and practices in safety and health.

Building capacity on Health, Safety & Security Practices

Acknowledging the importance of health and safety awareness, provision of training to equip and empower our employees on health, safety as well as security precautions and practices are of highest priority. In FY2018, the accumulated Health and Safety training is 6,010 hours while security training is clocked at 2,078 hours.

Training activities conducted

Developing Sustainable Communities

Enhance social well-being via ***Community Initiatives*** i.e. social responsibility commitments including community investments, community development programmes for positive long term impact to society and employee volunteerism activities.

Investing in Infrastructure	Unearthing Young Talents - Young Urbanites in Discovery	Yayasan Tan Sri Lee Shin Cheng - Investing in Our Future
Crossing the Finishing Line for a Good Cause	Advocating a Circular Economy	Engaging Local Communities

Total Scholarship Granted
RM6.8 million
(to date)

Young Achievers' Awards
RM568,785
Total Amount Awarded
(to date)

Student Adoption Programme
RM4.1 million
(to date)

Building of Schools
RM19.2 million
(to date)

Construction of Multi-purpose Hall
RM2 million

Upgrading of Interchange
RM20 million

Contributions in cash and kind to non-profit organisations
RM433,000
FY2018

IOIPG takes on an active role in supporting community and civil society organisation initiatives as well as investing in infrastructure and facilities that improve well-being of local communities. The Group aligns its programs and activities to our Sustainability Strategic Themes of Mindset Change, Inspiring Women, Young Urbanites and Urban Green. Through these four themes, the Group believes that not only does the Group have an opportunity to give back to the community but also to influence more sustainable lifestyle choices. This is also complementary to the sustainability direction of the Group.

Mindset Change

WHAT KIND OF CHANGE?
- One where sustainability principles are integrated into business strategies.
- One where everyone in the community takes ownership of sustaining the environment for future generations.

Urban Green

WHAT IS URBAN GREEN?
- The environment in urban areas.
- These include green spaces in townships, environmentally-friendly initiatives in the urban context; recycling, carrying your own shopping bag, carpooling, etc.

Inspiring Women

WHY WOMEN?
Gendered mindset is an underlying prevention to the progress of women around the world; in leadership, at work and even at home.

Young Urbanites

WHO ARE YOUNG URBANITES?
- Young Urbanites are teenagers and young adults in our community who live in the urban area.
- They may be from our townships, universities, NGOs, start-up companies, school going underprivileged children, etc.

Investing in Infrastructure

In FY2018, the Group continues its work on the upgrading and expansion of Bandar Puteri Interchange in Puchong. Greater value appreciation of properties in Bandar Puteri Puchong is expected upon the completion of the interchange as the RM20 million project is a significant effort by IOIPG to ease traffic flow and improve accessibility and connectivity within the township, benefitting the bustling township of Bandar Puteri Puchong. The 1,000 acre township houses an estimated population of 11,500 residents and a thriving business hub of approximately 600 shop offices, 4 blocks of office towers at Puchong Financial Corporate Centre (PFCC) and Four Points by Sheraton Puchong. The interchange will also contribute to a greater property value appreciation for Bandar Puteri Puchong.

Urban Rejuvenation

IOIPG townships are designed to promote vibrant and urban lifestyles in line with our tagline of "Lifestyle Influencer". We strive to enrich nearby communities in which we operate; going beyond concentrating only on developing new lands and properties. Hence, IOIPG collaborated with MPSJ to rejuvenate the back lane of Jalan Kenari 5 and the car park area of Jalan Kenari 10 in Bandar Puchong Jaya.

The programme was outlined to instil ownership of cleanliness of the back lanes amongst business operators. Due to the positive response and suggestions from the local community to further improve the area, the back lane of Jalan Kenari 5 is now filled with murals, festive decorations and improved road infrastructure. This noteworthy initiative has enhanced the overall cleanliness and revitalised the community activities in the area.

The next phase of the rejuvenation of Kenari Lane was at the car park area of Jalan Kenari 10. Damaged metal railings were replaced with low concrete walls with attractive murals. The area has been designated as parking and operating zone for food truck vendors where the nearby communities can socialise while enjoying their meals. Dining facilities and decorations has been installed to provide a more conducive environment for the food truck vendors to operate in. The controlled and regulated environment for food truck vendors promotes entrepreneurship and fosters closer relations between the local communities as well.

SUSTAINABILITY REPORT 2018

Unearthing Young Talents - Young Urbanites in Discovery

The young generation is expected to lead the future amidst technological advancement. In recognition of this, IOIPG is committed to nurture young talents, and creating avenues for exposure to knowledge and skills that help them realise their potential.

In the year under review, IOIPG engaged students from tertiary institutions to offer professional work exposure for the young generation preparing to join the workforce. The Group recognises the importance of strategic collaboration between youth organisations and corporations, providing platforms enabling students to apply academic knowledge to actual work practices in the corporate sector. These collaborations allow for active involvement of youth in assisting in specific projects; honing skills in planning, decision-making and project implementation.

UTAR Undergraduate Mental Health Event

The Group supported Corporate Communication undergraduates from Universiti Tunku Abdul Rahman (UTAR) in their efforts to raise awareness about mental health as aligned to United Nations Sustainable Development Goal 3.

The ongoing collaborative effort between the university undergraduates and IOIPG was meaningful as it provided exposure to the young participants on event management and collaboration with the private corporations.

Global Village with IOIPG

The eventful cultural showcase featured performances and cultural games by members of AIESEC (a global youth leardeship organisation) from over 26 different countries. The IOI Properties Group supported Global Village and created much excitement besides educating the patrons of IOI City Mall on 15th July 2018. The purpose of this event was to promote a better understanding of cultures around the world and bridge differences through interactions with the foreign AIESECers during the event. The opportunity to organise this event provided valuable exposure and built leadership skills amongst youths across the globe.

A passport-around-the-world concept gave the visitors an opportunity to earn a stamp at each country by completing various tasks. This enables the visitors to explore the local snacks, traditional games, costumes and receive memorabilia from AIESECers representing their respective countries.

Collaboration with Taylors' Undergraduates

IOIPG collaborated with ProPassion Communications, a Taylor's Student consultancy programme for undergraduates majoring in public relations and event management. The undergraduates gained valuable exposure in the Blissful Home campaign which was aimed at creating awareness on IOI Resort City; culminating with an event at IOI City Mall.

The students were given the actual experience of planning, pitching and executing the marketing event whereby they organised the activation programmes, arrangement of collaterals and direct engagement with the public. This was an initiative by IOIPG to give these Young Urbanites a real-time experience of putting into practice their classroom learnings.

IOI-AIESEC Clean Our Plate Program

In FY2018, IOIPG sponsored the Clean Our Plate Project by AIESEC for three secondary schools in Puchong. This project addresses the global issue of food waste by creating awareness, changing attitude and taking action in school and at home. This particular project was aligned to Sustainable Development Goal 12: Responsible Consumption and Production.

AIESEC, a global youth leadership organisation engages local university students as advocators to secondary schools to encourage food waste minisation and to set up action plans with the respective schools. Volunteers from various countries such as Vietnam, Indonesia and China were selected and trained to take on the leadership role of engaging with the school students and creating change agents to support the global effort in food waste minimisation. The funding by the Group not only enables the leadership development of the advocates but drives mindset change amongst students from the participating schools.

Educational Visit from Oklahoma State University

Engineering and architecture students from Oklahoma State University (OSU), led by Dr Paul Tikalsky (CEAT Dean) were hosted by IOI Properties Group during their recent visit to Malaysia. They were briefed about the company's core business operations in Property Development, Property Investment as well as Hospitality and Leisure; and particularly ongoing project developments in IOI Resort City. IOIPG Group Corporate Sustainability Department also shared insights on the Group's management approach of sustainability material matters across its business segments.

The students were part of the OSU College Engineering, Architecture and Technology (CEAT) Scholars Programme on a study tour as part of their course to better understand the cultural, technical and political drivers of the Malaysian society. The students had an opportunity to experience and interact with a public listed company such as IOIPG and in an industry that is relevant to their field of study.

Yayasan Tan Sri Lee Shin Ching - Investing in Our Future

Yayasan TSLSC Contributions

Social	Education	Medical
RM12.7 million (YTD)	RM30.3 million (YTD)	RM899,690 (YTD)

Enabling Quality Education

Yayasan Tan Sri Lee Shin Cheng (Yayasan TSLSC), the foundation supported by the Group has contributed about RM44 million to various schools, hospitals, welfare homes and charitable bodies, and has given scholarships and grants to more than 2,500 students to date. We invest in educational and human capital development programs as we believe every child deserves equal access to education for a brighter future. This is apparent with the launch of the Student Adoption Programme (SAP) in 2008.

In FY2018, the charity arm of the Group contributed RM637,386 to various efforts that are supportive of Sustainable Development Goal 4: Quality Education where an inclusive and quality education is necessary in achieving sustainability by eradicating poverty and promoting gender equality. As conducive learning environment is necessary in facilitating the learning process, Yayasan TSLSC contributed over RM19.2 mil to various schools for this purpose.

Scholarship Awards

Recognising the importance of a tertiary degree in today's job market, Yayasan TSLSC also offers scholarships to students furthering their education. Over the decade, Yayasan TSLSC has granted scholarships worth more than RM8.5 million to more than 260 academically outstanding students to pursue full-time undergraduate studies relating to the Group's nature of business. This effort improves the economic capacity of the future generation by empowering them to compete in the future job market.

Student Adoption Programme

The SAP was an effort to provide underprivileged children equal access to good basic education as a platform for a brighter future. Adopted students would receive financial assistance and school supplies from Yayasan TSLSC until they complete primary or secondary education. To date, near to 1,000 students from over 200 schools in Peninsular Malaysia and Sabah have benefited from this programme with a total sponsorship amounting to more than RM4.1 million. To name a significant effort, Yayasan TSLSC has been contributing to Humana, a non-profit social NGO that provides basic education for children with little or no access to schools since 2008.

Young Achievers' Awards

Students are also rewarded for excelling in their studies by winning the Young Achievers' Awards. The Awards was introduced in year 1999 to motivate young students to strive for academic excellence. Awards comprising cash, plaque and certificates are given out annually to primary, upper secondary and pre-university students who excel academically, possess high leadership qualities and are active in their extracurricular activities. More than RM560,000 has been awarded to 1,497 students since the inception of the Awards.

IOI-Puchong STEM
- Leading Innovation Amongst Puchong Students

On 12 November 2017, 150 students from 10 schools in Puchong showcased their inventions to 6,000 visitors to the STEM@Puchong Maker Faire 2017. SJK(C) Shin Cheng (Harcroft)'s Floating Remote Car and SK Puchong Jaya 1's Skateboard Spirit won gold awards for their creative and innovative inventions. Three inventions won the silver award while 4 more earned the bronze.

Students winning young innovation prizes with knowledge acquired from the IOI-Puchong STEM Programme

Themed School of the Future, the winners were chosen based on their material upcycling value and the application of Arduino, an open source electronic platform. The Maker Faire was the culmination of the After-School STEM Programme. A total of RM112,875 was contributed by Yayasan TSLSC in support of nurturing interest towards sciences and technology.

Yayasan TSLSC collaborated with Chumbaka Sdn Bhd and Agensi Inovasi Malaysia (AIM) as a co-sponsor of the programme. The weekly two-hour workshops on Arduino and Scratch are conducted by Chumbaka throughout the year to promote interest amongst the Young Urbanites towards the STEM field and providing opportunities to spur passion to innovate.

Collaboration with MCII

On 11 October 2017, IOI joined the Malaysian Collective Impact Initiatives (MCII) along with several other private companies, non-profit organisations and government agencies at the 12th Funders' Roundtable: Collaborative Challenge to collectively drive positive impact in the community. The challenge was intended to address crucial youth issues that were identified in the MCII.

The Group contributed funds to MakanLahSE Sdn. Bhd., who presented a winning solution to more than one issues– the Canteen Revolution, that helped improve child nutrition and provide a safe after-school space for the kids. This high-impact programme worked with school canteens to revise their menu for more nutritious and tasty yet affordable food options for students. The students of the respective schools were engaged throughout the menu transformation process through nutrition education, surveys and taste tests.

SUSTAINABILITY REPORT 2018

Yayasan TSLSC Scholar Alumni

Denise Soh Min Huey
Leasing Department

"Knowing that the scholarship offers a job at the end of my studies gave me a clearer purpose and direction in my studies."

Working at IOIPG has not exactly been a breeze; she was pushed out of her comfort zone on many occasions. However, she has been grateful to her manager for recognising her strengths and giving her the opportunity to polish them while acquiring new skills such as negotiations skills and customer care.

At work, she is motivated by her colleagues who are equally passionate in their work with a growth mindset. She was also pleasantly surprised with their openness to new ideas and methodologies. Denise proudly embraces the core values of the IOI Properties Group and wants to continue being a reliable and resourceful member of her team.

Por Ze Yin
Internal Audit Department

"I am constantly presented with opportunities to learn about operations in various departments; to attend internal and external training; and to develop presentation and communication skills."

Ze Yin has worked in IOIPG for more than 3 years since she graduated and is an affiliate of the ACCA. She has enjoyed her experience as an internal auditor thus far although she initially had reservations as she was uncertain on what to expect in her career with the Group in the audit field.

Despite the change in career plans, she couldn't have been more thankful as she has been able to gain insights into different operations and departments in an organisation – giving her a more holistic perception of the corporate world. In her current role, she has also been able to add value to the organisation by contributing towards improving the overall internal control system of the organisation.

Ze Yin is grateful for her scholarship as it had helped ease the financial burden on her parents and secured her a stable job upon graduation. Company culture is of utmost importance in Ze Yin's work experience and she has been able to address expectation gaps with her fellow colleagues through open discussions during departmental meetings. This transparent culture has not only resolved work-related matters but also helped with her expectation-setting to ensure a more satisfactory feeling at work.

Crossing the Finishing Line for a Good Cause

Spurred by marathon mania, sporting events are trendy fundraisers. The Group has encouraged participations by sponsoring runs that are for a noble cause or organising them ourselves. We have confidence that a healthy lifestyle is part of sustainable living. Thus, we show our support by funding participations in charity runs.

Marriott Run to Give 2017

The dedicated group of associates and management team at Four Points by Sheraton Puchong laced up their trainers for a fuel-charged morning on 24 September 2017 to participate in the annual Run to Give 2017 fundraiser organised by Marriott International throughout Asia Pacific.

Dashing into its fourth year, the 2017 edition saw bands of swashbuckling pirates with eye patches and colourful braids coursing through the track at the University Malaya arena, a befitting scene for a 5 km pirate costume-themed marathon. Proceeds were channelled to the National Kidney Foundation in support of new dialysis machines for needy patients.

Bursa Bull Charge 2017

The acclaimed Bursa Bull Charge 2017 saw a participation of 1,818 runners from 150 organisations on 14 September 2017. IOIPG employees took up the challenge to complete the 5 km Corporate Run to contribute to a good cause.

The run raised about RM2.2 million for 30 beneficiaries representing different segments including the disabled, youths, underprivileged and single mothers.

The Edge KL Rat Race 2018

This year, IOIPG participated in the 18th edition of the Edge Kuala Lumpur Rat Race (KLRR) 2018 for a good cause. Team IOI was among the 460 runners who gathered at Padang Merbok on 31st July 2018 for this annual fundraiser by The Edge Education Foundation.

Palm Garden Big Hole Charity Golf 2017

On 6 September 2017, Palm Garden Golf Club (PGGC) partnered with the Miss Cosmopolitan World (MCW) organisation to successfully host the Big Hole Charity Golf event and donated the proceeds from the event to the displaced, abused and neglected children of Yayasan Sunbeams Home. 92 golfers participated in this fundraiser to raise funds for Yayasan Sunbeams Home in conjunction with the Miss Cosmopolitan World event.

Advocating A Circular Economy

Bargain Basement, initiated by Yayasan Tan Sri Lee Shin Cheng, is a retail store based on the concept of circular economy that encourages the public to donate their pre-loved and unused items to the store. These items are sold at a minimal cost with net proceeds being channelled to charity organisations. Inspired by the "Give to Inspire Others to Give" motto, the charitable store opened its second outlet in IOI Mall Puchong on 1st October 2017 following its success in operating in IOI City Mall since 1st June 2016.

The social enterprise also carries the mission to positively impact the society by promoting cluster-free homes and offices; providing low-priced items for the community; promoting the buying of pre-used items; reducing consumerism and by supporting local charities. To date, Bargain Basement has contributed a total of RM62,544 to numerous charities including Yayasan Chow Kit, Yayasan Seribu Harapan Malaysia, Pertubuhan Kristian Aman Selangor and Pusat Jagaan Kanak-kanak Istimewa Lagenda.

In support of the Group's waste minimisation commitment, Bargain Basement put up a collection bin in IOI City Mall to encourage public and patrons visiting the mall to donate pre-loved items. This is intended to reduce waste disposal at its source while generating revenue for those in need through reselling the pre-loved items.

Engaging Local Communities

Treasuring Community Relations

The Group takes pride in its support towards public-spirited activities. As a reputable company in the property industry, we acknowledge the impact we can have on the local communities and we ensure that our efforts are in good faith. We work to promote equal opportunities and inspire others; especially the less fortunate to achieve their goals as we are determined to do beyond maintaining a good relationship with our communities but also able to support and inspire them to greater achievement.

IOI Mall Puchong organised a CNY Charity Drive to collect enough sundry for 15 poor families in Puchong on 13th February 2018.

Palm Garden Hotel organised a Chinese New Year Charity Dinner to celebrate 90 children and senior citizens from 3 homes.

Putrajaya Marriott Hotel in collaboration with Muzik-Muzik Raya 33 and in conjunction with the Majlis Meraikan Anak-Anak Yatim & Asnaf, celebrated the Ramadhan month with 120 children from various charity homes.

IOI City Mall collaborated with Wendy Montessori Preschool to organise Autism Awareness & Acceptance 2018, celebrating children with all abilities.

SUSTAINABILITY REPORT 2018

Going Green

In line with the IOIPG Sustainability Policy, we encourage our employees and community to take on an active role and contribute to preserve and conserve the natural environment for current and future generations.

The Ethical Eating Contest was organised to encourage eating clean through provision of a more plant-based diet. The high demand for meat in today's world has a direct impact on climate change. This contest was to raise awareness on the consequence of a meat-laden diet and to promote a diet with lesser carbon footprint.

Annually, Earth Hour is celebrated by the Group across all business units whereby non-essential lights are switched off to observe the worldwide campaign initiated by WWF. Activities included Lights-off countdowns, dining in the dark and even unplugged performances.

IOI Privilege App – Rewarding Loyalty

Launched in August 2018, the IOI LiVO app replaces the IOI Privilege Card as IOIPG embraces the digital platform in line with the current trend of Fourth Industrial Revolution and going cardless is in line too with the Group's Waste Management Policy sustainability effort to manage our environmental impact as guided by the Group's waste minimisation policy of reducing waste being sent to the landfill.

This loyalty programme was first introduced in the year 2009 as a community discount card for existing property purchasers as well as residents within our township developments. This creates a sense of belonging and appreciation by fostering a sustainable relationship between business and the local communities in IOIPG townships. The IOI community of property purchasers could now enjoy exclusive rebates in property purchases from IOIPG, discounts and special privileges for shopping, dining and many more via the app.

Reach Out Community Newsletter – Promoting Sustainable Lifestyle

As a township developer, IOIPG continuously engages with the community in which it operates, building bridges and creating positive social impacts. With this in mind, a community newsletter, Reach Out was introduced in 2003. This digital newsletter is available on the Group's website and is the nation's first non-commercialised community newsletter since its introduction 15 years ago. Reach Out went digital in November 2016 in support of the Group's waste minimisation policy that encourages the reduction of paper use and minimisation of waste to the landfills.

Before its digitalisation, approximately 40,000 copies were printed and distributed at our malls, hotels and selected business outlets annually. The newsletter provides a platform for engagement and celebration of local community news and efforts. It does not only share information related to the residents of our townships but also the communities in Klang Valley. The articles in the newsletter are relevant to the times and engaging as it covers a broad area of interests.

SUSTAINABILITY REPORT 2018

Volunteering Towards Achieving a Higher Purpose

Contributing back to the community is part and parcel of the Group's corporate responsibility. Hence, we facilitate and encourage acts of volunteerism among our employees by supporting their philanthropic partnerships with charitable partners and communicating employee engagements through an effective internal communication structure by the Group's Corporate Communications Department spanning across the business units within the Group.

Check Out for Children

On 12th November 2017, Four Points by Sheraton Puchong and Le Méridien Putrajaya co-hosted the annual fundraiser; Check Out For Children in partnership with (United Nations Children's Fund) UNICEF and Starwood Legacy Hotels to raise funds for UNICEF's Water Sanitation and Hygiene projects in Africa and the Middle East. This year, 17 orphaned-children and their caretakers from Pusat Jagaan Baitul Hidayah were invited to the lively fundraiser and were treated to high-tea.

Caring for Community Well-being

As a Group, basic healthcare is given considerable importance as we care for the wellbeing of the local community. Our employees are encouraged to give back to the local community any way they can. This spirit of volunteerism is apparent in the frequent support of blood donation drive programs at various business premises. In FY2018 alone, 12 drives were supported by IOIPG through partnership with 10 different organisations.

Active Citizens Programme

The Group is collaborating with British Council on an Active Citizens Programme aimed at involving the community to deliver a social action plan. Since the early part of this year, selected employees have been empowered as Active Citizens to deliver on a social plan that will benefit and make a difference to the community.

IOIPG encourages waste minimisation at its source via various awareness activities and events to create awareness and call to action amongst its employees and extending it to the local communities. The next phase of action involves engaging the local community through the Residents' Associations of our townships. Preparations are in progress for this next phase as we engage partners and the relevant stakeholders.

Community Mapping

Problem Tree

The Power Walk

Engaging Social Enterprises and Non-Profit Organisation

In line with the Group's Sustainability Policy to support sustainable community development, IOIPG engages social enterprises and non-profit organisations in its business functions and community events with the aim to contribute positive social outcomes through social procurement practices.

IOIPG engaged Biji-Biji Initiative to provide props using recycled materials for its events. Other non-profit environmental organisation and social enterprises include EcoKnights and iCycle Malaysia in providing interactive educational programs to create awareness on sustainable practices and to encourage sustainable lifestyles.

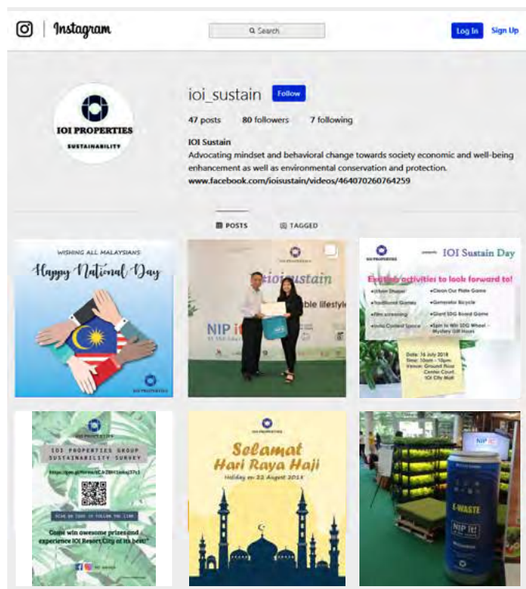
Yayasan Tan Sri Lee Shin Cheng engaged with social enterprises such as The Picha Project Malaysia and deliCCia, to cater lunch for their events which in return supported the charity functions of the social enterprises.

Engaging the Online Community

In January 2018, IOIPG set up a Facebook and Instagram account named IOI Sustain, focusing on Sustainability in order to better connect to the online community and expand its reach as a lifestyle influencer. The social media platform is useful in engaging the local community via sustainability-related event and competitions to encourage sustainable choices, to create awareness and to advocate sustainable lifestyle.

The page uses the hashtag **#ioisustain** to consolidate all the sustainability efforts of the individual Business Units within the Group. It is a comprehensive way of consolidating the sustainable efforts of the Group as a whole, enabling easy access to information for the followers of IOI Sustain. The IOI Sustain Facebook page and Instagram accounts not only highlight the initiatives of the Groups to the general public but also functions as an acknowledgement and celebration of the efforts of the Business Units thus creating brand pride that continues to encourage sustainability ownership amongst its employees.

IOI Sustain



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103-1	Explanation of the material topic and its Boundary	Delivering Excellence: Exceeding Expectations	86
103-2	The management approach and its components	Delivering Excellence: Exceeding Expectations	86
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Note:
This content index shows our referral to good sustainability reporting practices.

BOARD OF DIRECTORS

Tan Sri Dato' Lee Shin Cheng
Executive Chairman

Lee Yeow Seng
Executive Director/ Chief Executive Officer

Lee Yoke Har
Executive Director

Dato' Lee Yeow Chor
Non-Independent Non-Executive Director

Tan Sri Dato' Sri Koh Kin Lip
Senior Independent Non-Executive Director

Datuk Tan Kim Leong @ Tan Chong Min
Independent Non-Executive Director

Datuk Lee Say Tshin
Independent Non-Executive Director

Datuk Dr Tan Kim Heung
Independent Non-Executive Director

PROFILE OF DIRECTORS

TAN SRI DATO' LEE SHIN CHENG

EXECUTIVE CHAIRMAN

79 | Male | MALAYSIAN

E

Date of Appointment:
1 June 2013

Qualification
- Honorary Doctorate Degree of Doctor of Science, Universiti Malaya
- Honorary Doctorate Degree in Agriculture, Universiti Putra Malaysia

Working Experience
- Honorary President of the Associated Chinese Chambers of Commerce and Industry of Malaysia (ACCCIM)
- Council Member of the East Coast Economic Region Development Council for the Government (ECERDC) from 2008 to 2014
- Fellowship of the Incorporated Society of Planters
- Honorary Fellowship of the Malaysian Oil Scientists' and Technologists' Association

Membership of Board Committees in IOIPG
- Chairman of Employees' Share Option Scheme Committee

No. of Board Meeting Attended for FY2018
- 8/8 (100%)

Directorship of other Listed Issuers/Public Companies
Listed Issuer
- Executive Chairman of IOI Corporation Berhad

Public Company
- Director of IOI Oleochemical Industries Berhad

LEE YEOW SENG

EXECUTIVE DIRECTOR/ CHIEF EXECUTIVE OFFICER

40 | Male | MALAYSIAN

Date of Appointment:
25 February 2013

E

Qualification
- LLB (Honours), King's College, London
- Barrister-at-Law from Bar of England and Wales, Inner Temple

Working Experience
- Involved in corporate affairs and general management within IOI Group prior to the demerger and listing of IOIPG
- Served at the London and Singapore offices of a leading international financial services group for approximately two (2) years

Membership of Board Committees in IOIPG
- Member of Employees' Share Option Scheme Committee

No. of Board Meeting Attended for FY2018
- 8/8 (100%)

Directorship of other Listed Issuers/Public Companies
Listed Issuer
- Non-Independent Non-Executive Director of IOI Corporation Berhad

Public Companies
- None

Committee Membership

Committee Chairman | E Employees' Share Option Scheme

LEE YOKE HAR

EXECUTIVE DIRECTOR

47 | Female | MALAYSIAN

Date of Appointment:
1 July 2017

Qualification
- LLB (Honours), King's College, London
- Diploma in Finance and Accounting

Working Experience
- Joined IOI Group as a Legal Executive in 1996 and was subsequently transferred to the property division to take charge of implementing the International Organisation for Standardisation quality management systems
- Held various positions in IOI Properties Group and was promoted to Senior General Manager, Marketing and Business Development in 2010 before appointed as an Executive Director of IOIPG

Membership of Board Committees in IOIPG
- None

No. of Board Meeting Attended for FY2018
- 8/8 (100%)

Directorship of other Listed Issuers/Public Companies
Listed Issuers
- None

Public Companies
- None

DATO' LEE YEOW CHOR

NON-INDEPENDENT NON-EXECUTIVE DIRECTOR

52 | Male | MALAYSIAN

Date of Appointment:
25 February 2013

E

Qualification
- LLB (Honours), King's College, London
- Bar Finals, Gray's Inn, London
- Postgraduate Diploma in Finance and Accounting, London School of Economics

Working Experience
- Chairman of the Malaysian Palm Oil Council since 2009
- Council Member in the Malaysian Palm Oil Association
- Served in the Malaysia Attorney General's Chambers and the Malaysia Judiciary Service for approximately four (4) years, last posting was a Magistrate
- Director of Central Bank of Malaysia from March 2015 to March 2018

Membership of Board Committees in IOIPG
- Member of Employees' Share Option Scheme Committee

No. of Board Meeting Attended for FY2018
- 8/8 (100%)

Directorship of other Listed Issuers/Public Companies
Listed Issuers
- Executive Director/Chief Executive Officer of IOI Corporation Berhad
- Non-Independent Non-Executive Director of Bumitama Agri Ltd

Public Companies
- Director of IOI Oleochemical Industries Berhad
- Director of Unico-Desa Plantations Berhad

Non-Profit Public Company
- Trustee of Yayasan Tan Sri Lee Shin Cheng

TAN SRI DATO' SRI KOH KIN LIP

SENIOR INDEPENDENT NON-EXECUTIVE DIRECTOR

69 | Male | MALAYSIAN

GNR R

Date of Appointment:
2 January 2016

Qualification
- Higher National Diploma in Business Studies, Plymouth Polytechnic (*now known as Plymouth University*), United Kingdom
- Council's Diploma in Management Studies

Working Experience
- Has begun his career in Standard Chartered Bank, Sandakan in 1977 as a trainee assistant
- In 1978, he joined his family business and was principally involved in administrative and financial matters
- In 1985, he assumed the role as Chief Executive Officer of his family business
- In 1987, he was pivotal and instrumental in the formation of Rickoh Holdings Sdn. Bhd., the flagship company of the family businesses

Membership of Board Committees in IOIPG
- Chairman of Governance, Nominating and Remuneration Committee
- Member of Risk Management Committee

No. of Board Meeting Attended for FY2018
- 8/8 (100%)

Directorship of other Listed Issuers/Public Companies
Listed Issuers
- Non-Independent Non-Executive Director of NPC Resources Berhad
- Independent Non-Executive Director of Daya Materials Berhad
- Senior Independent Non-Executive Director of Cocoaland Holdings Berhad

Public Companies
- None

Committee Membership

Committee Chairman | A Audit Committee | R Risk Management Committee | GNR Governance, Nominating and Remuneration Committee

DATUK TAN KIM LEONG @ TAN CHONG MIN

INDEPENDENT NON-EXECUTIVE DIRECTOR

79 | Male | MALAYSIAN

Date of Appointment:
1 June 2013

A GNR

Qualification
- Fellow Member of the Institute of Chartered Accountants, Australia
- Fellow Member of the Malaysian Institute of Chartered Secretaries and Administrators
- Member of the Malaysian Institute of Accountants

Working Experience
- Chartered Accountant with more than 50 years of experience in auditing, accounting and consulting
- Served as the Executive Chairman of BDO Binder, Malaysia (*formerly, Binder Hamlyn*) from 1982 to 2009
- Served as a Managing Partner of Binder Hamlyn from 1982 to 1987
- He was the Chairman of the Board of Gul Technologies Singapore Limited
- He was a Director of RHB Capital Berhad and RHB Investment Bank Berhad
- He was a Director of Malaysia-China Business Council ("MCBC")
- He was also a Senior Independent Non-Executive Director of IGB Berhad (*formerly known as Goldis Berhad*)

Membership of Board Committees in IOIPG
- Chairman of the Audit Committee
- Member of the Governance, Nominating and Remuneration Committee

No. of Board Meeting Attended for FY2018
- 8/8 (100%)

Directorship of other Listed Issuers/Public Companies
Listed Issuer
- None

Public Company
- Chairman of Amoy Canning Corporation Berhad

Non-Profit Public Companies
- Trustee of Yayasan Tan Sri Lee Shin Cheng
- Trustee of Ng Teck Fong Foundation

DATUK LEE SAY TSHIN

INDEPENDENT NON-EXECUTIVE DIRECTOR

65 | Male | MALAYSIAN

R A

Date of Appointment:
22 August 2013

Qualification
- Bachelor of Economics (Honours), Universiti of Malaya

Working Experience
- Senior advisor of HSBC Bank Malaysia Berhad
- He has been appointed to the advisory board of the Entrepreneurship Development Advisory Council ("EDAC") in the Ministry of Entrepreneurship since 18 July 2018
- He was the advisor to the advisory board of the Secretariat for the Advancement of Malaysian Entrepreneurs ("SAME") in the Prime Minister's Department from April 2015 to May 2018
- An accomplished banker with over 42 years of experience in the banking industry. His last position held in HSBC Bank Malaysia Berhad was as the Managing Director of Strategic Business Development prior to his retirement in 2013

Membership of Board Committees in IOIPG
- Chairman of the Risk Management Committee
- Member of the Audit Committee

No. of Board Meeting Attended for FY2018
- 8/8 (100%)

Directorship of other Listed Issuers/Public Companies
Listed Issuer
- Independent Non-Executive Chairman of CJ Century Logistics Holdings Berhad (*formerly known as Century Logistics Holdings Berhad*)

Public Company
- Independent Director of Pacific Mutual Fund Bhd

DATUK DR TAN KIM HEUNG

INDEPENDENT NON-EXECUTIVE DIRECTOR

56 | Male | MALAYSIAN

Date of Appointment:
1 June 2013

A R GNR

Qualification
- Doctorate of Medicine/ Cardiology (London)
- Bachelor of Medicine and Surgery (London) (Honours), Middlesex and University College Hospital Medical School, London
- Member of the Royal College of Physicians (United Kingdom)
- Member of the Academy of Medicine Malaysia
- Fellowship of the Royal College of Physicians (London)
- Fellow of the American College of Cardiology

Working Experience
- Cardiologist at Cardiac Vascular Sentral (Kuala Lumpur), Malaysia
- Cardiologist at Sunway Medical Centre, Malaysia
- Professor of Medicine and Head of Cardiology at the University Malaya Medical Centre in Kuala Lumpur, Malaysia for seven (7) years since 1997
- Cardiologist at Guy's Hospital, London, United Kingdom

Membership of Board Committees in IOIPG
- Member of the Audit Committee
- Member of the Risk Management Committee
- Member of the Governance, Nominating and Remuneration Committee

No. of Board Meeting Attended for FY2018
- 8/8 (100%)

Directorship of other Listed Issuers/Public Companies
Listed Issuer
- None

Public Companies
- None

Additional Information of the Directors:

1. Tan Sri Dato' Lee Shin Cheng, Dato' Lee Yeow Chor, Lee Yeow Seng and Lee Yoke Har have a family relationship. They are deemed in conflict of interest with IOI Properties Group by virtue of their interests in certain privately-owned companies which are involved in similar business of property investment and property development. Except for certain recurrent related party transactions of a revenue or trading nature which are necessary for day-to-day operations of IOI Properties Group and for which the above Directors are deemed to be interested is disclosed under the notes to audited financial statements section of the Annual Report, there are no other business arrangements with the Company in which they have personal interests.

2. Save as disclosed in item (1) above in this Annual Report, none of the Directors has:
   i) Any family relationship with any directors/major shareholders of the Company; and
   ii) Any conflict of interest with the Company.

3. None of the Directors have any conviction for offences within the past five (5) years other than traffic offences.

4. None of the Directors have any public sanction or penalty imposed by the relevant regulatory bodies during the financial year ended 30 June 2018.

SENIOR MANAGEMENT TEAM

Executive Chairman

TAN SRI DATO' LEE SHIN CHENG

Executive Director/ Chief Executive Officer

LEE YEOW SENG

Executive Director

LEE YOKE HAR

Property Development

Chief Operating Officer
TEH CHIN GUAN

Senior General Managers
TAN KENG SENG
LIM BENG YEANG
CHUNG NYUK KIONG

General Managers
LOU FU LEONG
HO KWOK WING
ALBERT LEE WEN LOONG

Deputy General Manager
LIM CHEOK LENG

General Manager, Singapore
LEE YEAN PIN (LI YANPING)

Assistant General Manager, Xiamen, People's Republic of China
OOI WOOI YAW

Corporate

Financial Controller
MICHELLE SHEN YAN CHAO

General Manager, Corporate Communication & Sustainability
KRISTINE NG MEE YOKE

Company Secretaries
CHEE BAN TUCK
CHANG MEI YEE

Property Investment and Hospitality & Leisure

Chief Operating Officer
CHEAH WING CHOONG

Complex General Manager, IOI City Mall, Putrajaya
CHRIS CHONG VOON FOOI

Complex General Manager, IOI Mall, Puchong
ROGER KO

General Manager, Four Points by Sheraton, Puchong and Le Méridien, Putrajaya
RASHEED KUMAR RENOO

IOI Palm City, Xiamen

PROFILE OF SENIOR MANAGEMENT

The management team is headed by the Executive Chairman, Tan Sri Dato' Lee Shin Cheng; the Chief Executive Officer, Lee Yeow Seng and Executive Director, Lee Yoke Har. They are assisted by the following senior management team:

Teh Chin Guan

Chief Operating Officer, Property Development	Nationality: Malaysian	Age: 52	Gender: Male	Date of Appointment: 28 August 2006

Skills and Experience:

Mr Teh Chin Guan holds a Bachelor of Engineering (Honours) degree from Universiti Teknologi Malaysia. He is currently a member of the Harvard Club of Malaysia.

Before joining IOI Group's property division in year 2006, Mr Teh had held various senior positions in Berjaya Land Bhd and he brings with him many years of experience from the property and construction industry. He joined the organisation in August 2006 as an Assistant General Manager in the property division and was promoted to General Manager in July 2009.

Mr Teh was subsequently promoted to Property Director on 2 July 2012 and redesignated to his current position as Chief Operating Officer of IOI Properties Group in 2014 after the de-merger of the property division. He has since played a major role in contributing towards the Group's property development in the growth corridor of the Klang Valley.

Cheah Wing Choong

Chief Operating Officer, Property Investment	Nationality: Malaysian	Age: 59	Gender: Male	Date of Appointment: 22 September 2014

Skills and Experience:

Mr Cheah Wing Choong is a Chartered Surveyor with about thirty-five (35) years of experience in the property industry which include property consultancy, property development, project management, asset management and valuation and property management of a wide spectrum of commercial, residential and institutional properties.

Mr Cheah holds a Master in Business Administration from Bath, England and a Bachelor of Science Degree (Honours) in Estate Management from the Heriot-Watt University, Edinburgh, Scotland. He is a registered Valuer with the Board of Valuers, Estate Agents and Appraisers, Malaysia and is also a registered Estate Agent. Mr Cheah is a fellow member of The Institute of Surveyors, Malaysia, and a member of Royal Institution of Chartered Surveyors, United Kingdom.

He started his career with Rahim & Co. after eight (8) years, he joined Peat Marwick Consultants where he was responsible for project management before joining Tan & Tan Development Berhad as Head of the Real Estate and Property Division in 1992 and was later promoted to the Senior General Manager of the Assets Management Division under the merged listed entity of IGB Corporation Berhad. Prior to joining IOI Properties Group, Mr Cheah was the Chief Operating Officer (Property Investments) with Sunway Group since 2009.

Michelle Shen Yan Chao

Financial Controller	Nationality: Malaysian	Age: 36	Gender: Female	Date of Appointment: 11 September 2017

Skills and Experience:

Ms Michelle Shen holds a Bachelor of Business, majoring in Accounting from Charles Sturt University, Australia. She is a member of CPA Australia as well as member of Malaysian Institute of Accountants (MIA).

Ms Michelle Shen has more than fourteen (14) years of experience in auditing and finance in Property Development, Property Investment and Hospitality & Leisure industries. Prior to joining IOI Properties Group in 2011 as Finance Manager, she had worked in one of the mid-tier accounting firms. Ms Michelle Shen is responsible for the full spectrum of financial management including corporate restructuring, tax, financial reporting and compliance of IOI Properties Group.

Kristine Ng Mee Yoke

General Manager, Corporate Communication & Sustainability	Nationality: Malaysian	Age: 51	Gender: Female	Date of Appointment: 25 May 2016

Skills and Experience:

Ms Kristine Ng Mee Yoke holds a Bachelor of Arts (Honours) Degree from University of Malaya.

She has more than twenty-three (23) years experience in the property industry, holding various senior and general management positions with expertise in the areas of brand communication, public relations, customer experience, stakeholder engagement, sustainability management, township management; and training & development. She is experienced in strategic leadership, building cross organizational relationships for strategic partnerships aligned with business strategies.

She currently oversees the Group's Corporate Communication functions; and is responsible for the strategic management of sustainability across the various business segments of the Group.

Chee Ban Tuck

Company Secretary and Assistant General Manager, Corporate Finance	Nationality: Malaysian	Age: 52	Gender: Male	Date of Appointment: 22 September 2008

Skills and Experience:

Mr Chee Ban Tuck is a member of the Malaysian Institute of Accountants (MIA). He has over 20 years of experience in financial management, corporate planning, corporate finance and treasury. Mr Chee is currently responsible for the treasury and corporate finance functions as well as investors relations in IOI Properties Group. He was appointed as the joint Company Secretary of IOI Properties Group Berhad in April 2018. Prior to joining IOI Group in 2008, he was attached with other public listed companies listed on Bursa Malaysia.

Chang Mei Yee

Company Secretary	Nationality: Malaysian	Age: 40	Gender: Female	Date of Appointment: 18 April 2018

Skills and Experience:

Ms Chang Mei Yee is an Associate member of the Malaysian Institute of Chartered Secretaries & Administrators (MAICSA). She has 15 years of working experience in corporate secretarial practice. Prior to joining IOI Group in March 2011, she was a Corporate Secretarial Senior in a secretarial service provider firm in Singapore where she responsible to attend for all aspect of corporate secretarial and advisory work of portfolio of clients includes both local company, the small and medium size (SME) company as well as a local and overseas multi-national companies and Singapore representative office.

Tan Keng Seng

Senior General Manager	Nationality: Malaysian	Age: 63	Gender: Male	Date of Appointment: 30 April 2011

Skills and Experience:

After completing his secondary school education at the Royal Military College, Mr Tan Keng Seng went on to earn a Bachelor Degree in Civil Engineering from McGill University, Canada.

He worked for six (6) years before enrolling in and completing a two-year Master programme at the Massachusetts Institute of Technology (MIT) of Cambridge, USA. Since then, he has worked in the banking, manufacturing and property development sectors.

He joined IOI Group, property division in 2011 and is responsible for the Group's development projects at Ayer Keroh (Melaka) and Bahau (Negeri Sembilan).

Lim Beng Yeang

Senior General Manager - Johor	Nationality: Malaysian	Age: 56	Gender: Male	Date of Appointment: 3 April 1995

Skills and Experience:

Mr Lim Beng Yeang holds a Bachelor of Science (Honours) in Housing Building & Planning from Universiti Sains Malaysia.

He has over thirty two (32) years of experience in areas such as township planning, design development, contracts administration, construction management and sales marketing. He is presently responsible for the Group's property development business in Johor.

Prior to joining IOI Group, he was the Senior Construction Manager with Regal Crest (M) Sdn Bhd, a local construction company in Johor Bahru, and he has also worked in Indonesia during his tenure with MBf Property Services Sdn Bhd as a Senior Property Executive.

Chung Nyuk Kiong

Senior General Manager	Nationality: Malaysian	Age: 55	Gender: Male	Date of Appointment: 18 August 2014

Skills and Experience:

Mr Chung Nyuk Kiong holds a Master of Science in Construction Management from Heriot Watt University and Master of Business Administration from University of Newcastle. He is also a Member of Royal Institution of Chartered Surveyors and Project Management Professional ("PMP").

Prior to joining IOI Properties Group in 2014 as a General Manager, he had worked with public listed property developers and construction companies locally and abroad which entail mixed development, office, commercial and residential buildings. He was promoted to Senior General Manager in July 2017.

He is responsible for the overall property development projects in Puchong Jaya and Bandar Puteri Puchong.

Lou Fu Leong

General Manager - Johor	Nationality: Malaysian	Age: 58	Gender: Male	Date of Appointment: 13 March 1995

Skills and Experience:

Mr Lou Fu Leong holds a Bachelor of Engineering (Honours) degree in Civil Engineering from the University of Strathclyde, Scotland.

He was the Project Manager of a property development company for five (5) years prior to joining IOI Group, property division in 1995 as a Senior Project Manager. Currently he is responsible for the planning and implementation of the Bandar Putra Township in Kulai, i-Synergy Business Park in Senai, Taman Kempas Utama in Kempas and the various commercial/apartment developments in Johor Bahru.

Ho Kwok Wing

General Manager	Nationality: Malaysian	Age: 53	Gender: Male	Date of Appointment: 16 July 2012

Skills and Experience:

Mr Ho Kwok Wing holds a Master and a Bachelor Degree of Science in Civil Engineering from Oklahoma State University.

Upon graduation he worked as a consulting structural engineer in California, USA from 1991 to 1992. He subsequently joined Bina Goodyear Berhad as a Project Engineer in 1992. He left as a Senior General Manager and joined IOI Group, property division in 2012 as a General Manager.

He is responsible for the overall property development in IOI Resort City.

Albert Lee Wen Loong

General Manager	Nationality: Malaysian	Age: 58	Gender: Male	Date of Appointment: 20 January 2005

Skills and Experience:

Mr Albert Lee Wen Loong graduated from Universiti Sains Malaysia in 1986 with a Bachelor of Science (Hons) Housing Building & Planning with over thirty-two (32) years of experience in property development and construction industries. He is currently responsible for the planning, implementation and construction of Bandar Puteri Klang, Bandar Putera 2 and IOI Industrial Park at Banting.

Prior to joining IOI Group, property division, he was the General Manager of Soon Seng Group's Property Development and Construction Division.

Lim Cheok Leng

Deputy General Manager	Nationality: Malaysian	Age: 53	Gender: Female	Date of Appointment: 17 October 2012

Skills and Experience:

Ms Lim Cheok Leng holds a Bachelor of Science (Honours) in Housing Building & Planning from Universiti Sains Malaysia.

Upon graduation, she had joined IOI Group, property division as Project Assistant in the contract department for five (5) years before being promoted to Sales and Administration Manager to lead the Sales and Marketing department. She has over twenty-seven (27) years of experience in property development business. In 2012, she was promoted to Deputy General Manager, responsible for the Penang branch's operations in areas such as design, layout and building approvals, contracts management, construction activities, estate management, sales administration and marketing.

Lee Yean Pin (Li Yanping)

General Manager	Nationality: Singaporean	Age: 45	Gender: Female	Date of Appointment: 1 March 2012

Skills and Experience:

Ms Lee Yean Pin holds a Master of Science (Real Estate Development) from Massachusetts Institute of Technology (MIT) of Cambridge, USA and a Bachelor of Science (Estate Management) from National University of Singapore.

She has more than seventeen (17) years of experience in urban planning, real estate development and place management in Singapore and has held various appointments in Singapore's national land use planning and conservation authority before joining IOI Group, property division in March 2012.

She is responsible for overall planning, execution and coordination of the property development projects in Singapore under her charge.

Ooi Wooi Yaw

Assistant General Manager	Nationality: Malaysian	Age: 43	Gender: Male	Date of Appointment: 1 July 2010

Skills and Experience:

Mr Ooi Wooi Yaw holds a Bachelor of Environmental Design from University of Tasmania, Australia and a Diploma in Architecture from Institute Technology Pertama, Kuala Lumpur.

He has more than sixteen (16) years of experience in the property and shopping mall development sector. He has held several management positions in various organisations such as Jaya Jusco Stores Bhd (as assistant project manager) and The Store Corporation Berhad (as design manager) prior to joining IOI Group, property division in 2010 as project manager. He was subsequently promoted to Assistant General Manager in 2013.

He is responsible for the overall planning, execution, controlling and coordinating of the property development project in Xiamen, PRC.

Chris Chong Voon Fooi

Complex General Manager, IOI City Mall, Putrajaya	Nationality: Malaysian	Age: 39	Gender: Male	Date of Appointment: 11 July 2011

Skills and Experience:

Mr Chris Chong Voon Fooi holds a Bachelor of Art (Honours) in International Business Administration from Northumbria University of Newcastle.

He has more than nineteen (19) years of experience in shopping mall development and management. Prior to joining IOI Group, property division, he had worked for a leading shopping mall developer in Kuala Lumpur holding various roles in development, leasing, marketing, operations and procurement over the span of eleven (11) years. He joined IOI Group, property division in 2011 as Head of Marketing and Leasing for IOI City Mall and subsequently promoted to General Manager in 2014 where he is responsible for the overall operations of IOI City Mall and IOI City office towers.

Roger Ko

Complex General Manager, IOI Mall, Puchong	Nationality: Malaysian	Age: 51	Gender: Male	Date of Appointment: 20 June 2016

Skills and Experience:

Mr Roger Ko has more than 27 years experience in the retail industries, financial services, senior role of the management and setting up of shopping malls.

He is responsible for the overall operations of IOI Mall, Puchong.

Rasheed Kumar Renoo

General Manager, Four Points by Sheraton, Puchong and Le Méridien, Putrajaya	Nationality: Malaysian	Age: 51	Gender: Male	Date of Appointment: 18 August 2014

Skills and Experience:

Mr Kumar Renoo obtained a Diploma in Business Management from Universiti Teknologi Malaysia and has continuously complemented his core skills with specialist training programmes at Starwood in a range of disciplines including Food and Beverage Yield Management, and Leadership and Strategic Planning.

Prior to managing the successful opening of Le Méridien Putrajaya, Mr Kumar Renoo spearheaded the opening of Four Points by Sheraton Puchong as the General Manager. In his previous role, he held the challenging position as dual General Manager for Sheraton Langkawi Beach Resort and Four Points by Sheraton Langkawi Resort concurrently.

During his career, Mr Kumar Renoo served in a number of departmental management roles, beginning as Director of Food & Beverage at the former Sheraton Subang Hotel & Towers.

Notes:

Save as disclosed above, none of the above senior management members has:

(a) any directorship in public companies and listed issuers;
(b) any family relationship with any directors and/or major shareholders of the Company;
(c) any conflict of interest with the Company;
(d) any conviction for offences (other than traffic offences) within the past five (5) years; and
(e) any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

We would like to take this opportunity to provide you with some insights into the Board of Directors' (the "Board") view of corporate governance. This statement sets out the principles and features of IOIPG Group's corporate governance framework and highlights main areas of focus and priorities for the Board during 2018/2019.


Forest Garden, 16 Sierra

At IOIPG Group, we continue to practise a governance framework that goes beyond an interest in governance for its own sake or the need to simply comply with regulatory requirements. In the same spirit, we do not see governance as just a matter for the Board. Good governance is also the responsibility of senior management.

The cornerstone principles of corporate governance at IOIPG Group are guided by its Vision IOI whereby responsible and balanced commercial success is to be achieved by addressing the interests of all stakeholders. A set of Core Values guides our employees at all levels in the conduct and management of the business and affairs of IOIPG Group. We believe that good corporate governance results in quantifiable and sustainable long term success and value for shareholders as well as all other stakeholders, as reflected by our performance and track record over the years.

IOIPG Group will continue its efforts in evaluating its governance practices in response to evolving best practices and the changing needs of IOIPG Group. The Board is pleased to present this statement and explain how IOIPG Group has applied the three (3) principles which are set out in the Malaysian Code on Corporate Governance (the "CG Code"):

(a) Board leadership and effectiveness;
(b) Effective audit and risk management; and
(c) Integrity in corporate reporting and meaningful relationship with stakeholders.

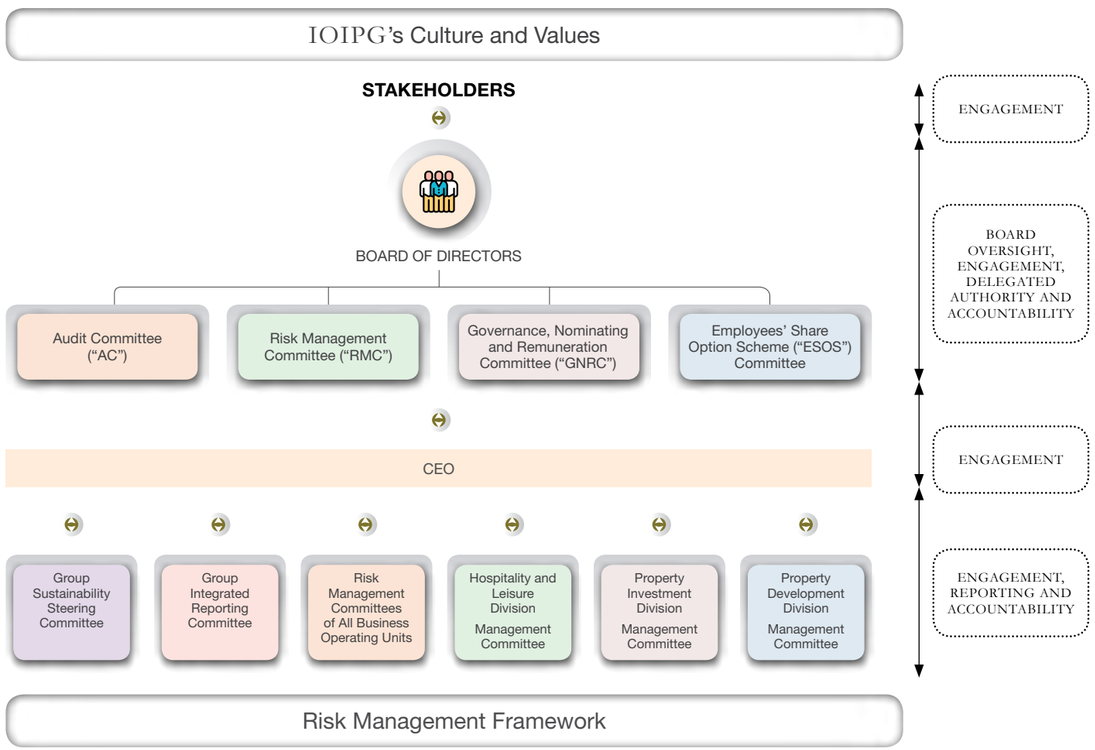
How our governance supports the delivery of our strategy

All Directors are collectively responsible for the success of IOIPG Group. The Non-Executive Directors exercise independent, objective judgement in respect of Board decisions, and scrutinise and challenge management. They also have various responsibilities concerning the integrity of financial information, internal controls and risk management.

The Board is responsible for setting our strategy and policies, overseeing risk and corporate governance, and monitoring progress towards meeting our objectives and annual plans. It is accountable to our shareholders for the proper conduct of the business and our long-term success, and represents the interests of all stakeholders. The Board conducts a review of the Group's overall strategy. The Chief Executive Officer ("CEO"), Chief Operating Officers ("COOs") and senior management team take the lead in developing our strategy, which is then reviewed, constructively challenged and approved by the Board.

The diagram below describes the governance framework at IOIPG Group. It shows interaction between the stakeholders and the Board, demonstrates how the Board Committee structure facilitates the interaction between the Board and the CEO and illustrates the flow of delegation from stakeholders. We have in place the process to ensure the delegation flows through the Board and its committees to the CEO and management committees and into the organisation. At the same time, accountability flows back upwards from the Company to stakeholders.

Governance Framework



COMPLIANCE WITH CG CODE

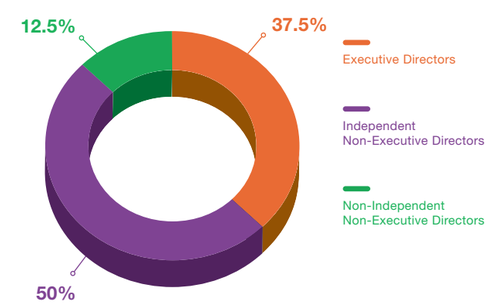
The Board considers that the Company has complied with the provisions and applied the main principles of the CG Code for the whole of the financial year ended 30 June 2018 ("FY2018") till 7 September 2018 except:

- Practice 4.1 (The Board comprises a majority of Independent Directors)
- Practice 4.5 (The Board must have at least 30% women Directors)
- Practice 7.2 (The Board discloses on a named basis the top five (5) senior management's remuneration in bands of RM50,000)
- Practice 11.2 (Large company is encouraged to adopt integrated reporting)
- Practice 12.2 (All directors attend General Meetings. The Chair of the Audit, Nominating, Risk Management and other committees provide meaningful response to questions addressed to them)
- Practice 12.3 (Listed company with a large number of shareholders or which have meetings in remote locations should leverage technology to facilitate voting including voting in absentia and remote shareholders' participation at general meetings)

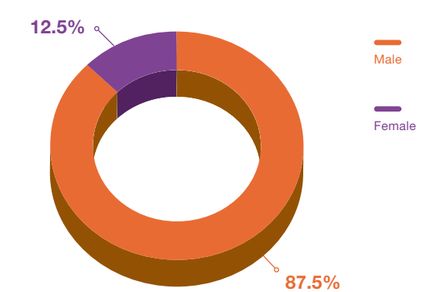
Details of how we applied the CG Code principles and complied with its practices, are set out in Corporate Governance ("CG") Report. The explanation for departure is further disclosed in the CG Report.

BOARD COMPOSITION

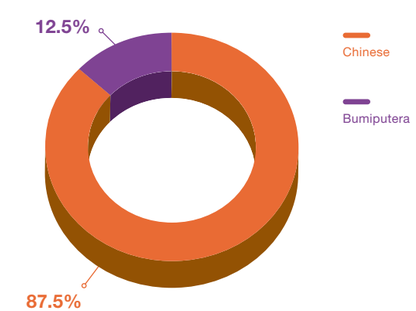
Board Composition
As at 30 August 2018



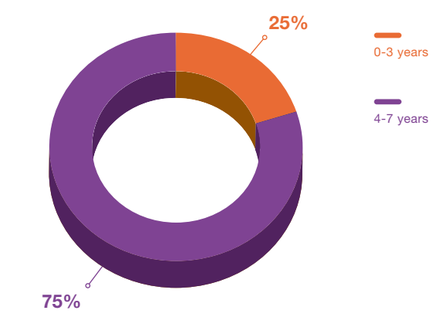
Gender Diversity
As at 30 August 2018



Ethnic Diversity
As at 30 August 2018



Tenure of Non-Executive Directors exclude Dato' Lee Yeow Chor
As at 30 August 2018



Changes to the Composition of the Board and its Committees for FY2018

Lee Yoke Har	Datuk Lee Say Tshin	Tan Sri Dato' Sri Koh Kin Lip	Datuk Dr Tan Kim Heung
Appointed to the Board on 1 July 2017	Became the Chairman of RMC with effect from 15 September 2017	Became a member of RMC with effect from 15 September 2017	Became a member of RMC with effect from 15 September 2017

BOARD EFFECTIVENESS

Board Leadership, Roles and Responsibilities

Our Board is responsible for the effective leadership and long-term success of the Group. It has a schedule of matters specifically reserved to it for decision and has approved the written terms of reference of the various Committees to which it has delegated its authority in certain matters.

The Board has delegated certain of its responsibilities to its Committees. Further detail on the work of the AC, RMC and GNRC is provided later in this Statement. The terms of reference of each of the Board's Committees are available on request from the Company Secretary and are available on our website.

As at 7 September 2018, the Board comprised five (5) Non-Executive Directors ("NED") and three (3) Executive Directors. The NED have a diverse range of skills and experience which enables them to oversee business performance and provide constructive challenge. The Executive Directors have extensive commercial, legal, financial and operational experience both within IOIPG Group and beyond.

Effective operation of the Board relies on clarity of the various roles and responsibilities of the individual Board members. Of particular importance are the roles of the Executive Chairman and CEO. The roles of Executive Chairman and CEO are split. Tan Sri Dato' Lee Shin Cheng, our Executive Chairman, is responsible for leadership of the Board. Our CEO, Lee Yeow Seng, leads the senior management team and has executive responsibility for running our business. The diligent way in which the Chairman of the Board Committees and their members carry out their Committee duties enables us to discharge our responsibilities efficiently and effectively.

The Board discharges its responsibilities through a programme of meetings that includes regular reviews of financial performance and critical business issues, annual budget and operations review. The Board also aims to ensure that a good dialogue with our shareholders is maintained and that their issues and concerns are understood and considered.

During FY2018, the Board and their Committees reviewed the operations, performance and effectiveness of the Board Committees, and we are pleased to inform that the Board Committees continue to operate effectively.

The Company Secretary ensures that the Board members receive briefings on changes in CG, regulation or law, as circumstances requires. During FY2018, this included a briefing on integrated reporting by PricewaterhouseCoopers PLT and Black Sun Pte Ltd at our office.

Directors' Core Areas of Expertise

The following table sets out the composition of skills and experience of the Board:

Leadership	100%	• Successful history in business at a senior executive level • Public listed company experience • Understanding/influencing organisational culture
Strategic	100%	• Experience in developing and implementing successful strategy • Ability to provide oversight of management for the delivery of strategic objectives
Governance	100%	• Experience in governance with complex organisations • Commitment to ensuring effective governance structures • Maintaining effective risk management and internal control
Public Policy & Regulations	13%	• Experience in managing how organisations adapt and respond to changing public policy settings • Oversight and management of regulatory frameworks and processes designed to ensure that all regulatory obligations are met
Stakeholders Engagement	63%	• Experience with community relations and government affairs • Experience with industrial relations & NGOs
Legal	38%	• Experience and ability to anticipate legal issues or risks and to "see around the corner" • In-depth understanding of how legal issues affect organisations • General counseling experience in business environment • Overall broad legal knowledge
Finance & Banking	25%	• An understanding of the financial services industry and capital market activities • Experience in and exposure to multiple regulatory and financial business environment
Risk Management & Internal Control	63%	• Experience in managing internal control processes, framework and risk management • Experience with oversight of risk management and internal controls and frameworks application
Financial Acumen	50%	• Experience in financial accounting and reporting, corporate finance and internal financial controls • Experience in business analysis and financial forecasting

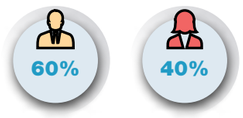
Some Directors are represented in more than one (1) category

Appointment to the Board, Succession Planning and Diversity

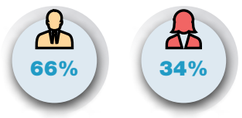
The GNRC and, where appropriate, the full Board, review the composition of the Board and the status of succession to both senior executive management and Board-level positions. The Board has adopted a Board Diversity Policy, which supports the GNRC in its approach to succession planning. The said Policy can be found on the Company's website at https://www.ioiproperties.com.my/Corporate-Governance.

We recognise that the Board sets the tone for inclusion and diversity across the Group and believe we should have a diverse leadership team to support good decision making. Diversity is integrated across our Code of Business Conduct and Ethics and associated workforce policy, and we promote a culture of diversity, respect, and equal opportunity, where individual success depends only on personal ability and contribution. We strive to treat our employees with fairness, integrity, honesty, courtesy, consideration, respect, and dignity, regardless of gender, race, nationality, age, or other forms of diversity. The Board is focused on creating an inclusive culture in line with IOI core's values, which we believe will lead to greater diversity both on our Board and throughout the Company.

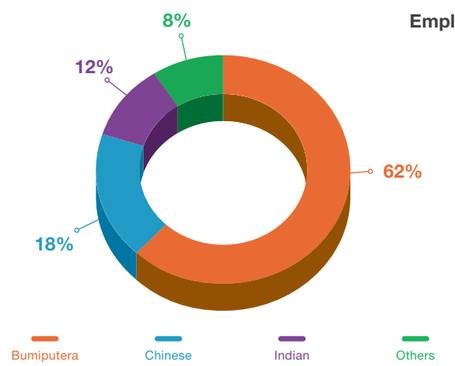
Employees' gender diversity disclosure



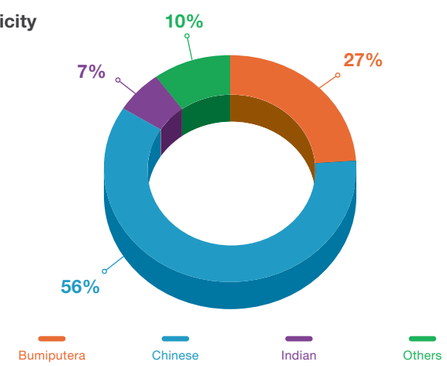
Management position (Manager & above) of IOIPG Group



Employees Ethnicity



For all employees
(except those in management position and directors on the Board)



In management position
(Manager & above)

Further information on IOIPG Group's diversity outcomes is included in the Sustainability Report which is also available on the Company's website.

Board Evaluation

In 2018, the entire performance evaluation process was externally defined and conducted by KPMG Management & Risk Consulting Sdn Bhd in accordance with the requirement to have it externally facilitated every three (3) years under CG Code. The main conclusion from the evaluation process was that the Board, its Committees and individual Directors are performing well. The process in respect of the year under review was concluded at the September 2018 Board meeting, with a number of actions being agreed which the GNRC Chairman will be undertaking in FY2019.

Board Committee Membership and Meeting Attendance in FY2018

Number of meetings held in year	Board	AC	RMC	GNRC
Executive Directors				
Tan Sri Dato' Lee Shin Cheng•	8/8 (100%)	-	-	-
Lee Yeow Seng*	8/8 (100%)	-	-	-
Lee Yoke Har	8/8 (100%)	-	-	-
Non-Executive Directors				
Tan Sri Dato' Sri Koh Kin Lip**•	8/8 (100%)	-	1/1 (100%)	3/3 (100%)
Datuk Tan Kim Leong @ Tan Chong Min**•	8/8 (100%)	7/7 (100%)	-	3/3 (100%)
Datuk Lee Say Tshin**•	8/8 (100%)	7/7 (100%)	1/1 (100%)	-
Datuk Dr Tan Kim Heung	8/8 (100%)	7/7 (100%)	1/1 (100%)	3/3 (100%)
Dato' Lee Yeow Chor	8/8 (100%)	-	-	-

• *Chairman or Committee Chairman.*
* *In his capacity as Director, and he attended all relevant Board and Committee meetings (by invitation) in his capacity as CEO.*
** *In his capacity as Director, and he attended all relevant Board and Committee meetings (by invitation).*

Board and GNRC Activities in Year 2018

The Board has an agenda that ensures strategic, budget, sustainability, risk management and internal control, operational, financial performance and CG items are discussed at the appropriate time at Board meetings. The Board agenda has strong links to the strategic objectives for the business. Key highlights of the Board's 2018 activities and priorities are set out below:

Principal matters considered by the Board in FY2018

Strategic Matters

- Sustainability strategy
- The Group's overall business strategy
- Dividend decision
- Group's digitisation plan

Governance, Assurance & Risk Management

- Reports from Board Committees
- Year-end governance report, sustainability report, AC report, RMC report & Internal control and risk management statement
- Annual Board evaluation and effectiveness
- Enterprise Risk Management Framework and Risk Management Charter
- Risk management & internal control
- Board diversity

Financial, Risk & Management Performance

- Quarterly results announcements
- Capital expenditure approvals & performance reviews of historical capex
- The Group's budget, forecasts and key performance targets & indicators

Looking ahead to 2019

During the year the Board will:

- Focus on refining our strategic propositions
- Focus on senior management succession planning
- Focus on Group's digitisation implementation
- Sustainability matters

GNRC Activities & Focus in FY2018

Strategic	Governance	Remuneration	Nomination
▸ Management succession ▸ Talent retention programme	▸ Review Board evaluation and effectiveness ▸ Review of NED's independence ▸ Board diversity and Board appointment	▸ Review Board and senior management remuneration framework ▸ Review of Directors' remuneration and benefits payable	▸ Review & recommend Directors standing for re-election at the AGM in 2018

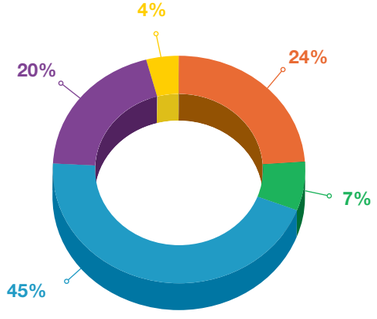
Looking ahead to 2019

During the year, GNRC will:

- Review Board Charter
- Continue monitoring senior management succession planning and continued development of talent pipeline
- Review Board size and its composition and Board gender diversity
- Review of senior management remuneration framework

Board Development

Directors' training needs are met by a combination of internal presentations and updates and external speaker presentations as part of Board and Board Committee meetings; specific training sessions on particular topics, where required; and the opportunity for Directors to attend external courses at the Company's cost, should they wish to do so. The diagram below shows the key learning areas/topics. The details of training attended by our Directors in FY2018 can be found in our website:



Directors Remuneration

Each of the Directors receives a base fixed Director's fee and meeting allowance for each Board and general meetings that they attend. The structure of the fees payable to Directors of the Company for FY2019 is as follows:

Appointment	Per Annum (RM)
Board of Directors	
- Base fee	125,000
Audit Committee	
- AC Chairman's fee	45,000
- AC Member's fee	35,000
Risk Management Committee	
- RMC Chairman's fee	35,000
- RMC Member's fee	20,000
Governance, Nominating and Remuneration Committee	
- GNRC Chairman's fee	35,000
- GNRC Member's fee	15,000

The details of the remuneration of Directors of the Company comprising remuneration received/receivable from the Company and subsidiary companies during the FY2018 are as follows:

Directors	Company			Subsidiaries				Group Total RM'000
	Fees RM'000	Others^ RM'000	Company Total RM'000	Salaries & Bonus+ RM'000	Benefits in-kind RM'000	Others^ RM'000	Subsidiaries Total	
Executive Directors								
Tan Sri Dato' Lee Shin Cheng	115	9	124	20,385	65	101	20,551	20,675
Lee Yeow Seng	115	10	125	11,819	37	1	11,857	11,982
Lee Yoke Har	115	10	125	1,160	40	1	1,201	1,326
Total	**345**	**29**	**374**	**33,364**	**142**	**103**	**33,609**	**33,983**
Non-Executive Directors								
Tan Sri Dato' Sri Koh Kin Lip	150	12	162	-	-	-	-	162
Dato' Lee Yeow Chor	115	9	124	-	-	-	-	124
Datuk Tan Kim Leong	155	11	166	-	-	-	-	166
Datuk Lee Say Tshin	165	10	175	-	-	-	-	175
Datuk Dr Tan Kim Heung	165	12	177	-	-	-	-	177
Total	**750**	**54**	**804**	**-**	**-**	**-**	**-**	**804**

Notes:

^ *Comprises meeting allowances and leave passages, where relevant.*

+ *The salary (Chairman: RM4.32 million; CEO: RM2.52 million) is inclusive of employer's provident fund and social security welfare contributions, where relevant.*

Number of Directors whose remuneration falls into the following bands:

Range of Remuneration	Number of Directors	
	Executive	Non-Executive
RM100,001 to RM150,000	-	1
RM150,001 to RM200,000	-	4
RM200,001 to RM1,300,000	-	-
RM1,300,001 to RM1,350,000	1	-
RM1,350,001 to RM11,950,000	-	-
RM11,950,001 to RM12,000,000	1	-
RM12,000,001 to RM20,650,000	-	-
RM20,650,001 to RM20,700,000	1	-

Effective Audit, Risk Management and Internal Control

During 2018, the Directors continued to review the effectiveness of our system of controls, risk management and high-level internal control processes. These reviews included an assessment of internal controls and, in particular, financial, operational and compliance controls, and risk management and their effectiveness, supported by management assurance of the maintenance of controls reports from the Head of Group Internal Audit, Risk Management Manager, as well as the external auditor on matters identified in the course of its statutory audit work.

More information about the above activities and its effectiveness is set out in the AC Report, RMC Report and Statement on Internal Control and Risk Management.

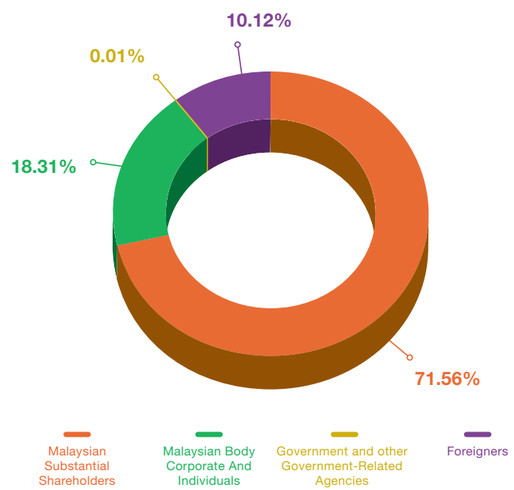
Relations with Stakeholders

In our quarterly, half-yearly and annual financial reporting to shareholders and other interested parties, we aim to present a balanced and understandable assessment of our strategy, financial position and prospects. We make information about the Group available to shareholders through a range of media, including our corporate website, www.ioiproperties.com.my, which contains a wide range of data of interest to institutional and private investors. We consider our website to be an important means of communication with our shareholders.

Our Investor Relations team acts as the main point of contact for investors throughout the year. We have frequent discussions with current and potential shareholders on a range of issues, including in response to individual ad hoc requests from shareholders and analysts.

Our Group recognises the importance of stakeholder engagement to the long-term sustainability of its businesses. A variety of engagement initiatives including direct meetings and dialogues with community are constantly conducted to learn about their welfare needs. Further details on stakeholder engagement are accessible at our Sustainability Report.

Composition of Shareholders as at 30 August 2018



CORPORATE GOVERNANCE OVERVIEW STATEMENT
AUDIT COMMITTEE REPORT

The Board of IOIPG is pleased to present the report on the Audit Committee ("AC" or the "Committee") of the Board for FY2018.

The Committee was established on 29 May 2013 in line with the Main Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Malaysia").

For an effective risk management and internal control framework, the Board had on 15 September 2017 delegated the oversight role of risk management of IOIPG Group to a separate Board Committee, called the "Risk Management Committee". As a result, the existing Audit and Risk Management Committee has been decoupled into 2 separate Board Committees, i.e. Audit Committee and Risk Management Committee.

A MEMBERS

The AC's membership remains unchanged for FY2018 and comprise following three (3) members, who each satisfy the "independence" requirements contained in the Listing Requirements of Bursa Malaysia. The biography of each member of the AC is set out in the Profile of Directors section:

Datuk Tan Kim Leong @ Tan Chong Min
Chairman
Independent Non-Executive Director

Datuk Lee Say Tshin
Member
Independent Non-Executive Director

Datuk Dr Tan Kim Heung
Member
Independent Non-Executive Director

The Chief Executive Officer, Financial Controller, certain senior management, the Company's internal and external auditors are normally invited to attend the AC meetings. There is a standing agenda item facilitating the opportunity for the Company's external auditors to meet without management present. The Company Secretary acts as secretary to the AC.

B SUMMARY OF KEY SCOPE OF RESPONSIBILITIES

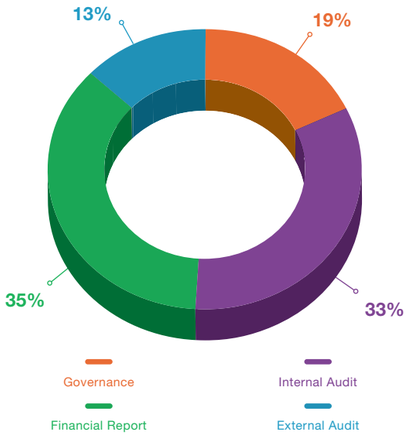
The AC operates under a written Terms of Reference containing provisions that address requirements imposed by Bursa Malaysia. The full Terms of Reference of the AC is posted on the Corporate Governance section of the Company's website at www.ioiproperties.com.my or it can be obtained from the Company Secretary.

The Terms of Reference prescribes the AC's oversight of financial compliance matters in addition to a number of other responsibilities that the AC performs. Those key responsibilities include, among others:

- Oversee the financial reporting process and integrity of the Group's financial statements
- Evaluate the independence of external auditors
- Review and evaluate the operation and effectiveness of the Company's internal audit function
- Oversee the Group's system of disclosure controls and system of internal controls that management and the Board have established
- Review conflict of interest situations and related party transactions of the Group
- Review the appropriateness of accounting policies and significant financial reporting issues or significant judgments made by management, significant and unusual events or transactions, and how these matters are addressed

C HOW THE COMMITTEE SPENT ITS TIME DURING FY2018

The diagram below provides an overview of how the AC spent its time in FY2018:



D SUMMARY OF WORK OF THE COMMITTEE

The AC report provides an overview of the work that the AC carried out during the year, including the significant issues considered in relation to the financial statements and how the AC assessed the effectiveness of the external auditors.

The AC has a responsibility to oversee the Group's internal control systems. The AC continues to monitor and review the effectiveness of the Group's internal control systems with the support of Group Internal Audit function.

The AC has an annual work plan, developed from its Terms of Reference, with standing items that the AC considers at each meeting, in addition to any matters that arise during the year. The summary of work and the main matters that the AC considered during FY2018 are described below:

1. Financial statements and reporting

The AC maintained its focus during the year on monitoring the integrity of financial reporting and ensuring suitable accounting policies were adopted and applied consistently. The AC monitored the financial reporting processes for the Group, which included reviewing reports from, and discussing these with, management and the external auditors, PricewaterhouseCoopers PLT ("PwC"). The AC has reviewed the unaudited quarterly financial results and audited financial statements of the Group before recommending them for Board's approval.

The AC assessed whether appropriate accounting policies had been adopted throughout the accounting period and whether management had made appropriate estimates and judgements over the recognition, measurement and presentation of the financial results.

The AC also received and considered regular updates from management on the status and implications for the Group of financial reporting developments, including updates on discussions by the Malaysian Accounting Standards Board on the development of the MFRSs. There were no new or amended FRS in FY2018 that had a material effect on the Group's financial statements.

Meeting on audit status, as well as findings on areas of significant external auditors' attention were held during FY2018. During FY2018, PwC has identified two (2) Key Audit Matters ("KAM") of the Group, they are (i) revenue recognition from property development activities and (ii) valuation of investment properties, which were of key significance in PwC's audit of the financial statements of the Group due to:

(a) significant judgements by management were involved in developing and monitoring the total budgeted property development costs, for which inherent uncertainties may arise.

(b) the determination of fair value of the investment properties involved significant judgments in estimating the underlying assumptions to be applied in the valuation methodologies used by the valuers.

In addressing the significant judgements and assumptions underpinning the revenue recognition as well as valuations, PwC has performed various procedures and did not identify any material exceptions. Having considered PwC's comments, the AC is satisfied that the accounting treatments applied under the financial reporting standards, the significant judgement and key assumptions used in the preparation of the financial statements and conclusions reached are appropriate.

Other areas of discussion include the capitalisation of borrowing costs in accordance with the Group's accounting policy, overseas development projects (Singapore and Xiamen, People's Republic of China) and unsold inventories.

For all the above areas, the AC received input from management and considered PwC's comments prior to reaching its conclusion.

Following this review, the AC is satisfied that the accounting treatments applied under the financial reporting standards, the key assumptions and conclusions reached are appropriate.

As part of the year-end reporting process, the AC reviewed external auditors' reports on internal controls, accounting and reporting matters as well as recommendations in respect of control weaknesses noted in the course of their audit. In FY2018, the AC also received information the recommendations for improvement in the system of internal controls, which the external auditors have discussed with the respective COOs and General Managers. The external auditors' findings on systems of internal control were not significantly different from the findings from internal auditors. There were no significant and unusual events or transactions highlighted by the management as well as external auditors during the financial year.

2. Going concern assessment

The AC reviewed the going concern basis for preparing the Group's consolidated financial statements, including the assumptions underlying the going concern statement and the period of assessment. The AC also took note of the principal risks and uncertainties, the existing financial position, the Group's financial resources, and the expectations for future performance and capital expenditure. The AC's assessment was based on various analyses from management regarding Group's capital and liquidity position prior to recommending to the Board that it could conclude that the financial statements should continue to be prepared on the going-concern basis.

3. Internal audit

The Internal Audit function provides independent and objective assurance and advisory services designed to add value and improve the operations of the Group. Its scope encompasses, but is not limited to, the examination and evaluation of the adequacy and effectiveness of the Group's governance, risk management and internal control processes in relation to the Group's defined goals and objectives. The AC approved the internal audit function's charter, which sets out its role, scope, accountability and authority.

The Head of Group Internal Audit, who is a member of the Institute of Internal Auditors ("IIA") Malaysia, reports functionally to the AC, and the AC reviewed and approved the annual Internal Audit plan and budget for activities to be undertaken during 2018/2019; this considers such factors as the results of previous audits, both external and internal, the self-assessment questionnaire, system changes and the views of executive management. The AC also reviewed the adequacy of the scope, functions, competency and resources of the internal audit function during the year. In FY2018, an independent quality assurance review on internal audit function was conducted by IIA. Based on the IIA's External Quality Assessment Report (EQAR) dated 31 October 2017, 14 findings were issued. All Group Internal Audit's action plan to address the findings have been implemented. The Quality Assurance and Improvement Programme ("QAIP") criteria has been included in the Internal Audit Charter ("IAC") and Internal Audit Manual (i.e. 2 years once for internal assessment and 5 years once for external assessment). A revised IAC was tabled to the AC for approval in April 2018.

The Group's Internal Audit Department performs routine audit on and reviews all operating units within the Group, with emphasis on principal risk areas. Internal Audit adopts a risk-based approach towards planning and conduct of audits, which is partly guided by the Group's Enterprise Risk Management ("ERM") framework. Impact on the "Vision IOI" is taken into consideration in determining the risk level as a holistic approach in contributing to the achievement of the Group's objectives and in enhancing shareholders' value.

A total of 36 audit assignments (including 9 cash audit/special audit assignments and 7 follow-up audit assignments) were completed during the financial year on various operating units of the Group covering property development, property investment, hospitality and leisure segments. Audit reports were issued to the AC and Board quarterly incorporating findings, recommendations to improve on the weaknesses noted in the course of the audits and management's comments on the findings. An established system has been put in place to ensure that all remedial actions have been taken on the agreed audit issues and recommendations highlighted in the audit reports. Certain significant issues and matters unsatisfactorily resolved by management had been highlighted to the AC and it was also agreed that management would expedite resolving the outstanding audit issues.

At each meeting, the AC considered the results of the audits undertaken and considered the adequacy of management's response to matters raised, including time taken to resolve such matters. In these instances, the AC challenged management as to what actions it was taking to try to minimise the chances of lapses and ensure that material findings are adequately addressed by management.

The tasks, responsibilities, and goals of the AC and internal auditing are closely intertwined in many ways. Certainly, as the magnitude of the "corporate accountability" issue increases, so does the significance of the internal auditing and audit committee relationship. The AC has met two (2) times privately (without management presence) with the Head of Group Internal Audit during FY2018 in assuring that the mechanisms for corporate accountability are in place and functioning.

The total costs incurred for the internal audit function of the Group for FY2018 was RM983,987 (FY2017: RM904,422). The increase in cost was mainly due to staff cost and audit expenses.

4. Assessing the effectiveness of external audit process

The AC places great importance on ensuring that there are high standards of quality and effectiveness in the external audit carried out by PwC. Audit quality is reviewed by the AC throughout the year and includes reviewing and approving the annual audit plan to ensure that it is consistent with the scope of the audit engagement.

PwC audit partners are present at the AC meetings to ensure full communication of audit related affairs and they remain fully appraised of all matters considered by the AC.

In reviewing the audit plan, the AC discussed the significant and elevated risk areas identified by PwC most likely to give rise to a material financial reporting error or those that are perceived to be of higher risk and requiring additional audit emphasis. The AC also considered the audit scope and materiality threshold.

The AC met with PwC at various stages during the audit process, including without management presence to discuss their remit and any issues arising from the audit to ensure they are able to operate effectively and to satisfy ourselves that management are responsive to their findings and recommendations. During FY2018, the AC met privately three (3) times with PwC without management presence.

The AC concluded that the effectiveness of the external audit process remains strong.

5. Auditors' re-appointment review

During FY2018, the AC assessed the effectiveness of PwC as the external auditors. To assist the assessment, the AC considered:

- Quality of planning, delivery and execution of the audit
- Quality and knowledge of the audit team
- Effectiveness of communications between management and the audit team
- Robustness of the audit, including the audit team's ability to challenge management as well as demonstrate professional scepticism and independence

(i) Auditor's effectiveness

The AC considered the quality of reports from PwC and the additional insights provided by the audit team, particularly at partner level. The AC also considered how well the auditors assessed key accounting and audit judgements and the way they applied constructive challenge and professional scepticism in dealing with management.

The AC remains satisfied with the effectiveness of PwC based on improvements implemented following the previous year's statutory audit review, the quality of the presentations received, management commentary on the robustness of the challenge provided, their technical insight and their demonstration of a clear understanding of the Group's business and its key risks.

(ii) Independence and objectivity

The AC reviews the work undertaken by PwC and each year assesses its independence, objectivity and performance. In doing so, it takes into account relevant professional and regulatory requirements and the relationship with the auditor as a whole, including the provision of any non-audit services. The AC also monitors the PwC's compliance with relevant regulatory, ethical and professional guidance on the rotation of partners, as well as assessing annually its qualifications, expertise, resources and the effectiveness of the audit process, including presentation from the external auditor on its own internal quality procedures.

The audit engagement partner is required to rotate every five (5) years as per PwC firm policy, which is in accordance with the by By-Laws (on professional ethics, conduct and practice) of the Malaysian Institute of Accountants (MIA). Pursuant to PwC firm policy, the audit engagement partner can be re-appointed subsequent to a cooling-off period of two (2) years.

Effective from 15 December 2018, under the revised By-Laws adopted by MIA and PwC firm policy, the audit engagement partner is required to rotate every seven (7) years with cooling-off period of three (3) years. Subsequently, effective from 15 December 2023, the cooling-off period is extended to five (5) years.

The current audit engagement partner has held the position for four (4) years. To ensure objectivity, the rotation of audit partners' responsibilities within PwC will take place in FY2020. As part of the independence review process, PwC is requested to formally confirm their independence in writing to the AC. PwC reported to the AC that it had considered its independence in relation to the audit and confirmed to the AC that it complies with professional requirements and that its objectivity is not compromised.

The AC concluded that it continues to be satisfied with the performance of PwC and that PwC continues to be objective and independent in relation to the audit.

(iii) Non-audit work carried out by the external auditors

Our Suitability and Independence External Auditors Policy includes a clearly defined pre-approval process for non-audit services to help protect external auditors' objectivity and independence. The provision of non-audit services which are not prohibited and approved in line with our Policy to ensure that the total fees for non-audit services will not exceed the defined thresholds.

Non-audit work undertaken during the period

Fees paid to PwC for audit related and non-audit services during FY2018 are set out in Note 8 to the audited financial statements.

PwC also provided in its engagement letter on the specific safeguards put in place for each piece of non-audit work confirming that it was satisfied that neither the extent of the non-audit services provided nor the size of the fees charged had any impact on its independence as statutory auditors. The AC is satisfied that the quantum of the non-audit fees relative to the audit fees (being approximately 55% of the total audit fees on a group basis payable to PwC Malaysia) and the AC concluded that the auditors' independence from the Group was not compromised as the non-audit fees were mainly derived from the tax compliance and advisory services.

(iv) Audit fees

The AC is satisfied that the level of audit fees (on a group basis) payable in respect of the audit services provided by PwC Malaysia (being RM1,007,000 for the FY2018) [FY2017: RM995,000] was appropriate and that an effective audit could be conducted for such a fee. The existing authority for the AC to determine the current remuneration of the external auditors (i.e. PwC Malaysia) is derived from the shareholders' approval granted at the Company's Annual General Meeting ("AGM") in 2017.

Recommendation to re-appointment

Following its consideration, the AC recommended to the Board that PwC be offered for re-appointment as external auditors at the forthcoming AGM. The Board has accepted this recommendation and a resolution for its reappointment for a further year will be put to the shareholders at the AGM.

6. Other matters considered by the Committee

The AC also:

(i) Reviewed whistleblowing activities to monitor the actions taken by the Group in respect of whistleblowing reports received.
(ii) Reviewed the Group's compliance with the relevant provisions set out under the CG Code for the purpose of preparing the Statement on Risk Management and Internal Control pursuant to the Listing Requirements of Bursa Malaysia.
(iii) Reviewed the internal audit report relating to existing related party transactions annually.
(iv) Reviewed the materiality sustainability matters of the Group for sustainability purpose.
(v) Reviewed the Terms of Reference of the AC.
(vi) Reviewed the accounting treatment for investment properties.
(vii) Reviewed the proposed revision to the IAC.

E ATTENDANCE

Number of Meetings and Details of Attendance

Seven (7) meetings were held during FY2018. The attendance record of each member was as follows:

Members	Total Number of Meetings	Number of Meetings Attended
Datuk Tan Kim Leong @ Tan Chong Min	7	7
Datuk Lee Say Tshin	7	7
Datuk Dr Tan Kim Heung	7	7

Two (2) meetings were held subsequent to the financial year end to the date of Directors' Report and were attended by the following members:

Members	Total Number of Meetings	Number of Meetings Attended
Datuk Tan Kim Leong @ Tan Chong Min	2	2
Datuk Lee Say Tshin	2	2
Datuk Dr Tan Kim Heung	2	2

F ANNUAL REVIEW AND PERFORMANCE EVALUATION

The last review of the Terms of Reference of the AC was carried out in FY2018. As required by its Terms of Reference, the AC conducted an annual performance evaluation in an effort to continuously improve its processes.

The AC's responsibility is to monitor and review the processes performed by management and external auditors. It is not the AC's duty or responsibility to conduct auditing or accounting reviews or procedures. The AC members are not employees of the Company. Therefore, the AC has relied, without independent verification, on management's representation that the financial statements have been prepared with integrity and objectivity and in conformity with approved accounting principles generally accepted in Malaysia and on the representations of external auditors included in its reports on the Company's financial statements and internal control over financial reporting.

Looking ahead to 2019

In addition to our routine business, the AC has three (3) focus areas for 2019:
- Internal control update on Infor consolidation system implementation
- Group's digitisation implementation update
- MFRS adoption

CORPORATE GOVERNANCE OVERVIEW STATEMENT
RISK MANAGEMENT COMMITTEE REPORT

The Board of IOIPG is pleased to present the report on the Risk Management Committee (the "Committee" or "RMC") of the Board for FY2018.

For an effective risk management and internal control framework, the RMC was set up on 15 September 2017 to take charge the oversight role of risk management of IOIPG Group pursuant to step-up practice 9.3 of the CG Code.

A MEMBERS

The RMC's membership remained unchanged during FY2018 and comprises three (3) following members, who each satisfy the "independence" requirements contained in the Listing Requirements of Bursa Malaysia. The biography of each member of the RMC is set out in the Profile of Directors section:

Datuk Lee Say Tshin
Chairman
Independent Non-Executive Director

Tan Sri Dato' Sri Koh Kin Lip
Member
Independent Non-Executive Director

Datuk Dr Tan Kim Heung
Member
Independent Non-Executive Director

The CEO, Financial Controller, certain senior management and the Company's internal auditors are normally invited to attend the RMC meetings. There is a standing agenda item facilitating the opportunity for the Company's Risk Management Manager to meet without management presence. The Company Secretary acts as secretary to the RMC.

B SUMMARY OF KEY SCOPE OF RESPONSIBILITIES

The RMC operates under a written Risk Management Terms of Reference containing provisions that addresses the requirements imposed by Bursa Malaysia. The full Terms of Reference of the RMC is posted on the Corporate Governance section of the Company's website at www.ioiproperties.com.my or it can be obtained from the Company Secretary.

The Terms of Reference prescribes the RMC's oversight of risk management matters and the key responsibilities which include, among others, assessing the Group's risk management practices, processes and effectiveness of internal controls of risk management.

C SUMMARY OF WORK OF THE COMMITTEE

The RMC has the responsibility to oversee the Group's internal control and risk management methodologies. The RMC continues to monitor and review the effectiveness of the Group's risk management systems with the support of Risk Management Department.

The RMC has an annual work plan, developed from its Terms of Reference and the summary of scope of work and the main matters that the RMC considered during FY2018 are described below.

The RMC is responsible in assisting the Board by taking responsibility for the continuous monitoring on the effectiveness of the Group's approach on risk management and internal controls.

For FY2018, the RMC deliberated and recommended to the Board's for approval on the following:

(a) Enterprise Risk Management ("ERM") framework which is in compliance with the best practices of International Standard of ISO 31000 : 2018 (Risk Management – Principles and Guidelines) and Malaysian Standard of MS ISO 31000.

(b) Risk Management Charter ("IMC") which establishes the position of wide-ranging risk management activities, initiatives and processes within the Group.

Both the ERM framework and IMC can be found in our website.

The IMC is a charter that defines the role of the Risk Management Manager's functional reporting relationship with the Board and RMC by having full authorised access to records, personnel, and physical properties relevant to the performance of engagements and defines the relevant scope of all risk management initiatives.

The Group acknowledges the 'Three Lines of Defense' model as a way of defining the relationship between these functions and act as a guideline to responsibilities and accountabilities of each functional department/Business Units:

- **The 1st line of defense** – functions that own and manage risk.
- **The 2nd line of defense** – functions that oversee or specialise in risk management and compliance.
- **The 3rd line of defense** – functions that provide independent assurance by Group Internal Audit.

The Group maintains and archive a compilation of risk registers, which contains the key risks faced by the Group, including its respective likelihood, impact and velocity as well as the controls and procedures in place to mitigate these risks. The RMC on a regular basis will receive the Group's key risk summary reports prepared by the Risk Management team, highlighting risk exposures and threats which allows the RMC to assess the appropriateness of management's action plans and to ensure the Board's risk appetite threshold is not breached.

In FY2018, the RMC continued its roles in evaluating key areas of risk exposure particularly focusing on IT security, competition, reputation and sustainability, quality, safety, tax and business continuity strategies. This re-assessments and evaluation are conducted by receiving direct risk updates and information via presentations from management and Group functional heads in half yearly review sessions with the RMC. In addition, the RMC also updates and reports from the Financial Controller and Group Tax on tax risks for the Group in FY2018. Ensuring effective risk management in these core areas are within the agreed Board's risk appetite will ensure the Groups long term sustainability and its survivability and enhance overall shareholders' value.

A bi-annual review of the effectiveness of risk management and internal control processes was carried out by the RMC for FY2018. The RMC focused its review on the Company's High-Very High risk mitigation and controls facing the Group. The RMC considered the current risk management process during the year and deemed it effective in relation to identifying, assessing and monitoring Group risks.

The RMC also strengthened this oversight in FY2018 through direct management presentations and updates from the respective divisions under the Group. These direct reviews is crucial to the role of the RMC as this enables the RMC members to meet the business unit heads as well as risk owners responsible for their respective areas of risk identified and provide an appropriate recommendation and challenge their strategies.

Risk management activities are practised throughout the organisation to support the RMC in its corporate governance responsibilities, while working with the business units to proactively and effectively manage significant risks that may affect the Group's operation's, reputation and financial earnings. The details relating to risk management is reported separately under "Statement on Risk Management and Internal Control" on pages 182 to 187.

D ATTENDANCE

Number of Meetings and Details of Attendance

One (1) meeting was held during the FY2018. The attendance record of each member was as follows:

Members	Total Number of Meeting	Number of Meeting Attended
Datuk Lee Say Tshin	1	1
Tan Sri Dato' Sri Koh Kin Lip	1	1
Datuk Dr Tan Kim Heung	1	1

One (1) meeting was held subsequent to the financial year end to the date of Directors' Report and were attended by the following members:

Members	Total Number of Meeting	Number of Meeting Attended
Datuk Lee Say Tshin	1	1
Tan Sri Dato' Sri Koh Kin Lip	1	1
Datuk Dr Tan Kim Heung	1	1

E ANNUAL REVIEW AND PERFORMANCE EVALUATION

The last review of the Terms of Reference of the RMC was carried out in FY2018. As required by its Terms of Reference, the RMC conducted an annual performance evaluation in an effort to continuously improve its processes and approach in managing risks.

Looking ahead to 2019

In addition to the Group's diversified business operations, the RMC will continously focus to build a risk resilient culture by further enhancing and developing efficient internal controls in core functional areas within the Group.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

This Statement of Risk Management and Internal Control is in line with Paragraph 15.26(b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad on the Group's compliance with the Principles and Best Practices relating to internal control as stipulated in the Malaysian Code on Corporate Governance 2017 and guided by the Statement on Risk Management & Internal Control: Guidelines for Directors of Listed Issuers.

BOARD RESPONSIBILITIES & ACKNOWLEDGEMENT

The Board of Directors of the Group (referred as "Board") in discharging its responsibilities, is fully committed to articulating, implementing and reviewing a sound risk management and internal control environment. The Board is responsible for determining the Group's level of risk tolerance and in conjunction with Management, to actively identify, assess and monitor key business risks in order to safeguard shareholders' investments and the Group's assets. The risk management and internal control systems are designed to identify, assess and manage risks that may impede the achievement of the Group's business objectives and strategies rather than to eliminate these risks. They can only provide reasonable and not absolute assurance against fraud, material misstatement or loss, and this is achieved through a combination of foresight, preventive, detective and corrective measures.

RISK MANAGEMENT CULTURE

The Chief Executive Officer has the ultimate responsibility and accountability for ensuring that risk is managed across the business units within the Group supported by the Chief Operating Officer of the respective Property Development & Property Investment division as well as Corporate Services

The Chief Executive Officer and the Senior Management Leadership Team provides governance leadership, agrees the strategic direction and risk appetite, promoting the culture and 'tone from the top', to ensure the best outcome for the Group, staff and stakeholders. It actively considers risks during strategic and tactical decision-making processes as with all levels of management and will determine the level of residual risk/appetite they are willing to accept. The Group takes on a risk-based approach to managing internal and external projects, operational and strategic risks: i.e. risks is managed and monitored according to severity and financial risks to identify the quantum of each respective risks involved and its impact.

RISK MANAGEMENT

The Group adopts an Enterprise Risk Management ("ERM") framework which is consistent the Statement on Risk Management & Internal Control: Guidelines for Directors of Listed Issuers, Bursa Malaysia's Corporate Governance Guide, and is in line with ISO 31000, Risk Management – Principles and Guidelines (which is a standard relating to risk management codified by the International Organisation for Standardisation. ISO 31000 provides a standard on the implementation of risk management).

All risks are considered and addressed by every individual, including executive staff and senior management, employees, partners and related stakeholders. The Group is committed to promoting an organisational culture where risk management is embedded in all activities and business processes. The Group undertakes proactive risk management as:

- It is good practice to understand the strategic and operational risks and opportunities facing the Group in order to make informed decisions and meet organisational and strategic goals;
- The Group provides critical services and infrastructure to the customers and stakeholders; and has service agreements and contractual obligations to non-government business entities and organisations.

The ERM Framework is designed to provide the architecture for a common platform for all risk management activities undertaken by IOI Properties Group Berhad, from individual functional, process or project based assessments to whole-of-organisation assessments, with the aim of enabling comparative analysis and prioritisation of those assessments either individually or cumulatively.

FRAMEWORK METHODOLOGY & OBJECTIVES

The primary objective of the ERM framework is to support the achievement of the Group's strategic objectives and safeguard the group's resources, people, finance, property, knowledge and reputation through:

- Provision of a structured and consistent approach to identifying, rating, mitigating, managing and monitoring risks;
- Assisting decision makers to make good management decisions within an environment of tolerable strategic and business risk limits, including identifying and leveraging opportunities.
- The Risk Profile should be used to challenge and inform strategic decisions;
- An environment where staff understand and assume responsibility for managing the risks for which they are responsible and the controls to mitigate those risks;
- Provision of relevant, timely information across clear reporting structures; and
- Independent assurance and audit activities to provide feedback to management that quality processes and internal controls are in place and are effective.

The Board conducts periodic reviews on the adequacy and integrity of the Group's ERM framework and policies, particularly in relation to the the approach for principal risks identification, assessment, response and control, communication and monitoring.

The Group's activities expose it to a variety of risks, including operating and financial risks. The Group's overall risk management objective is to ensure that the Group creates value for its shareholders whilst minimising potential adverse effects on its performance and positions. The Group operates within an established risk management framework and clearly defined policies and guidelines that are approved by the Board.

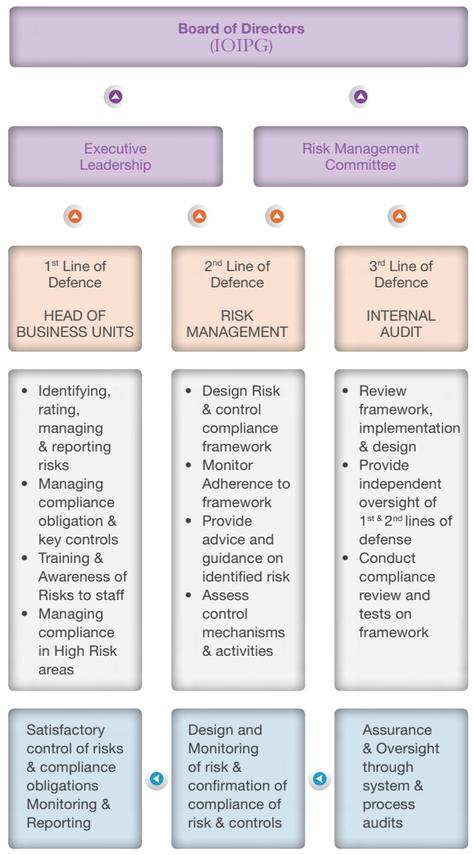
Under the Group's ERM Three Tier Defense model, the Group protects itself from threats with relevant policies and guidelines on risk reporting and disclosure which cover the following principal risks:

I) OPERATIONAL RISK

- The Group's policy is to assume operating risks that are within its core businesses and competencies to manage. Operating risk management ranges from managing strategic operating risks to managing diverse day-to-day operational risks.
- The management of the Group's day-to-day operational risks (such as those relating to health and safety, quality, marketing and statutory compliance) is mainly decentralised at the business unit level and guided by approved standard operating procedures. Operational risks that cut across the organisation (such as those relating to procurement, integrated systems and reputation) are coordinated centrally.

II) FINANCIAL RISK

- The Group is exposed to various financial risks relating to credit, liquidity, interest rates, and foreign currency exchange rates. The Group's risk management objectives and policies coupled with the required quantitative and qualitative disclosures relating to its financial risks are set out in the Group's Financial Statements.



1st Line of Defense – Head of Business Units

Each Business Unit is responsible for the ownership and management of their respective risks. They are also responsible for implementing corrective actions to address process deficiencies. Each Business Unit naturally serves as the 1st line as controls are designed into business processes under their guidance. There should be adequate managerial and supervisory controls in place to ensure compliance and to highlight control breakdown, inadequate processes and unexpected events.

2nd Line of Defense – Risk Management Department

The risk management and compliance functions ensure that the framework is fully embedded, operational and monitor the 1st line controls to ensure that risks are being effectively managed. It is a risk management function that facilitates and monitors the implementation of effective risk management practices by management and assists risk owners in defining the target risk exposure and reporting adequate risk-related information throughout the organisation. Each of these functions has some degree of independence from the first line of defense.

3rd Line of Defense – Internal Audit

Internal audit (IA) provides independent assurance on the effectiveness of governance, risk management, and internal controls, including the manner in which the 1st and 2nd line of defenses achieve risk management and control objectives. IA provides the Board and senior management with comprehensive assurance based on the highest level of independence and objectivity.

RISK APPETITE

The risk management controls and actions are established to bring the exposure level back within the accepted range by considering:

- Emerging risks,
- Risks that might be outside the Group's control (i.e. political change and climate);
- Where best to allocate scarce resources; and
- Where the Group might want to take on additional risk to pursue a strategic objective or expectation of above average returns.

Risk appetite thresholds are in place for each individual strategic risk and tolerance levels agreed, using relevant performance indicators which are monitored through the monthly enterprise reports. For operational risks, the Group's risk appetite will inform the annual risk process, controls and assurance activities and is generally defined as follows:

Risk Rating	Min. Mitigation Action	Description
Very High Risk	Reject & Avoid or Mitigate	Immediate action required in consultation with Management to either avoid the risk entirely or to reduce the risk to a low, medium or high rating.
High Risk	Accept & Mitigate	These risks need to be mitigated with actions as required and managers need to be assigned these risks.
Medium	Accept	Manage by specific monitoring or response procedures.
Low	Accept	Manage by routine procedures.

To reduce and minimise the risk exposure and impact on the Group on materialisation of risks, the limit for Board's approval on "Investment" is to be capped at RM1 billion (approximately 10% of the Company's average market capitalisation in FY2018), while the other capital expenditures limit to be reduced at RM100 million.

CONTROL ENVIRONMENT

The Group's corporate culture is embedded in its core values of integrity, commitment, loyalty, excellence in execution, speed or timeliness, innovativeness and cost efficiency – to achieve the Group's vision and support the business objectives, risk management and internal control system.

- The Code of Business Conduct and Ethics reinforces the Group's core value on integrity by providing guidance on moral and ethical behavior that is expected from all employees in following the laws, policies, standards and procedures.
- Board committees such as the Audit Committee ("AC"), Risk Management Committee ("RMC") and Governance, Nominating and Remuneration Committee ("GNRC") are established by the Board, and they are governed by clearly defined terms of reference ("TOR") and authority for areas within their scope.
- The Group has an organisational structure that is aligned with its business and operational requirements, with clearly defined lines of responsibility and authority levels.

The Board and Management have established numerous processes for identifying, evaluating and managing the significant risks faced by the Group. These include periodic testing of the effectiveness and efficiency of the internal control procedures and updating the system of internal controls when there are changes to the business environment or regulatory guidelines. These processes have been in place for the financial year ended 30 June 2018 and up to the date of approval of this Statement on Risk Management and Internal Control

CONTROL ACTIVITIES

- Policies and procedures have been established for key business processes and support functions. The Group has in place a system to ensure that there are adequate risk management, financial and operational policies, procedures and rules relating to the delegation and segregation of duties.
- Annual business plans and operating budgets are prepared by business and operating units, and are approved by the Board. Actual performance and significant variances against budget are monitored on an ongoing basis.
- To monitor and assess the status of each respective Business Unit's Risk database, reporting are done frequently defining types of reports, the report owners as well as frequency to ensure identified threats are addressed accordingly to reduce impact on the Group's objectives and goals:

Report Name	Submission By	Report Recipient	Frequency
Business Unit Risk Registers	All Business Unit General Managers/ Asst. General Managers/ Managers	Risk Management Committee ("RMC")/ Group Risk Management Department	Half Yearly

The Group adopts several approaches to its control activities to ensure holistic coverage of threats and mitigation strategies:

- Directive Controls designed to establish desired outcomes.
- Preventive Controls designed to discourage errors or irregularities from occurring
- Detective Controls designed to find errors or irregularities after they have occurred.
- Corrective Controls are intended to limit the extent of any damage caused by an incident.
- Transfer the risk are intended to enable sharing of the risks to a third party in order to reduce the likely impact.
- Eliminate the risk. Some risks may only return to acceptable levels if the activity is terminated.
- Accept the risk when the probability or consequences of the risk is low or minor.

To understand the extent to which the likelihood and impact of a risk occurring is being mitigated, the full set of controls currently in place is documented and assessed for effectiveness of design and operation. The assessment only assess controls that are currently in operation, not those that are planned.

Where controls are operated by a third party (e.g. Technology), discussions with the control owner should take place to ensure there is an appropriate assessment of the control that takes into consideration the views of the control owner and the risk owner.

INFORMATION AND COMMUNICATION PROCESSES

Communication and consultation with internal and external stakeholders are important elements at each step of the risk management process. Effective communication is essential to ensure that those responsible for implementing risk management and those with a vested interest understand the basis on which risk management decisions are made and why particular actions are required.

Key direction is set through the adoption of the IOI Properties Group Berhad Corporate Plan and policies, which is reviewed annually to ensure it continually reflects important priorities. The Group is dependent on the framework to be used at the strategic and departmental business unit level to improve performance by the organisation in the achievement of the Group's strategies and actions as detailed in the Plan.

Management and the Board receive timely, relevant and reliable management and financial reports which are reviewed on a regular basis.

- The Group has in place a Management Information System that captures, compiles, analyses and reports relevant data, which enables management to make business decisions in an accurate and timely manner.
- A whistleblowing policy is established to provide appropriate communication and feedback channels which facilitate whistleblowing, in a transparent and confidential manner. It outlines the Group's commitment to encourage its employees and stakeholders to raise genuine concerns about possible improprieties in matters of financial reporting, compliance, suspected violations of the Group's Code of Business Conduct and Ethics, and to disclose any improper conduct or other malpractices within the Group (i.e. whistleblowing) in an appropriate way.

MONITORING AND REPORTING

- The Group's policies and procedures are reviewed and revised periodically to meet changing business and operational needs and regulatory requirements.
- Board meetings are held at least once in a quarter with a formal agenda on matters for discussion. In addition, regular management and operation meetings are conducted by senior management which comprises the Chief Executive Officer and divisional heads.
- The Group's Risk Management Department reports to the RMC and the CEO and its main functions are to facilitate process of identifying, measuring and treating property, liability, income, and personnel exposures to loss. The ultimate goal of risk management is the preservation of the physical and human assets of the organisation for the successful continuation of its operations.
- The Group's Internal Audit function reports to the AC and is guided by an Internal Audit Charter that is approved by the Board. The Internal Audit function monitors compliance with the Group's policies and procedures and applicable laws and regulations, and provides independent assurance on the adequacy and effectiveness of risk management and internal control system by conducting regular audits and continuous assessment. Significant audit findings and recommendations for improvement are highlighted to senior management and the AC, with periodic follow-up reviews of the implementation of corrective action plans.

As the external and internal environment in which we operate is fluid, therefore the influences on the Group's objectives continue to ebb and flow.

In addition, assumptions are made in relation to both the quality of response strategies which are already in place and the implementation and quality of proposed responses. As a result, the risk management process is iterative and is a subject of a structured monitoring and review process.

RISK REVIEW FOR FINANCIAL YEAR AND SCOPE

A review on the adequacy and effectiveness of the risk management and internal control system has been undertaken for the financial year under review. Each business unit, cutting across all geographic areas, via its respective Risk Management Committees and workgroups comprising personnel at various levels carried out the Risk Mitigation and Analysis areas of work.

Risk and the effectiveness of control measures to manage risk is monitored on an ongoing basis to ensure changing circumstances, such as the political environment and the IOIPG strategic objectives and risk appetite do not alter the risk evaluation profiles and adequacy assessments. New risks or deficiencies in existing mitigation strategies may be identified via a number of sources:

- Changes in the strategic objectives;
- Regular review of the identified risks and mitigation strategies;
- The annual Internal Audit exercise;
- Ongoing monitoring by various Committees, AC, RMC and GNRC;
- New legislation;
- New accounting standards, guidelines or information from any regulator;
- Complaints;
- Regulatory/Compliance breaches;
- Incidents;
- External Audit (if any);
- Project & internal policy changes.

The Risk Assessment Process includes the following:

- Regular Internal Audit review and periodic discussions with the AC.
- Half yearly Reviews compiled by the respective units' Risk Management Committees, and annual presentation to and discussion with the RMC, the Board, internal auditors, and external auditors.
- Operating units' Chief Operating Officer ("COO")/Chief Financial Officer ("CFO") Internal Control Certification and Assessment disclosure.

Risks are monitored and reviewed by the responsible manager/officer on an ongoing basis and reported to committees at least Half Yearly. The effectiveness of risk responses is constantly monitored by the responsible managers/officers and reviewed on Half Yearly Basis.

For risk assessments associated with the whole of IOI Properties Group Berhad or individual departments, the review process is built into the business planning process. Output from the Strategic Risk Assessment and Business Unit Risk Assessments are used as input to the Business Planning Process. That input includes risk response plans.

To ensure that the identified strategic risks, and measures in place to manage them, remain aligned to the Group's strategic objectives, any change to the overall Strategic Plan will trigger a review of the risk assessment exercise and the Risk Management Process.

REVIEW OF THIS STATEMENT BY EXTERNAL AUDITORS

As required by Paragraph 15.23 of the Bursa Malaysia Securities Berhad Main Market Listing Requirements of Bursa Malaysia, the external auditors have reviewed this Statement on Risk Management and Internal Control. Their limited assurance review was performed in accordance with Audit and Assurance Practice Guide ("AAPG") 3 issued by the Malaysian Institute of Accountants. AAPG 3 does not require the external auditors to form an opinion on the adequacy and effectiveness of the risk management and internal control systems of the Group.

Based on the procedures performed, nothing had come to their attention that caused them to believe that the Statement on Risk Management and Internal Control set out above was not prepared, in all material respects, in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management & Internal Control: Guidelines for Directors of Listed Issuers, nor was factually inaccurate.

CONCLUSION

The Board is satisfied with the adequacy and effectiveness of the Group's risk management and internal control system. The Board has received assurance from the CEO, COO and Financial Controller that the Group's risk management and internal control system, in all material aspects, is operating adequately and effectively. For the financial year under review, there were no material control failures or adverse compliance events that have directly resulted in any material loss to the Group as a whole.

This Statement on Risk Management and Internal Control was approved by the Board at its meeting on 7 September 2018.

STATEMENT OF DIRECTORS' INTERESTS

IN THE COMPANY AND ITS RELATED CORPORATIONS AS AT 30 AUGUST 2018
(Based on the Register of Directors' Shareholdings)

Name of Directors	No. of Ordinary Shares			
	Direct	%	Indirect	%
The Company				
Tan Sri Dato' Lee Shin Cheng	162,064,500	2.94	3,406,835,941[1]	61.87
Tan Sri Dato' Sri Koh Kin Lip	1,094,041	0.02	44,486,448[2]	0.81
Lee Yeow Seng	3,400,000	0.06	2,927,424,541[3]	53.17
Dato' Lee Yeow Chor	6,637,500	0.12	2,927,805,916[4]	53.17
Datuk Tan Kim Leong @ Tan Chong Min	13,125	*	84,629[5]	*
Datuk Lee Say Tshin	-	-	125,000[6]	*
Datuk Dr Tan Kim Heung	28,606,000	0.52	-	-
Lee Yoke Har	456,018	0.01	-	-
Ultimate Holding Company Progressive Holdings Sdn Bhd ("PHSB")				
Tan Sri Dato' Lee Shin Cheng	18,000,000	-	1,000,000[7]	-
Lee Yeow Seng	3,000,000	-	-	-
Dato' Lee Yeow Chor	3,000,000	-	-	-
Ultimate Holding Company PHSB				
No. of redeemable non-cumulative preference shares				
Tan Sri Dato' Lee Shin Cheng	1,687,441,000	-	-	-

By virtue of Tan Sri Dato' Lee Shin Cheng, Lee Yeow Seng and Dato' Lee Yeow Chor's interests in the ordinary shares of the Company and its holding company, they are also deemed to be interested in the shares of all the subsidiaries of the Company and its holding company to the extent that the Company and its holding company have an interest.

Notes:

[1] *Deemed interested by virtue of his interest in PHSB, which in turn holds 100% equity interest in Vertical Capacity Sdn Bhd and shares held by his sons, Dato' Lee Yeow Chor and Lee Yeow Seng under Section 8 of the Companies Act 2016 (the "Act") and also interest in shares of his daughters, Lee Yoke Ling, Lee Yoke Hean and Lee Yoke Hui under Section 59(11)(c) of the Act as well as his interest under Summervest Sdn Bhd.*

[2] *Deemed interested by virtue of his interest in Rickoh Corporation Sdn Bhd and Rickoh Holdings Sdn Bhd under Section 8 of the Act.*

[3] *Deemed interested by virtue of his interest in PHSB, which in turn holds 100% equity interest in Vertical Capacity Sdn Bhd under Section 8 of the Act.*

[4] *Deemed interested by virtue of his interest in PHSB, which in turn holds 100% equity interest in Vertical Capacity Sdn Bhd under Section 8 of the Act and also interest in share of his spouse, Datin Joanne Wong Su-Ching under Section 59(11)(c) of the Act.*

[5] *Deemed interested by virtue of his interest in E. P. H. Holdings Sendirian Berhad and Tan Kang Hai Holdings Sdn Berhad under Section 8 of the Act as well as shares held by his son, Tan Enk Purn under Section 59(11)(c) of the Act.*

[6] *Deemed interested by virtue of the interest in shares of his spouse, Datin Tan Sok Ing under Section 59(11)(c) of the Act.*

[7] *Deemed interested by virtue of the interest in shares of his spouse, Puan Sri Datin Hoong May Kuan under Section 59(11)(c) of the Act.*

* *Negligible*

SHAREHOLDINGS OF SENIOR MANAGEMENT TEAM

Based on the Record of Depositors as at 30 August 2018, the details of shareholdings of our senior management team are as follows:

No.	Name of Directors	No. of Ordinary Shares			
		Direct	%	Indirect	%
1.	Teh Chin Guan	66	*	-	-
2.	Cheah Wing Choong	-	-	-	-
3.	Michelle Shen Yan Chao	-	-	-	-
4.	Kristine Ng Mee Yoke	17,500	*	-	-
5.	Chee Ban Tuck	-	-	-	-
6.	Felicia Chang Mei Yee	-	-	-	-
7.	Tan Keng Seng	13,800	*	-	-
8.	Lim Beng Yeang	-	-	-	-
9.	Chung Nyuk Kiong	-	-	-	-
10.	Lou Fu Leong	80,000	*	-	-
11.	Ho Kwok Wing	-	-	-	-
12.	Albert Lee Wen Loong	70,000	*	-	-
13.	Lim Cheok Leng	6,000	*	-	-
14.	Lee Yean Pin (Li Yanping)	29,625	*	-	-
15.	Chris Chong Voon Fooi	-	-	-	-
16.	Roger Ko	-	-	-	-
17.	Rasheed Kumar Renoo	-	-	-	-
18.	Ooi Wooi Yaw	165,000	*	-	-

Note:

* *Negligible*

OTHER INFORMATION

MATERIAL CONTRACTS INVOLVING DIRECTORS' AND MAJOR SHAREHOLDERS' INTERESTS

There were no material contracts entered into by the Company and its subsidiaries which involved Directors' and major shareholders' interests either still subsisting at the end of the financial year ended 30 June 2018 or entered into since the end of the previous financial year.

EMPLOYEES SHARE OPTION SCHEME ("ESOS")

An ESOS was established on 8 May 2015 for the benefit of the eligible employees and Executive Directors ("Eligible Persons") of IOIPG Group.

As at 30 June 2018, the total outstanding share options of the Company is 32,608,184. None of the ESOS had been exercised by the Eligible Persons in FY2018.

The movements of the share options in the Company granted under the ESOS during FY2018 are set out in the table below:

Description	Number of Share Options as at 30 June 2018	
	Total	Executive Chairman and CEO
Total options accepted	35,820,007	11,431,925
Lapsed^	(3,211,823)	-
Total outstanding options	32,608,184	11,431,925

^ Due to resignation/retirement of employees.

During FY2018, none of the ESOS had been exercised.

Percentage of share options applicable to the Directors and senior management under the ESOS are as follows:

Directors and Senior Management	During the Financial Year 2018 (%)	Since Commencement of the ESOS up to 30 June 2018* (%)
Aggregate maximum allocation	-	0.45
Actual granted and accepted	-	0.45

* Based on the total number of shares with voting rights of 5,506,145,375 as at 30 June 2018.

The Company did not grant any options over the ordinary share pursuant to the ESOS to the Non-Executive Directors.

FINANCIAL REPORTS

Click on the links to further information within the document

DIRECTORS' REPORT

The Directors of IOI Properties Group Berhad have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 30 June 2018.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding.

The principal activities of the subsidiaries, associate and joint ventures are set out in Note 43 to the financial statements.

There have been no significant changes in the nature of the activities of the Group and of the Company during the financial year.

FINANCIAL RESULTS

The audited financial results of the Group and of the Company for the financial year ended 30 June 2018 are as follows:

	Group RM'000	Company RM'000
Profit before taxation	1,071,532	462,937
Taxation	(263,388)	(3,241)
Profit for the financial year	808,144	459,696
Attributable to:		
Owners of the parent	783,631	459,696
Non-controlling interests	24,513	-
	808,144	459,696

DIVIDENDS

Dividend declared and paid since the end of the previous financial year was as follows:

	Company RM'000
In respect of the financial year ended 30 June 2017:	
Interim single tier dividend of 6.0 sen per ordinary share, paid on 8 September 2017	330,369

On 27 August 2018, the Directors have declared an interim single tier dividend of 5.0 sen per ordinary share, amounting to RM275,307,269 in respect of the financial year ended 30 June 2018. The dividend will be payable on 28 September 2018 to shareholders whose names appear in the Record of Depositors and Register of Members of the Company at the close of business on 18 September 2018.

The Directors do not recommend any payment of final dividend in respect of the current financial year.

ISSUE OF SHARES AND DEBENTURES

There was no issue of new shares or debentures by the Company during the financial year.

EMPLOYEES' SHARE OPTION SCHEME ("ESOS")

An ESOS was established on 8 May 2015 for the benefit of the eligible executives and Executive Directors of the Group.

On 23 May 2016, the Company offered a total of 33,800,000 share options at an option price of RM2.25 to the Eligible Persons (as defined below) of the Group in accordance with the By-Laws of the ESOS, out of which 33,500,000 share options were accepted by the Eligible Persons.

On 23 March 2017, the Company issued additional 2,920,007 share options to the Eligible Persons and the option price was also adjusted to RM2.07 pursuant to the ESOS By-Laws as a result of the renounceable rights issue ("Rights Issue") as disclosed in Note 30 to the financial statements.

The salient features of the ESOS are as follows:

(a) Maximum number of shares available under the ESOS

The maximum number of new ordinary shares in the Company ("IOIPG Shares") which may be issued and allotted under the ESOS shall not exceed 10% of the issued and paid-up ordinary share capital of the Company (excluding treasury shares) at any point of time throughout the duration of the ESOS.

(b) Eligibility

Any employee (including Executive Director) of the Company and its subsidiaries ("IOIPG Group") which are incorporated and existing in Malaysia and are not dormant shall be able to participate in the ESOS, if, as at the date of offer ("Date of Offer"):

(i) the employee has attained at least 18 years of age;

(ii) the employee falls under the grade of M1 and above;

(iii) is an Executive Director of the Company who has been involved in the management of the IOIPG Group for a period of at least three (3) years of continuous service prior to and up to the Date of Offer;

(iv) the employee is confirmed in writing as a full time employee and/or has been in the employment of the IOIPG Group for a period of at least three (3) years of continuous service prior to and up to the Date of Offer, including service during the probation period;

(v) fulfills any other criteria and/or falls within such category as may be determined by the ESOS Committee from time to time; and

(vi) the specific allocation of the IOIPG shares to that Executive Directors under the ESOS has been approved by the shareholders of IOIPG at a general meeting.

The eligible Directors and eligible employees (collectively, "Eligible Person(s)")

The eligibility under ESOS does not confer upon an Eligible Person any rights over or in connection with the options or the new IOIPG Shares unless an offer has been made in writing by the ESOS Committee to the Eligible Person under the By-Law and the Eligible Person has accepted the offer in accordance with the terms of the offer and the ESOS.

EMPLOYEES' SHARE OPTION SCHEME ("ESOS") (CONTINUED)

The salient features of the ESOS are as follows: (continued)

(c) Basis of allotment and maximum entitlement

Subject to any adjustments which may be made under the By-Laws, the maximum number of new IOIPG Shares that may be offered and allotted to an Eligible Person shall be determined at the sole and absolute discretion of the ESOS Committee after taking into consideration among others, the Eligible Person's position, performance, length of service and seniority in IOIPG Group respectively, or such other matters that the ESOS Committee may in its discretion deem fit subject to the following conditions:

(i) the Eligible Person(s) do not participate in the deliberation or discussion in respect of their own allocation; and

(ii) the number of new IOIPG Shares allocated to any Eligible Person who, either singly or collectively through persons connected with such Eligible Person, holds 20% or more of the issued and paid-up share capital (excluding treasury shares) of the Company, does not exceed 10% of the total number of new IOIPG Shares to be issued under the ESOS.

Provided always that it is in accordance with any prevailing guidelines issued by Bursa Malaysia Securities Berhad ("Bursa Malaysia"), the Listing Requirements or any other requirements of the relevant authorities and as amended from time to time.

(d) Duration of the ESOS

The ESOS came into force on 8 May 2015 and shall be for a duration of five (5) years and expires on 8 May 2020.

The ESOS Committee shall have the sole discretion in determining whether the options will be granted in one (1) single grant or based on staggered granting over the duration of the ESOS.

All options granted to a grantee under the ESOS are only exercisable within the option period and all options to the extent that have not been exercised upon the expiry of the option period shall automatically lapse and become null and void and have no further effect.

(e) Exercise Price

The exercise price shall be based on the higher of the following:

(i) the five (5)-day weighted average market price of IOIPG Shares, as quoted on Bursa Malaysia, immediately preceding the Date of Offer of the option, with a discount of not more than 10%; or

(ii) the par value of IOIPG Shares of RM1.00 each.

Notwithstanding to the above, with the implementation of the Companies Act 2016 effective from 31 January 2017, the concept of par value of share capital had been abolished. Therefore, the par value of the shares of the Company as one of the exercise price determinant is to be disregarded.

(f) Ranking of the new IOIPG Shares

The new IOIPG Shares to be allotted and issued upon any exercise of options shall upon allotment and issuance, rank pari passu in all respects with the then existing issued and paid-up IOIPG Shares, save and except that the holders of the new IOIPG Shares so allotted and issued shall not be entitled to any dividends, rights, allotments and/or any other forms of distributions that may be declared, made or paid to the shareholders of IOIPG, the entitlement date of which is prior to the date of allotment of such new IOIPG Shares and will be subject to all the provisions of the Articles of Association of the Company relating to transfer, transmission or otherwise.

DIRECTORS' REPORT

EMPLOYEES' SHARE OPTION SCHEME ("ESOS") (CONTINUED)

The salient features of the ESOS are as follows: (continued)

(g) Retention period

The new IOIPG Shares to be allotted and issued pursuant to the exercise of the options under the ESOS will not be subject to any retention period or restriction on transfers.

(h) Termination of the ESOS

The ESOS may be terminated by the ESOS Committee at any time before the date of expiry provided that the Company makes an announcement immediately to Bursa Malaysia. The announcement shall include:

(i) the effective date of termination;

(ii) the number of options exercised or IOIPG Shares vested, if applicable; and

(iii) the reasons and justification for termination.

Approval or consent of the shareholders of the Company by way of a resolution in a general meeting and written consent of grantees who have yet to exercise their options and/or vest the unvested IOIPG Shares (if applicable) are not required to effect a termination of the ESOS.

The movements of the share options over the unissued ordinary shares in the Company granted under the ESOS during the financial year are as follows:

		Number of options over ordinary shares				
Date of offer	**Option price#**	**As at 1.7.2017**	**Granted and accepted**	**Exercised**	**Lapsed***	**As at 30.6.2018**
23 May 2016	RM2.07	35,820,007	-	-	3,211,823	32,608,184

Notes:

 # Adjustments to option price pursuant to the Rights Issue in 2017. (original option price was RM2.25)

** Due to the resignation or retirement of employees during the financial year ended 30 June 2018.*

RESERVES AND PROVISION

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

DIRECTORS

The Directors who have held office during the financial year until the date of this report are as follows:

Tan Sri Dato' Lee Shin Cheng
Tan Sri Dato' Sri Koh Kin Lip
Lee Yeow Seng
Lee Yoke Har
Dato' Lee Yeow Chor
Datuk Tan Kim Leong @ Tan Chong Min
Datuk Lee Say Tshin
Datuk Dr Tan Kim Heung

In accordance with Article 87 of the Company's Constitution, Tan Sri Dato' Sri Koh Kin Lip, Datuk Lee Say Tshin and Datuk Dr Tan Kim Heung retire by rotation at the Annual General Meeting ("AGM") and being eligible, offers themselves for re-election.

DIRECTORS' INTERESTS

The Directors holding office at the end of the financial year and their beneficial interests in the ordinary shares and options over ordinary shares of the Company and of its related corporations during the financial year ended 30 June 2018 as recorded in the Register of Directors' Shareholdings kept by the Company under Section 59 of the Companies Act 2016 are as follows:

	As at 1.7.2017	Allotted#/ Acquired	Disposed	As at 30.6.2018
The Company				
Direct Interests				
No. of ordinary shares				
Tan Sri Dato' Lee Shin Cheng	49,546,600	112,517,900	-	162,064,500
Tan Sri Dato' Sri Koh Kin Lip	1,094,041	-	-	1,094,041
Lee Yeow Seng	2,767,900	632,100	-	3,400,000
Lee Yoke Har	456,018	-	-	456,018
Dato' Lee Yeow Chor	6,387,500	250,000	-	6,637,500
Datuk Tan Kim Leong @ Tan Chong Min	13,125	-	-	13,125
Datuk Dr Tan Kim Heung	28,606,000	-	-	28,606,000
Indirect Interests				
No. of ordinary shares				
Tan Sri Dato' Lee Shin Cheng	3,326,763,841*	44,164,400	-	3,370,928,241
Tan Sri Dato' Sri Koh Kin Lip	44,486,448	-	-	44,486,448
Lee Yeow Seng	2,848,234,541	43,282,300	-	2,891,516,841
Dato' Lee Yeow Chor	2,848,615,916	43,282,300	-	2,891,898,216
Datuk Tan Kim Leong @ Tan Chong Min	84,629	-	-	84,629
Datuk Lee Say Tshin	125,000	-	-	125,000

DIRECTORS' INTERESTS (CONTINUED)

	As at 1.7.2017	Allotted#/ Acquired	Disposed	As at 30.6.2018
Ultimate Holding Company				
Progressive Holdings Sdn. Bhd. ("PHSB")				
Direct Interests				
No. of ordinary shares				
Tan Sri Dato' Lee Shin Cheng	18,000,000	-	-	18,000,000
Lee Yeow Seng	3,000,000	-	-	3,000,000
Dato' Lee Yeow Chor	3,000,000	-	-	3,000,000
Indirect Interest				
No. of ordinary shares				
Tan Sri Dato' Lee Shin Cheng	1,000,000	-	-	1,000,000
Direct Interest				
No. of redeemable non-cumulative preference share				
Tan Sri Dato' Lee Shin Cheng	1,628,577,000	58,864,000#	-	1,687,441,000

By virtue of Tan Sri Dato' Lee Shin Cheng, Lee Yeow Seng and Dato' Lee Yeow Chor's interests in the ordinary shares of the Company and its ultimate holding company, they are also deemed to be interested in the shares of all the subsidiaries of the Company and its ultimate holding company to the extent that the Company and its ultimate holding company has an interest.

The movements of the options over the unissued ordinary shares in the Company granted under the ESOS to the Directors in office at the end of the financial year are as follows:

		No. of options over ordinary shares			
	Option price	As at 1.7.2017	Granted and accepted	Exercised	As at 30.6.2018
The Company					
Direct Interests					
Tan Sri Dato' Lee Shin Cheng	RM2.07	5,988,151	-	-	5,988,151
Lee Yeow Seng	RM2.07	5,443,774	-	-	5,443,774
Lee Yoke Har	RM2.07	1,959,758	-	-	1,959,758
Indirect Interest					
Tan Sri Dato' Lee Shin Cheng	RM2.07	5,988,151*	-	-	5,988,151

Notes:
** Excluding interest in shares of his daughter, Lee Yoke Har who was appointed as Executive Director of the Company on 1 July 2017.*
 # Allotment of shares.

DIRECTORS' BENEFITS

Since the end of the previous financial year, none of the Directors of the Company has received or become entitled to receive any benefit (other than the benefits as disclosed in Note 37 to the financial statements) 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 except for any benefits which may be deemed to have arisen by virtue of the significant related party transactions as disclosed in Note 37 to the financial statements.

During and at the end of the financial year, no arrangement subsisted to which the Company is a party, with the object or objects of enabling the 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, except for the share options granted to Directors of the Company pursuant to the Company's ESOS.

DIRECTORS' REMUNERATION

Details of Directors' remuneration as required by the Fifth schedule of the Companies Act 2016 are set out in Note 37 to the financial statements.

INDEMNITY AND INSURANCE FOR DIRECTORS AND OFFICERS

The Company maintains a corporate liability insurance for the Directors and officers of the Group throughout the financial year, which provides appropriate insurance cover for the Directors and officers of the Group. The amount of insurance premium paid by the Company for the financial year ended 30 June 2018 amounted to RM36,100 (2017: RM44,000).

STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS

Before the financial statements of the Group and of the Company were prepared, the Directors took reasonable steps:

(a) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts, and had satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and

(b) to ensure that any current assets, other than debts, which were unlikely to realise their book values in the ordinary course of business of the Group and of the Company have been written down to an amount which the current assets might be expected so to realise.

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

(a) which would render the amounts written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent;

(b) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; and

(c) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS (CONTINUED)

As at the date of this report, there does not exist:

(a) any charge on the assets of the Group or of the Company that has arisen since the end of the financial year which secures the liabilities of any other person; and

(b) any contingent liability in respect of the Group or of the Company that has arisen since the end of the financial year.

No contingent or other liability has become enforceable, or is likely to become enforceable within the period of twelve (12) 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 or of the Company to meet their obligations as and when they fall due.

OTHER STATUTORY INFORMATION

As at the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Group and of the Company that would render any amount stated in the financial statements misleading.

In the opinion of the Directors:

(a) the results of the operations of the Group and of the Company for the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and

(b) 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 is likely to affect substantially the results of operations of the Group and of the Company for the financial year in which this report is made.

DIFFERENT FINANCIAL YEAR END OF SUBSIDIARIES

Due to local requirements of the following five (5) indirect subsidiaries ("Foreign Subsidiaries") of the Company, the Foreign Subsidiaries are adopting 31 December as their statutory financial year end, which do not coincide with that of IOI Properties Berhad, the holding company of the Foreign Subsidiaries, which in turn, is a 99.9% owned subsidiary of the Company. The Directors of IOI Properties Berhad have been granted approvals under Section 247(3) of the Companies Act 2016 by the Companies Commission of Malaysia for the Foreign Subsidiaries to have different financial year end from that of IOI Properties Berhad for the financial year ended 30 June 2018:

1. IOI (Xiamen) Properties Co. Ltd.;
2. Xiamen Double Prosperous Real Estate Development Co. Ltd.;
3. Xiamen Palm City Management Services Co. Ltd.;
4. Xiamen Palm Kaiyue Real Estate Development Co. Ltd.; and
5. Xiamen Talent Business Management Co. Ltd.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

Significant events during the financial year are disclosed in Note 41 to the financial statements.

AUDIT COMMITTEE

The Directors who serve as members of the Audit Committee are as follows:

Datuk Tan Kim Leong @ Tan Chong Min (Chairman)
Datuk Lee Say Tshin
Datuk Dr Tan Kim Heung

RISK MANAGEMENT COMMITTEE

The Directors who serve as members of the Risk Management Committee are as follows:

Datuk Lee Say Tshin (Chairman)
Tan Sri Dato' Sri Koh Kin Lip
Datuk Dr Tan Kim Heung

GOVERNANCE, NOMINATING AND REMUNERATION COMMITTEE

The Directors who serve as members of the Governance, Nominating and Remuneration Committee are as follows:

Tan Sri Dato' Sri Koh Kin Lip (Chairman)
Datuk Tan Kim Leong @ Tan Chong Min
Datuk Dr Tan Kim Heung

ESOS COMMITTEE

The Directors who serve as members of the ESOS Committee are as follows:

Tan Sri Dato' Lee Shin Cheng
Lee Yeow Seng
Dato' Lee Yeow Chor

HOLDING COMPANIES

The ultimate and immediate holding companies are Progressive Holdings Sdn. Bhd. and Vertical Capacity Sdn. Bhd. respectively. Both companies are incorporated in Malaysia.

DIRECTORS' REPORT

LIST OF DIRECTORS OF SUBSIDIARIES

Pursuant to Section 253 of the Companies Act 2016, the list of Directors of the subsidiaries during the financial year and up to the date of this report is as follows:

Chan Tung-Hsing^
Cheah Wing Choong
Chia Yi Li
Chung Nyuk Kiong
Choo Kay Boon^
Dato' Lee Yeow Chor
Heng Kwang Hock^
Ho Kwok Wing
Hsieh Yu-Ting*
Huang Yumin^
Jiro Mearashi
Lau Sui Hing Betty^
Lee Beng Hong
Lee Cheng Leang
Lee Yean Pin (Li YanPing)
Lee Yeow Seng
Lee Yoke Har
Lim Beng Yeang
Lim Cheok Leng
Lou Fu Leong
Masaya Ohta
Ooi Wooi Yaw*
Tan Sri Dato' Lee Shin Cheng
Tan Keng Seng
Tan Kun Sin*
Teah Chin Guan @ Teh Chin Guan
Wang Wei*
Wong Peen Fook

* *Appointed during the financial year.*
^ *Resigned/Retired during the financial year.*

SUBSIDIARIES

Details of subsidiaries are set out in Note 43 to the financial statements.

AUDITORS' REMUNERATION

Details of auditors' remuneration are set out in Note 8 to the financial statements.

AUDITORS

The auditors, PricewaterhouseCoopers PLT (LLP0014401-LCA & AF 1146), have expressed their willingness to continue in office.

PricewaterhouseCoopers PLT (LLP0014401-LCA & AF 1146) was registered on 2 January 2018 and with effect from that date, PricewaterhouseCoopers (AF 1146), a conventional partnership was converted to a limited liability partnership.

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

TAN SRI DATO' LEE SHIN CHENG
Director

LEE YEOW SENG
Director

Putrajaya
7 September 2018

STATEMENTS OF PROFIT OR LOSS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

	Note	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
Revenue	7	2,792,610	4,185,361	470,836	259,625
Cost of sales		(1,571,130)	(2,337,760)	-	-
Gross profit		1,221,480	1,847,601	470,836	259,625
Other operating income		259,541	182,939	994	21,991
Marketing and selling expenses		(112,806)	(134,383)	(26)	(85)
Administration expenses		(189,310)	(168,761)	(5,733)	(4,290)
Other operating expenses		(128,786)	(344,907)	(922)	(23,431)
Operating profit	8	1,050,119	1,382,489	465,149	253,810
Interest income	10	52,440	51,873	39,135	32,019
Interest expense	11	-	-	(41,347)	(37,153)
Share of results of an associate		3,193	3,264	-	-
Share of results of joint ventures		(34,220)	(1,001)	-	-
Profit before taxation		1,071,532	1,436,625	462,937	248,676
Taxation	12	(263,388)	(468,799)	(3,241)	(692)
Profit for the financial year		808,144	967,826	459,696	247,984
Profit attributable to:					
Owners of the parent		783,631	920,870	459,696	247,984
Non-controlling interests		24,513	46,956	-	-
		808,144	967,826	459,696	247,984
Earnings per ordinary share attributable to owners of the parent					
Basic earnings per share (sen)	13	14.23	18.42		
Diluted earnings per share (sen)	13	14.23	18.42		

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

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
Profit for the financial year	808,144	967,826	459,696	247,984
Other comprehensive (loss)/income that may be reclassified subsequently to profit or loss, net of tax				
Exchange differences on translation of foreign operations, net of tax	(394,543)	267,157	-	-
Net change in cash flow hedge	19,030	6,839	1,129	6,118
Other comprehensive (loss)/income for the financial year, net of tax	(375,513)	273,996	1,129	6,118
Total comprehensive income for the financial year	432,631	1,241,822	460,825	254,102
Total comprehensive income attributable to:				
Owners of the parent	412,310	1,190,349	460,825	254,102
Non-controlling interests	20,321	51,473	-	-
	432,631	1,241,822	460,825	254,102

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

STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2018

	Note	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
ASSETS					
Non-Current Assets					
Property, plant and equipment	15	1,167,505	1,137,912	-	-
Prepaid lease payments	16	58,394	62,758	-	-
Land held for property development	17	4,508,568	4,560,892	-	-
Investment properties	18	12,895,582	12,804,095	-	-
Goodwill on consolidation	19	11,472	11,472	-	-
Interests in subsidiaries	20	-	-	18,555,815	17,947,197
Investments in an associate	21	97,308	94,115	-	-
Interests in joint ventures	22	4,951,803	5,126,081	-	-
Amounts due from subsidiaries	20	-	-	504,999	232,853
Derivative financial assets	33	13,597	4,551	-	600
Deferred tax assets	23	144,537	106,454	-	-
		23,848,766	23,908,330	19,060,814	18,180,650
Current Assets					
Property development costs	24	3,434,348	4,014,666	-	-
Inventories	25	2,106,832	1,835,521	-	-
Derivative financial assets	33	6,529	-	-	-
Trade and other receivables	26	574,037	1,395,573	5	17
Amounts due from subsidiaries	20	-	-	509,919	926,493
Amount due from a joint venture	22	107	-	-	-
Current tax assets		42,013	91,090	20,021	8,544
Other investments		-	6,329	-	-
Short term funds	27	298,122	282,515	298,122	282,515
Deposits with financial institutions	28	1,837,610	1,405,299	-	-
Cash and bank balances	29	547,588	688,419	25,836	67,165
		8,847,186	9,719,412	853,903	1,284,734
TOTAL ASSETS		32,695,952	33,627,742	19,914,717	19,465,384

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

	Note	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
EQUITY AND LIABILITIES					
Equity Attributable to Owners of the Parent					
Share capital	30	18,514,233	18,514,233	18,514,233	18,514,233
Reserves	31	905,139	1,277,997	11,182	11,590
Retained earnings		7,330,986	6,875,883	356,831	225,967
Reorganisation debit balance		(8,440,152)	(8,440,152)	-	-
		18,310,206	18,227,961	18,882,246	18,751,790
Non-controlling interests	20	166,598	260,615	-	-
Total equity		18,476,804	18,488,576	18,882,246	18,751,790
LIABILITIES					
Non-Current Liabilities					
Borrowings	32	9,573,746	4,790,513	437,794	648,689
Derivative financial liabilities	33	12,032	-	12,032	-
Amounts due to non-controlling interests	34	9,934	17,671	-	-
Trade and other payables	35	40,395	25,760	-	-
Deferred tax liabilities	23	806,356	1,021,915	-	-
		10,442,463	5,855,859	449,826	648,689
Current Liabilities					
Borrowings	32	2,379,320	7,703,993	200,127	54,021
Derivative financial liabilities	33	7,358	9,448	7,358	6,406
Trade and other payables	35	1,209,227	1,483,199	1,233	1,152
Amount due to subsidiaries	20	-	-	373,927	3,326
Current tax liabilities		180,780	86,667	-	-
		3,776,685	9,283,307	582,645	64,905
Total liabilities		14,219,148	15,139,166	1,032,471	713,594
TOTAL EQUITY AND LIABILITIES		32,695,952	33,627,742	19,914,717	19,465,384

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

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

	Attributable to owners of the Company										
Group	Share capital RM'000	Share premium RM'000	Treasury share RM'000	Foreign currency translation reserve RM'000	Cash flow hedge reserve RM'000	Share-based payment reserve RM'000	Reorganisation debit balance RM'000	Retained earnings RM'000	Total attributable to owners of the parent RM'000	Non-controlling interests RM'000	Total equity RM'000
As at 1 July 2017	18,514,233	-	-	1,265,686	(4,830)	17,141	(8,440,152)	6,875,883	18,227,961	260,615	18,488,576
Profit for the financial year	-	-	-	-	-	-	-	783,631	783,631	24,513	808,144
Exchange differences on translation of foreign operation, net of tax	-	-	-	(390,351)	-	-	-	-	(390,351)	(4,192)	(394,543)
Net change in cash flow hedge (Note 31.3)	-	-	-	-	19,030	-	-	-	19,030	-	19,030
Total comprehensive income	-	-	-	(390,351)	19,030	-	-	783,631	412,310	20,321	432,631
Transactions with owners											
Issuance of preference shares to non-controlling interests in a subsidiary	-	-	-	-	-	-	-	-	-	3,600	3,600
Changes in equity interests in subsidiaries	-	-	-	-	-	-	-	304	304	(480)	(176)
Redemption of preferences shares from non-controlling interests in a subsidiary	-	-	-	-	-	-	-	-	-	(61,906)	(61,906)
Employee share options lapsed	-	-	-	-	-	(1,537)	-	1,537	-	-	-
Dividend paid (Note 14)	-	-	-	-	-	-	-	(330,369)	(330,369)	-	(330,369)
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	-	-	(55,552)	(55,552)
As at 30 June 2018	18,514,233	-	-	875,335	14,200	15,604	(8,440,152)	7,330,986	18,310,206	166,598	18,476,804

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

	Attributable to owners of the Company										
Group	Share capital RM'000	Share premium RM'000	Treasury share RM'000	Foreign currency translation reserve RM'000	Cash flow hedge reserve RM'000	Share-based payment reserve RM'000	Reorganisation debit balance RM'000	Retained earnings RM'000	Total attributable to owners of the parent RM'000	Non-controlling interests RM'000	Total equity RM'000
As at 1 July 2016	4,423,627	12,571,579	(24,487)	1,003,046	(11,669)	17,454	(8,440,152)	6,345,687	15,885,085	130,754	16,015,839
Transition to no par value regime (Note a)	12,571,579	(12,571,579)	-	-	-	-	-	-	-	-	-
Profit for the financial year	-	-	-	-	-	-	-	920,870	920,870	46,956	967,826
Exchange differences on translation of foreign operation, net of tax	-	-	-	262,640	-	-	-	-	262,640	4,517	267,157
Net change in cash flow hedge (Note 31.3)	-	-	-	-	6,839	-	-	-	6,839	-	6,839
Total comprehensive income	-	-	-	262,640	6,839	-	-	920,870	1,190,349	51,473	1,241,822
Transactions with owners											
Issuance of ordinary shares	1,520,248	-	-	-	-	-	-	-	1,520,248	-	1,520,248
Share issuance costs	(1,221)	-	-	-	-	-	-	-	(1,221)	-	(1,221)
Dilution of interest in a subsidiary	-	-	-	-	-	-	-	-	-	225	225
Issuance of preference shares to non-controlling interests in a subsidiary	-	-	-	-	-	-	-	-	-	79,463	79,463
Changes in equity interests in subsidiaries	-	-	-	-	-	-	-	800	800	(1,300)	(500)
Employee share options lapsed	-	-	-	-	-	(313)	-	313	-	-	-
Dividend paid (Note 14)	-	-	-	-	-	-	-	(352,897)	(352,897)	-	(352,897)
Repurchase of treasury shares (Note 31.1)	-	-	(14,403)	-	-	-	-	-	(14,403)	-	(14,403)
Cancellation of treasury shares (Note 31.1)	-	-	38,890	-	-	-	-	(38,890)	-	-	-
As at 30 June 2017	18,514,233	-	-	1,265,686	(4,830)	17,141	(8,440,152)	6,875,883	18,227,961	260,615	18,488,576

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

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

	Attributable to owners of the Company						
Company	Share capital RM'000	Share premium RM'000	Treasury share RM'000	Cash flow hedge reserve RM'000	Share-based payment reserve RM'000	Retained earnings RM'000	Total equity RM'000
As at 1 July 2017	18,514,233	-	-	(5,551)	17,141	225,967	18,751,790
Profit for the financial year	-	-	-	-	-	459,696	459,696
Net change in cash flow hedge (Note 31.3)	-	-	-	1,129	-	-	1,129
Total comprehensive income	-	-	-	1,129	-	459,696	460,825
Transactions with owners							
Employee share options lapsed	-	-	-	-	(1,537)	1,537	-
Dividend paid (Note 14)	-	-	-	-	-	(330,369)	(330,369)
As at 30 June 2018	18,514,233	-	-	(4,422)	15,604	356,831	18,882,246

	Attributable to owners of the Company						
Company	Share capital RM'000	Share premium RM'000	Treasury share RM'000	Cash flow hedge reserve RM'000	Share-based payment reserve RM'000	Retained earnings RM'000	Total equity RM'000
As at 1 July 2016	4,423,627	12,571,579	(24,487)	(11,669)	17,454	369,457	17,345,961
Transition to no par value regime (Note a)	12,571,579	(12,571,579)	-	-	-	-	-
Profit for the financial year	-	-	-	-	-	247,984	247,984
Net change in cash flow hedge (Note 31.3)	-	-	-	6,118	-	-	6,118
Total comprehensive income	-	-	-	6,118	-	247,984	254,102
Transactions with owners							
Issuance of ordinary shares	1,520,248	-	-	-	-	-	1,520,248
Shares issuance costs	(1,221)	-	-	-	-	-	(1,221)
Employee share options lapsed	-	-	-	-	(313)	313	-
Dividend paid (Note 14)	-	-	-	-	-	(352,897)	(352,897)
Repurchase of treasury shares (Note 31.1)	-	-	(14,403)	-	-	-	(14,403)
Cancellation of treasury shares (Note 31.1)	-	-	38,890	-	-	(38,890)	-
As at 30 June 2017	18,514,233	-	-	(5,551)	17,141	225,967	18,751,790

Note a:
Effective from 31 January 2017, the new Companies Act 2016 ("the Act") abolished the concept of authorised share capital and par value of share capital. Consequently, the credit balance of the share premium becomes part of the Company's share capital pursuant to the transitional provision set out in Section 618(2) of the Act. Notwithstanding this provision, the Company may within 24 months from the commencement of the Act, use this amount for purposes as set out in Section 618(3) of the Act. There is no impact on the numbers of ordinary shares in issue or the relative entitlement of any of the members as a result of this transition.

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

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

	Note	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before taxation		1,071,532	1,436,625	462,937	248,676
Adjustments for:					
Amortisation of prepaid lease payments	16	2,168	1,743	-	-
Bad debts written off		21	1,674	-	-
Depreciation of property, plant and equipment	15	36,770	34,961	-	-
Impairment losses on receivables	26	796	3,039	-	-
Interest expense	11	-	-	41,347	37,153
Interest income	10	(52,440)	(51,873)	(39,135)	(32,019)
Property, plant and equipment written off	15	73	45,928	-	-
Dividend income	7	-	-	(470,836)	(259,625)
Fair value gain on investment properties	18	(164,789)	(56,231)	-	-
Inventories written off		52	56	-	-
Loss on disposal of property, plant and equipment		40	-	-	-
Waiver of amount owing by subsidiary		-	-	4	-
Unrealised (gain)/loss on foreign currency translations		(37,672)	27,401	41	22,441
Gain on:					
- disposal of property, plant and equipment		-	(58)	-	-
- disposal of land from compulsory acquisitions		(664)	(27,886)	-	-
Reversal of impairment losses on receivables	26	(581)	(530)	-	-
Share of results of joint ventures		34,220	1,001	-	-
Share of results of an associate		(3,193)	(3,264)	-	-
Transaction costs on borrowing		-	-	344	344
Operating profit/(loss) before working capital changes		886,333	1,412,586	(5,298)	16,970
Increase in property development costs		(309,746)	(692,204)	-	-
Decrease in inventories		778,963	181,733	-	-
Decrease/(Increase) in trade and other receivables		800,015	(466,996)	12	3,192
(Decrease)/Increase in trade and other payables		(266,015)	(185,823)	81	(3,565)
Cash generated from/(used in) operations		1,889,550	249,296	(5,205)	16,597
Tax paid		(360,165)	(219,353)	(14,718)	(10,068)
Tax refunded		1,935	5,045	-	-
Net cash from/(used in) operating activities		1,531,320	34,988	(19,923)	6,529

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

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

	Note	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES					
Dividends received		26,419	48,468	404,625	-
Interest received		45,244	42,878	40,125	15,314
Proceeds from:					
- compulsory land acquisition		664	31,597	-	-
- disposal of other investment		6,216	-	-	-
- disposal of property, plant and equipment		1,133	531	-	-
Additional investment in a subsidiary		-	-	-	(146,806)
Additional investment in a joint venture		(120,567)	(138,563)	-	-
Redemption of share capital of a joint venture		1,775	-	-	-
Redemption of preference shares of a subsidiary		-	-	-	156,916
Repayment from a joint venture		16,398	13,100	-	-
Additions to:					
- property, plant and equipment	15	(36,621)	(109,077)	-	-
- land held for property development		(86,264)	(329,494)	-	-
- investment properties		(182,535)	(8,374,386)	-	-
- other investments		-	(6,329)	-	-
Advances to subsidiaries		-	-	(726,669)	(3,432,603)
Repayments from subsidiaries		-	-	398,215	2,534,181
Advances to joint ventures		(29,000)	(5,873)	-	-
Net cash (used in)/from investing activities		(357,138)	(8,827,148)	116,296	(872,998)

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

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

	Note	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
CASH FLOWS FROM FINANCING ACTIVITIES					
Consideration paid for acquisition of additional shares from non-controlling interests		(176)	(500)	(176)	(500)
Advances from a subsidiary		-	-	499,217	-
Interest paid		(308,628)	(241,439)	(41,767)	(33,138)
Dividend paid	14	(330,369)	(352,897)	(330,369)	(352,897)
Dividend paid to non-controlling interests		(55,552)	-	-	-
Banking facilities fees paid		(47,643)	(17,337)	-	-
Drawdown of borrowings		7,497,325	12,064,770	-	611,025
Repayment of borrowings		(7,498,785)	(3,869,349)	(50,000)	(669,900)
Repurchase of treasury shares	31.1	-	(14,403)	-	(14,403)
Proceeds from issuance of right issues, net of share issuance costs	30	-	1,519,027	-	1,519,027
Proceeds from issuance of preference shares to non-controlling interests in a subsidiary		3,600	79,463	-	-
Proceeds from dilution of interest in a subsidiary		-	225	-	-
Repayment of advances to non-controlling interests		(8,313)	(103,264)	-	-
Redemption of preference shares from non-controlling interests in subsidiary		(61,906)	-	-	-
Repayments to a subsidiary		-	-	(199,000)	-
Net cash (used in)/from financing activities		(810,447)	9,064,296	(122,095)	1,059,214
Net increase/(decrease) in cash and cash equivalents		363,735	272,136	(25,722)	192,745
Cash and cash equivalents at beginning of financial year		2,376,233	2,086,985	349,680	156,935
Effect of exchange rate changes		(56,648)	17,112	-	-
Cash and cash equivalents at end of financial year	36	2,683,320	2,376,233	323,958	349,680

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

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES:

A reconciliation between the opening and closing balance in the financial position for liabilities arising from financing activities is as follows:

Group	Borrowings RM'000	Amounts due to non-controlling interests RM'000
At 1 July 2017	12,494,506	17,671
Cash flows:		
Drawdown of borrowings	7,497,325	-
Repayment of borrowings	(7,498,785)	(8,313)
Banking facilities fees paid	(47,643)	-
Interest paid	(308,628)	-
Non cash changes:		
Foreign exchange movements	(523,597)	(217)
Interest expense capitalised (Note 11)	317,858	793
Banking facilities fees capitalised (Note 18)	11,736	-
Others	10,294	-
At 30 June 2018	**11,953,066**	**9,934**

Company	Borrowings RM'000	Amounts due to subsidiaries RM'000
At 1 July 2017	702,710	3,326
Cash flows:		
Advances from a subsidiary	-	499,217
Repayment to a subsidiary	-	(199,000)
Repayment of borrowings	(50,000)	-
Interest paid	(32,985)	(8,782)
Non cash changes:		
Foreign exchange movements	(14,215)	-
Interest expense	32,565	8,782
Advances paid on behalf by a subsidiary	-	70,384
Others	(154)	-
At 30 June 2018	**637,921**	**373,927**

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

NOTES TO THE FINANCIAL STATEMENTS
- 30 JUNE 2018

1 CORPORATE INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia and listed on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Malaysia").

Both the registered office and principal place of business of the Company are located at Level 29, IOI City Tower 2, Lebuh IRC, IOI Resort City, 62502 Putrajaya, Wilayah Persekutuan (Putrajaya), Malaysia.

The ultimate and immediate holding companies are Progressive Holdings Sdn. Bhd. and Vertical Capacity Sdn. Bhd. respectively, which are both incorporated in Malaysia.

The financial statements were authorised for issue in accordance with a resolution by the Board of Directors on 7 September 2018.

2 PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding.

The principal activities of the subsidiaries, associate and joint ventures are set out in Note 43 to the financial statements.

There have been no significant changes in the nature of the activities of the Group and of the Company during the financial year.

3 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

3.1 Basis of preparation

The financial statements of the Group and of the Company have been prepared in accordance with Financial Reporting Standards ("FRSs") and the requirements of the Companies Act 2016 in Malaysia.

The Group includes transitioning entities and has elected to continue to apply FRS during the financial year. The Group will be adopting the new IFRS-compliant framework, Malaysian Financial Reporting Standards ("MFRS") for annual period beginning on 1 July 2018. In adopting the new framework, the Group will be applying MFRS 1 "First-time adoption of MFRS".

3.2 Basis of accounting

The financial statements of the Group and of the Company have been prepared under the historical cost convention except as otherwise stated in the financial statements.

The preparation of financial statements in conformity with FRS requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reported period. It also requires Directors to exercise their judgment in the process of applying the Group and Company's accounting policies. Although these estimates and judgment are based on the Directors' best knowledge of current events and actions, actual results may differ. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 5.

3 BASIS OF PREPARATION OF FINANCIAL STATEMENTS (CONTINUED)

3.3 Presentation currency

The financial statements are presented in Ringgit Malaysia ("RM"), which is also the Company's functional currency and all financial information presented in RM are rounded to the nearest thousand (RM'000), except where otherwise stated.

4 NEW STANDARDS AND AMENDMENTS TO STANDARDS

4.1 New standards, amendments to issued standards and interpretations that are effective and applicable to the Group and the Company

The Group and the Company have applied the following amendments for the first time for the financial year beginning on 1 July 2017:

- Amendments to FRS 12 "Disclosure of Interest in Other Entities" – Annual Improvements to FRSs 2014-2016 Cycle
- Amendments to FRS 107 "Statement of Cash Flows" – Disclosure Initiative
- Amendments to FRS 112 "Income Taxes" – Recognition of Deferred Tax Assets for Unrealised Losses

The adoption of the amendments to FRS 107 has required additional disclosure of changes in liabilities arising from financing activities which have been disclosed in the notes to statements of cash flows. Other than that, the adoption of these amendments did not have any material impact on the current period or any prior period and is not likely to affect future periods.

4.2 Standards and amendments that have been issued but not yet effective and applicable to the Group and the Company

A number of new standards and amendments to standards and interpretations are effective for financial year beginning after 1 July 2017. None of these are expected to have a significant effect on the financial statements of the Group and the Company, except the following set out below:

- Amendments to MFRS 140 "Classification on 'Change in Use' – Assets transferred to, or from, Investment Properties" (effective from 1 January 2018) clarify that to transfer to, or from investment properties there must be a change in use. A change in use would involve an assessment of whether a property meet, or has ceased to meet, the definition of investment property. The change must be supported by evidence that the change in use has occurred and a change in management's intention in isolation is not sufficient to support a transfer of property.*

  The amendments also clarify the same principle applies to assets under construction.

NOTES TO THE FINANCIAL STATEMENTS
- 30 JUNE 2018

4 NEW STANDARDS AND AMENDMENTS TO STANDARDS (CONTINUED)

4.2 Standards and amendments that have been issued but not yet effective and applicable to the Group and the Company (continued)

A number of new standards and amendments to standards and interpretations are effective for financial year beginning after 1 July 2017. None of these are expected to have a significant effect on the financial statements of the Group and the Company, except the following set out below: (continued)

- IC Interpretation 22 "Foreign Currency Transactions and Advance Consideration" (effective from 1 January 2018) applies when an entity recognises a non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration. FRS 121 requires an entity to use the exchange rate at the 'date of the transaction' to record foreign currency transactions.

  IC Interpretation 22 provides guidance how to determine 'the date of transaction' when a single payment/receipt is made, as well as for situations where multiple payments/receipts are made.

  The date of transaction is the date when the payment or receipt of advance consideration gives rise to the non-monetary asset or non-monetary liability when the entity is no longer exposed to foreign exchange risk.

  If there are multiple payments or receipts in advance, the entity should determine the date of the transaction for each payment or receipt.

  An entity has the option to apply IC Interpretation 22 retrospectively or prospectively.

- Amendments to MFRS 4 "Applying MFRS 9 "Financial Instruments" with MFRS 4 "Insurance Contracts"".*

- Annual Improvements to MFRS 128 "Investments in Associates and Joint Ventures" allows venture capital organisations, mutual funds, unit trust and similar entities to elect, on an individual basis, measuring their investments in associates and joint ventures at fair value through profit or loss. An entity that is not an investment entity can retain their value measurement applied by its associates or joint ventures (that are investment entities) when applying equity method.*

- Amendments to MFRS 128 'Long-term Interests in Associates and Joint Ventures' (effective from 1 January 2019) clarify that an entity should apply MFRS 9 'Financial Instruments' (including the impairment requirements) to long-term interests in an associate or joint venture, which are in substance form part of the entity's net investment, for which settlement is neither planned nor likely to occur in the foreseeable future.*

  In addition, such long-term interest are subject to loss allocation and impairment requirements in MFRS 128.

  The amendments shall be applied retrospectively.

4 NEW STANDARDS AND AMENDMENTS TO STANDARDS (CONTINUED)

4.2 Standards and amendments that have been issued but not yet effective and applicable to the Group and the Company (continued)

A number of new standards and amendments to standards and interpretations are effective for financial year beginning after 1 July 2017. None of these are expected to have a significant effect on the financial statements of the Group and the Company, except the following set out below: (continued)

- MFRS 9 'Financial Instruments' (effective from 1 January 2018) will replace FRS 139 "Financial Instruments: Recognition and Measurement".*

  MFRS 9 retains but simplifies the mixed measurement model in FRS 139 and establishes three primary measurement categories for financial assets: amortised cost, fair value through profit or loss and fair value through other comprehensive income ("OCI"). The basis of classification depends on the entity's business model and the cash flow characteristics of the financial asset. Investments in equity instruments are always measured at fair value through profit or loss with an irrevocable option at inception to present changes in fair value in OCI (provided the instrument is not held for trading). A debt instrument is measured at amortised cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest.

  For liabilities, the standard retains most of the FRS 139 requirements. These include amortised cost accounting for most financial liabilities, with bifurcation of embedded derivatives. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch.

  MFRS 9 introduces an expected credit loss model on impairment that replaces the incurred loss impairment model used in FRS 139. The expected credit loss model is forward-looking and eliminates the need for a trigger event to have occurred before credit losses are recognised.

  The Group and the Company have assessed the impact of the adoption of MFRS 9. Besides the impact arising from the expected credit loss model on impairment, the adoption of MFRS 9 is not expected to have any significant impact to the financial performance or position of the Group and the Company.

- MFRS 15 'Revenue from Contracts with Customers' (effective from 1 January 2018) replaces MFRS 118 'Revenue' and MFRS 111 'Construction Contracts' and related interpretations.*

  The standard deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers.

  Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The core principle in MFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to the customer in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

NOTES TO THE FINANCIAL STATEMENTS
- 30 JUNE 2018

4 NEW STANDARDS AND AMENDMENTS TO STANDARDS (CONTINUED)

4.2 Standards and amendments that have been issued but not yet effective and applicable to the Group and the Company (continued)

A number of new standards and amendments to standards and interpretations are effective for financial year beginning after 1 July 2017. None of these are expected to have a significant effect on the financial statements of the Group and the Company, except the following set out below: (continued)

- MFRS 15 'Revenue from Contracts with Customers' (effective from 1 January 2018) replaces MFRS 118 'Revenue' and MFRS 111 'Construction Contracts' and related interpretations. (continued)

  The Group plans to adopt the new standards on the effective date using the full retrospective method. The affected areas that have been identified due to the application of the new standards are as follows:

  (a) Multiple promises from the sale of development properties

  Contracts with customers may include multiple promises to customers and therefore accounted for as separate performance obligations. Currently, the Group accounts for the bundled sales as one deliverable and recognises revenue over time. Under MFRS 15, revenue from contracts with customers is recognised by reference to each distinct performance obligation in the contract with customer. The sale of development properties and the multiple promises are separate deliverables of bundled sales. The transaction price will be allocated to each performance obligation based on the standalone selling prices. If these are not directly observable, they are estimated based on expected cost plus margin.

  (b) Cost incurred in fulfilling a contract

  Under the current standards, the Group expensed off all cost incurred to secure the contract, such as sales commissions and free legal fees as these costs do not qualify for recognition as an asset under any of the other accounting standards. However, all the cost to secure contracts and are expected to be recovered through the goods and services to be provided. Accordingly, under MFRS 15, these costs will be eligible for capitalisation and recognised as contract cost assets. The contract cost assets will be amortised based on a systematic basis that is consistent with the transfer to the customer of the goods and services to which the asset relates.

  (c) Recognition of provision for foreseeable losses for low cost housing

  Under the current standards, the Group recognised upfront the provision for foreseeable losses for anticipated losses to be incurred on the development of involuntary low cost housing as required by approving authorities. The application of the above is in accordance to FRSIC Consensus 17: Development of Affordable Housing ("FRSIC 17") issued by Malaysian Institute of Accountants ("MIA").

  MFRS 15 requires the accounting to be done on a contract basis. Pursuant to the clarification on the use to FRSIC 17 on 7 March 2018, it stated that FRSIC 17 is no longer relevant upon the adoption of MFRS framework. Hence, the Group's provision for foreseeable losses and the corresponding property development assets will be significantly reduced. The Group is required to reassess the recognition of foreseeable losses, if any, on the development of low cost housing under the MFRS framework.

4 NEW STANDARDS AND AMENDMENTS TO STANDARDS (CONTINUED)

4.2 Standards and amendments that have been issued but not yet effective and applicable to the Group and the Company (continued)

A number of new standards and amendments to standards and interpretations are effective for financial year beginning after 1 July 2017. None of these are expected to have a significant effect on the financial statements of the Group and the Company, except the following set out below: (continued)

- MFRS 15 'Revenue from Contracts with Customers' (effective from 1 January 2018) replaces MFRS 118 'Revenue' and MFRS 111 'Construction Contracts' and related interpretations. (continued)

  The Group plans to adopt the new standards on the effective date using the full retrospective method. The affected areas that have been identified due to the application of the new standards are as follows: (continued)

  (d) Presentation and disclosure requirements

  The notes to the financial statements will be expanded to include additional disclosure on significant judgements and accounting estimates made. This amongst others, determining the transaction prices of those contracts that include variable consideration, transaction price allocation to each performance obligation, and the assumptions made to estimate the stand-alone selling prices of each performance obligation. MFRS 15 also requires revenue recognised to be disaggregated into categories that depict the nature, amount, timing and uncertainty of revenue and cash flows.

- MFRS 16 "Leases" (effective from 1 January 2019) supersedes MFRS 117 "Leases" and the related interpretations.*

  Under MFRS 16, a lease is a contract (or part of a contract) that conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

  MFRS 16 eliminates the classification of leases by the lessee as either finance leases (on balance sheet) or operating leases (off balance sheet). MFRS 16 requires a lessee to recognise a "right-of-use" of the underlying asset and a lease liability reflecting future lease payments for most leases.

  The right-of-use asset is depreciated in accordance with the principle in MFRS 116 "Property, Plant and Equipment" and the lease liability is accreted over time with interest expense recognised in profit or loss.

  For lessors, MFRS 16 retains most of the requirements in MFRS 117. Lessors continue to classify all leases as either operating leases or finance leases and account for them differently.

- Annual Improvements to MFRSs 2015 – 2017 Cycle:*

  Amendments to MFRS 112 'Income Taxes' (effective from 1 January 2019) clarify that where income tax consequences of dividends on financial instruments classified as equity is recognised (either in profit or loss, other comprehensive income or equity) depends on where the past transactions that generated distributable profits were recognised. Accordingly, the tax consequences are recognised in profit or loss when an entity determines payments on such instruments are distribution of profits (that is, dividends). Tax on dividend should not be recognised in equity merely on the basis that it is related to a distribution to owners.

  Amendments to MFRS 123 'Borrowing Costs' (effective from 1 January 2019) clarify that if a specific borrowing remains outstanding after the related qualifying asset is ready for its intended use or sale, it becomes part of general borrowings.

Other than those mentioned above, the Group and the Company are in the process of assessing the impact of the other standards, amendments and improvements to published standards on the financial statements.

* *These Standards will be adopted on the respective effective dates upon adoption of the MFRS framework.*

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5 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, rarely equal the related actual results. The estimates that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below:

5.1 Revenue recognition from property development activities

The Group recognises property development revenue in statements of profit or loss by using the stage of completion method. The stage of completion is measured by reference to the property development costs incurred up to the end of the reporting period as a percentage of total estimated costs for the property development.

Given the nature of property development projects, significant judgement is required in:

- Determining the extent of property development costs accruals to reflect work performed up to the reporting date;
- Determining the estimated total property development costs to completion; and
- Determining the common costs allocation to the project phases from the total budgeted common costs attributable to the respective property development projects.

Substantial changes in cost estimates can in future periods have, a significant effect on the Group's profitability. In making the above judgement, the Group leverages on its past experience and work of specialists.

5.2 Income taxes

The Group is subject to income taxes of different jurisdictions. Significant judgement is required in determining the estimated taxable income, capital allowances and deductibility of certain expenses based on the interpretation of the tax laws and legislations during the estimation of the provision for income taxes. The Group recognised liabilities for tax based on estimates of assessment of the tax liability due. Where the final tax outcome is different from the amounts that were initially recorded, such differences would impact the income tax and deferred income tax provisions, where applicable, in the period in which such determination is made.

5.3 Deferred tax assets

Deferred tax assets are recognised for all deductible temporary differences, unutilised tax losses and unabsorbed capital allowances to the extent that it is probable that taxable profit would be available against which the unutilised tax losses and unabsorbed capital allowances can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that could be recognised, based upon the likely timing and level of future taxable profits.

5.4 Fair value of investment properties

The valuations of the Group's investment properties were performed by independent external valuers. Valuations were performed for both completed properties and properties under construction.

There are complexities in determining the fair value of the investment properties, which involved significant estimates and judgements in determining the appropriate valuation methodologies and estimating the underlying assumptions to be applied. The list of significant unobservable inputs are disclosed as of Note 18 of the financial statements.

6 SIGNIFICANT ACCOUNTING POLICIES

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

6.1 Basis of consolidation

6.1.1 Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement and fair value of any pre-existing equity interest in the subsidiary. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recognised as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in profit or loss (see Note 6.4 on goodwill).

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date, any gains or losses arising from such re-measurement are recognised in profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with FRS 139 in profit or loss. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset.

6 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

6.1 Basis of consolidation (continued)

6.1.1 Subsidiaries (continued)

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of financial position respectively.

6.1.2 Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in equity attributable to owners of the Group.

6.1.3 Disposal of subsidiaries

When the Group ceases to consolidate because of a loss of control, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

Gains or losses on the disposal of subsidiaries include the carrying amount of goodwill relating to the subsidiaries sold.

6 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

6.1 Basis of consolidation (continued)

6.1.4 Joint ventures

A joint venture is a joint arrangement whereby the joint ventures have rights to the net assets of the arrangement. A joint operation is a joint arrangement whereby the joint operators have rights to the assets and obligations for the liabilities, relating to the arrangement.

Interests in joint ventures are accounted for using the equity method, after initially being recognised at cost in the consolidated statement of financial position. Under the equity method, the investment in a joint venture is initially recognised at cost, and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the joint venture in profit or loss, and the Group's share of movements in other comprehensive income of the joint venture in other comprehensive income. Dividends received or receivable from a joint venture are recognised as a reduction in the carrying amount of the investment. When the Group's share of losses in a joint venture equals or exceeds its interests in the joint venture, including any long-term interests that, in substance, form part of the Group's net investment in the joint venture, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the joint venture.

The Group determines at each reporting date whether there is any objective evidence that the investment in the joint venture is impaired. An impairment loss is recognised for the amount by which the carrying amount of the joint venture exceeds its recoverable amount. The Group presents the impairment loss adjacent to 'share of results of joint ventures' in the statement of comprehensive income.

Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group.

When the Group ceases to equity account its joint venture because of a loss of joint control, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as a financial asset. In addition, any amount previously recognised in other comprehensive income in respect of the entity is accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

If the ownership interest in a joint venture is reduced but joint control is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

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6 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

6.1 Basis of consolidation (continued)

6.1.5 Associates

Associates are all entities over which the Group has significant influence but not control or joint control.

Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment in an associate is initially recognised at cost, and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the associate in profit or loss, and the Group's share of movements in other comprehensive income of the associate in other comprehensive income. Dividends received or receivable from an associate are recognised as a reduction in the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interests in the associate, including any long-term interests that, in substance, form part of the Group's net investment in the associate, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate. The Group's investment in associates includes goodwill identified on acquisition.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. An impairment loss is recognised for the amount by which the carrying amount of the associate exceeds its recoverable amount. The Group presents the impairment loss adjacent to 'share of results of associates' in the statements of profit or loss.

Profits and losses resulting from upstream and downstream transactions between the Group and its associate are recognised in the Group's financial statements only to the extent of unrelated investor's interests in the associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

When the Group ceases to equity account its associate because of a loss of significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as a financial asset. In addition, any amount previously recognised in other comprehensive income in respect of the entity is accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

Dilution gains and losses arising in investments in associates are recognised in profit or loss.

6 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

6.1 Basis of consolidation (continued)

6.1.6 Investments in subsidiaries, joint ventures and associates in separate financial statements

In the Company's separate financial statements, investments in subsidiaries, joint ventures and associates are carried at cost less accumulated impairment losses. On disposal of investments in subsidiaries, joint ventures and associates, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

The amounts due from subsidiaries of which the Company does not expect repayment in the foreseeable future are considered as part of the Company's net investments in the subsidiaries.

6.2 Property, plant and equipment and depreciation

Property, plant and equipment are initially stated at cost less accumulated depreciation and impairment losses. The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Cost also includes borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset (refer to accounting policy Note 6.13.2 on borrowing costs).

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are recognised as expenses in profit or loss during the financial period in which they are incurred.

Freehold land is not depreciated as it has an infinite life. Leasehold land classified as finance lease (refer accounting policy 6.6.1 on finance leases) is amortised in equal instalments over the respective lease periods. Other property, plant and equipment are depreciated on the straight-line method to allocate the cost to their residual values over their estimated useful lives, summarised as follows:

Leasehold land	2%
Golf course development expenditure	2%
Buildings and improvements	2% - 10%
Plant and machinery	4% - 20%
Motor vehicles	10% - 20%
Furniture, fittings and equipment	5% - 33%

Depreciation on assets under construction commences when the assets are ready for their intended use.

At the end of the reporting period, the Group assesses whether there is any indication of impairment. If such indications exist, an analysis is performed to assess whether the carrying amount of the asset is fully recoverable. A write down is made if the carrying amount exceeds the recoverable amount. See accounting policy Note 6.5 on impairment of non-financial assets.

Gain and losses on disposals are determined by comparing net disposal proceeds with carrying amount and are included in profit or loss.

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6 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

6.3 Investment properties

Investment properties, comprising principally freehold land and buildings and leasehold land, are held for long term rental yields or for capital appreciation or both, and are not occupied by the Group.

Investment property is measured initially at its cost, including related transaction costs.

After initial recognition, investment property is carried at fair value. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If this information is not available, the Group uses alternative valuation methods, such as recent prices on less active markets or discounted cash flow projections. Valuations are performed as of the financial position date by professional valuers who hold recognised and relevant professional qualifications and have recent experience in the location and category of the investment property being valued.

The fair value of investment property reflects, among other things, rental income from current leases and other assumptions that market participants would make when pricing the property under current market conditions.

Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognised.

Changes in fair values are recognised in profit or loss. Investment properties are derecognised either when they have been disposed of or when the investment property is permanently withdrawn from use.

Where the Group disposes of a property at fair value in an arm's length transaction, the carrying value immediately prior to the sale is adjusted to the transaction price, and the adjustment is recorded in profit or loss as a net gain/loss from fair value adjustment on investment property.

If a property undergoes a change in use and becomes an investment property, any difference resulting between the carrying amount of the property and the fair value of such investment property at the date of transfer is recognised in accordance with the applicable financial reporting standards. Its fair value at the date of reclassification becomes its cost for subsequent accounting purposes.

6 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

6.4 Goodwill

Goodwill arises from a business combination and represents the excess of the aggregate of fair value of consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of any previous equity interest in the acquiree over the fair value of the net identifiable assets acquired and liabilities assumed on the acquisition date. If the fair value of consideration transferred, the amount of non-controlling interest and the fair value of previously held interest in the acquiree are less than the fair value of the net identifiable assets of the acquiree, the resulting gain is recognised in profit or loss.

Goodwill is not amortised but it is tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired, and carried at cost less accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash generating units ("CGUs"), or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at operating segment level. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

6.5 Impairment of non-financial assets

Assets that have an indefinite useful life, for example goodwill or intangible assets not ready to use, are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

The impairment loss is charged to profit or loss unless it reverses a previous revaluation in which case it is charged to the revaluation surplus. Impairment losses on goodwill are not reversed. In respect of other assets, any subsequent increase in recoverable amount is recognised in profit or loss unless it reverses an impairment loss on a revalued asset in which case it is taken to revaluation surplus reserve.

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6 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

6.6 Leases

A lease is an agreement whereby the lessor conveys to the lessee in return for a payment, or series of payments, the right to use an asset for an agreed period of time.

6.6.1 Accounting by lessee

Finance lease

Assets acquired under a finance lease which transfer substantially to the Group all the risks and rewards incidental to ownership are recognised initially at amounts equal to the fair value of the leased assets or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease. The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the leases if this is practicable to determine; if not, the incremental borrowing rate of the Group is used. Any initial direct costs incurred by the Group are added to the amount recognised as an asset. The assets are capitalised as property, plant and equipment and the corresponding obligations, net of finance charges, are treated as liabilities. The property, plant and equipment capitalised are depreciated on the same basis as owned assets as disclosed in Note 6.2 to the financial statements.

The minimum lease payments are allocated between finance charges and the reduction of the outstanding liability. The finance charges are recognised in profit or loss over the period of the lease term so as to produce a constant periodic rate of interest on the remaining finance lease obligations.

Operating leases

Leases of assets where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on the straight-line basis over the lease period.

Initial direct costs incurred by the Group in negotiating and arranging operating leases are capitalised as prepayments and recognised in profit or loss over the lease term on a straight-line basis.

The lump-sum upfront lease payments made represent prepaid lease payments and are amortised over the lease term on a straight-line basis, except for leasehold land that is classified as an investment property or an asset held under property development.

6.6.2 Accounting by lessor

Operating leases

When assets are leased out under an operating lease, the asset is included in the statement of financial position based on the nature of the asset. Lease income is recognised over the term of the lease on a straight-line basis.

6 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

6.7 Inventories

The cost of completed properties is stated at the lower of historical cost and net realisable value. Historical cost includes, where relevant, cost associated with the acquisition of land, including all related costs incurred subsequent to the acquisition necessary to prepare the land for its intended use, related development costs to projects, direct building costs and other costs of bringing the inventories to their present location and condition.

Other inventories are stated at the lower of cost and net realisable value. Cost is determined on a weighted average basis. Cost comprises the original cost of purchase plus the cost of bringing the inventories to their intended location and condition. The cost of produce and finished goods includes the cost of raw materials, direct labour and a proportion of production overheads.

Net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion and the estimated costs necessary to make the sale.

6.8 Property development activities

6.8.1 Land held for property development

Land held for property development consist of land on which no significant development work has been undertaken or where development activities are not expected to be completed within the normal operating cycle. Such land is classified as non-current asset and is stated at cost less accumulated impairment losses.

The cost of land held for property development consists of cost associated with the acquisition of land. These costs include the purchase price of the land, professional fees, stamp duties, commissions, conversion fees and other relevant levies.

Land held for property development is transferred to property development costs (under current assets) when development activities have commenced and where the development activities can be completed within the Group's normal operating cycle.

6.8.2 Property development costs

Property development costs comprise costs associated with the acquisition of land and all costs directly attributable to development activities or that can be allocated on a reasonable basis to these activities.

When the outcome of the development activity can be estimated reliably, property development revenue and expenses in respect of development units sold are recognised by using the stage of completion method. The stage of completion is measured by reference to the property development costs incurred up to the end of the reporting period as a percentage of total estimated costs for the property development.

When the outcome of a development activity cannot be reliably estimated, property development revenue is recognised only to the extent of property development costs incurred for which recovery is probable, property development costs on the development units sold are recognised as an expense.

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6 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

6.8 Property development activities (continued)

6.8.2 Property development costs (continued)

Irrespective of whether the outcome of a property development activity can be estimated reliably, when it is probable that total property development costs (including expected defect liability expenditure) will exceed total property development revenue, the expected loss is recognised as an expense immediately.

Property development costs not recognised as an expense is recognised as an asset and is stated at the lower of cost and net realisable value. Where revenue recognised in profit or loss exceeds billings to purchasers, the balance is shown as accrued billings under 'Trade and other receivables' (within current assets).

Where billings to purchasers exceed revenue recognised in profit or loss, the balance is shown as progress billings under 'Trade and other payables' (within current liabilities).

6.9 Trade and other receivables

Trade receivables are amounts due from customers for properties and merchandise sold or services performed in the ordinary course of business. Other receivables generally arise from transactions outside the usual operating activities of the Group and of the Company. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment (see Note 6.21.1 on impairment of financial assets).

6.10 Cash and cash equivalents

For the purpose of the statement of cash flows, cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes. Cash and cash equivalents comprise cash on hand, deposits held at call with financial institutions, other short term, highly liquid investments with original maturities of 3 months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

6.11 Share capital

6.11.1 Classification

Ordinary shares and non-redeemable preference shares with discretionary dividends are classified as equity.

6.11.2 Share issue costs

Incremental costs directly attributable to the issue of new shares or options are deducted against equity.

6.11.3 Dividend distribution

Liability is recognised for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the Group, on or before the end of the reporting period but not distributed at the end of the reporting period.

Distributions to holders of an equity instrument is recognised directly in equity.

6 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

6.11 Share capital (continued)

6.11.4 Purchase of own shares

Where any company within the Group purchases the Company's equity instruments as a result of a share buy-back, the consideration paid, including any directly attributable incremental costs, net of tax, is deducted from equity attributable to the owners of the Company as treasury shares until the shares are cancelled, reissued. Where such ordinary shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related tax effects, is included in equity attributable to the owners of the Company.

6.11.5 Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares; and
- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year and excluding treasury shares.

Diluted earnings per share

Diluted earnings per share adjusts the figures in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares; and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

6.12 Trade payables

Trade payables represent liabilities for goods or services provided to the Group and the Company prior to the end of financial year which are unpaid. Trade payables are classified as current liabilities unless payment is not due within 12 months after the reporting period. If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

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6 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

6.13 Borrowings and borrowing costs

6.13.1 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between initial recognised amount and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been 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 within interest expense.

Borrowings are classified as current liabilities unless the Group and the Company have an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

6.13.2 Borrowing costs

General and specific 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 added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

6 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

6.14 Current and deferred income tax

Tax expense for the period comprises current and deferred income tax. The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Group's subsidiaries, joint ventures and associates operate and generate taxable income.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities. This liability is measured using the single best estimate of the most likely outcome.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the amounts attributed to assets and liabilities for tax purposes and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is determined using tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses or unused tax credits can be utilised.

Deferred and income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis. 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.

6.15 Employee benefits

6.15.1 Short term employee benefits

Wages, salaries, paid annual leave and sick leave, bonuses, and non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as trade and other payables in the statement of financial position.

Bonuses are recognised as an expense when there is a present, legal or constructive obligation to make such payments, as a result of past events and when a reliable estimate can be made of the amount of the obligation.

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6 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

6.15 Employee benefits (continued)

6.15.2 Defined contribution plans

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees benefits relating to employee service in the current and prior periods. The Company and its subsidiaries incorporated in Malaysia make contributions to a statutory provident fund and its foreign subsidiaries make contributions to their respective countries' statutory pension schemes.

The Group's contributions to defined contribution plans are charged to profit or loss in the period to which they relate. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

6.15.3 Share based payments

Employee options

The Group operates an equity-settled, share-based compensation plan under which the entity receives services from employees as consideration for equity instruments (options) of the Group. The fair value of the options granted in exchange for the services of the employees are recognised as employee benefit expense with a corresponding increase to share option reserve within equity. The total amount to be expensed is determined by reference to the fair value of the options granted:

- including any market performance conditions (for example, an entity's share price);
- excluding the impact of any service and non-market performance vesting conditions (for example, profitability, sales growth targets and remaining an employee of the entity over a specified time period); and
- including the impact of any non-vesting conditions (for example, the requirement for employees to save or holding of shares for a specific period of time).

Non-market vesting conditions and service conditions are included in assumptions about the number of options that are expected to vest.

The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of the reporting period, the Group revises its estimates of the number of options that are expected to vest based on the non-market vesting conditions and service conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to share option reserve in equity.

In circumstances where employees provide services in advance of the grant date, the grant date fair value is estimated for the purposes of recognising the expense during the period between service commencement period and grant date.

When the options are exercised, the Company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital. When options are not exercised and lapsed, the share option reserve is transferred to retained earnings.

In its separate financial statements of the Company, the grant by the Company of options over its equity instruments to the employees of subsidiary in the Group is treated as a capital contribution to the subsidiary. The fair value of options granted to employees of the subsidiary in exchange for the services of the employees to the subsidiary are recognised as investment in subsidiary, with a corresponding credit to equity of the Company.

6 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

6.16 Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions. Under the capital approach, government grants relating to investment properties are credited to investment properties when the costs for which the benefit of the grant is intended to compensate are incurred.

Government grants relating to development costs are netted against its relevant development expenditure when the benefit of the grant is intended to compensate are incurred.

6.17 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made.

Where the Group expects a provision to be reimbursed by another party, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as finance cost expense.

6.18 Contingent assets and liabilities

The Group does not recognise contingent assets and liabilities other than those arising from business combinations, but discloses its existence in the financial statements. A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in the extremely rare case where there is a liability that cannot be recognised because it cannot be measured reliably. However, contingent liabilities do not include financial guarantee contracts.

A contingent asset is a possible asset that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group. The Group does not recognise contingent assets but discloses its existence where inflows of economic benefits are probable, but not virtually certain.

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6 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

6.19 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown net of goods and services tax, returns, rebates, discounts and after eliminating sales within the Group.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Group's activities as described below. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

6.19.1 Property development

Property development revenue is recognised in respect of all development units that have been sold. Revenue recognition commences when the sale of the development unit is effected, upon the commencement of development and construction activities and when the financial outcome can be reliably estimated. The attributable portion of property development cost is recognised as an expense in the period in which the related revenue is recognised. The amount of such revenue and expenses recognised is determined by reference to the stage of completion of development activity at the end of each reporting period. The stage of completion is measured by reference to the proportion that property development costs incurred for work performed to date bear to the estimated total property development cost.

When the financial outcome of a development activity cannot be reliably estimated, the property development revenue is recognised only to the extent of property development costs incurred that is probable to be recoverable and the property development costs on the development units sold are recognised as an expense in the period in which they are incurred.

Any expected loss on a development project is recognised as an expense immediately, including costs to be incurred over the defects liability period.

6.19.2 Dividend income

Dividend income is recognised when shareholder's right to receive payment is established.

6.19.3 Rental income

Rental income from operating leases is recognised on a straight-line basis over the lease term. The aggregate cost of incentives provided to the lessee is recognised as a reduction of rental income over the lease term on a straight-line basis.

6.19.4 Interest income

Interest income is recognised using the effective interest method. When a loan and receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loan and receivables are recognised using the original effective interest rate.

6 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

6.19 Revenue recognition (continued)

6.19.5 Club subscription fees

Club subscription fees, which are not refundable, are recognised over time as income when earned.

6.19.6 Management fees

Management fees are recognised when services are rendered.

6.19.7 Hotel revenue

Revenue is recognised net of discounts upon delivery of products and customer acceptance, if any, or performance of services.

6.19.8 Sales of plantation produce

Revenue from the sale of plantation produce is recognised upon delivery of products and customer acceptance.

6.19.9 Sales of goods, services and rights of enjoyment

Revenue from sale of goods is recognised based on invoice value of goods sold and revenue from services is recognised net of discounts as and when services are performed.

Entrance fees collected for rights of enjoyment of facilities are recognised when tickets are sold.

6.20 Foreign currencies

6.20.1 Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The financial statements are presented in Ringgit Malaysia, which is the Company's functional and presentation currency.

6.20.2 Translation and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss. However, exchange differences are deferred in other comprehensive income when they arose from qualifying cash flow or net investment hedges or are attributable to items that form part of the net investment in a foreign operation.

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6 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

6.20 Foreign currencies (continued)

6.20.3 Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- income and expenses for each statement of profit or loss and statement of comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- all resulting exchange differences are recognised as a separate component of other comprehensive income.

Goodwill and fair value adjustments arising on the acquisitions of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income.

On the disposal of a foreign operation (that is, a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, a disposal involving loss of joint control over a joint venture that includes a foreign operation, or a disposal involving loss of significant influence over an associate that includes a foreign operation), all of the exchange differences relating to that foreign operation recognised in other comprehensive income and accumulated in the separate component of equity are reclassified to profit or loss, as part of the gain or loss on disposal. In the case of a partial disposal that does not result in the Group losing control over a subsidiary that includes a foreign operation, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (that is, reductions in the Group's ownership interest in associates or joint ventures that do not result in the Group losing significant influence or joint control) the proportionate share of the accumulated exchange difference is reclassified to profit or loss.

6 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

6.21 Financial instruments

6.21.1 Financial assets

(a) Classification

The Group classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables and held-to-maturity. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification at initial recognition and, in the case of assets classified as held-to-maturity, re-evaluates this designation at the end of each reporting period.

(i) Financial assets at fair value through profit or loss

The Group classifies financial assets at fair value through profit or loss if they are acquired principally for the purpose of selling in the short term, i.e. are held for trading. They are presented as current assets if they are expected to be sold within 12 months after the end of the reporting period; otherwise they are presented as non-current assets.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. If collection of the amounts is expected in one year or less they are classified as current assets. If not, they are presented as non-current assets. The Group's loans and receivables comprise 'other investments', 'trade and other receivables', 'deposits with financial institutions' and 'cash and bank balances' in the statement of financial position.

(iii) Held-to-maturity financial assets

Held-to-maturity financial assets are non-derivative quoted financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity. If the Group were to sell other than an insignificant amount of held-to-maturity financial assets, the whole category would be tainted and reclassified as available for sale. Held-to-maturity financial assets are included in non-current assets, except for those with maturities less than 12 months from the end of the reporting period, which are classified as current assets.

(b) Recognition and initial measurement

Financial assets are initially recognised at fair value plus transaction costs that are directly attributable to the acquisition of the financial asset for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in profit or loss.

6 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

6.21 Financial instruments (continued)

6.21.1 Financial assets (continued)

(c) Subsequent measurement - gains and losses

Financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables and held-to-maturity financial assets are subsequently carried at amortised cost using the effective interest method.

Changes in the fair values of financial assets at fair value through profit or loss, including the effects of currency translation, interest and dividend income are recognised in profit or loss in the period in which the changes arise.

(d) Subsequent measurement - impairment of financial assets

Assets carried at amortised cost

The Group assesses at the end of the reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate.

The carrying amount of the asset is reduced and the amount of the loss is recognised in profit or loss. If 'loans and receivables' or a 'held-to-maturity investment' has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in profit or loss.

When an asset is uncollectible, it is written off against the related allowance account. Such assets are written off after all the necessary procedures have been completed and the amount of the loss has been determined.

6 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

6.21 Financial instruments (continued)

6.21.1 Financial assets (continued)

(e) De-recognition

Financial assets are de-recognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

6.21.2 Financial liabilities

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. A financial liability is classified into the following category after initial recognition for the purpose of subsequent measurement:

(i) Other financial liabilities

Financial liabilities classified as other financial liabilities comprise non-derivative financial liabilities that are neither held for trading nor initially designated as fair value through profit or loss.

Subsequent to initial recognition, other financial liabilities are measured at amortised cost using the effective interest method. Gains or losses on other financial liabilities are recognised in profit or loss when the financial liabilities are derecognised and through the amortisation process.

A financial liability is derecognised when, and only when, it is extinguished, i.e. when the obligation specified in the contract is discharged or cancelled or expired. An exchange between an existing borrower and lender of debt instruments with substantially different terms are accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

Any difference between the carrying amount of a 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.

All financial liabilities of the Group are measured at amortised cost except for financial liabilities at fair value through profit or loss, which are held for trading (including derivatives) or designated at fair value through profit or loss upon initial recognition.

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.

The Group designates corporate guarantees given to banks for credit facilities granted to subsidiaries as insurance contracts as defined in FRS 4 Insurance Contracts. The Group recognises these insurance contracts as recognised insurance liabilities when there is a present obligation, legal or constructive, as a result of a past event, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

6 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

6.21 Financial instruments (continued)

6.21.2 Financial liabilities (continued)

At the end of each reporting period, the Group shall assess whether its recognised insurance liabilities are adequate, using current estimates of future cash flows under its insurance contracts. If this assessment shows that the carrying amount of the insurance liabilities is inadequate, the entire deficiency shall be recognised in profit or loss.

Recognised insurance liabilities are only removed from the statement of financial position when, and only when, it is extinguished via a discharge, cancellation or expiration.

6.22 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy.

6.23 Derivative and hedging activities

(i) Derivative financial instruments and hedging activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates certain derivatives as hedges of a particular risk associated with the cash flows of recognised assets and liabilities and highly probable forecast transactions (cash flow hedges).

The Group documents at the inception of the hedging transaction, the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in fair values or cash flows of hedged items.

A derivative financial instrument is carried as an asset when the fair value is positive and as a liability when the fair value is negative. The fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than twelve (12) months, and as a current asset or liability when the remaining maturity of the hedged item is less than twelve (12) months.

(ii) Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated in cash flow hedge reserve in equity. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss within other income or other expense.

6 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

6.23 Derivative and hedging activities (continued)

(ii) Cash flow hedge (continued)

Amounts accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss.

When a hedging instrument expires or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately reclassified to profit or loss.

6.24 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segment, has been identified as the Board of Directors that makes strategic decisions.

Segment reporting is presented for enhanced assessment of the Group's risks and returns. Business segments provide products or services that are subject to risk and returns that are different from those of other business segments.

Segment revenue, expenses, assets and liabilities are those amounts resulting from the operating activities of a segment that are directly attributable to the segment and the relevant portion that can be allocated on a reasonable basis to the segment. Segment revenue, expenses, assets and liabilities are determined before intragroup balances and intragroup transactions are eliminated as part of the consolidation process.

6.25 Fair value measurements

The fair value of an asset or a liability, (except for share-based payment and lease transactions) is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value 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.

The Group measures the fair value of an asset or a liability by taking into account the characteristics of the asset or liability if market participants would take these characteristics into account when pricing the asset or liability. The Group has considered the following characteristics when determining fair value:

(a) The condition and location of the asset; and
(b) Restrictions, if any, on the sale or use of the assets.

The fair value measurement for a non-financial asset takes into account the ability of the market participant 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.

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6 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

6.25 Fair value measurements (continued)

The fair value of a financial or non-financial liability or an entity's own equity instrument assumes that:

(a) A liability would remain outstanding and the market participant transferee would be required to fulfil the obligation. The liability would not be settled with the counterparty or otherwise extinguished on the measurement date; and

(b) An entity's own equity instrument would remain outstanding and the market participant transferee would take on the rights and responsibilities associated with the instrument. The instrument would not be cancelled or otherwise extinguished on the measurement date.

6.26 Reorganisation debit reserve

Reorganisation debit reserve arose from the reverse acquisition of the Company by IOI Properties Berhad in the previous financial years pursuant to FRS 3.

7 REVENUE

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Sales of development properties				
- Ongoing projects	991,220	2,727,461	-	-
- Completed projects	1,235,868	951,279	-	-
Revenue from investment properties and car park	326,214	302,119	-	-
Revenue from hospitality and leisure	190,023	161,796	-	-
Management fees	8,144	7,242	-	-
Dividend income from subsidiaries in Malaysia	-	-	470,836	259,625
Others	41,141	35,464	-	-
	2,792,610	4,185,361	470,836	259,625

8 OPERATING PROFIT

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Operating profit has been arrived at after charging:				
Auditors' remuneration - statutory audit				
- PricewaterhouseCoopers PLT	1,007	995	137	133
- Member firms of PricewaterhouseCoopers International Limited	191	190	-	-
- Firms other than member firm of PricewaterhouseCoopers International Limited	37	39	-	-
Non-audit services				
- PricewaterhouseCoopers PLT	559	1,229	231	465
- Member firms of PricewaterhouseCoopers International Limited	99	505	6	148
- Firms other than member firm of PricewaterhouseCoopers International Limited	79	66	-	-
Bad debts written off	21	1,674	-	-
Amortisation of prepaid lease payments (Note 16)	2,168	1,743	-	-
Depreciation of property, plant and equipment (Note 15)	36,770	34,961	-	-
Direct operating expenses from investment properties	92,319	92,467	-	-
Inventories written off	52	56	-	-
Loss on disposal of property, plant and equipment	40	-	-	-
Property, plant and equipment written off (Note 15)	73	45,928	-	-
Property development costs*	1,378,938	2,283,661	-	-
Additional buyer's stamp duty	-	163,860	-	-

* *Total cost of inventories of the Group recognised as an expense during the financial year amounted to RM789,413,000 (2017: RM195,499,000), out of which RM775,434,000 (2017: RM184,705,000) was included in property development costs of the Group.*

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8 OPERATING PROFIT (CONTINUED)

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Operating profit has been arrived at after charging (continued):				
Realised loss on foreign currency transactions	12,009	-	16	223
Unrealised loss on foreign currency translations	-	27,401	41	22,441
Impairment losses on receivables (Note 26)	796	3,039	-	-
Fair value loss on short term funds	-	465	-	465
Management fees to:				
- a subsidiary	-	-	955	84
- affiliates	7,978	7,893	-	-
Operating profit has been arrived at after crediting:				
Bad debts recovered	3	-	-	-
Dividend income from subsidiaries in Malaysia	-	-	470,836	259,625
Fair value gain on:				
- investment properties (included in other operating income) (Note 18)	164,789	56,231	-	-
- short term funds	348	-	348	-
Gain on disposal of:				
- land from compulsory acquisition	664	27,886	-	-
- property, plant and equipment	-	58	-	-
Property project management services from:				
- affiliates	4,512	2,379	-	-
- a joint venture	2,454	1,985	-	-
Management fees from:				
- affiliates	269	41	-	-
Reversal of impairment losses on receivables (Note 26)	581	530	-	-
Realised gain on foreign currency transactions	-	63,880	-	-
Unrealised gain on foreign currency translations	37,672	-	-	-
Gain on redemption of redeemable preference shares of a subsidiary	-	-	-	21,946

9 STAFF COSTS

The staff costs of the Group and of the Company are as follows:

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Wages, salaries and others	169,510	162,533	1,167	1,012
Contributions to Employee's Provident Fund	12,572	17,550	-	-
	182,082	180,083	1,167	1,012

Included in staff costs are remuneration of the key management personnel of the Group and of the Company as disclosed in Note 37 to the financial statements.

10 INTEREST INCOME

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Interest income from:				
- Short-term deposits	19,736	9,214	-	109
- Short-term funds	8,428	20,885	5,623	12,423
- Subsidiaries	-	-	32,663	16,704
- Joint ventures	8,086	7,837	-	-
- Housing development accounts	5,358	4,156	-	-
- Current accounts	7,632	7,898	849	2,783
- Others	3,200	1,883	-	-
	52,440	51,873	39,135	32,019

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11 INTEREST EXPENSE

	Company	
	2018 RM'000	2017 RM'000
Interest expense:		
- Borrowings	32,565	33,610
- Subsidiaries	8,782	3,543
	41,347	37,153

The Group's total interest expense charged by the banks and non-controlling interests of RM317,858,000 and RM793,000 (2017: RM240,627,000 and RM1,786,000) respectively have been capitalised as part of the costs of qualifying assets as disclosed in Notes 18 and 24 to the financial statements.

12 TAXATION

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Current year tax expense based on profit for the financial year:				
- Malaysian income taxation	179,045	199,501	3,150	665
- Foreign taxation	331,183	55,419	-	-
	510,228	254,920	3,150	665
(Over)/Under provision in prior years:				
- Malaysian income taxation	(6,136)	(2,950)	91	27
- Foreign taxation	836	458	-	-
	(5,300)	(2,492)	91	27
	504,928	252,428	3,241	692
Deferred taxation (Note 23):				
Origination and reversal of temporary differences	(241,540)	216,371	-	-
	263,388	468,799	3,241	692

12 TAXATION (CONTINUED)

A numerical reconciliation between the average effective tax rate and the applicable tax rate of the Group and of the Company are as follows:

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Profit before taxation	1,071,532	1,436,625	462,937	248,676
Tax calculated at the Malaysian tax rate of 24%	257,168	344,790	111,105	59,682
Tax effects in respect of:				
Non-allowable expenses	43,808	63,052	6,620	12,500
Non-taxable income	(12,290)	(9,556)	(114,575)	(71,517)
Different tax rates arising from gain from real property investments	(29,346)	(4,704)	-	-
Different tax rates in foreign jurisdictions	36,674	73,729	-	-
Unused tax losses and unabsorbed capital allowances not recognised in loss-making subsidiaries	4,958	4,523	-	-
Utilisation of previously unutilised tax losses, unabsorbed capital allowances and investment tax allowances	(110)	-	-	-
Investment tax allowances	(39,621)	-	-	-
Share of post-tax results of an associate	(766)	(783)	-	-
Share of post-tax results of joint ventures	8,213	240	-	-
	268,688	471,291	3,150	665
(Over)/Under provision in prior years	(5,300)	(2,492)	91	27
	263,388	468,799	3,241	692

Malaysian income tax is calculated at the statutory tax rate of 24% (2017: 24%) of the estimated assessable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions. Deferred tax is calculated on temporary differences between the tax base of assets and liabilities and their carrying amounts in the financial statements using tax rates that are expected to apply when the related deferred tax is settled.

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13 EARNINGS PER SHARE

(a) Basic

The basic earnings per ordinary share for the financial year is calculated based on the profit for the financial year attributable to owners of the parent divided by the weighted average number of ordinary shares in issue during the financial year, after taking into consideration of treasury shares held by the Company.

	Group	
	2018 RM'000	2017 RM'000
Profit attributable to owners of the parent	783,631	920,870

The adjusted weighted average number of ordinary shares for the computation of earnings per ordinary share is arrived at as follows:

	Group	
	2018 '000	2017 '000
Weighted average number of ordinary shares in issue after deducting the treasury shares	5,506,145	4,694,949
Adjusted for bonus elements of rights issue	-	304,991
Adjusted weighted average number of ordinary shares in issue after deducting the treasury shares	5,506,145	4,999,940
Basic earnings per ordinary share (sen)	14.23	18.42

(b) Diluted

Diluted earnings per ordinary share for the financial year is calculated by dividing the profit for the financial year attributable to equity holders of the parent by the weighted average number of ordinary shares outstanding during the financial year adjusted for the effects of dilutive potential ordinary shares. The ESOS is not dilutive as the exercise price is higher than the current market price.

13 EARNINGS PER SHARE (CONTINUED)

(b) Diluted (continued)

	Group	
	2018 RM'000	2017 RM'000
Profit attributable to owners of the parent	783,631	920,870

The adjusted weighted average number of ordinary shares for the computation of dilutive earnings per ordinary share is arrived at as follows:

	Group	
	2018 '000	2017 '000
Weighted average number of ordinary shares in issue after deducting the treasury shares	5,506,145	4,694,949
Adjustment for share options granted to employees of the Group	-	319
Adjusted for bonus elements of rights issue	-	305,043
Adjusted weighted average number of ordinary shares in issue after deducting the treasury shares	5,506,145	5,000,311
Diluted earnings per ordinary share (sen)	14.23	18.42

14 DIVIDENDS

Dividends declared and paid by the Company are as follows:

	Company	
	2018 RM'000	2017 RM'000
Interim single tier dividend in respect of financial year ended 30 June 2017 of 6.0 sen per ordinary share, paid on 8 September 2017	330,369	-
Interim single tier dividend in respect of financial year ended 30 June 2016 of 8.0 sen per ordinary share, paid on 21 October 2016	-	352,897
	330,369	352,897

On 27 August 2018, the Directors have declared an interim single tier dividend of 5.0 sen per ordinary share, amounting to RM275,307,269 in respect of the financial year ended 30 June 2018. The dividend will be payable on 28 September 2018 to shareholders whose names appear in the Record of Depositors and Register of Members of the Company at the close of business on 18 September 2018.

NOTES TO THE FINANCIAL STATEMENTS
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15 PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land RM'000	Leasehold land RM'000	Golf course development expenditure RM'000	Buildings and improvements RM'000	Plants and machinery RM'000	Motor vehicles RM'000	Furniture, fittings and equipment RM'000	Construction in progress RM'000	Total RM'000
2018									
At Cost									
At beginning of financial year	120,593	1,488	78,907	883,973	75,076	14,266	75,421	25,244	1,274,968
Additions	35	-	-	15,488	7,818	509	8,398	4,373	36,621
Reclassifications	-	-	(851)	18,597	270	-	(1,686)	(16,330)	-
Transfer from land held for property development (Note 17)	-	-	-	-	-	-	-	29,470	29,470
Transfer (to)/from investment properties (Note 18)	-	-	-	-	(197)	-	(475)	2,882	2,210
Written off	-	-	-	-	(417)	(9)	(683)	-	(1,109)
Disposals	-	-	-	(1,617)	(2,173)	(21)	(270)	-	(4,081)
Foreign currency translation differences	-	-	-	(467)	-	(89)	(91)	(320)	(967)
	120,628	1,488	78,056	915,974	80,377	14,656	80,614	45,319	1,337,112

Group	Leasehold land RM'000	Golf course development expenditure RM'000	Buildings and improvements RM'000	Plants and machinery RM'000	Motor vehicles RM'000	Furniture, fittings and equipment RM'000	Total RM'000
2018							
Accumulated Depreciation							
At beginning of financial year	39	11,195	39,978	40,726	10,109	35,009	137,056
Current year depreciation charge	15	1,676	19,336	5,423	1,820	8,500	36,770
Reclassifications	-	-	291	65	-	(356)	-
Transfer to investment properties (Note 18)	-	-	-	(13)	-	(35)	(48)
Written off	-	-	-	(379)	(9)	(648)	(1,036)
Disposals	-	-	(522)	(2,169)	(15)	(202)	(2,908)
Foreign currency translation differences	-	-	(140)	-	(58)	(29)	(227)
	54	12,871	58,943	43,653	11,847	42,239	169,607

15 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Group	Freehold land RM'000	Leasehold land RM'000	Golf course development expenditure RM'000	Buildings and improvements RM'000	Plants and machinery RM'000	Motor vehicles RM'000	Furniture, fittings and equipment RM'000	Construction in progress RM'000	Total RM'000
2017									
At Cost									
At beginning of financial year	121,187	1,488	78,767	719,467	102,813	13,991	66,515	153,287	1,257,515
Additions	-	-	141	24,201	4,551	616	15,532	64,036	109,077
Reclassifications	(51)	-	(1)	183,259	1,117	-	(2,270)	(182,054)	-
Transfer to investment properties (Note 18)	(543)	-	-	-	(2,497)	-	-	(10,329)	(13,369)
Written off	-	-	-	(43,358)	(30,548)	(137)	(2,133)	-	(76,176)
Disposals	-	-	-	-	(360)	(316)	(2,345)	-	(3,021)
Foreign currency translation differences	-	-	-	404	-	112	122	304	942
	120,593	1,488	78,907	883,973	75,076	14,266	75,421	25,244	1,274,968

Group	Leasehold land RM'000	Golf course development expenditure RM'000	Buildings and improvements RM'000	Plants and machinery RM'000	Motor vehicles RM'000	Furniture, fittings and equipment RM'000	Total RM'000
2017							
Accumulated Depreciation							
At beginning of financial year	25	9,262	21,215	62,272	8,294	34,125	135,193
Current year depreciation charge	14	1,673	17,273	6,937	2,159	6,905	34,961
Reclassifications	-	260	1,447	-	-	(1,707)	-
Transfer to investment properties (Note 18)	-	-	-	(443)	-	-	(443)
Written off	-	-	(11)	(27,986)	(137)	(2,114)	(30,248)
Disposals	-	-	-	(54)	(260)	(2,234)	(2,548)
Foreign currency translation differences	-	-	54	-	53	34	141
	39	11,195	39,978	40,726	10,109	35,009	137,056

NOTES TO THE FINANCIAL STATEMENTS
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15 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Group 2018 RM'000	Group 2017 RM'000
Carrying Amount		
Freehold land	120,628	120,593
Leasehold land	1,434	1,449
Golf course development expenditure	65,185	67,712
Buildings and improvements	857,031	843,995
Plants and machinery	36,724	34,350
Motor vehicles	2,809	4,157
Furniture, fittings and equipment	38,375	40,412
Construction-in-progress	45,319	25,244
	1,167,505	1,137,912

Included in freehold land are plantation development expenditure amounting to RM2,554,000 (2017: RM2,517,000).

16 PREPAID LEASE PAYMENTS

	Group 2018 RM'000	Group 2017 RM'000
At beginning of financial year	62,758	105,090
Amortisation during the financial year	(2,168)	(1,743)
Adjustment*	-	(45,427)
Foreign currency translation differences	(2,196)	4,838
At end of financial year	58,394	62,758

* *Relates to adjustment of land costs based on new information available from the authority in the previous financial year.*

17 LAND HELD FOR PROPERTY DEVELOPMENT

Group	Freehold land RM'000	Long term leasehold land RM'000	Development costs RM'000	Total RM'000
2018				
At Cost				
At beginning of financial year	3,222,255	435,325	903,312	4,560,892
Additions	-	-	85,875	85,875
Disposals	(68,045)	-	-	(68,045)
Transfer to investment properties (Note 18)	-	-	(459)	(459)
Transfer to property development costs (Note 24)	(18,481)	(3,169)	(18,575)	(40,225)
Transfer to property, plant and equipment (Note 15)	(29,470)	-	-	(29,470)
At end of financial year	3,106,259	432,156	970,153	4,508,568
2017				
At Cost				
At beginning of financial year	3,067,664	681,040	842,328	4,591,032
Additions	188,135	-	143,789	331,924
Disposals	(532)	(2,233)	(946)	(3,711)
Adjustment*	-	108,627	3,314	111,941
Transfer to property development costs (Note 24)	(33,012)	(363,019)	(85,747)	(481,778)
Foreign currency translation differences	-	10,910	574	11,484
At end of financial year	3,222,255	435,325	903,312	4,560,892

* *Relates to adjustment of land costs based on new information available from the authority in previous financial year.*

Included in land held for property development of the Group are plantation land of RM671,975,000 (2017: RM662,634,000), which are intended to be used for property development. Currently, the subsidiaries are harvesting oil palm crops from the said land.

Included in additions to land held for property development of the Group in the previous financial year were deposits of RM11,704,000 paid for new land acquisitions in the financial year ended 30 June 2016.

Included in disposal of land held for property development of the Group amounting to RM68,045,000 (2017: Nil) represented land transferred to investment properties due to change in use as disclosed in Note 18 to the financial statements.

Certain titles of freehold land amounting to RM419,926,000 (2017: RM420,441,000), whereby the Group is the beneficiary owner, are registered under the name of the affiliate. The Group is in the midst of perfecting the land titles.

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18 INVESTMENT PROPERTIES

Group	Freehold land and buildings RM'000	Leasehold land and buildings RM'000	Total RM'000
2018			
At beginning of financial year	3,996,146	8,807,949	12,804,095
Additions	109,317	260,182	369,499
Transfer to property, plant and equipment (Note 15)	(2,258)	-	(2,258)
Transfer from land held for property development (Note 17)	459	-	459
Fair value adjustments	160,858	3,931	164,789
Foreign currency translation differences	-	(441,002)	(441,002)
At end of financial year	4,264,522	8,631,060	12,895,582
2017			
At beginning of financial year	3,618,067	406,152	4,024,219
Additions	333,323	8,380,544	8,713,867
Transfer from property, plant and equipment (Note 15)	12,926	-	12,926
Fair value adjustments	31,830	24,401	56,231
Foreign currency translation differences	-	(3,148)	(3,148)
At end of financial year	3,996,146	8,807,949	12,804,095

Included in additions to investment properties of the Group were:

(a) Interest expense and banking facilities incurred during the financial year amounting to RM107,183,000 and RM11,736,000 (2017: RM45,874,000 and RM4,206,000) respectively.

(b) An amount of RM68,045,000 (2017: Nil) transferred from land held from property development due to change in use as disclosed in Note 17 to financial statements.

(c) An amount of Nil (2017: RM289,401,000) transferred from property development costs due to change in use as disclosed in Note 24 to financial statements.

The fair values of the above investment properties were estimated based on valuations by independent registered valuers, which were based on:

(i) market evidence of transaction prices for similar properties for certain properties in which the values are adjusted for differences in key attributes such as property size, location and quality of interior fittings under the comparison method.

(ii) receipts of contractual rentals, expected future market rentals, current market yields, void periods and maintenance requirements and approximate capitalisation rates under the investment method.

(iii) estimated fair value of properties on completion using investment method or comparison method, less estimated costs to complete under the residual method.

(iv) aggregate amount of the value of land component by comparison method, and the gross replacement cost of the buildings and other site improvements, allowing for depreciation under cost method.

18 INVESTMENT PROPERTIES (CONTINUED)

The Group uses assumptions that are mainly based on market conditions existing at the end of each reporting period. The valuation updates by independent registered valuers are endorsed by the Board of Directors on an annual basis.

Fair value is determined through various valuation methodologies using Level 3 inputs (defined as unobservable inputs for asset or liability) in the fair value hierarchy of FRS 13 *Fair Value Measurement*. Changes in fair value are recognised in the statement of profit or loss during the reporting period in which they are reviewed.

The Level 3 inputs or unobservable inputs include:

Term yield	- the rate of return that the investment properties are expected to generate based on current passing rental including revision upon renewal of tenancies during the financial year;
Reversion yield/ Capitalisation rate	- the rate of return that the investment properties are expected to generate upon expiry of term rental;
Allowance for void	- refers to allowance provided for vacancy periods;
Price per square foot (psf)	- estimated price psf for which a property should exchange on the date of valuation between a willing buyer and a willing seller;
Discount rate	- rate of return used to convert a future monetary sum or cash flow into present value; and
Occupancy rate	- ratio of rented or used space compared to the total amount of available space.

The fair value measurements as at 30 June 2018 are as follows:

			Significant unobservable inputs				
	Valuation methodology	Fair value RM'000	Term yield %	Reversion yield/ Capitalisation rate %	Allowance for void %	Price per sq foot RM/psf	Occupancy rate %
Completed properties							
Malls	Investment method	1,944,814	6.25 - 6.50	6.75 - 7.00	5.00	-	-
Office buildings	Comparison method	101,460	-	-	-	315 - 1,700	-
	Investment method	1,363,360	5.75 - 6.00	5.50 - 6.50	5.00 - 10.00	-	-
Others	Comparison method	597,200	-	-	-	14 - 400	-
	Investment method	89,191	4.50 - 6.00	5.00 - 7.50	5.00 - 15.00	-	-
	Cost method	156,600	-	-	-	3 - 325	-
Properties under construction							
Malls	Residual method	493,287	-	5.00 - 6.75	5.00	-	75.00 - 90.00
Office buildings	Residual method	8,149,670	-	2.50 - 4.00	1.50	-	60.00 - 75.00
	Total	12,895,582					

Changes to the yield, capitalisation rate, price per square foot and occupancy rate by 50 basis point, 25 basis point, 10% and 10% respectively, will result in a change in fair value of approximately RM301,052,000, RM648,763,000, RM81,540,000 and RM97,827,000 respectively with all other inputs remaining constant.

18 INVESTMENT PROPERTIES (CONTINUED)

The fair value measurements as at 30 June 2017 are as follows:

			Significant unobservable inputs					
	Valuation methodology	Fair value RM'000	Term yield %	Reversion yield %	Allowance for void %	Price per sq foot RM/psf	Discount rate %	Occupancy rate %
Completed properties								
Malls	Investment method	1,803,400	6.25 - 6.50	6.75 - 7.00	5.00	-	-	-
Office buildings	Comparison method	101,370	-	-	-	315 - 1,700	-	-
	Investment method	1,048,655	5.75 - 6.00	6.00 - 6.50	5.00 - 10.00	-	-	-
Others	Comparison method	597,403	-	-	-	14 - 400	-	-
	Investment method	66,288	6.00	5.00 - 7.50	5.00 - 15.00	-	-	-
	Cost method	156,600	-	-	-	3 - 325	-	-
Properties under construction								
Malls	Residual method	361,190	-	5.00	-	-	-	75.00 - 90.00
Office buildings	Residual method	8,654,689	-	2.50 - 5.50	-	-	6.50	60.00 - 75.00
Others	Residual method	14,500	-	4.50 - 5.00	-	-	6.50	-
	Total	12,804,095						

The above fair values were measured using level 3 inputs except for an office building under construction of RM8,314,931,000, of which the fair value has been agreed under the proposed joint-venture arrangement.

Changes to the yield, price per square foot, discount rate and occupancy rate by 50 basis point, 10%, 50 basis point and 10% respectively, will result in a change in fair value of approximately RM472,770,000, RM916,721,000, RM1,073,000 and RM97,467,000 respectively with all other inputs remaining constant.

19 GOODWILL ON CONSOLIDATION

	Group	
	2018 RM'000	2017 RM'000
At beginning/end of financial year	11,472	11,472

For the purpose of impairment testing, goodwill is allocated to the Group's "CGUs" identified according to the operating segments as follows:

	Group	
	2018 RM'000	2017 RM'000
Property development	3,802	3,802
Hospitality and leisure	7,670	7,670
	11,472	11,472

Goodwill is tested for impairment on an annual basis by comparing the carrying amount with the recoverable amount of the CGUs based on value-in-use. Value-in-use is determined by discounting the cash flows projections based on the financial budgets approved by the management. The discount rate used is 6% (2017: 9%).

20 SUBSIDIARIES

20.1 Interests in subsidiaries

	Company	
	2018 RM'000	2017 RM'000
At Cost		
Unquoted shares in Malaysia	15,221,286	14,785,464
Unquoted shares outside Malaysia	3,171,048	1,442,068
Equity contribution	17,454	17,454
	18,409,788	16,244,986
Less: Accumulated impairment losses	(13,507)	(13,507)
	18,396,281	16,231,479
Equity loans (Note 20.2)	159,534	1,715,718
	18,555,815	17,947,197

Unquoted shares include redeemable preference shares ("RPS") issued by subsidiaries (some of which are also issued to non-controlling interests), which are redeemable at the option of issuer and entitle the Company to receive dividend out of profits of the issuer at a rate to be determined by the issuer.

Details of the subsidiaries are set out in Note 43 to the financial statements.

20 SUBSIDIARIES (CONTINUED)

20.1 Interests in subsidiaries (continued)

2018

During the financial year, the Company acquired or subscribed for shares in its subsidiaries as follows:

Acquisition of shares/incorporation of new subsidiaries

On 3 July 2017, the Company has incorporated a wholly-owned subsidiary, namely Fortune Premiere Sdn. Bhd. ("FPSB"). FPSB was incorporated in Malaysia as a private limited company under Section 14 of the Companies Act 2016 with 100 ordinary issued and paid up share of RM1.00 each. The principal activity of FPSB is treasury management services.

Novel Vortex Ltd. ("NVL") was incorporated in the British Virgin Islands ("BVI") on 30 January 2018 as a company limited by shares under the BVI Business Companies Act, 2004 with 100 ordinary issued and paid-up shares of USD1.00 each. NVL is a wholly-owned subsidiary of the Company. The principal activity of NVL is treasury management services.

Subscriptions of shares

Company	Type of shares	No. of shares '000	Amount RM'000
Commercial Wings Sdn. Bhd. ("CWSB")	RPS at an issue price of RM1.00 each	50,000	50,000
IOI Harbour Front Sdn. Bhd. ("IOIHFSB")	RPS at an issue price of RM1.00 each	11,178	11,178
IOI Medini Sdn. Bhd. ("IMedini")	RPS at an issue price of RM1.00 each	42,411	42,411
IOI Mulberry Sdn. Bhd. ("IMulberry")	RPS at an issue price of RM1.00 each	67,516	67,516
IOI Lavender Sdn. Bhd. ("IOILav")	RPS at an issue price of RM1.00 each	13,547	13,547
IOI Prima Property Sdn. Bhd. ("IPPSB")	RPS at an issue price of RM1.00 each	73,863	73,863
Jutawan Development Sdn. Bhd. ("JDSB")	RPS at an issue price of RM1.00 each	36,000	36,000
IOI City Tower One Sdn. Bhd. ("IOICT1")	RPS at an issue price of RM1.00 each	13,486	13,486
IOI City Tower Two Sdn. Bhd. ("IOICT2")	RPS at an issue price of RM1.00 each	12,335	12,335
IOI City Hotel Sdn. Bhd. ("IOICHotel")	RPS at an issue price of RM1.00 each	34,310	34,310
Bukit Kelang Development Sdn. Bhd. ("BKDSB")	RPS at an issue price of RM1.00 each	21,000	21,000
Mayang Development Sdn. Bhd. ("MDSB")	RPS at an issue price of RM1.00 each	60,000	60,000
Wealthy Link Pte. Ltd. ("WLPL")	RPS at an issue price of SGD1.00 each	556,506	1,728,980

20 SUBSIDIARIES (CONTINUED)

20.1 Interests in subsidiaries (continued)

2018 (continued)

Subscriptions of shares (continued)

The above subscriptions were settled by offsetting with the amounts due to the Company. The above subscriptions of shares had no impact on the Group's financial statements.

During the financial year, the Company also acquired 44,004 ordinary shares in IOI Properties Berhad ("IOIPB") at an average price of RM4.00 per IOIPB share for cash consideration of RM176,000.

2017

In the previous financial year, the Company acquired or subscribed for shares in its subsidiaries as follows:

Acquisition of shares/incorporation of new subsidiaries

On 12 July 2016, the Company acquired 2 ordinary shares, representing 100% of the total issued share capital in Fortune Growers Sdn. Bhd. ("Fortune Growers") for a total cash consideration of Ringgit Malaysia Two (RM2.00) only. Following the acquisition, Fortune Growers had became a wholly-owned subsidiary of the Company and on 28 April 2017, the Company had subscribed for a total of 146,806,000 units of preference shares for a total consideration of RM146,806,000.

On 12 October 2016, the Company had incorporated a wholly-owned subsidiary, namely Wealthy Link Pte. Ltd. ("WLPL"). WLPL was incorporated in Singapore as a private limited company under the Companies Act, Chapter 50 with 1 ordinary issued and paid up share. The principal activity of WLPL is investment holding.

Progressive View Pte. Ltd. ("PVPL") was incorporated in Singapore on 2 June 2017 as a private limited company under the Companies Act, Chapter 50 with 1 ordinary issued and paid-up share. PVPL is a wholly-owned subsidiary of the Company. The intended principal activity of PVPL is property development.

Subscription of shares

Company	Type of shares	No. of shares '000	Amount RM'000
Fortune Growers Sdn. Bhd.	RPS at an issue price of RM1.00 each	146,806	146,806

The above subscription was settled by offsetting with the amounts due to the Company. The above subscription of shares had no impact on the Group's financial statements.

In the previous financial year, the Company also acquired 128,800 ordinary shares in IOI Properties Berhad ("IOIPB") at an average price of RM3.89 per IOIPB share for cash consideration of RM500,480.

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20 SUBSIDIARIES (CONTINUED)

20.1 Interests in subsidiaries (continued)

2017 (continued)

Redemption of shares

Company	Type of shares	No. of shares '000	Amount RM'000
IOI Consolidated Pte. Ltd.	RPS at an issue price of SGD1.00 each	57,520	156,916

The above redemption of shares was redeemed at RM178,862,000 by cash. Accordingly, the Company had recorded a gain on redemption of RM21,946,000.

20.2 Equity loans

Equity loans mainly represent advances to foreign subsidiaries used for investment in development properties in the People's Republic of China ("PRC") and Singapore of RM159,044,000 and Nil (2017: RM154,389,000 and RM1,561,329,000) respectively.

During the financial year, the equity loan of RM1,728,980,000 for investment properties in Singapore has fully capitalised as redeemable preference shares as disclosed in Note 20.1 to the financial statements. Included in this amount is RM167,651,000 which was paid on behalf by a subsidiary.

These amounts are unsecured, non-interest bearing and settlements are neither planned nor likely to occur in the foreseeable future, and in substance form part of the Company's net investment in subsidiaries.

20.3 Amounts due from/(to) subsidiaries

The non-current amounts due from subsidiaries represent outstanding amounts arising from advances. These amounts are unsecured, bear interest rate ranging from 4.12% to 5.16% (2017: 4.32% to 5.48%) per annum and payable on 26 January 2021 and 30 June 2022 in cash and cash equivalents or on demand upon one month written notice from the Company.

The current amounts due from subsidiaries represent advances, payments made on behalf and interest receivable, which are unsecured, non-interest bearing except for:

(i) RM195,000,000 (2017: RM96,360,000) which bear interest at rates ranging from 4.87% to 5.12% (2017: 1.47% to 1.90%) per annum and are payable upon demand in cash and cash equivalents; and

(ii) Dividend receivable from subsidiaries of RM313,947,000 (2017: RM248,225,000).

The current amounts due to subsidiaries represent advances and payments made on behalf, which are unsecured, non-interest bearing except for RM300,217,000 (2017: Nil) which bear interest at rates ranging from 2.85% to 4.82% (2017: Nil) per annum and are payable upon demand in cash and cash equivalents.

20 SUBSIDIARIES (CONTINUED)

20.4 Material non-controlling interests

As at 30 June 2018, the total non-controlling interests are RM166,598,000 (2017: RM260,615,000), of which RM83,115,000 (2017: RM79,641,000) and RM12,466,000 (2017: RM118,540,000) are attributable to PINE MJR Development Sdn. Bhd. ("PINE MJR") and Clementi Development Pte. Ltd. ("Clementi") respectively. The other non-controlling interests are not significant.

Set out below are the summarised financial information for PINE MJR and Clementi that has non-controlling interests that are material to the Group. The below financial information is based on amounts before inter-company eliminations.

	PINE MJR		Clementi	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Proportion of ordinary shares held by non-controlling interests (%)	45%	45%	12%	12%
Summarised statements of comprehensive income:				
Revenue	-	-	569,450	1,742,275
(Loss)/Profit/Total comprehensive (loss)/income for the financial year	(279)	(104)	154,933	322,285
(Loss)/Profit/Total comprehensive (loss)/income attributable to non-controlling interests	(126)	(47)	18,592	38,674
Dividend paid to non-controlling interest	-	-	52,178	-
Summarised statements of financial position:				
Current assets	112,314	5,495	292,038	1,364,348
Current liabilities	(2,990)	(837)	(187,083)	(159,814)
Non-current assets	-	92,860	-	1,622
Non-current liabilities	-	-	(1,074)	(218,326)
Net assets	109,324	97,518	103,881	987,830
Summarised cash flows:				
Cash flows (used in)/from operating activities	(5,614)	720	820,478	1,073,418
Cash flows (used in)/from investing activities	-	(92,857)	2,437	843
Cash flows from/(used in) financing activities	12,085	97,622	(1,076,205)	(740,525)
Net increase/(decrease) in cash and cash equivalents during the financial year	6,471	5,485	(253,290)	333,736
Cash and cash equivalents at beginning of the financial year	5,485	-	442,680	104,258
Effect of exchange rate changes	-	-	(22,366)	4,686
Cash and cash equivalents at end of the financial year	11,956	5,485	167,024	442,680

There was a dividend of RM3,374,000 (2017: Nil) paid to immaterial non-controlling interests during the financial year.

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21 ASSOCIATE

21.1 Investment in an associate

	Group	
	2018 RM'000	2017 RM'000
Unquoted shares, at cost	76,671	76,671
Share of post-acquisition results and reserves	20,637	17,444
	97,308	94,115

Unquoted shares include redeemable preference shares ("RPS") issued by associate, which is redeemable at the option of issuer.

Associate of the Group is accounted for using the equity method in the consolidated financial statements. Details of the associate is set out in Note 43 to the financial statements.

21.2 Summary of financial information of the associate is as follows:

	Group	
	2018 RM'000	2017 RM'000
Assets and liabilities		
Total current assets	34,949	24,695
Total non-current assets	275,131	275,775
Total current liabilities	5,994	6,361
Results		
Revenue	18,843	20,999
Profit/Total comprehensive income for the financial year	9,977	10,200

There was no dividend paid by the associate in both financial years.

21.3 The reconciliation of net assets of the associate to the carrying amount of the investment in an associate is as follows:

	Group	
	2018 RM'000	2017 RM'000
Net assets as at 30 June	304,086	294,109
Share of net assets of the Group/Carrying amount in the statement of financial position	97,308	94,115
Share of profit of the Group	3,193	3,264

22 JOINT VENTURES

22.1 Interests in joint ventures

	Group	
	2018 RM'000	2017 RM'000
Unquoted shares, at cost	3,411,287	3,292,156
Share of post-acquisition results and reserves	372,878	625,863
	3,784,165	3,918,019
Amounts due from joint ventures	1,167,638	1,208,062
	4,951,803	5,126,081

Unquoted shares include redeemable preference shares ("RPS") issued by joint ventures, which are redeemable at the option of issuer and entitle the Company to receive dividend out of profits of the issuer at a rate to be determined by the issuer.

The above joint arrangements of the Group are regarded as joint ventures pursuant to the contractual rights and obligations of the joint venture agreements that provide the Group with the rights to the net assets of the joint ventures. The joint ventures are accounted for using the equity method in the consolidated financial statements. Details of the joint ventures are set out in Note 43 to the financial statements.

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22 JOINT VENTURES (CONTINUED)

22.2 Financial information of joint ventures

Set out below is the summarised financial information for joint ventures that are material to the Group, which are accounted for using the equity method.

(i) Summarised statements of financial position:

	Scottsdale Properties Pte. Ltd. RM'000	Pinnacle (Sentosa) Pte. Ltd. RM'000
2018		
Non-current:		
Non-current assets	7,384,541	26,784
Current:		
Cash and cash equivalents	144,849	969
Other current assets	2,749,799	3,902,267
Total current assets	2,894,648	3,903,236
Total assets	10,279,189	3,930,020
Non-current:		
Financial liabilities (excluding trade and other payables and provisions)	5,819,385	1,632,761
Other liabilities (including trade and other payables and provisions)	35,942	-
Total non-current liabilities	5,855,327	1,632,761
Current:		
Financial liabilities (excluding trade and other payables and provisions)	2,967	8,578
Other liabilities (including trade and other payables and provisions)	151,422	39,035
Total current liabilities	154,389	47,613
Total liabilities	6,009,716	1,680,374
Net assets	4,269,473	2,249,646

22 JOINT VENTURES (CONTINUED)

22.2 Financial information of joint ventures (continued)

Set out below is the summarised financial information for joint ventures that are material to the Group, which are accounted for using the equity method. (continued)

(i) Summarised statements of financial position (continued):

	Scottsdale Properties Pte. Ltd. RM'000	Pinnacle (Sentosa) Pte. Ltd. RM'000
2017		
Non-current:		
Non-current assets	7,879,781	4,860
Current:		
Cash and cash equivalents	101,600	1,894
Other current assets	2,961,827	4,252,234
Total current assets	3,063,427	4,254,128
Total assets	10,943,208	4,258,988
Non-current:		
Financial liabilities (excluding trade and other payables and provisions)	6,198,616	1,728,992
Other liabilities (including trade and other payables and provisions)	38,233	-
Total non-current liabilities	6,236,849	1,728,992
Current:		
Financial liabilities (excluding trade and other payables and provisions)	3,211	9,034
Other liabilities (including trade and other payables and provisions)	476,120	41,793
Total current liabilities	479,331	50,827
Total liabilities	6,716,180	1,779,819
Net assets	4,227,028	2,479,169

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22 JOINT VENTURES (CONTINUED)

22.2 Financial information of joint ventures (continued)

Set out below is the summarised financial information for joint ventures that are material to the Group, which are accounted for using the equity method. (continued)

(ii) Summarised statements of comprehensive income:

	Scottsdale Properties Pte. Ltd. RM'000	Pinnacle (Sentosa) Pte. Ltd. RM'000
2018		
Revenue	433,212	72,670
Depreciation and amortisation	(47,423)	-
Interest income	566	33
Interest expenses	(109,122)	(38,786)
Profit/(Loss) before taxation	23,020	(138,650)
Taxation	(2,893)	22,775
Profit/(Loss)/Total comprehensive income/(loss) for the financial year	20,127	(115,875)

There was no dividend paid by the joint ventures.

	Scottsdale Properties Pte. Ltd. RM'000	Pinnacle (Sentosa) Pte. Ltd. RM'000
2017		
Revenue	254,827	68,870
Depreciation and amortisation	(50,921)	-
Interest income	126	52
Interest expenses	(72,229)	(27,762)
(Loss)/Profit before taxation	(52,136)	13,431
Taxation	(515)	-
(Loss)/Profit/Total comprehensive (loss)/income for the financial year	(52,651)	13,431

There was no dividend paid by the joint ventures.

22 JOINT VENTURES (CONTINUED)

22.2 Financial information of joint ventures (continued)

Set out below is the summarised financial information for joint ventures that are material to the Group, which are accounted for using the equity method. (continued)

(iii) Reconciliation of the summarised information presented to the carrying amounts of interest in joint ventures is set out below:

	Scottsdale Properties Pte. Ltd. RM'000	Pinnacle (Sentosa) Pte. Ltd. RM'000
2018		
Net assets:		
As at 1 July 2017	4,227,028	2,479,169
Profit/(Loss) for the financial year	20,127	(115,875)
Movement in share capital	241,618	-
Movement in other reserves	-	8,412
Foreign currency translation differences	(219,300)	(122,060)
As at 30 June 2018	4,269,473	2,249,646
Interest in joint ventures as at year end	49.9%	65.0%
Unquoted shares, at cost	1,568,795	1,820,364
Share of post-acquisition results and reserves	561,672	(358,094)
Total investments in joint ventures	2,130,467	1,462,270
Amounts due from joint ventures	597,788	5,576
Total interests in joint ventures	2,728,255	1,467,846

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22 JOINT VENTURES (CONTINUED)

22.2 Financial information of joint ventures (continued)

Set out below is the summarised financial information for joint ventures that are material to the Group, which are accounted for using the equity method. (continued)

(iii) Reconciliation of the summarised information presented to the carrying amounts of interest in joint ventures is set out below (continued):

	Scottsdale Properties Pte. Ltd. RM'000	Pinnacle (Sentosa) Pte. Ltd. RM'000
2017		
Net assets:		
As at 1 July 2016	3,856,912	2,359,396
(Loss)/Profit for the financial year	(52,651)	13,431
Movement in share capital	277,680	-
Movement in other reserves	-	167
Foreign currency translation differences	145,087	106,175
As at 30 June 2017	4,227,028	2,479,169
Interest in joint ventures as at year end	49.9%	65.0%
Unquoted shares, at cost	1,448,228	1,820,364
Share of post-acquisition results and reserves	661,059	(208,904)
Total investments in joint ventures	2,109,287	1,611,460
Amounts due from joint ventures	629,598	5,872
Total interests in joint ventures	2,738,885	1,617,332

Set out below are the summarised information of all individually immaterial joint ventures on an aggregate basis.

	2018 RM'000	2017 RM'000
Unquoted shares, at cost and share of post-acquisition results and reserves	191,428	197,272
Amounts due from joint ventures	564,274	572,592
Total interests in joint ventures	755,702	769,864
Share of joint ventures' profits/total comprehensive income	31,056	16,542

There was a dividend of RM26,419,000 (2017: RM48,468,000) paid by an immaterial joint venture during the financial year.

22 JOINT VENTURES (CONTINUED)

22.3 Amounts due from joint ventures

The non-current amounts due from joint ventures mainly represent outstanding amounts arising from the Group's subsidiaries' proportionate share in the advances and working capital to the joint ventures for the acquisition of land and its development properties in Singapore. The amounts due from joint ventures are unsecured, non-interest bearing except for an amount of RM564,274,000 (2017: RM572,592,000), which bears interest at rates ranging from 1.40% to 5.03% (2017: 1.40%) per annum and is not repayable within the next twelve (12) months.

The current amount due from a joint venture represents interest receivable on advances to a joint venture.

23 DEFERRED TAXATION

	Group	
	2018 RM'000	2017 RM'000
At beginning of financial year	915,461	684,796
Recognised in the profit or loss (Note 12)	(241,540)	216,371
Foreign currency translation differences	(12,102)	14,294
At end of financial year	661,819	915,461
Presented after appropriate offsetting as follows:		
Deferred tax liabilities	806,356	1,021,915
Deferred tax assets	(144,537)	(106,454)
	661,819	915,461

23 DEFERRED TAXATION (CONTINUED)

The movements of deferred tax liabilities and assets during the financial year prior to offsetting are as follows:

	Group	
	2018 RM'000	2017 RM'000
Deferred tax liabilities		
At beginning of financial year	1,021,915	781,023
Recognised in profit or loss:		
Temporary differences on capital allowances	23,744	9,070
Temporary differences on fair value adjustments on business combinations*	(25,118)	(18,412)
Temporary differences on fair value adjustments on investment properties	10,208	3,873
Temporary differences on profit from sales of development properties	(224,393)	246,361
	(215,559)	240,892
At end of financial year	806,356	1,021,915
Deferred tax assets		
At beginning of financial year	106,454	96,227
Recognised in profit or loss:		
Temporary differences on unutilised tax losses	-	(1,720)
Temporary differences on unabsorbed capital allowances	4,862	(4,864)
Unrealised profits on intercompany transactions	(14,005)	16,772
Unutilised investment tax allowance	39,621	-
Other deductible temporary differences	7,605	39
	38,083	10,227
At end of financial year	144,537	106,454

23 DEFERRED TAXATION (CONTINUED)

The components of deferred tax liabilities and assets at the end of the reporting period comprise the tax effects of:

	Group	
	2018 RM'000	2017 RM'000
Deferred tax liabilities		
Temporary differences on capital allowances	74,090	50,346
Temporary differences on fair value adjustments on business combinations*	378,157	403,275
Temporary differences on fair value adjustments on investment properties	97,144	86,936
Temporary differences on profit from sales of development properties	256,965	481,358
	806,356	1,021,915
Deferred tax assets		
Unutilised tax losses	151	151
Unabsorbed capital allowances	6,900	2,038
Unrealised profits on intercompany transactions	66,701	80,706
Unutilised investment tax allowance	39,621	-
Other deductible temporary differences	31,164	23,559
	144,537	106,454

* *Comprises mainly of deferred tax adjustments on temporary differences arising from land held for property development and development properties.*

The following unutilised tax losses and unabsorbed capital allowances for which deferred tax assets have not been recognised, at gross:

	Group	
	2018 RM'000	2017 RM'000
Unutilised tax losses and unabsorbed capital allowances	41,607	21,407

Deferred tax assets of certain subsidiaries have not been recognised in respect of these items as it is not probable that taxable profit of the subsidiaries will be available against which the deductible temporary differences can be utilised.

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24 PROPERTY DEVELOPMENT COSTS

Group	Freehold land RM'000	Long term leasehold land RM'000	Development costs RM'000	Accumulated cost charged to profit or loss RM'000	Total RM'000
2018					
At Cost					
At beginning of financial year	273,856	2,094,384	3,092,060	(1,445,634)	4,014,666
Costs incurred	-	-	1,124,718	-	1,124,718
Transfer from land held for property development (Note 17)	18,481	3,169	18,575	-	40,225
Transfer to inventories	(18,932)	(6,354)	(1,041,669)	-	(1,066,955)
Foreign currency translation differences	-	(69,393)	(14,643)	9,234	(74,802)
Recognised as expense in profit or loss as part of cost of sales	-	-	-	(603,504)	(603,524)
Completed projects	(24,609)	(152,838)	(1,343,057)	1,520,504	-
At end of financial year	248,796	1,868,968	1,835,984	(519,400)	3,434,348
2017					
At Cost					
At beginning of financial year	1,576,532	386,258	4,582,126	(2,388,587)	4,156,329
Costs incurred	-	1,470,860	1,512,633	-	2,983,493
Adjustment*	-	53,957	1,646	-	55,603
Transfer from land held for property development (Note 17)	33,012	363,019	85,747	-	481,778
Transfer to inventories	(366,967)	(1,135)	(945,061)	-	(1,313,163)
Foreign currency translation differences	54,672	5,420	37,531	(58,640)	38,983
Recognised as expense in profit or loss as part of cost of sales	-	-	-	(2,388,357)	(2,388,357)
Completed projects	(1,023,393)	(183,995)	(2,182,562)	3,389,950	-
At end of financial year	273,856	2,094,384	3,092,060	(1,445,634)	4,014,666

* *Related to adjustment of land costs based on new information available from the authority in the previous financial year.*

Included in costs incurred in property development of the Group are interest expenses charged by banks and non-controlling interests during the financial year amounting to RM210,675,000 and RM793,000 (2017: RM190,547,000 and RM1,786,000) respectively.

Included in property development costs charged to cost of sales in the previous financial year was a carrying amount of RM295,419,000 transferred to investment properties at fair value of RM289,401,000 due to change in use.

25 INVENTORIES

	Group	
	2018 RM'000	2017 RM'000
At Cost		
Completed development properties	2,102,878	1,831,094
Raw materials and consumables	62	1,069
Others	3,892	3,358
	2,106,832	1,835,521

26 TRADE AND OTHER RECEIVABLES

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Trade receivables (Note 26.1)	253,488	373,781	-	-
Other receivables, deposits and prepayments (Note 26.2)	151,325	359,597	5	17
Accrued billings	168,317	661,938	-	-
Amounts due from contract customers (Note 26.3)	907	257	-	-
	574,037	1,395,573	5	17

26.1 Trade receivables

	Group	
	2018 RM'000	2017 RM'000
Trade receivables	258,961	379,366
Less: Accumulated impairment losses	(5,473)	(5,585)
	253,488	373,781

(a) Included in trade receivables of the Group are amounts due from affiliates of RM2,081,000 (2017: RM429,000) for property project management services, provision of landscaping services and related costs provided by a subsidiary, which is unsecured, non-interest bearing and payable within the credit period in cash and cash equivalents.

(b) The normal trade credit terms granted by the Group range from 7 to 90 days (2017: 7 to 90 days) from date of invoice and progress billing. They are recognised at their original invoiced amounts, which represent their fair values on initial recognition.

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26 TRADE AND OTHER RECEIVABLES (CONTINUED)

26.1 Trade receivables (continued)

(c) The reconciliation of movements in the accumulated impairment losses of trade receivables is as follows:

	Group	
	2018 RM'000	2017 RM'000
At beginning of financial year	5,585	2,980
Charge for the financial year	453	2,904
Written back	(443)	(41)
Written off	-	(310)
Foreign currency translation differences	(122)	52
At end of financial year	5,473	5,585

26.2 Other receivables, deposits and prepayments

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Other receivables	109,757	302,845	-	12
Less: Accumulated impairment losses	(1,672)	(1,470)	-	-
	108,085	301,375	-	12
Deposits	34,118	30,190	5	5
Prepayments	9,122	28,032	-	-
	151,325	359,597	5	17

Included in other receivables of the Group are receivable of Nil (2017: RM168,171,000) in relation to the land acquisition in Singapore, performance guarantee receivable of RM29,419,000 (2017: RM61,012,000) and an amount of RM9,872,000 (2017: RM17,276,000) in relation to a government grant for the infrastructure costs of certain development projects undertaken by the Group.

Included in deposits of the Group was an amount of RM2,774,000 (2017: RM2,774,000) paid for new land acquisitions.

26 TRADE AND OTHER RECEIVABLES (CONTINUED)

26.2 Other receivables, deposits and prepayments (continued)

(a) The reconciliation of movements in the accumulated impairment losses of other receivables is as follows:

	Group	
	2018 RM'000	2017 RM'000
At beginning of financial year	1,470	1,824
Charges for the financial year	343	135
Written back	(138)	(489)
Written off	(3)	-
At end of financial year	1,672	1,470

26.3 Amounts due from contract customers

	Group	
	2018 RM'000	2017 RM'000
Aggregate costs incurred to date	2,426	615
Recognised profit	97	59
	2,523	674
Progress billings	(1,616)	(417)
Amounts due from contract customers	907	257

27 SHORT TERM FUNDS

	Group and Company	
	2018 RM'000	2017 RM'000
Investments in fixed income trust funds in Malaysia at fair value through profit or loss	298,122	282,515

Investments in fixed income trust funds represent investments in highly liquid money market instrument and deposits with financial institution in Malaysia and are redeemable with one (1) day notice. These short term funds are subject to an insignificant risk of changes in value. The distribution income from these funds is tax exempted.

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28 DEPOSITS WITH FINANCIAL INSTITUTIONS

	Group	
	2018 RM'000	2017 RM'000
Deposits with licensed banks	1,837,610	1,405,299

Included in the Group's deposits with financial institutions are amounts of:

(i) SGD49,610,000 (2017: SGD100,000,000), equivalent to approximately RM146,742,000 (2017: RM311,529,000) held under Housing Developers (Project Account) (Amendment) Rules, 1997 in Singapore, which can only be used for property development activities.

(ii) Included in the previous financial year, was an amount of RMB117,700,000 equivalent to approximately RM74,493,000 held under Housing Developers (Project Account) Rules, Fujian Province, Administration of Pre-sale of Commodity Premises Regulations (Revised), in PRC, which can only be used for property development activities.

29 CASH AND BANK BALANCES

Included in the Group's cash and bank balances are amounts of:

(i) RM156,928,000 (2017: RM184,164,000) held under the Housing Development Account pursuant to Section 7A of the Housing Development (Control and Licensing) Act, 1966 in Malaysia, as amended by the Housing Developers (Housing Development Account) (Amendment) Regulation, 2002 in Malaysia, which can only be used for property development activities.

(ii) SGD85,000 (2017: SGD31,184,000), equivalent to approximately RM251,000 (2017: RM97,147,000) held under Housing Developers (Project Account) (Amendment) Rules, 1997 in Singapore, which can only be used for property development activities.

(iii) RMB60,540,000 (2017: RMB113,376,000), equivalent to approximately RM36,950,000 (2017: RM71,755,000) held under Housing Developers (Project Account) Rules, Fujian Province, Administration of Pre-sale of Commodity Premises Regulations (Revised), in PRC, which can only be used for property development activities.

30 SHARE CAPITAL

	Group and Company	
	Number of shares '000	Amount RM'000
Authorised:		
2017		
Ordinary shares with no par value		
At beginning of financial year	50,000,000	50,000,000
Abolishment of the concept of authorised share capital on 31 January 2017	(50,000,000)	(50,000,000)
At end of financial year	-	-
Issued and fully paid-up:		
2018		
Ordinary shares with no par value		
At beginning/end of financial year	5,506,145	18,514,233
2017		
Ordinary shares with no par value		
At beginning of financial year	4,423,627	4,423,627
Issuance during the financial year	1,101,629	1,519,027
Cancellation of treasury shares	(19,111)	-
	5,506,145	5,942,654
Transfer from share premium in accordance with Section 618(2) of Companies Act 2016	-	12,571,579
At end of financial year	5,506,145	18,514,233

The new Companies Act 2016 (the "Act"), which came into operation on 31 January 2017, abolished the concept of authorised share capital and par value of share capital. Consequently, any amount standing to the credit of the share premium account of RM12,571,579,000 became part of the Company's share capital pursuant to the transitional provisions set out in Section 618(2) of the Act. There was no impact on the numbers of shares in issue or the relative entitlements of any of the members as a result of this transition. Notwithstanding this provision, the Company may within 24 months from the commencement of the Act, use the amount standing to the credit of its share premium account of RM12,571,579,000 for purposes as set out in Section 618(3) of the Act.

In the previous financial year, the Company increased its issued share capital (inclusive of share premium) from RM16,995,206,000 to RM18,514,233,000 by way of issuance of 1,101,629,075 new ordinary shares for total cash proceeds of RM1,519,027,000 (net of transaction costs of RM1,221,000) pursuant to the Rights Issue.

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30 SHARE CAPITAL (CONTINUED)

30.1 Employees' Share Option Scheme ("ESOS")

An ESOS was established on 8 May 2015 for the benefit of the eligible executives and Executive Directors of the Group.

On 23 May 2016, the Company offered a total of 33,800,000 share options at an option price of RM2.25 to the Eligible Persons (as defined below) of the Group in accordance with the By-Laws of the ESOS, out of which 33,500,000 share options were accepted by the Eligible Persons.

On 23 March 2017, the Company issued additional 2,920,007 share options to the Eligible Persons and the option price was also adjusted to RM2.07 pursuant to the ESOS By-Laws as a result of the Rights Issue.

The salient features of the ESOS are as follows:

(a) Maximum number of shares available under the ESOS

The maximum number of new ordinary shares in the Company ("IOIPG Shares") which may be issued and allotted under the ESOS shall not exceed 10% of the issued and paid-up ordinary share capital of the Company (excluding treasury shares) at any point of time throughout the duration of the ESOS.

(b) Eligibility

Any employee (including Executive Director) of the Company and its subsidiaries ("IOIPG Group") which are incorporated and existing in Malaysia and are not dormant shall be able to participate in the ESOS, if, as at the date of offer ("Date of Offer"):

(i) the employee has attained at least 18 years of age;

(ii) the employee falls under the grade of M1 and above;

(iii) is an Executive Director of the Company who has been involved in the management of the IOIPG Group for a period of at least three (3) years of continuous service prior to and up to the Date of Offer;

(iv) the employee is confirmed in writing as a full time employee and/or has been in the employment of the IOIPG Group for a period of at least three (3) years of continuous service prior to and up to the Date of Offer, including service during the probation period;

(v) fulfills any other criteria and/or falls within such category as may be determined by the ESOS Committee from time to time; and

(vi) the specific allocation of the IOIPG shares to that Executive Directors under the ESOS has been approved by the shareholders of IOIPG at a general meeting.

The eligible Directors and eligible employees (collectively, "Eligible Person(s)")

The eligibility under ESOS does not confer upon an Eligible Person any rights over or in connection with the options or the new IOIPG Shares unless an offer has been made in writing by the ESOS Committee to the Eligible Person under the By-Law and the Eligible Person has accepted the offer in accordance with the terms of the offer and the ESOS.

30 SHARE CAPITAL (CONTINUED)

30.1 Employees' Share Option Scheme ("ESOS") (continued)

(c) Basis of allotment and maximum entitlement

Subject to any adjustments which may be made under the By-Laws, the maximum number of new IOIPG Shares that may be offered and allotted to an Eligible Person shall be determined at the sole and absolute discretion of the ESOS Committee after taking into consideration among others, the Eligible Person's position, performance, length of service and seniority in IOIPG Group respectively, or such other matters that the ESOS Committee may in its discretion deem fit subject to the following conditions:

(i) the Eligible Person(s) do not participate in the deliberation or discussion in respect of their own allocation; and

(ii) the number of new IOIPG Shares allocated to any Eligible Person who, either singly or collectively through persons connected with such Eligible Person, holds 20% or more of the issued and paid-up share capital (excluding treasury shares) of the Company, does not exceed 10% of the total number of new IOIPG Shares to be issued under the ESOS.

Provided always that it is in accordance with any prevailing guidelines issued by Bursa Malaysia Securities Berhad ("Bursa Malaysia"), the Listing Requirements or any other requirements of the relevant authorities and as amended from time to time.

(d) Duration of the ESOS

The ESOS came into force on 8 May 2015 and shall be for a duration of five (5) years and expires on 8 May 2020.

The ESOS Committee shall have the sole discretion in determining whether the options will be granted in one (1) single grant or based on staggered granting over the duration of the ESOS.

All options granted to a grantee under the ESOS are only exercisable within the option period and all options to the extent that have not been exercised upon the expiry of the option period shall automatically lapse and become null and void and have no further effect.

(e) Exercise Price

The exercise price shall be based on the higher of the following:

(i) the five (5)-day weighted average market price of IOIPG Shares, as quoted on Bursa Malaysia, immediately preceding the Date of Offer of the option, with a discount of not more than 10%; or

(ii) the par value of IOIPG Shares of RM1.00 each.

Notwithstanding to the above, with the implementation of the Companies Act 2016 effective from 31 January 2017, the concept of par value of share capital had been abolished. Therefore, the par value of the shares of the Company as one of the exercise price determinant is to be disregarded.

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30 SHARE CAPITAL (CONTINUED)

30.1 Employees' Share Option Scheme ("ESOS") (continued)

(f) Ranking of the new IOIPG Shares

The new IOIPG Shares to be allotted and issued upon any exercise of options shall upon allotment and issuance, rank pari passu in all respects with the then existing issued and paid-up IOIPG Shares, save and except that the holders of the new IOIPG Shares so allotted and issued shall not be entitled to any dividends, rights, allotments and/or any other forms of distributions that may be declared, made or paid to the shareholders of IOIPG, the entitlement date of which is prior to the date of allotment of such new IOIPG Shares and will be subject to all the provisions of the Articles of Association of the Company relating to transfer, transmission or otherwise.

(g) Retention period

The new IOIPG Shares to be allotted and issued pursuant to the exercise of the options under the ESOS will not be subject to any retention period or restriction on transfers.

(h) Termination of the ESOS

The ESOS may be terminated by the ESOS Committee at any time before the date of expiry provided that the Company makes an announcement immediately to Bursa Malaysia. The announcement shall include:

(i) the effective date of termination;

(ii) the number of options exercised or IOIPG Shares vested, if applicable; and

(iii) the reasons and justification for termination.

Approval or consent of the shareholders of the Company by way of a resolution in a general meeting and written consent of grantees who have yet to exercise their options and/or vest the unvested IOIPG Shares (if applicable) are not required to effect a termination of the ESOS.

The movements of the share options over the unissued ordinary shares in the Company granted under the ESOS during the financial year are as follows:

		Number of options over ordinary shares				
Date of offer	**Option price#**	**As at 1.7.2017**	**Granted and accepted**	**Exercised**	**Lapsed***	**As at 30.6.2018**
23 May 2016	RM2.07	35,820,007	-	-	3,211,823	32,608,184

Notes:

 # Adjustments to option price persuant to the Rights Issue in 2017. (original option price was RM2.25)

** Due to the resignation or retirement of employees during the financial year ended 30 June 2018.*

31 RESERVES

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Share premium	-	12,571,579	-	12,571,579
Treasury shares (Note 31.1)	-	-	-	-
Foreign currency translation reserve (Note 31.2)	875,335	1,265,686	-	-
Cash flow hedge reserve (Note 31.3)	14,200	(4,830)	(4,422)	(5,551)
Share-based payment reserve (Note 31.4)	15,604	17,141	15,604	17,141
	905,139	13,849,576	11,182	12,583,169
Share premium transferred to share capital due to no par value regime (Note 30)	-	(12,571,579)	-	(12,571,579)
	905,139	1,277,997	11,182	11,590

31.1 Treasury shares

The shareholders of the Company, by an ordinary resolution passed at an Annual General Meeting held on 27 October 2017, approved the Company's plan to repurchase up to 10% of the issued and paid-up share capital of the Company ("Share Buy-Back").

The Directors of the Company are committed to enhance the value of the Company to its shareholders and believe that the Share Buy-Back can be applied in the best interests of the Company and its shareholders.

In the previous financial year, the Group and the Company repurchased its issued ordinary shares from the open market as follows:

	No. of shares '000	Cost RM'000	Purchase price* Highest RM	Lowest RM	Average RM
2017					
At beginning of financial year	12,411	24,487	2.24	1.81	1.97
Purchased during the financial year					
November 2016	2,499	5,769	2.31	2.31	2.31
December 2016	2,200	4,409	2.01	2.00	2.00
May 2017	2,000	4,225	2.11	2.11	2.11
	6,699	14,403	2.31	2.00	2.15
Subtotal	19,110	38,890			
Cancellation of treasury shares	(19,110)	(38,890)			
At end of financial year	-	-			

* *Purchase price includes stamp duties, brokerage, clearing fee and goods and services tax.*

On 30 June 2017, the Company cancelled all its accumulated 19,110,000 treasury shares with carrying amount of RM38,890,000 at an average price of RM2.04 per ordinary share.

The transactions under Share Buy-Back were financed by internally generated funds. The repurchased ordinary shares of the Company were held as treasury shares in accordance with the provision of Section 127 of the Companies Act 2016.

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31 RESERVES (CONTINUED)

31.2 Foreign currency translation reserve

The foreign currency translation reserve is used to record foreign currency exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency. It is also used to record the exchange differences arising from monetary items, which form part of the Group's net investment in foreign operations, whereby the monetary item is denominated in either the functional currency of the reporting entity or the foreign operation.

31.3 Cash flow hedge reserve

The cash flow hedge reserve represents the deferred fair value gains/(losses) relating to derivative financial instruments used to hedge certain foreign currency denominated borrowings of the Group.

Movement in the cash flow hedge reserve during the financial year is as follows:

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
At beginning of financial year	(4,830)	(11,669)	(5,551)	(11,669)
Fair value gain/(loss) on derivatives	5,633	25,909	(13,584)	25,000
Reclassification to/(from) profit and loss				
- Interest rate differences	(817)	1,815	499	2,003
- Foreign exchange rate differences	14,214	(20,885)	14,214	(20,885)
	13,397	(19,070)	14,713	(18,882)
At end of financial year	14,200	(4,830)	(4,422)	(5,551)

31.4 Share-based payment reserve

The share options reserve represents the fair value of the equity-settled share options granted to employees. This reserve is made up of the cumulative value of services received from employees recorded on the grant date of share options.

32 BORROWINGS

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Non-current liabilities				
Unsecured				
Term loans	8,603,776	3,855,768	187,794	273,689
Revolving credit	250,000	375,000	250,000	375,000
Sukuk Murabahah	719,970	559,745	-	-
	9,573,746	4,790,513	437,794	648,689

32 BORROWINGS (CONTINUED)

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Current liabilities				
Unsecured				
Term loans	1,754,237	7,501,462	71,908	50,802
Revolving credit	424,435	3,219	128,219	3,219
Sukuk Murabahah	200,648	199,312	-	-
	2,379,320	7,703,993	200,127	54,021
Total borrowings	11,953,066	12,494,506	637,921	702,710

Unsecured

Borrowings of the Group include:

Term loans

(a) Commodity Murabahah Financing-i facility of USD75,669,383 with profit rate at 1.20% plus LIBOR per annum and is repayable in five (5) years with four (4) annual principal repayments of USD11,641,444, USD17,462,165, USD23,282,887 and USD23,282,887 respectively commencing twenty-four (24) months from the first transaction date in January 2016. The Group and the Company have entered into cross currency interest rate swap contract to hedge against fluctuation in exchange rate and interest rate as disclosed in Note 33 to the financial statements.

(b) Synthetic foreign currency loan of USD150,000,000, equivalent to RM493,350,000 was drawn down in RM. The currency used for settlement of both principal and interest is also in RM, which is based on the rate of currency exchange fixed at the date of inception. The said loan bears fixed interest at 4.70% per annum and is repayable in five (5) years from draw down date in January 2014 with three (3) annual principal repayments of RM164,450,000 each commencing from December 2016.

(c) Commodity Murabahah Term Financing-I of RM700,000,000 with fixed profit rate at 5.10% per annum and is repayable in four and half (4.5) years with four (4) semi-annual repayments of RM175,000,000 each commencing thirty-six (36) months from the first draw date in October 2014.

(d) Term loan of RM170,000,000 with interest rate at 0.75% plus Islamic cost of funds per annum and is repayable in five (5) years from draw down date in April 2017 with six (6) semi-annual principal repayments of RM28,300,000, RM28,300,000, RM28,300,000, RM28,300,000, RM28,300,000 and RM28,500,000 respectively commencing from October 2019.

(e) Commodity Murabahah Term Financing-i 3 of RM400,000,000 is repayable by September 2018 with effective profit rate of 0.60% above the Bank's prevailing Islamic Cost of Fund in one lump sum repayment of RM400,000,000.

(f) Term loan of USD400,000,000 with interest at 1.22% plus LIBOR per annum. In May 2017, the Group made a total repayment amounted to USD50,000,000. The remaining outstanding borrowing is repayable in five (5) years from draw down date in December 2016 with three (3) annual principle repayments of USD116,667,000, USD116,667,000 and USD116,666,000 respectively commencing from December 2019. The Group also entered into an interest rate swap contract on part of the borrowing amount of USD200,000,000 out of the remaining USD350,000,000 in May 2017 as disclosed in Note 33 to the financial statements.

(g) Term loan of SGD200,000,000 is bearing interest at 0.80% plus Swap Offer Rate per annum and is repayable at the end of 5th year after the date of the facility agreement in May 2016.

32 BORROWINGS (CONTINUED)

Borrowings of the Group include: (continued)

Term loans (continued)

(h) Term loan of SGD250,000,000 with interest at 0.75% plus six (6) months Swap Offer Rate in arrears per annum. The loan is repayable in three (3) years with bullet repayment commencing from the draw down date in July 2015.

(i) Term loan of SGD2,830,000,000 with interest at 0.75% plus Swap Offer Rate per annum and has been fully repaid during the financial year.

(j) Term loan of SGD1,622,000,000 with interest at 0.85% plus Swap Offer Rate per annum and is repayable at the end of 5th year from the draw down date in March 2018.

(k) Term loan facility of SGD500,000,000 with interest at 1.05% plus Swap Offer Rate per annum and is repayable at the end of 5th year from the draw down date in March 2018.

Revolving credit

(l) Revolving credit of RM375,000,000 with fixed interest rate at 4.82% per annum and is repayable in five (5) years with three (3) annual principal repayments of RM125,000,000 each commencing thirty-six (36) months from first draw down in January 2016.

(m) Revolving credit of SGD100,000,000 with interest at 0.80% plus Swap Offer Rate per annum and is repayable by March 2019.

Sukuk Murabahah

(n) Sukuk Murabahah of RM750,000,000 with fixed profit rate at 4.98% per annum and is repayable in five (5) years from draw down date in September 2014 with three (3) annual principal repayments of RM190,000,000, RM190,000,000 and RM370,000,000 respectively commencing from September 2017.

(o) Islamic medium term notes under a multi-currency Islamic medium term note programme of up to RM3,000,000,000 (or its equivalent in other currencies) in nominal value. Drawn down of RM100,000,000 and RM250,000,000 with fixed profit rate at 4.65% and 4.80% per annum and is repayable by December 2022 and March 2023 respectively.

Borrowings of the Group comprise new term loans obtained during the financial year as described in notes 32 (e), (j), (k), (m) and (o) to the financial statements.

Borrowings of the Company include:

Term loan

(a) Commodity Murabahah Financing-i facility of USD75,669,383 with profit rate at 1.20% plus LIBOR per annum and is repayable in five (5) years with four (4) annual principal repayments of USD11,641,444, USD17,462,165, USD23,282,887 and USD23,282,887 respectively commencing twenty-four (24) months from the first transaction date in January 2016. The Group and the Company have entered into cross currency interest rate swap contract to hedge against fluctuation in exchange rate and interest rate as disclosed in Note 33 to the financial statements.

Revolving credit

(b) Revolving credit of RM375,000,000 with fixed interest rate at 4.82% per annum and is repayable in five (5) years with three (3) annual principal repayments of RM125,000,000 each commencing thirty-six (36) months from first draw down in January 2016.

32 BORROWINGS (CONTINUED)

The maturity profile of term loans was as follows:

	Fixed interest rate					Floating interest rate					
Group	< 1 year RM'000	1 – 2 years RM'000	2 – 3 years RM'000	3 – 4 years RM'000	4 – 5 years RM'000	< 1 year RM'000	1 – 2 years RM'000	2 – 3 years RM'000	3 – 4 years RM'000	4 – 5 years RM'000	Total RM'000
2018											
Unsecured:											
Term loans denominated in:											
- Ringgit Malaysia ("RM")	518,313	-	-	-	-	402,691	56,345	56,345	56,346	-	1,090,040
- Singapore Dollar ("SGD")	-	-	-	-	-	758,176	-	591,580	-	6,244,482	7,594,238
- US Dollar ("USD")*	-	-	-	-	-	75,057	564,228	564,376	470,074	-	1,673,735
	518,313	-	-	-	-	1,235,924	620,573	1,212,301	526,420	6,244,482	10,358,013
Revolving credit denominated in:											
- RM	128,219	125,000	125,000	-	-	-	-	-	-	-	378,219
- SGD	-	-	-	-	-	296,216	-	-	-	-	296,216
	128,219	125,000	125,000	-	-	296,216	-	-	-	-	674,435
Sukuk Murabahah denominated in:											
- RM	200,648	369,970	-	-	350,000	-	-	-	-	-	920,618
	847,180	494,970	125,000	-	350,000	1,532,140	620,573	1,212,301	526,420	6,244,482	11,953,066

* *Included borrowings of RM259,702,000 (equivalent to USD64.0 million) and RM808,900,000 (equivalent to USD200.0 million) for which the Group has entered into a cross currency interest rate swap and an interest rate swap respectively to hedge against fluctuation in exchange rate and interest rate.*

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32 BORROWINGS (CONTINUED)

The maturity profile of term loans was as follows: (continued)

	Fixed interest rate					Floating interest rate					
Group	< 1 year RM'000	1 – 2 years RM'000	2 – 3 years RM'000	3 – 4 years RM'000	4 – 5 years RM'000	< 1 year RM'000	1 – 2 years RM'000	2 – 3 years RM'000	3 – 4 years RM'000	4 – 5 years RM'000	Total RM'000
2017											
Unsecured:											
Term loans denominated in:											
- RM	522,079	514,402	-	-	-	1,698	-	56,345	56,345	56,090	1,206,959
- SGD	-	-	-	-	-	6,923,837	778,825	-	623,060	-	8,325,722
- USD*	-	-	-	-	-	53,848	74,638	598,617	598,402	499,044	1,824,549
	522,079	514,402	-	-	-	6,979,383	853,463	654,962	1,277,807	555,134	11,357,230
Revolving credit denominated in:											
- RM	3,219	125,000	125,000	125,000	-	-	-	-	-	-	378,219
Sukuk Murabahah denominated in:											
- RM	199,312	189,887	369,858	-	-	-	-	-	-	-	759,057
	724,610	829,289	494,858	125,000	-	6,979,383	853,463	654,962	1,277,807	555,134	12,494,506

* *Included borrowings of RM324,491,000 (equivalent to USD75.6 million) and RM859,100,000 (equivalent to USD200.0 million) for which the Group has entered into a cross currency interest rate swap and an interest rate swap respectively to hedge against fluctuation in exchange rate and interest rate.*

32 BORROWINGS (CONTINUED)

The maturity profile of term loans was as follows: (continued)

	Fixed interest rate					Floating interest rate					
Company	< 1 year RM'000	1 – 2 years RM'000	2 – 3 years RM'000	3 – 4 years RM'000	4 – 5 years RM'000	< 1 year RM'000	1 – 2 years RM'000	2 – 3 years RM'000	3 – 4 years RM'000	4 – 5 years RM'000	Total RM'000
2018											
Unsecured:											
Term loan denominated in:											
- USD*	-	-	-	-	-	71,908	93,823	93,971	-	-	259,702
Revolving credit denominated in:											
- RM	128,219	125,000	125,000	-	-	-	-	-	-	-	378,219
	128,219	125,000	125,000	-	-	71,908	93,823	93,971	-	-	637,921

* *Refers to borrowings of RM259,702,000 (equivalent to USD64.0 million) for which the Company has entered into a cross currency interest rate swap to hedge against fluctuation in exchange rate and interest rate.*

	Fixed interest rate					Floating interest rate					
Company	< 1 year RM'000	1 – 2 years RM'000	2 – 3 years RM'000	3 – 4 years RM'000	4 – 5 years RM'000	< 1 year RM'000	1 – 2 years RM'000	2 – 3 years RM'000	3 – 4 years RM'000	4 – 5 years RM'000	Total RM'000
2017											
Unsecured:											
Term loan denominated in:											
- USD*	-	-	-	-	-	50,802	74,638	99,633	99,418	-	324,491
Revolving credit denominated in:											
- RM	3,219	125,000	125,000	125,000	-	-	-	-	-	-	378,219
	3,219	125,000	125,000	125,000	-	50,802	74,638	99,633	99,418	-	702,710

* *Refers to borrowings of RM324,491,000 (equivalent to USD75.6 million) for which the Company has entered into a cross currency interest rate swap to hedge against fluctuation in exchange rate and interest rate.*

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33 DERIVATIVE FINANCIAL ASSETS/(LIABILITIES)

The Group's and the Company's derivative financial assets/(liabilities) are as follows:

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Derivative designated in hedging relationship				
Non-current assets				
Cross Currency Interest Rate Swaps ("CCIRS") as cash flow hedge on a USD denominated borrowing	-	600	-	600
Interest Rate Swaps ("IRS") as cash flow hedge on a USD denominated borrowing	13,597	3,951	-	-
	13,597	4,551	-	600
Current assets				
IRS as cash flow hedge on a USD denominated borrowing	6,529	-	-	-
Non-current liability				
CCIRS as cash flow hedge on a USD denominated borrowing	(12,032)	-	(12,032)	-
Current liabilities				
CCIRS as cash flow hedge on a USD denominated borrowing	(7,358)	(6,406)	(7,358)	(6,406)
IRS as cash flow hedge on a USD denominated borrowing	-	(3,042)	-	-
	(7,358)	(9,448)	(7,358)	(6,406)

33 DERIVATIVE FINANCIAL ASSETS/(LIABILITIES) (CONTINUED)

The details of the CCIRS are set out as below:

Commencement/Maturity date	Contract/Notional amount 2018 RM'000	Contract/Notional amount 2017 RM'000	Exchange rate	Interest rate
27 January 2016/26 January 2021	275,000	325,000	The Group and the Company pay RM in exchange for receiving USD at predetermined exchange rate of RM4.295/USD according to the scheduled principal and quarterly interest repayment of the USD borrowing as disclosed in Note 32(a) to the financial statements	The Group and the Company pay a fixed interest rate of 4.78% per annum in exchange for receiving LIBOR plus a spread on the outstanding principal amount

The details of the IRS are set out as below:

Commencement/Maturity date	Contract/Notional amount 2018 RM'000	Contract/Notional amount 2017 RM'000	Interest rate
18 May 2017/1 December 2021	808,900	859,100	The Group pays a fixed interest rate of 2.95% per annum in exchange for receiving LIBOR plus a spread on the outstanding principal amount as disclosed in Note 32(f) to the financial statements

The settlement dates of the CCIRS and IRS coincide with the dates on which principal and interest are payable on the underlying borrowing and settlement.

34 AMOUNTS DUE TO NON-CONTROLLING INTERESTS

The amounts due to non-controlling interests represent outstanding amounts mainly arising from the non-controlling interests' proportionate advances for the acquisition of land and working capital. The outstanding amounts are unsecured, bear interest at 3.51%(2017: 1.47% to 2.85%) per annum, and are not repayable within the next twelve (12) months after the reporting date.

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35 TRADE AND OTHER PAYABLES

	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
Non-current				
Trade payables (Note 35.1)	40,395	25,760	-	-
Current				
Trade payables and accruals (Note 35.1)	909,210	921,371	-	-
Other payables and accruals (Note 35.2)	155,652	282,515	1,233	1,152
Progress billings	98,369	230,575	-	-
Provisions (Note 35.3)	45,996	48,738	-	-
	1,209,227	1,483,199	1,233	1,152

35.1 Trade payables and accruals

	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
Current				
Trade payables	395,842	424,449	-	-
Accruals	455,993	435,185	-	-
Deposits	57,375	61,737	-	-
	909,210	921,371	-	-

The Group's non-current trade payables are in relation to deposits received from tenants, of which discounting impact is immaterial.

Included in trade payables of the Group are retention monies of RM257,308,000 (2017: RM275,649,000).

Credit terms of trade payables vary from 14 to 60 days (2017: 14 to 60 days) from the date of invoice and progress claim. The retention monies are repayable upon expiry of the defect liability period of 6 to 24 months (2017: 6 to 24 months).

35.2 Other payables and accruals

	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
Current				
Other payables	59,461	106,078	165	152
Accruals	96,191	176,437	1,068	1,000
	155,652	282,515	1,233	1,152

35 TRADE AND OTHER PAYABLES (CONTINUED)

35.3 Provision

	Group	
	2018 RM'000	2017 RM'000
As at 1 July	48,738	58,012
Provision during the financial year	2,261	-
Over provision during the financial year	(2,650)	(9,274)
Utilisation during the financial year	(2,353)	-
As at 30 June	45,996	48,738

The provision relates to affordable housing and represents the unavoidable costs exceeding the economic benefits expected to be received by the Group in discharging the Group's obligation to develop affordable housing involuntarily based on the requirements imposed by relevant authorities.

36 CASH AND CASH EQUIVALENTS

Cash and cash equivalents at end of financial year comprise:

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Short-term fund (Note 27)	298,122	282,515	298,122	282,515
Deposits with financial institutions (Note 28)	1,837,610	1,405,299	-	-
Cash and bank balances (Note 29)	547,588	688,419	25,836	67,165
	2,683,320	2,376,233	323,958	349,680

37 SIGNIFICANT RELATED PARTY DISCLOSURES

37.1 Identities of related parties

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

Related parties of the Group include:

i. Progressive Holdings Sdn. Bhd ("PHSB"), the ultimate holding company. Tan Sri Lee Shin Cheng, a Director of the Company and his immediate family members are shareholders of PHSB and together they own 55.64% (2017: 52.79%) of the shares in the Company;
ii. Vertical Capacity Sdn. Bhd.; the immediate holding company;
iii. Direct and indirect subsidiaries as disclosed in Note 43 to the financial statements;
iv. Direct and indirect subsidiaries of the immediate and ultimate holding companies;
v. Associate and joint ventures as disclosed in Note 43 to the financial statements;
vi. Key management personnel which is the Directors and officers of the Company who have the authority and responsibility for planning, directing and controlling the activities of the Group and of the Company directly or indirectly; and
vii. Affiliates, companies in which the Directors who are also the substantial shareholders of the Company have substantial shareholdings interest, including IOI Corporation Berhad and its subsidiaries.

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37 SIGNIFICANT RELATED PARTY DISCLOSURES (CONTINUED)

37.2 Significant related party transactions

In addition to the transactions detailed elsewhere in the financial statements, the Group and the Company had undertaken the following transactions with related parties during the financial year:

	Group	
	2018 RM'000	2017 RM'000
Affiliates		
Management services income	269	41
Property project management services	4,512	2,379
Rendering of building maintenance services	680	732
Rental income	4,761	4,549
Sales of plant and landscaping services	1,060	606
Sales of palm products	36,989	35,037
Share of plantation management costs	(4,549)	(5,530)
Agency fees expense	(1,876)	(1,654)
Management services fee	(7,978)	(7,893)
Joint ventures		
Interest income	8,086	7,837
Property project management services	2,454	1,985
Dividend income	26,419	48,468

	Company	
	2018 RM'000	2017 RM'000
Subsidiaries		
Dividend income	470,836	259,625
Interest income	32,663	16,704
Interest expense	(8,782)	(3,543)
Management fees	(955)	(84)

The related party transactions described above were carried out on terms and conditions negotiated and agreed between the parties.

Information regarding outstanding balances arising from related party transactions as at 30 June 2018 are disclosed in Notes 20.2, 20.3, 22.3 and 26.1 to the financial statements.

37 SIGNIFICANT RELATED PARTY DISCLOSURES (CONTINUED)

37.3 Key management personnel compensation

The remuneration of key management personnel during the financial year is as follows:

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Directors				
Fees	1,095	910	1,095	910
Remuneration	33,550	38,874	83	79
Estimated monetary value of benefits-in-kind	142	133	-	39
	34,787	39,917	1,178	1,028
Officers				
Remuneration	2,709	3,226	-	-
Estimated monetary value of benefits-in-kind	73	87	-	-
	2,782	3,313	-	-
Total short term employee benefits	37,569	43,230	1,178	1,028

38 CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that entities of the Group are able to continue as going concern while maximising the return to shareholders through the optimisation of the debt and equity mix.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. Capital of the Group comprises equity, borrowings and other liabilities. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the financial years ended 30 June 2018 and 30 June 2017.

The Group and the Company use the gearing ratio to assess the appropriateness of its debt level. The ratio is calculated as total debt divided by equity attributable to owners of the parent.

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Borrowings (Note 32)	11,953,066	12,494,506	637,921	702,710
Less: Cash and cash equivalents (Note 36)	(2,683,320)	(2,376,233)	(323,958)	(349,680)
Net debt	9,269,746	10,118,273	313,963	353,030
Equity	18,310,206	18,227,961	18,882,246	18,751,790
Gearing ratio	0.51	0.56	0.02	0.02

The Group and the Company are subject to certain externally imposed requirements in the form of loan covenants. The Group and the Company monitor gearing ratios and compliance with loan covenants based on the terms of the respective loan agreements. The Group and the Company have complied with loan covenants during and as at the financial year.

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39 FINANCIAL INSTRUMENTS

Financial risk management objectives and policies

The Group's activities expose it to a variety of financial risks: market risk (including foreign currency exchange risk and interest rate risk), credit risk and liquidity and cash flow risk. The Group's overall financial risk management objective is to ensure that the Group creates value for its shareholders whilst minimising potential adverse effects on the financial performance of the Group. Financial risk management is carried out through risk reviews, internal control systems, insurance programmes and adherence to Group financial risk management policies. The management regularly reviews these risks and approves the treasury policies, which covers the management of these risks.

39.1 Foreign currency risk

The Group operates internationally and is exposed to various currencies, mainly Singapore Dollar ("SGD"), US Dollar ("USD") and Renminbi ("RMB"). Foreign currency denominated assets and liabilities together with expected cash flows from committed purchases and sales give rise to foreign currency exposures.

The Group's foreign currency risk management objective is to minimise foreign currency exposure that gives rise to economic impact, both at transaction and reporting period translation levels.

39.1.1 Risk management approach

The Group maintains a natural hedge, whenever possible, by borrowing in the currency of the country, in which the property or investment is located or by borrowing in currencies that match the future revenue stream to be generated from its investments.

CCIRS is used to hedge the volatility in the cash flow attributable to variability in the foreign currency denominated borrowings from the inception to maturity of the borrowings.

Foreign currency exposures in transactional currencies other than functional currencies of the operating entities are kept to an acceptable level.

39.1.2 Foreign currency risk exposure

The Group and the Company are not exposed to significant foreign currency risk as the majority of the Group's and the Company's transactions, assets and liabilities are denominated in the functional currencies of the respective entities within the Group except for the USD borrowings and intercompany advances. For USD borrowings in a designated hedging relationship as these are effectively hedged, the foreign currency movements will not have material impact on the statement of profit or loss.

As defined by FRS 7 'Financial Instruments: Disclosure', currency risks arise on account of monetary assets and liabilities being denominated in a currency that is not the functional currency.

As at 30 June 2018, the Group's and the Company's net monetary assets are as tabled below.

39 FINANCIAL INSTRUMENTS (CONTINUED)

39.1 Foreign currency risk (continued)

39.1.2 Foreign currency risk exposure (continued)

The effects to the Group's and the Company's profit before tax, had these foreign currencies denominated net monetary (liabilities)/assets strengthened by 5% (2017: 5%) against RM, are as follows:

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Net monetary (liabilities)/assets denominated in				
- USD	(1,414,153)	(1,499,954)	97	104
- SGD	1,192,299	-	4	1,561,337
(Decrease)/Increase in profit or loss if the currency had strengthened by 5% (2017: 5%)				
- USD	(70,708)	(74,998)	5	5
- SGD	59,615	-*	-*	78,067
Net exposure	(11,093)	(74,998)	5	78,072

* *Less than RM1,000*

Except as disclosed above, other foreign currency exchange risks exposures are not material and did not have any significant impact on the financial statements of the Group and of the Company as at 30 June 2018, hence sensitivity analysis is not presented.

39.2 Interest rate risk

The Group's interest rate risk arises from its interest-bearing financial instruments that could impact fair value and future cash flows due to fluctuation in market interest rates.

The Group's objective on interest rate risk management is to achieve a balance in repricing risks and the optimisation of its cost of funds whilst ensuring sufficient liquidity to meet funding needs.

39.2.1 Risk management approach

The Group actively reviews its debt portfolio, taking into account the nature and requirements of its businesses as well as the current business and economic environment. This strategy allows it to achieve an optimum cost of capital whilst locking in long term funding rates for long term investments.

Funds held for liquidity purposes and temporary surpluses are placed in short term interest-bearing financial instruments.

39 FINANCIAL INSTRUMENTS (CONTINUED)

39.2 Interest rate risk (continued)

39.2.2 Interest rate risk exposure

The Group's fixed interest bearing assets are primarily cash held in Housing Development Accounts and short term deposits with financial institutions. The Group considers the risk of significant changes to interest rates on those deposits to be unlikely.

The exposure of the Group and of the Company to interest risk arises primarily from their loans and borrowings. The Group and the Company manage their interest rate exposure by monitoring a mix of fixed and floating rate borrowings. The Group and the Company also entered into a CCIRS and an IRS to hedge the floating rate interest payable on borrowing as disclosed in Note 33 to the financial statements.

As at 30 June 2018, after taking into account the effect of the CCIRS and IRS, the borrowings and amounts due to non-controlling interests of the Group of RM9,067,314,000 (2017: RM9,137,158,000) and RM9,934,000 (2017: RM8,627,000) respectively are at floating interest rates.

As at 30 June 2018, the net amounts due from subsidiaries of the Company of RM399,782,000 (2017: RM232,853,000) are at floating interest rates.

39.2.3 Sensitivity analysis

Sensitivity analysis on interest rate is applied on floating rate financial instruments only, as the carrying amount of fixed rate financial instruments are measured at amortised cost.

A 50 basis points movement in interest rates of the borrowings and amounts due to non-controlling interests at the respective financial year would increase or decrease the additions to property development costs and investment properties arising from capitalised borrowing costs of the Group by approximately RM45,386,000 (2017: RM46,009,000). The interest expense would be charged to profit or loss based on stage of completion method. The interest rate risk exposure to the profit or loss is deemed immaterial to the Group, hence sensitivity analysis is not presented.

A 50 basis points movement in interest rates of the amounts due from subsidiaries at the respective financial year would increase or decrease the profit or loss of the Company by approximately RM1,999,000 (2017: RM1,164,000).

39.3 Credit risk

The Group's credit risk exposure is mainly related to external counter-party credit risk on monetary financial assets and trade credits. Credit risk is managed at the business unit level, but macro group-wide policies on the granting of credit and credit control are issued and monitored centrally, such as those relating to credit risk concentration, adequacy of formal credit rating and evaluation of counter parties, credit impairment and unit level credit control performance.

The Group's objective on credit risk management is to avoid significant exposure to any individual customer or counter party and to minimise concentration of credit risk.

39 FINANCIAL INSTRUMENTS (CONTINUED)

39.3 Credit risk (continued)

39.3.1 Risk management approach

Credit risk or financial loss from the failure of customers or counter parties to discharge their financial and contractual obligations from trade credits is managed through the application of credit approvals, credit limits, insurance programmes and monitoring procedures on an on-going basis. If necessary, the Group may obtain collateral from counter parties as a mean of mitigating losses in the event of default.

The Group's credit risk varies with the different classes of counter-parties as outlined below:

(i) Property

Generally, property units sold are progressively invoiced and settled by end-buyers' financiers posing minimal credit risk. Property investment entails the hospitality sub-segment for which sales are generally cash settled; and the rental property sub-segment which poses a certain degree of collection risk in correlation with the macroeconomic environment.

Policies and procedures

(a) Tail-end progress billings on property units sold that serve as retention sum are closely monitored and claimed upon expiry of retention period;

(b) Credit granted for corporate clients in the hospitality sub-segment are duly assessed and selectively approved with established limits;

(c) All tenants of its investment properties are subjected to deposits requirement averaging three (3) months rental; and

(d) Credit exposure is monitored on limits and aging, managed and reviewed periodically. Debtors with emerging credit problems are identified early and remedial actions are taken promptly to minimise further exposure and to restore past due status.

Collateral and credit enhancement

In general, a combination of:

(a) Title retention and conveyance on clearance for property development;

(b) Cash deposits/advance for hospitality sub-segment; and

(c) Deposits for rental sub-segment.

39 FINANCIAL INSTRUMENTS (CONTINUED)

39.3 Credit risk (continued)

39.3.1 Risk management approach (continued)

(ii) Financial institutions and exchanges

The Group places its working capital and surplus funds in current account, money market, and time-deposits with banks; and in security papers and investment trusts managed by licensed institutions. Beyond the minimal deposit guarantee offered by certain sovereign nation's deposit insurance schemes, the Group is exposed to a degree of counter-parties' credit risk in times of severe economic or financial crisis.

Policies and procedures

(a) Funds are mainly placed with licensed financial institutions with credit rating of "A- and above"; and

(b) Funds placements are centrally monitored, and where applicable are spread out based on location need.

Collateral and credit enhancement

In general, a combination of:

(a) National deposit insurance; and

(b) Fidelity guarantee.

In general, all business units in the Group have a comprehensive policy that governs the need for formal credit rating system and evaluation on counter parties prior to any contractual arrangement that would result in credit risk exposure. Besides exposure amount, credit risk is also measured and monitored by way of credit quality segregation, past due aging analysis, and limits breach alerts. Reviews on credit impairment needs are made quarterly based on objective evidence of loss events.

39.3.2 Credit risk exposures and concentration

Exposure to credit risk - property development

The Group does not have any significant credit risk from its property development activities as sale of development units are made to large number of property purchasers with end financing facilities from reputable end-financiers, and the ownership and rights to the properties revert to the Group in the event of default.

Exposure to credit risk - property investment

Credit risk arising from the Group's property investment sub-segment is limited as all tenants of its investment properties are subjected to deposits requirement averaging three (3) months rental.

39 FINANCIAL INSTRUMENTS (CONTINUED)

39.3 Credit risk (continued)

39.3.2 Credit risk exposures and concentration (continued)

Exposure to credit risk - cash and cash equivalents

Credit risk from cash and cash equivalents is generally low as the counter-parties involved are reputable financial institutions.

At the end of the reporting period, the maximum exposure of the Group and of the Company to credit risk is represented by the carrying amount of each class of financial assets recognised on the statement of financial position.

Credit risk concentration profile

Concentrations of credit risk with respect of trade and other receivables are limited due to the Group's large number of customers, who are dispersed over a broad spectrum of industries and businesses.

The credit risk concentration of the Group is mainly in the "receivables" class of assets, except for accrued billings, goods and services tax, non-refundable deposits and prepayments, and this is further analysed below to reveal the credit risk concentration by geographic location and business segment.

	Property development		Property investment		Others		Total	
Group	**RM'000**	**%**	**RM'000**	**%**	**RM'000**	**%**	**RM'000**	**%**
2018								
Malaysia	283,236	83	23,867	99	12,360	100	319,463	85
Asia (excluding Malaysia)	58,172	17	343	1	-	-	58,515	15
	341,408	100	24,210	100	12,360	100	377,978	100
2017								
Malaysia	292,112	60	27,483	14	20,194	100	339,789	49
Asia (excluding Malaysia)	191,033	40	168,171	86	-	-	359,204	51
	483,145	100	195,654	100	20,194	100	698,993	100

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39 FINANCIAL INSTRUMENTS (CONTINUED)

39.3 Credit risk (continued)

39.3.2 Credit risk exposures and concentration (continued)

The Company does not have any significant exposure to any individual customer or counterparty nor does it have any major concentration of credit risk except for amounts due from subsidiaries. The credit risks with respect of amounts due from subsidiaries are assessed to be low.

Financial assets that are neither past due nor impaired

The credit quality of trade and other receivables that are neither past due nor impaired are substantially amounts due from property purchasers with end financing facilities from reputable end-financiers and customers with good collection track record with the Group. All short term funds, deposits with financial institutions, cash and bank balances are placed with or entered into with reputable financial institutions.

Financial assets that are past due but not impaired

As at 30 June 2018, trade and other receivables of the Group of RM47,320,000 (2017: RM38,051,000) were past due but not impaired. Receivables of the Group that are past due but not impaired are mainly related to the progress billings to be settled by end-buyers' financiers. It is the Group's policy to monitor the financial standing of these receivables on an ongoing basis to ensure that the Group is exposed to minimal credit risk.

The aging analysis of these receivables is as follows:

	Group	
	2018 RM'000	**2017 RM'000**
Up to 3 months	40,683	29,219
More than 3 months	6,637	8,832
	47,320	38,051

39 FINANCIAL INSTRUMENTS (CONTINUED)

39.4 Liquidity and cash flow risk

Liquidity and cash flow risk arise when financial resources are insufficient to meet financial obligations as and when they fall due, or have to be met at excessive cost.

The Group's liquidity risk management objective is to ensure that all foreseeable funding commitments can be met as and when due in a cost-effective manner.

39.4.1 Risk management approach

The Group leverages on IOI Properties Group Berhad ("IOIPG") as the public listed parent company whereby treasury related activities are centralised and where the optimal weighted average costs of funds is managed. The Company, as a parent company plays a central liquidity management role where the Group's longer term funding requirements are managed based on business and liquidity needs, whilst the day-to-day operational liquidity needs are decentralised at the business unit level. The Group practises an arm's-length market based policy with regard to funding costs.

The Group actively manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure all operating, investing and financing needs are met. To mitigate liquidity risk, management measures and forecasts its cash commitments, monitors and maintains a level of cash and cash equivalents deemed adequate to finance the Group's operations and investment activities. In addition, the Group strives to maintain available banking facilities at a reasonable level against its overall debt position. As at 30 June 2018, the Group has undrawn banking facilities of RM3,231,189,000 (2017: RM38,107,000).

The Group manages its liquidity risk with a combination of the following methods:

(i) Maintain a balanced contractual maturity profile of financial assets to meet financial liabilities (particularly on near and immediate term maturity);

(ii) Maintain a diversified range of funding sources with adequate back-up facilities;

(iii) Maintain debt financing and servicing plan; and

(iv) Maintain medium to long term cash flow planning incorporating funding positions and requirements of all its subsidiaries.

As a Group policy, all business units conform to the following processes in ensuring its liquidity profiles are balanced and that all its obligations can be met when due:

(i) Perform annual cash flow budgeting and medium term cash flow planning, in which the timing of operational cash flows and its resulting surplus or deficit are reasonably determined. The aggregation of these allows for an overview of the Group's forecast cash flow and liquidity position, which in turn facilitates further consolidated cash flow planning;

(ii) Manage contingent liquidity commitment and exposures;

(iii) Monitor liquidity ratios against internal thresholds;

(iv) Manage working capital for efficient use of funds and optimise cash conversion cycle; and

(v) Manage concentration and maturity profile of both financial and non-financial liabilities.

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39 FINANCIAL INSTRUMENTS (CONTINUED)

39.4 Liquidity and cash flow risk (continued)

39.4.2 Liquidity risk exposure

The following table details the maturity profile of the Group's and the Company's financial liabilities at the end of the reporting period based on contractual undiscounted repayment obligations:

Group	Less than 1 year RM'000	1 - 2 years RM'000	2 - 3 years RM'000	3 - 4 years RM'000	More than 4 years RM'000	Total RM'000
2018						
Financial liabilities						
Trade and other payables*	1,063,778	40,395	-	-	-	1,104,173
Amounts due to non-controlling interests	349	9,934	-	-	-	10,283
Borrowings	2,693,240	1,372,655	1,558,759	711,025	6,745,287	13,080,966
Derivative financial liabilities	7,473	6,980	5,819	-	-	20,272
	3,764,840	1,429,964	1,564,578	711,025	6,745,287	14,215,694
2017						
Financial liabilities						
Trade and other payables*	1,200,787	25,760	-	-	-	1,226,547
Amounts due to non-controlling interests	385	17,671	-	-	-	18,056
Borrowings	7,937,892	1,826,788	1,239,323	1,450,674	570,475	13,025,152
Derivative financial liabilities	9,537	3,120	(2,162)	(5,283)	(781)	4,431
	9,148,601	1,873,339	1,237,161	1,445,391	569,694	14,274,186

* *Includes retention monies of RM257,308,000 (2017: RM275,649,000) which are repayable within the normal operating cycle i.e. upon expiry of the defect liability period of 6 to 24 months (2017: 6 to 24 months).*

39 FINANCIAL INSTRUMENTS (CONTINUED)

39.4 Liquidity and cash flow risk (continued)

39.4.2 Liquidity risk exposure (continued)

The following table details the maturity profile of the Group's and the Company's financial liabilities at the end of the reporting period based on contractual undiscounted repayment obligations (continued):

Company	Less than 1 year RM'000	1 - 2 years RM'000	2 - 3 years RM'000	3 - 4 years RM'000	More than 4 years RM'000	Total RM'000
2018						
Financial liabilities						
Amounts due to subsidiaries	386,874	-	-	-	-	386,874
Trade and other payables	1,233	-	-	-	-	1,233
Borrowings	224,175	233,975	224,617	-	-	682,767
Derivative financial liabilities	7,473	6,980	5,819	-	-	20,272
	619,755	240,955	230,436	-	-	1,091,146
2017						
Financial liabilities						
Amounts due to subsidiaries	3,326	-	-	-	-	3,326
Trade and other payables	1,152	-	-	-	-	1,152
Borrowings	80,582	224,199	241,401	232,799	-	778,981
Derivative financial liabilities	6,474	3,151	(565)	(3,497)	-	5,563
	91,534	227,350	240,836	229,302	-	789,022

Financial liabilities contractual maturity periods exceeding 12 months are within comfortable levels, and should be well covered by its annual free cash flow to be generated from its operations.

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39 FINANCIAL INSTRUMENTS (CONTINUED)

39.5 Fair values

(a) Methods and assumptions used to estimate fair value

The fair values of financial assets and financial liabilities are determined as follows:

(i) Financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value.

Except as otherwise disclosed, the carrying amounts of the current financial assets and liabilities are disclosed at reasonable approximation of its fair value due to their short term nature.

(ii) Fixed rate borrowings

The fair value of these financial instruments are estimated by discounting expected future cash flows at market incremental lending rate for similar types of borrowing at the end of each reporting period.

(b) Fair value hierarchy

Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the end of the reporting period.

Level 3 fair value measurements are those derived from inputs for the asset or liability that are not based on observable market data (unobservable inputs).

39 FINANCIAL INSTRUMENTS (CONTINUED)

39.5 Fair values (continued)

(b) Fair value hierarchy (continued)

The following tables set out the financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statement of financial position.

	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Total fair value	Carrying amount
Group	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	RM'000	RM'000
2018										
Financial assets										
Financial asset at fair value through profit or loss										
- Short term funds	298,122	-	-	298,122	-	-	-	-	298,122	298,122
Derivative used for hedging										
- Derivative financial assets	-	20,126	-	20,126	-	-	-	-	20,126	20,126
	298,122	20,126	-	318,248	-	-	-	-	318,248	318,248
Financial liabilities										
Other financial liabilities carried at amortised costs										
- Borrowings	-	-	-	-	-	11,906,938	-	11,906,938	11,906,938	11,953,066
- Amounts due to non-controlling interests	-	-	-	-	-	9,934	-	9,934	9,934	9,934
- Trade & other payables	-	-	-	-	-	40,395	-	40,395	40,395	40,395
Derivative used for hedging										
- Derivative financial liabilities	-	19,390	-	19,390	-	-	-	-	19,390	19,390
	-	19,390	-	19,390	-	11,957,267	-	11,957,267	11,976,657	12,022,785

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39 FINANCIAL INSTRUMENTS (CONTINUED)

39.5 Fair values (continued)

(b) Fair value hierarchy (continued)

The following tables set out the financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statement of financial position (continued).

	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Total fair value	Carrying amount
Group	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	RM'000	RM'000
2017										
Financial assets										
Financial asset at fair value through profit or loss										
- Short term funds	282,515	-	-	282,515	-	-	-	-	282,515	282,515
Derivative used for hedging										
- Derivative financial assets	-	4,551	-	4,551	-	-	-	-	4,551	4,551
	282,515	4,551	-	287,066	-	-	-	-	287,066	287,066
Financial liabilities										
Other financial liabilities carried at amortised costs										
- Borrowings	-	-	-	-	-	12,422,467	-	12,422,467	12,422,467	12,494,506
- Amounts due to non-controlling interests	-	-	-	-	-	17,671	-	17,671	17,671	17,671
- Trade & other payables	-	-	-	-	-	25,760	-	25,760	25,760	25,760
Derivative used for hedging										
- Derivative financial liabilities	-	9,448	-	9,448	-	-	-	-	9,448	9,448
	-	9,448	-	9,448	-	12,465,898	-	12,465,898	12,475,346	12,547,385

39 FINANCIAL INSTRUMENTS (CONTINUED)

39.5 Fair values (continued)

(b) Fair value hierarchy (continued)

The following tables set out the financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statement of financial position (continued).

	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Total fair value	Carrying amount
Company	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	RM'000	RM'000
2018										
Financial assets										
Financial asset at fair value through profit or loss										
- Short term funds	298,122	-	-	298,122	-	-	-	-	298,122	298,122
Loan and receivable										
- Amounts due from subsidiaries	-	-	-	-	-	504,999	-	504,999	504,999	504,999
	298,122	-	-	298,122	-	504,999	-	504,999	803,121	803,121
Financial liabilities										
Other financial liabilities carried at amortised costs										
- Borrowings	-	-	-	-	-	630,668	-	-	630,668	637,921
Derivative used for hedging										
- Derivative financial liability	-	19,390	-	19,390	-	-	-	-	19,390	19,390
	-	19,390	-	19,390	-	630,668	-	-	650,058	657,311

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39 FINANCIAL INSTRUMENTS (CONTINUED)

39.5 Fair values (continued)

(b) Fair value hierarchy (continued)

The following tables set out the financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statement of financial position (continued).

	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Total fair value	Carrying amount
Company	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	RM'000	RM'000
2017										
Financial assets										
Financial asset at fair value through profit or loss										
- Short term funds	282,515	-	-	282,515	-	-	-	-	282,515	282,515
Derivative used for hedging										
- Derivative financial asset	-	600	-	600	-	-	-	-	600	600
Loan and receivable										
- Amount due from a subsidiary	-	-	-	-	-	232,853	-	232,853	232,853	232,853
	282,515	600	-	283,115	-	232,853	-	232,853	515,968	515,968
Financial liabilities										
Other financial liabilities carried at amortised costs										
- Borrowings	-	-	-	-	-	706,530	-	706,530	706,530	702,710
Derivative used for hedging										
- Derivative financial liability	-	6,406	-	6,406	-	-	-	-	6,406	6,406
	-	6,406	-	6,406	-	706,530	-	706,530	712,936	709,116

39 FINANCIAL INSTRUMENTS (CONTINUED)

39.6 Classification of financial instruments

The financial assets and liabilities are classified into the following categories after initial recognition for the purpose of subsequent measurement:

Financial assets	Derivative used for hedging RM'000	Loans and receivables RM'000	Fair value through profit or loss RM'000	Total RM'000
Group				
2018				
Trade and other receivables, net of accrued billings, goods and services tax, non-refundable deposits and prepayments	-	377,978	-	377,978
Amount due from a joint venture	-	107	-	107
Short term funds	-	-	298,122	298,122
Deposits with financial institutions	-	1,837,610	-	1,837,610
Cash and bank balances	-	547,588	-	547,588
Derivative financial assets	20,126	-	-	20,126
	20,126	2,763,283	298,122	3,081,531
2017				
Trade and other receivables, net of accrued billings, goods and services tax, non-refundable deposits and prepayments	-	698,993	-	698,993
Other investments	-	6,329	-	6,329
Short term funds	-	-	282,515	282,515
Deposits with financial institutions	-	1,405,299	-	1,405,299
Cash and bank balances	-	688,419	-	688,419
Derivative financial assets	4,551	-	-	4,551
	4,551	2,799,040	282,515	3,086,106

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39 FINANCIAL INSTRUMENTS (CONTINUED)

39.6 Classification of financial instruments (continued)

The financial assets and liabilities are classified into the following categories after initial recognition for the purpose of subsequent measurement (continued):

Financial assets	Derivative used for hedging RM'000	Loans and receivables RM'000	Fair value through profit or loss RM'000	Total RM'000
Company				
2018				
Trade and other receivables, net of goods and services tax, non-refundable deposits and prepayments	-	5	-	5
Amounts due from subsidiaries	-	1,014,918	-	1,014,918
Short term funds	-	-	298,122	298,122
Cash and bank balances	-	25,836	-	25,836
	-	1,040,759	298,122	1,338,881
2017				
Trade and other receivables, net of goods and services tax, non-refundable deposits and prepayments	-	17	-	17
Amounts due from subsidiaries	-	1,159,346	-	1,159,346
Short term funds	-	-	282,515	282,515
Cash and bank balances	-	67,165	-	67,165
Derivative financial asset	600	-	-	600
	600	1,226,528	282,515	1,509,643

39 FINANCIAL INSTRUMENTS (CONTINUED)

39.6 Classification of financial instruments (continued)

The financial assets and liabilities are classified into the following categories after initial recognition for the purpose of subsequent measurement (continued):

Financial liabilities	Derivative used for hedging RM'000	Other financial liabilities at amortised costs RM'000	Total RM'000
Group			
2018			
Borrowings	-	11,953,066	11,953,066
Trade and other payables*	-	1,104,173	1,104,173
Amounts due to non-controlling interests	-	9,934	9,934
Derivative financial liability	19,390	-	19,390
	19,390	13,067,173	13,086,563
2017			
Borrowings	-	12,494,506	12,494,506
Trade and other payables*	-	1,226,547	1,226,547
Amounts due to non-controlling interests	-	17,671	17,671
Derivative financial liabilities	9,448	-	9,448
	9,448	13,738,724	13,748,172
Company			
2018			
Borrowings	-	637,921	637,921
Trade and other payables*	-	1,233	1,233
Amounts due to subsidiaries	-	373,927	373,927
Derivative financial liability	19,390	-	19,390
	19,390	1,013,081	1,032,471
2017			
Borrowings	-	702,710	702,710
Trade and other payables*	-	1,152	1,152
Amounts due to a subsidiary	-	3,326	3,326
Derivative financial liability	6,406	-	6,406
	6,406	707,188	713,594

* *Excludes progress billings, provisions and goods and services tax.*

40 COMMITMENTS

40.1 Capital commitments

	Group 2018 RM'000	Group 2017 RM'000
Authorised capital expenditure not provided for in the financial statements		
- Contracted		
Additions of land held for property development	81,359	81,359
Additions of property, plant and equipment	18,243	18,086
Additions of investment properties	322,695	270,019
	422,297	369,464

40.2 Operating lease commitments

40.2.1 The Group as lessee

The Group entered into a non-cancellable operating lease agreement for lease of office space from a joint venture company for a lease period of five (5) years and lease of office equipment for a lease period of between one (1) to three (3) years.

The future aggregate minimum lease payments under non-cancellable operating lease contracted for as at end of the reporting period but not recognised as liabilities are as follows:

	Group 2018 RM'000	Group 2017 RM'000
Not later than one (1) year	1,178	1,204
Later than one (1) year and not later than five (5) years	1,507	2,688
	2,685	3,892

40.2.2 The Group as lessor

The Group entered into non-cancellable operating lease agreements on its investment properties and unsold properties. These leases have remaining non-cancellable lease terms of between one (1) to twenty (20) years.

The future minimum lease payments receivable under non-cancellable operating leases contracted for as at end of reporting period but not recognised as receivables are as follows:

	Group 2018 RM'000	Group 2017 RM'000
Not later than one (1) year	233,510	184,549
Later than one (1) year and not later than five (5) years	293,445	167,065
Later than five (5) years	36,996	39,479
	563,951	391,093

41 SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

(a) Memorandum of Agreement ("MOA") between the Company and Hong Kong Land International Holdings Limited ("HKL") in relation to a proposed joint venture in the proportion of 67% and 33% respectively through Wealthy Link Pte. Ltd. ("Wealthy Link") as the joint venture company, to jointly own and undertake a proposed development and management of a land parcel at Central Boulevard in Singapore.

On 13 March 2018, the Company has terminated the MOA with HKL for the non-fulfilment of certain conditions precedent.

(b) Issuance of Islamic Medium Term Notes ("Sukuk Murabahah") by Fortune Premiere Sdn Bhd ("FPSB"), a wholly-owned subsidiary of the Company, under its Multi-Currency Islamic Medium Term Note Programme of up to RM3.0 billion (or its quivalent in other currencies) in nominal value ("Sukuk Murabahah Programme").

FPSB has made its first and second issuance of RM100.0 million and RM250.0 million respectively in nominal value of Sukuk Murabahah based on the Syariah Principle of Murabahah (via Tawarruq arrangement) under its Sukuk Murabahah Programme. The Sukuk Murabahah Programme was established with a tenure of up to 15 years from the date of the first issuance on 21 December 2017.

42 SEGMENTAL INFORMATION

The Group has four (4) reportable operating segments that are organised and managed separately according to the nature of products and services, specific expertise and technological requirements, which require different business and marketing strategies. The reportable segments are summarised as follows:

Property development	Development of residential, commercial and industrial properties
Property investment	Investments in shopping mall, office building, office complex and other properties
Hospitality and leisure	Management and operation of hotels, resorts and golf course
Other operations	Project and building services management, landscape services and other operations which are not sizeable to be reported separately

The Group's chief operating decision maker monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which, in certain aspects as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements. Group financing (including interest expense) and income taxes are managed on a group basis and are not allocated to operating segments.

The transactions between segments are carried out on terms and conditions negotiated and agreed between the parties.

Segment assets exclude current tax assets, deferred tax assets, derivative financial assets and assets used primarily for corporate purposes such as goodwill on consolidation, short term funds and deposits with financial institutions net of deposits held under Housing Developers (Project Accounts) in Singapore and PRC.

Segment liabilities exclude current tax liabilities, deferred tax liabilities, borrowings and derivative financial liabilities that are managed under centralised treasury function.

Details are provided in the reconciliations from segment assets and liabilities to the Group position.

42 SEGMENTAL INFORMATION (CONTINUED)

2018	Property development RM'000	Property investment RM'000	Hospitality & leisure RM'000	Other operations RM'000	Elimination RM'000	Total RM'000
Revenue						
External	2,265,137	326,214	190,023	11,236	-	2,792,610
Inter-segment	95,944	3,018	968	130,103	(230,033)	-
Total revenue	2,361,081	329,232	190,991	141,339	(230,033)	2,792,610
Results						
Segment operating profit	653,020	195,060	28,533	8,717	-	885,330
Fair value gain on investment properties	-	164,789	-	-	-	164,789
Share of results of an associate	3,193	-	-	-	-	3,193
Share of results of joint ventures	(66,996)	39,062	(6,286)	-	-	(34,220)
Segment results	589,217	398,911	22,247	8,717	-	1,019,092

Included in the Group's share of results of joint ventures is an impairment loss on the completed development properties in Singapore, net of deferred taxation of RM79,700,000 (2017: Nil).

2018	Property development RM'000	Property investment RM'000	Hospitality & leisure RM'000	Other operations RM'000	Total RM'000
Assets					
Operating assets	11,297,812	13,303,565	828,144	10,181	25,439,702
Investment in an associate	97,308	-	-	-	97,308
Interests in joint ventures	2,964,759	1,439,078	547,966	-	4,951,803
Segment assets	14,359,879	14,742,643	1,376,110	10,181	30,488,813
Liabilities					
Segment liabilities	1,041,922	176,327	39,007	2,300	1,259,556
Other information					
Capital expenditure	15,064	375,951	15,075	30	406,120
Depreciation and amortisation	5,625	12,145	21,112	56	38,938
Non-cash items other than depreciation and amortisation	(9,412)	(164,857)	(98)	235	(174,132)

42 SEGMENTAL INFORMATION (CONTINUED)

2017	Property development RM'000	Property investment RM'000	Hospitality & leisure RM'000	Other operations RM'000	Elimination RM'000	Total RM'000
Revenue						
External	3,714,204	302,119	161,796	7,242	-	4,185,361
Inter-segment	61,137	1,799	595	126,116	(189,647)	-
Total revenue	3,775,341	303,918	162,391	133,358	(189,647)	4,185,361
Results						
Segment operating profit	1,179,487	126,482	15,393	4,896	-	1,326,258
Fair value gain on investment properties	-	56,231	-	-	-	56,231
Share of results of an associate	3,264	-	-	-	-	3,264
Share of results of joint ventures	14,841	44,765	(60,607)	-	-	(1,001)
Segment results	1,197,592	227,478	(45,214)	4,896	-	1,384,752

2017	Property development RM'000	Property investment RM'000	Hospitality & leisure RM'000	Other operations RM'000	Total RM'000
Assets					
Operating assets	13,001,773	13,057,200	853,287	8,080	26,920,340
Investment in an associate	94,115	-	-	-	94,115
Interests in joint ventures	3,133,788	1,455,321	536,972	-	5,126,081
Segment assets	16,229,676	14,512,521	1,390,259	8,080	32,140,536
Liabilities					
Segment liabilities	1,238,553	225,387	60,000	2,690	1,526,630
Other information					
Capital expenditure	8,469	8,719,172	95,294	9	8,822,944
Depreciation and amortisation	3,587	10,015	23,029	73	36,704
Non-cash items other than depreciation and amortisation	31,206	46,739	157	-	78,102

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42 SEGMENTAL INFORMATION (CONTINUED)

Reconciliation of reportable segment revenue, profit or loss, assets and liabilities to the Group's corresponding amounts are as follows:

	Group	
	2018 RM'000	2017 RM'000
Profit or loss		
Segment results	1,019,092	1,384,752
Interest income	52,440	51,873
Profit before taxation	1,071,532	1,436,625
Taxation	(263,388)	(468,799)
Profit for the financial year	808,144	967,826
Assets		
Segment assets	30,488,813	32,140,536
Unallocated corporate assets	2,207,139	1,487,206
Total assets	32,695,952	33,627,742
Liabilities		
Segment liabilities	1,259,556	1,526,630
Unallocated corporate liabilities	12,959,592	13,612,536
Total liabilities	14,219,148	15,139,166

Geographical segments

The Group's major businesses operate in the following principal geographical areas:

Malaysia	Development of residential, commercial and industrial properties Investments in shopping mall, office building and other properties Management and operation of golf course, project management, landscape services and other operations
Singapore	Development of residential and commercial properties Investments in retail, hotel and office building
PRC	Development of residential and commercial properties Investments in shopping mall, hotel, office building and other properties

42 SEGMENTAL INFORMATION (CONTINUED)

Geographical segments (continued)

	Malaysia RM'000	Singapore RM'000	PRC RM'000	Total RM'000
2018				
Revenue from external customers by location of customers	1,963,174	569,450	259,986	2,792,610
Operating profit	700,739	172,546	176,834	1,050,119
Non-current assets^	10,168,740	12,970,609	539,811	23,679,160
2017				
Revenue from external customers by location of customers	1,955,517	1,742,275	487,569	4,185,361
Operating profit	481,489	444,906	456,094	1,382,489
Non-current assets^	9,873,719	13,416,082	496,052	23,785,853

^ *Excluding financial instruments, deferred tax assets and goodwill on consolidation.*

There is no single external customer from which the revenue generated exceeded 10% of the Group's revenue.

43 LIST OF SUBSIDIARIES, ASSOCIATE AND JOINT VENTURES

The subsidiaries, associate and joint ventures incorporated in Malaysia except otherwise stated, are as follows:

Name of Company	Effective Group Interest 2018 %	Effective Group Interest 2017 %	Principal Activities
Direct Subsidiaries			
Bukit Kelang Development Sdn. Bhd.	100.0	100.0	Property development and cultivation of plantation produce
Fortune Growers Sdn. Bhd.	100.0	100.0	Property development and cultivation of plantation produce
Fortune Premiere Sdn. Bhd.	100.0	-	Provision of treasury services
IOIPG Capital Sdn. Bhd.	100.0	100.0	Provision of treasury management services
IOI City Mall Sdn. Bhd.	100.0	100.0	Property investment, property management and investment holding
IOI Consolidated (Singapore) Pte. Ltd.* *(Incorporated in Singapore)*	100.0	100.0	Investment holding
IOI Properties Berhad	99.9	99.9	Property development, property investment and investment holding
IOI Properties Capital (L) Berhad *(Incorporated in Labuan)*	100.0	100.0	Provision of treasury management services
IOI Properties Empire Sdn. Bhd.	100.0	100.0	Property development and property investment

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43 LIST OF SUBSIDIARIES, ASSOCIATE AND JOINT VENTURES (CONTINUED)

The subsidiaries, associate and joint ventures incorporated in Malaysia except otherwise stated, are as follows (continued):

Name of Company	Effective Group Interest 2018 %	Effective Group Interest 2017 %	Principal Activities
Direct Subsidiaries (continued)			
IOIP Capital Management Sdn. Bhd.	100.0	100.0	Provision of treasury management services
Mayang Development Sdn. Bhd.	100.0	100.0	Property development, property investment and investment holding
Nice Skyline Sdn. Bhd.	99.9	99.9	Property development, investment holding and cultivation of plantation produce
Novel Vortex Limited*** *(Incorporated in the British Virgin Islands)*	100.0	-	Provision of treasury services
Nusa Properties Sdn. Bhd.	100.0	100.0	Property development and property investment
Palmex Industries Sdn. Bhd.	100.0	100.0	Property development
PMX Bina Sdn. Bhd.	100.0	100.0	General contractor for the construction of real estate
Progressive View Pte. Ltd.* *(Incorporated in Singapore)*	100.0	100.0	Investment holding
Resort Villa Development Sdn. Bhd.	100.0	100.0	Property investment and hotel and hospitality services
Resort Villa Golf Course Berhad	100.0	100.0	Property investment and management of a golf club known as Palm Garden Golf Club
Resort Villa Golf Course Development Sdn. Bhd.	100.0	100.0	Hotel and hospitality services
Wealthy Link Pte. Ltd.* *(Incorporated in Singapore)*	100.0	100.0	Property investment
Emerald Property Services Sdn. Bhd.	100.0	100.0	Provision of management services
Dynamism Investments Limited* *(Incorporated in Hong Kong)*	100.0	100.0	Investment holding
Vital Initiative Limited* *(Incorporated in Hong Kong)*	100.0	100.0	Investment holding
Strategy Assets (L) Limited** *(Incorporated in Labuan)*	-	100.0	Investment holding
Subsidiaries of IOI Properties Berhad			
Cahaya Kota Development Sdn. Bhd.	99.9	99.9	Property development, property investment and investment holding
Commercial Wings Sdn. Bhd.	99.9	99.9	Property investment
Dynamic Management Sdn. Bhd.	99.9	99.9	Property development, investment holding and provision of management services
Flora Development Sdn. Bhd.	99.9	99.9	Property development and property investment

43 LIST OF SUBSIDIARIES, ASSOCIATE AND JOINT VENTURES (CONTINUED)

The subsidiaries, associate and joint ventures incorporated in Malaysia except otherwise stated, are as follows (continued):

Name of Company	Effective Group Interest 2018 %	Effective Group Interest 2017 %	Principal Activities
Subsidiaries of IOI Properties Berhad (continued)			
Flora Horizon Sdn. Bhd.	99.9	99.9	Property development and cultivation of plantation produce
Future Link Properties Pte. Ltd.* *(Incorporated in Singapore)*	99.9	99.9	Investment holding
Hartawan Development Sdn. Bhd.	99.9	99.9	Property development and cultivation of plantation produce
IOI Harbour Front Sdn. Bhd.	99.9	99.9	Property development and property investment
IOI Landscape Services Sdn. Bhd.	99.9	99.9	Landscape services, sale of ornamental plants and turfing grass
IOI Land Singapore Pte. Ltd.* *(Incorporated in Singapore)*	99.9	99.9	Investment holding
IOI Lavender Sdn. Bhd.	99.9	99.9	Property development and property investment
IOI Medini Sdn. Bhd.	99.9	99.9	Property development and property investment
IOI Medini Management Sdn. Bhd.	99.9	99.9	Provision of management services
IOI Mulberry Sdn. Bhd.	99.9	99.9	Property development and property investment
IOI PFCC Hotel Sdn. Bhd.	99.9	99.9	Hotel and hospitality services
IOI Prima Property Sdn. Bhd.	99.9	99.9	Property development and property investment
IOI Properties (Singapore) Pte. Ltd.* *(Incorporated in Singapore)*	99.9	99.9	Property investment and investment holding
Jutawan Development Sdn. Bhd.	79.9	79.9	Property development and property investment
Knowledge Vision Sdn. Bhd.	99.9	99.9	Property development and property investment
Kumpulan Mayang Sdn. Bhd. *(In members' voluntary winding-up)*	99.9	99.9	Property development
Multi Wealth (Singapore) Pte. Ltd.* *(Incorporated in Singapore)*	99.9	99.9	Investment holding
Palmy Max Limited* *(Incorporated in Hong Kong)*	99.9	99.9	Investment holding and provision of consultancy services
Paska Development Sdn. Bhd.	99.9	99.9	Property development and property investment

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43 LIST OF SUBSIDIARIES, ASSOCIATE AND JOINT VENTURES (CONTINUED)

The subsidiaries, associate and joint ventures incorporated in Malaysia except otherwise stated, are as follows (continued):

Name of Company	Effective Group Interest 2018 %	Effective Group Interest 2017 %	Principal Activities
Subsidiaries of IOI Properties Berhad (continued)			
Pilihan Teraju Sdn. Bhd.	99.9	99.9	Property development and property investment
Pine Properties Sdn. Bhd.	99.9	99.9	Property development and property investment
Property Skyline Sdn. Bhd.	99.9	99.9	Provision of management services and investment holding
Speed Modulation Sdn. Bhd.	99.9	99.9	Property investment
Subsidiaries of IOI City Holdings Sdn. Bhd.			
IOI City Hotel Sdn. Bhd.	100.0	100.0	Hotel and hospitality services
IOI City Park Sdn. Bhd.	100.0	100.0	Car park operator and provision of car park management services
IOI City Tower One Sdn. Bhd.	100.0	100.0	Property management and property investment
IOI City Tower Two Sdn. Bhd.	100.0	100.0	Property management and property investment
Subsidiaries of Cahaya Kota Development Sdn. Bhd.			
IOI Building Services Sdn. Bhd.	99.9	99.9	Building maintenance services
Lush Development Sdn. Bhd.	99.9	99.9	Property development and property investment
Riang Takzim Sdn. Bhd.	99.9	99.9	Investment holding
Tanda Bestari Development Sdn. Bhd.	99.9	99.9	Property development and property investment
Subsidiary of Mayang Development Sdn. Bhd.			
Mayang Construction Sdn. Bhd.^	-	100.0	General Contractor

43 LIST OF SUBSIDIARIES, ASSOCIATE AND JOINT VENTURES (CONTINUED)

The subsidiaries, associate and joint ventures incorporated in Malaysia except otherwise stated, are as follows (continued):

Name of Company	Effective Group Interest 2018 %	Effective Group Interest 2017 %	Principal Activities
Subsidiaries of Dynamic Management Sdn. Bhd.			
Legend Advance Sdn. Bhd.	69.9	69.9	Property development and property investment
Paksi Teguh Sdn. Bhd.	99.9	99.9	General contractor
Pilihan Megah Sdn. Bhd.	99.9	99.9	Property development, property investment and provision of management services
Subsidiary of IOI City Mall Sdn. Bhd.			
IOI City Holdings Sdn. Bhd.	100.0	100.0	Investment holding and property investment
Subsidiary of Multi Wealth (Singapore) Pte. Ltd.			
Clementi Development Pte. Ltd.* *(Incorporated in Singapore)*	87.9	87.9	Property development
Subsidiaries of Property Skyline Sdn. Bhd.			
Nice Frontier Sdn. Bhd.	99.9	99.9	Property development, property investment and cultivation of plantation produce
Property Village Berhad	99.9	99.9	Property development, golf club and recreational services and investment holding
Trilink Pyramid Sdn. Bhd.	99.9	99.9	Property development and provision of management services
Wealthy Growth Sdn. Bhd.	99.9	99.9	Property development
Subsidiary of Property Village Berhad			
Baycrest Sdn. Bhd.	99.9	99.9	General contractor

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43 LIST OF SUBSIDIARIES, ASSOCIATE AND JOINT VENTURES (CONTINUED)

The subsidiaries, associate and joint ventures incorporated in Malaysia except otherwise stated, are as follows (continued):

Name of Company	Effective Group Interest 2018 %	Effective Group Interest 2017 %	Principal Activities
Subsidiaries of Palmy Max Limited			
IOI (Xiamen) Properties Co. Ltd.# *(Incorporated in the People's Republic of China)*	99.9	99.9	Property development, property investment and hotel and hospitality services
Prime Joy Investments Limited * *(Incorporated in Hong Kong)*	99.9	99.9	Investment holding
Xiamen Talent Business Management Co. Ltd.# *(Incorporated in the People's Republic of China)*	99.9	-	Business management, property management and procurement of construction materials
Subsidiary of Prime Joy Investments Limited			
Xiamen Double Prosperous Real Estate Development Co. Ltd.# *(Incorporated in the People's Republic of China)*	99.9	99.9	Property development and property management services
Subsidiaries of IOI (Xiamen) Properties Co. Ltd.			
Xiamen Palm City Management Services Co. Ltd.# *(Incorporated in the People's Republic of China)*	99.9	99.9	Provision of management services
Xiamen Palm Kaiyue Real Estate Development Co. Ltd.# *(Incorporated in the People's Republic of China)*	99.9	99.9	Property development, property management and car park management
Subsidiary of Pine Properties Sdn. Bhd.			
PINE MJR Development Sdn. Bhd.	54.9	54.9	Property development
Subsidiary of Nice Skyline Sdn. Bhd.			
Jurang Teguh Sdn. Bhd. *(In members' voluntary winding-up)*	99.9	99.9	General contractor
Associate of IOI Properties Berhad			
GLM Emerald Industrial Park (Jasin) Sdn. Bhd. *(formerly known as Continental Estates Sdn. Bhd.)#*	32.0	32.0	Property development and operation of oil palm estate

43 LIST OF SUBSIDIARIES, ASSOCIATE AND JOINT VENTURES (CONTINUED)

The subsidiaries, associate and joint ventures incorporated in Malaysia except otherwise stated, are as follows (continued):

Name of Company	Effective Group Interest 2018 %	Effective Group Interest 2017 %	Principal Activities
Joint Venture of IOI Consolidated (Singapore) Pte. Ltd.			
Scottsdale Properties Pte. Ltd.# *(Incorporated in Singapore)*	49.9	49.9	Investment holding
Joint Venture of IOI Land Singapore Pte. Ltd.			
Seaview (Sentosa) Pte. Ltd.# *(Incorporated in Singapore)*	49.9	49.9	Property development
Joint Venture of IOI Properties Berhad			
PJ Midtown Development Sdn. Bhd.	49.9	49.9	Property development
Joint Venture of IOI Properties (Singapore) Pte. Ltd.			
Pinnacle (Sentosa) Pte. Ltd.# *(Incorporated in Singapore)*	64.9	64.9	Property development
Joint Venture of Multi Wealth (Singapore) Pte. Ltd.			
Mergui Development Pte. Ltd.# *(Incorporated in Singapore)*	59.9	59.9	Property development

 # Audited by a firm other than member firm of PricewaterhouseCoopers International Limited and PricewaterhouseCoopers PLT.
** Audited by member firm of PricewaterhouseCoopers International Limited which is a separate and independent legal entity from PricewaterhouseCoopers PLT.*
^ Struck off pursuant to Section 550 of the Companies Act 2016, the name of company has been struck off from the register with effect from 6 February 2018.
*** Struck off pursuant to Section 151(4) of the Labuan Companies Act 1990 (LCA 1990), the company's name has been struck-off from the register with effect from 8 August 2017.*
**** The Company is not required by their local laws to appoint statutory auditors.*

44 AUTHORISATION FOR ISSUE

The financial statements of the Group and of the Company for the financial year ended 30 June 2018 were authorised for issue by the Board of Directors on 7 September 2018.

STATEMENT BY DIRECTORS
PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016

In the opinion of the Directors, the financial statements set out on pages 202 to 324 have been drawn up in accordance with Financial Reporting Standards and the provisions 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 30 June 2018 and of their financial performance and cash flows of the Group and of the Company for the financial year then ended.

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

TAN SRI DATO' LEE SHIN CHENG
Director

LEE YEOW SENG
Director

Putrajaya
7 September 2018

STATUTORY DECLARATION
PURSUANT TO SECTION 251(1) OF THE COMPANIES ACT 2016

I, Shen Yan Chao (MIA No. 31632), being the officer primarily responsible for the financial management of IOI Properties Group Berhad, do solemnly and sincerely declare that the financial statements set out on pages 202 to 324 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act 1960.

Subscribed and solemnly declared)
by the abovenamed)
at Puchong, Selangor Darul Ehsan)
this 7 September 2018)

Before me

NG SAY JIN
COMMISSIONER FOR OATHS
No. B195

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF IOI PROPERTIES GROUP BERHAD
(Incorporated in Malaysia)
(Company No. 1035807A)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our opinion
In our opinion, the financial statements of IOI Properties Group Berhad ("the Company") and its subsidiaries ("the Group") give a true and fair view of the financial position of the Group and of the Company as at 30 June 2018, and of their financial performance and their cash flows for the year then ended in accordance with Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

What we have audited
We have audited the financial statements of the Group and of the Company, which comprise the statements of financial position as at 30 June 2018 of the Group and of the Company, and the statements of profit or loss, statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 202 to 324.

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 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' Code of Ethics for Professional Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Our audit approach
As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements of the Group and the Company. In particular, we considered where the Directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the Group and of the Company, the accounting processes and controls, and the industry in which the Group and the Company operate.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Key audit matters
Key audit matters are those matters that, in our professional judgement, were of most significance 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.

Key audit matters	How our audit addressed the key audit matters
1. Revenue recognition from property development activities Total revenue recognised for the Group on sale of development properties amounted to RM2,227.1 million for the financial year ended 30 June 2018, of which RM991.2 million relates to ongoing projects. The Group recognises revenue from ongoing property development projects in the statement of profit or loss by using the stage of completion method. The stage of completion is measured by reference to the property development costs incurred up to the end of the reporting period as a percentage of total estimated costs for the property development projects. Given the nature of property development projects, we focused on this area as significant estimates and judgements are required in: • Determining the extent of property development costs accruals to reflect work performed up to the reporting date; • Determining the estimated total property development costs to completion; and • Determining the common costs allocation to the project phases from the total budgeted common costs attributable to the respective property development projects. *Refer to Note 5.1 (Significant Accounting Estimates and Judgements – Revenue Recognition from Property Development Activities), Note 6.8 (Significant Accounting Policies – Property Development Activities), Note 7 (Revenue) and Note 24 (Property Development Costs)*	We have performed the following procedures: • Tested the key controls in respect of the budgeting process of total property development costs; • Tested controls over monitoring of costs incurred for work performed to date; • Assessed the reasonableness of samples of estimated total property development costs on the property development projects by comparing to contracts, quotations from contractors and cost estimates from quantity surveyors for newly launched projects; • Assessed samples of revision of estimated total property development costs to supporting documentations such as quotation from contractors and variation orders received and approved by management for ongoing projects; • Evaluated variances between actual costs incurred and budgeted property development costs to assess whether total estimated costs to completion have been properly updated; • Assessed the reasonableness of allocation of total budgeted common costs to the project phases by comparing the budget to the approved master layout plan; • Tested samples of actual sales of development properties to signed sales and purchase agreements; • Tested samples of costs incurred to date to supporting documentations such as contractors' claim certificates or suppliers invoices. Where costs have not been billed or certified, assessed the adequacy of management's accruals of such costs by reviewing subsequent contractors' claims certificates, supplier invoices or approved architect's certificates; and • Recomputed stage of completion percentages by computing the proportion of property development costs incurred for work performed to date to the estimated total property development costs. Based on our work done, we did not identify any material exceptions.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Key audit matters (continued)

Key audit matters	How our audit addressed the key audit matters
2. Fair value of investment properties As at 30 June 2018, the Group's investment properties, which are carried at fair value, amounted to RM12,895.6 million. The valuations of the Group's investment properties were performed by independent external valuers. We focused on this area due to complexities in determining the fair value of the investment properties, which involved significant estimates and judgements in determining the apppropriate valuation methodologies and estimating the underlying assumptions to be applied. *Refer to Note 5.4 (Significant Accounting Estimates and Judgements - Fair Value of Investment Properties), Note 6.3 (Significant Accounting Policies - Investment Properties) and Note 18 (Investment Properties)*	**External valuations** We obtained and read the valuation reports obtained by management from independent external valuers. Based on these reports, we discussed the valuation methodologies and assumptions used in the valuation with the independent external valuers. We noted that the valuers have considered factors related to the properties' overall condition and demand as a whole in arriving at the fair values. We have assessed the independent external valuers' competency, capabilities and objectivity by checking the valuers' qualification and their registration to the respective boards of each country. **Valuation methodologies** *Completed properties* We noted that the valuations of the Group's completed investment properties were primarily based on Investment Method and Comparison Method. We carried out the following procedures to assess the inputs underpinning the valuation of the properties: • Agreed rental rates, rental periods, net lettable area and outgoing expenses to the underlying tenancy agreements where applicable, and held discussions with valuers to understand the factors they have considered in adjusting the inputs, including any market factors; • Benchmarked the term yield, reversion yield and allowance for void used by the valuers to comparable properties; and • Discussed with valuers to understand the basis of adjustments made to transacted price per square foot of comparable peers by considering factors related to the characteristics of each individual property such as location, accessibility to the location, size, tenure and comparable transaction dates. *Properties under construction* For properties under construction, the fair values were determined based on Residual Method where we have carried out the following procedures: • Assessed the reasonableness of data inputs that determine the estimated fair value of the properties on completion to comparable peers; • Agreed the construction cost to complete to the approved budget of the properties where relevant; and • Assessed the reasonableness of the capitalisation rate range against comparable peers. We have also assessed the sensitivity analysis prepared by management on the yields, price per square foot, occupancy rates and capitalisation rate underpinning the valuation, where applicable. Based on the above procedures performed, we did not identify any material exceptions.

There are no key audit matters in relation to the financial statements of the Company.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF IOI PROPERTIES GROUP BERHAD
(Incorporated in Malaysia)
(Company No. 1035807A)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

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 Directors' Report and contents in the 2018 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 other information 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 other information and, in doing so, consider whether the other information 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 this other information, 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 the financial statements of the Group and of the Company that give a true and fair view in accordance with 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.

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the Group's and the Company's ability 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 or 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.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Auditors' responsibilities for the audit of the financial statements (continued)
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:

(a) 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.

(b) 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 Group's and the Company's internal control.

(c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

(d) 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 Group's or the Company's ability 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.

(e) 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 achieves fair presentation.

(f) 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.

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, related safeguards.

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 for the current 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 report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF IOI PROPERTIES GROUP BERHAD
(Incorporated in Malaysia)
(Company No. 1035807A)

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 43 to the financial statements.

OTHER MATTERS

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.

PRICEWATERHOUSECOOPERS PLT
LLP0014401-LCA & AF 1146
Chartered Accountants

SHIRLEY GOH
01778/08/2020 J
Chartered Accountant

Kuala Lumpur
7 September 2018

GROUP'S MATERIAL PROPERTIES

DEVELOPMENT PROPERTIES

Location	Tenure	Remaining Land Area (Acres)	Usage	Year of Acquisition	Carrying Amount as at 30 June 2018 RM'000
MALAYSIA					
Klang Valley					
IOI Resort City, Putrajaya Various parcels of land in Dengkil, Sepang Selangor Darul Ehsan	Freehold and leasehold expiring between 2019 to 2113	380	On-going mix development and future development land	1990, 1994 and 2016	1,831,724
Bandar Puteri Bangi Various parcels of land in Beranang Mukim of Ulu Langat Selangor Darul Ehsan	Freehold	213	On-going mix development	2013	687,289
Bandar Puteri, Puchong Various parcels of land in Puchong, Petaling Selangor Darul Ehsan	Freehold	153	On-going mix development	1990	385,794
16 Sierra, Puchong South Various parcels of land in Dengkil, Sepang Selangor Darul Ehsan	Leasehold expiring 2091	184	On-going mix development and future development land	2001 and 2002	276,571
Warisan Puteri @ Sepang Various parcels of land in Mukim of Dengkil Dengkil, Sepang Selangor Darul Ehsan	Freehold	111	On-going mix development	2012	245,520
Bandar Puchong Jaya, Puchong Various parcels of land in Puchong Jaya Petaling Jaya Selangor Darul Ehsan	Freehold	8	On-going mix development	1989 and 1990	173,859
Various parcels of land in Daerah Kuala Langat, Selangor Darul Ehsan	Freehold	323	Future development land	2017	146,799
Negeri Sembilan Darul Khusus					
Bandar IOI, Bahau Various parcels of land in Mukim of Rompin, Jempol Negeri Sembilan Darul Khusus	Freehold	784	On-going mix development and future development land	1990 and 2014	151,904

DEVELOPMENT PROPERTIES (CONTINUED)

Location	Tenure	Remaining Land Area (Acres)	Usage	Year of Acquisition	Carrying Amount as at 30 June 2018 RM'000
Johor Darul Takzim					
Bandar Putra Kulai Various parcels of land in Senai Kulai, Johor Bahru Johor Darul Takzim	Freehold	3,556	On-going mix development and future development land	1988 and 2012	257,450
i-Synergy Various parcels of land in Senai, Kulai Johor Bahru Johor Darul Takzim	Freehold	482	On-going commercial development	2015	228,438
Various parcels of land in Mukim Sungai Segamat Mukim Pagoh, District of Segamat Johor Darul Takzim	Freehold	1,254	Future development land	2014	226,745
Various parcels of land in Mukim of Pulai Johor Darul Takzim	Freehold	16	Future development land	2013	194,407
Various parcels of land in Plentong Johor Darul Takzim	Freehold	10	On-going mix development	2011	187,765
Various parcels of land in Nusa Jaya, Johor Johor Darul Takzim	Leasehold expiring 2137	7	Future development land	2013	159,813
Taman Kempas Utama Various parcels of land in Tebrau Johor Bahru Johor Darul Takzim	Freehold	48	On-going mix development	2006	158,387
A parcel of land in Kulai Jaya Johor Darul Takzim	Freehold	467	Future development land	2014	147,553
OVERSEAS					
The People's Republic of China					
A parcel of land in Xiang An District, 13-15 Xiang An New Town, Xiamen, Fujian Province	Leasehold expiring 2087	6	On-going mix development	2017	1,542,466
IOI Palm City Jimei Main Road Jimei New Town Zone 11-12, Jimei District Xiamen, Fujian Province	Leasehold expiring 2082	14	On-going mix development	2012	557,274

INVESTMENT PROPERTIES

Location	Tenure	Net Lettable Area ('000 sq ft) (Approximately)	Usage	Age of building (year)	Carrying Amount as at 30 June 2018 RM'000
RETAIL					
IOI City Mall Lebuh IRC IOI Resort City 62502 Putrajaya	Freehold	1,475	4-storey shopping mall together with car park	3	1,575,003^
IOI Mall Bandar Puchong Jaya Puchong Selangor Darul Ehsan	Freehold	617	3-storey shopping mall together with car park	21	376,000
IOI Mall (new wing) Bandar Puchong Jaya Puchong Selangor Darul Ehsan	Freehold	247	4-storey shopping mall together with car park	9	211,000
OFFICE BUILDING					
Central Boulevard within Marina Bay area, Opposite Telok Ayer Market, Singapore	99 years leasehold	*	Integrated mixed development including office towers and retail podium	*	8,089,857
IOI City Tower 1 and Tower 2 Lebuh IRC IOI Resort City Putrajaya	Freehold	966	2 blocks of purpose-built office building	3	450,000
Conezion IOI Resort City Putrajaya	Freehold	925	Stratified shop and office lots with car park	1	317,000
Puchong Financial Corporate Centre ("PFCC") Tower 1 and 2 Bandar Puteri Puchong Selangor Darul Ehsan	Freehold	379	2 blocks of purpose-built office building together with two levels of basement car park	9	155,000
PFCC Tower 4 and 5 Bandar Puteri Puchong Selangor Darul Ehsan	Freehold	508	2 blocks of purpose-built office building together with three levels of basement car park	4	230,000
One IOI Square and Two IOI Square IOI Resort City Putrajaya	Freehold	434	2 blocks of purpose-built office building together with two levels of basement car park	15	200,000

INVESTMENT PROPERTIES (CONTINUED)

Location	Tenure	Net Lettable Area ('000 sq ft) (Approximately)	Usage	Age of building (year)	Carrying Amount as at 30 June 2018 RM'000
OTHERS					
IOI Palm City Development Xinglin Bay Road and Jimei Main Road Jimei New Town Zone 11-12 Jimei District, Xiamen Fujian province The People's Republic of China	40 to 50 years leasehold	*	Integrated mixed development including shopping mall and purpose-built office building	*	460,203
Part of Lot 7 within Mukim Of Dengkil District of Sepang Selangor Darul Ehsan	Freehold	-	A parcel of commercial land	N/A	435,000
Bungalow (Beverly Row) IOI Resort City 62505 Putrajaya	Freehold	268	37 units of residential bungalow	13-21	130,000

The revaluation of the above properties was in the financial year ended 30 June 2018.

* *The investment properties are currently under construction.*

^ *Included purpose-built carpark which classified as property, plant and equipment with carrying amount of RM277,489,000.*

HOSPITALITY AND LEISURE PROPERTIES

Location	Tenure	Land Area (Acres)	Built-up Area ('000 sq ft)	Usage	Age of building (Year)	Carrying Amount as at 30 June 2018 RM'000
MALAYSIA						
Selangor Darul Ehsan						
Le Méridien Putrajaya Lebuh IRC IOI Resort City Putrajaya	Freehold	37 (part of)	326	353-room hotel	2	200,734
IOI Palm Garden Golf Club IOI Resort City Putrajaya	Freehold	146	171	18-hole golf course and club house	6	200,157
Putrajaya Marriott Hotel IOI Resort City Putrajaya	Freehold	16 (part of)	1,521	488-room hotel	15	160,854
Four Points by Sheraton Puchong Bandar Puteri Puchong Selangor Darul Ehsan	Freehold	8 (part of)	242	249-room hotel	3	109,909
Palm Garden Hotel IOI Resort City Putrajaya	Freehold	3	140	151-room hotel	25	47,063
OVERSEAS						
The People's Republic of China						
IOI Palm City Hotel Jimei District Xiamen, Fujian Province	40 years leasehold	7 (part of)	*	280-room hotel	*	66,942

* *The hotel is currently under construction.*

SHAREHOLDERS' INFORMATION
AS AT 30 AUGUST 2018

Type of shares : Ordinary shares

Voting rights : One vote per shareholder on a show of hands
One vote per ordinary share on a poll

Number of shareholders : 23,182

ANALYSIS OF SHAREHOLDINGS

Size of holdings	No. of holders	Total holdings	%
1 - 99	1,359	41,949	0.00
100 - 1,000	5,890	3,406,216	0.06
1,001 - 10,000	11,816	45,233,882	0.82
10,001 - 100,000	3,436	93,263,565	1.70
100,001 - 275,307,267	675	1,824,193,390	33.13
275,307,268 and above	6	3,540,006,373	64.29
Total	**23,182**	**5,506,145,375**	**100.00**

LIST OF TOP 30 SHAREHOLDERS

(without aggregating securities from different securities accounts belonging to the same person)

	Name	No. of shares held	%
1.	Vertical Capacity Sdn Bhd	1,330,174,400	24.16
2.	Vertical Capacity Sdn Bhd	564,950,900	10.26
3.	Vertical Capacity Sdn Bhd	491,752,741	8.93
4.	Summervest Sdn Bhd	468,157,000	8.50
5.	RHB Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Vertical Capacity Sdn Bhd*	357,200,000	6.49
6.	Citigroup Nominees (Tempatan) Sdn Bhd *Employees Provident Fund Board*	327,771,332	5.95
7.	AmanahRaya Trustees Berhad *Amanah Saham Bumiputera*	226,436,085	4.11
8.	RHB Nominees (Tempatan) Sdn Bhd *Exempt Authorised Nominee for RHB Securities Singapore Pte Ltd*	112,519,900	2.04
9.	AnnHow Holdings Sdn Bhd	102,338,400	1.86
10.	AMSEC Nominees (Tempatan) Sdn Bhd *Pledged Securities Account – Ambank Islamic Berhad for Vertical Capacity Sdn Bhd*	87,808,100	1.60

SHAREHOLDERS' INFORMATION
AS AT 30 AUGUST 2018

LIST OF TOP 30 SHAREHOLDERS (CONTINUED)
(without aggregating securities from different securities accounts belonging to the same person)

	Name	No. of shares held	%
11.	HLB Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Vertical Capacity Sdn Bhd*	52,247,700	0.95
12.	Tan Sri Dato' Lee Shin Cheng	49,546,600	0.90
13.	HSBC Nominees (Asing) Sdn Bhd *Exempt Authorised Nominee for Morgan Stanley & Co. LLC*	49,289,400	0.90
14.	Cartaban Nominees (Asing) Sdn Bhd *Exempt Authorised Nominee for State Street Bank & Trust Company*	45,217,466	0.82
15.	HSBC Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Vertical Capacity Sdn Bhd*	43,290,700	0.79
16.	Lai Ming Chun @ Lai Poh Lin	40,000,000	0.73
17.	AmanahRaya Trustees Berhad *Amanah Saham Malaysia*	39,088,950	0.71
18.	AmanahRaya Trustees Berhad *Amanah Saham Wawasan 2020*	35,190,900	0.64
19.	HSBC Nominees (Asing) Sdn Bhd *JPMCB NA for Vanguard Emerging Markets Stock Index Fund*	31,861,020	0.58
20.	Citigroup Nominees (Tempatan) Sdn Bhd *Employees Provident Fund Board*	31,224,600	0.57
21.	Citigroup Nominees (Asing) Sdn Bhd *Exempt Authorised Nominee for UBS AG Singapore*	31,128,631	0.57
22.	AmanahRaya Trustees Berhad *Amanah Saham 1Malaysia*	29,895,200	0.54
23.	CIMSEC Nominees (Tempatan) Sdn Bhd *CIMB Bank for Rickoh Holdings Sdn Bhd*	26,119,999	0.47
24.	HSBC Nominees (Asing) Sdn Bhd *JPMCB NA for Vanguard Total International Stock Index Fund*	25,107,255	0.46
25.	HLB Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Datuk Dr Tan Kim Heung*	20,480,700	0.37
26.	CIMSEC Nominees (Tempatan) Sdn Bhd *CIMB for Lai Ming Chun @ Lai Poh Lin*	20,094,000	0.36
27.	Malaysia Nominees (Tempatan) Sendirian Berhad *Great Eastern Life Assurance (Malaysia) Berhad*	18,692,456	0.34
28.	Cartaban Nominees (Tempatan) Sdn Bhd *PAMB for Prulink Equity Fund*	18,435,728	0.33
29.	Chan Cha Lin	16,780,800	0.30
30.	Permodalan Nasional Berhad	16,436,612	0.30
	Total	**4,709,237,575**	**85.53**

SUBSTANTIAL SHAREHOLDERS
(Based on the Register of Substantial Shareholders)

Name of shareholders	No. of ordinary shares held			
	Direct	%	Indirect	%
Tan Sri Dato' Lee Shin Cheng	162,064,500	2.94	*3,405,619,041	61.85
Puan Sri Datin Hoong May Kuan	-	-	**3,567,683,541	64.79
Dato' Lee Yeow Chor	6,637,500	0.12	***2,927,805,916	53.17
Lee Yeow Seng	3,400,000	0.06	***2,927,424,541	53.17
Vertical Capacity Sdn Bhd	2,927,424,541	53.17	-	-
Progressive Holdings Sdn Bhd	-	-	#2,927,424,541	53.17
Summervest Sdn Bhd	468,157,000	8.50	-	-
Employees Provident Fund Board	372,753,032	6.77	-	-

* *Deemed interested by virtue of his interest in Progressive Holdings Sdn Bhd ("PH"), which in turn holds 100% equity interest in Vertical Capacity Sdn Bhd ("VC"), and shares held by his sons, Dato' Lee Yeow Chor and Lee Yeow Seng and his interest in Summervest Sdn Bhd pursuant to Section 8 of the Companies Act 2016 (the "Act").*

** *Deemed interested by virtue of her interest and the interests of her spouse, Tan Sri Dato' Lee Shin Cheng and her sons, Dato' Lee Yeow Chor and Lee Yeow Seng in PH, which in turn holds 100% equity interest in VC and shares held by Tan Sri Dato' Lee Shin Cheng, Dato' Lee Yeow Chor, Lee Yeow Seng and shares held by Summervest Sdn Bhd pursuant to Section 8 of the Act.*

*** *Deemed interested by virtue of his interest in PH, which in turn holds 100% equity interest in VC pursuant to Section 8 of the Act.*

\# *Deemed interested by virtue of its interest in VC, the wholly-owned subsidiary pursuant to Section 8 of the Act.*

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Sixth Annual General Meeting ("**Sixth AGM**") of the Company will be held at Millennium Ballroom 1 (Level 1), Le Méridien Putrajaya, Lebuh IRC, IOI Resort City, 62502 Putrajaya, Malaysia on Wednesday, 31 October 2018 at 10:00 am for the following purposes:

AGENDA

1 To receive the Audited Financial Statements for the financial year ended 30 June 2018 and the Reports of the Directors and Auditors thereon. **Please refer to Note A**

2 To re-elect the following Directors retiring by rotation pursuant to Article 87 of the Company's Constitution:

(i) Tan Sri Dato' Sri Koh Kin Lip **Resolution 1**
(ii) Datuk Lee Say Tshin **Resolution 2**
(iii) Datuk Dr Tan Kim Heung **Resolution 3**

(Please refer to Note B)

3 To consider and if thought fit, to pass the following Resolution:

"THAT the payment of Directors' fees (inclusive of Board Committees' fees) of RM1,255,000 for the financial year ending 30 June 2019 payable quarterly in arrears after each month of completed service of the Directors during the financial year be and is hereby approved." **Resolution 4**

(Please refer to Note C)

4 To approve the payment of Directors' benefits (other than Directors' fees) of up to RM350,000 for the period from 31 October 2018 until the next Annual General Meeting held in 2019. **Resolution 5**

(Please refer to Note C)

5 To re-appoint Messrs PricewaterhouseCoopers PLT, the retiring auditors for the financial year ending 30 June 2019 and to authorise the Audit Committee to fix their remuneration. **Resolution 6**

(Please refer to Note D)

6 As special business, to consider and if thought fit, to pass the following Resolutions:

6.1 **Authority to Directors to allot and issue shares pursuant to Section 76 of the Companies Act 2016**

"THAT pursuant to Section 76 of the Companies Act 2016, the Directors be and are hereby authorised with full powers to allot and issue shares in the Company from time to time and upon such terms and conditions and for such purposes as they may deem fit subject always to the approval of the relevant authorities being obtained for such issue and provided that the aggregate number of shares to be issued pursuant to this resolution does not exceed ten percent (10%) of the issued share capital for the time being of the Company and that such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company and that the Directors be and are also empowered to obtain the approval from Bursa Malaysia Securities Berhad for the listing of and quotation for the additional shares so issued." **Resolution 7**

6.2 **Proposed Renewal of Existing Share Buy-Back Authority**

"THAT subject to compliance with applicable laws, regulations and the approval of all relevant authorities, approval be and is hereby given to the Company to utilise up to the aggregate of the Company's latest audited retained earnings, to purchase, from time to time during the validity of the approval and authority under this resolution, such number of ordinary shares in the Company as may be determined by the Directors of the Company from time to time through Bursa Malaysia Securities Berhad ("**Bursa Securities**") upon such terms and conditions as the Directors may deem fit and expedient in the interest of the Company provided that the aggregate number of shares to be purchased and/or held by the Company pursuant to this resolution does not exceed ten percent (10%) of the issued share capital of the Company at the time of purchase ("**Proposed Purchase**");

THAT at the discretion of the Directors of the Company, the shares of the Company to be purchased are to be cancelled and/or retained as treasury shares and distributed as dividends or resold on Bursa Securities;

THAT the Directors of the Company be and are hereby empowered generally to do all acts and things to give effect to the Proposed Purchase with full powers to assent to any condition, modification, revaluation, variation and/or amendment (if any) as may be imposed by the relevant authorities and/or do all such acts and things as the Directors may deem fit and expedient in the best interest of the Company;

AND THAT such authority shall commence immediately upon passing of this resolution until:

(i) the conclusion of the next Annual General Meeting of the Company at which time the authority shall lapse unless by ordinary resolution passed at a general meeting, the authority is renewed either unconditionally or subject to conditions;

(ii) the expiration of the period within which the next Annual General Meeting after that date is required by law to be held; or

(iii) revoked or varied by ordinary resolution of the shareholders of the Company in a general meeting,

whichever is the earlier but not so as to prejudice the completion of purchase(s) by the Company before the aforesaid expiry date and, in any event, in accordance with the provisions of the Main Market Listing Requirements of Bursa Securities or any other relevant authorities." **Resolution 8**

7 To transact any other business of which due notice shall have been given in accordance with the Companies Act 2016 and the Company's Constitution.

By Order of the Board,

Chee Ban Tuck (MIA 24078)
Chang Mei Yee (MAICSA 7064078)
Company Secretaries

Putrajaya
1 October 2018

NOTICE OF ANNUAL GENERAL MEETING

Notes

1 All the above resolutions are proposed as ordinary resolutions. For any of the ordinary resolutions listed above to be passed at the Sixth AGM, more than half the votes cast must be in favour of the resolutions.

Voting on all resolutions to be proposed at the Sixth AGM will be by way of a poll. The Board believes a poll is more representative of shareholders' voting intentions because shareholders' votes are counted according to the number of shares held.

2 A shareholder may appoint any person to be his proxy and there shall be no restriction as to the qualification of the proxy.

3 An instrument appointing a proxy must be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under seal or under the hand of an officer or attorney duly authorised.

4 Subject to Note 5 below, a shareholder shall not be entitled to appoint more than two (2) proxies to attend and vote at the same meeting. If a shareholder appoints two (2) proxies to attend at the same meeting, the instrument of proxy must specify the proportion of his shareholdings to be represented by each proxy and only one (1) of those proxies is entitled to vote on show of hands.

5 Where a shareholder of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account, there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under the Securities Industry (Central Depositories) Act 1991 ("SICDA") which is exempted from compliance with the provisions of Section 25A(1) of the SICDA.

6 An instrument appointing a proxy may specify the manner in which the proxy is to vote in respect of a particular resolution and, where an instrument of proxy so provides, the proxy is not entitled to vote on the resolution except as specified in the instrument.

7 An instrument appointing a proxy must be deposited at Boardroom Corporate Services (KL) Sdn Bhd, Lot 6.05, Level 6, KPMG Tower, 8 First Avenue, Bandar Utama, 47800 Petaling Jaya, Selangor Darul Ehsan not less than 48 hours before the time for holding the Sixth AGM or any adjournment thereof.

8 Any corporation which is a shareholder can appoint one or more corporate representatives who may exercise on its behalf all of its power as a shareholder in accordance with the Companies Act 2016 (the "Act").

9 Only shareholders whose names appear in the Record of Depositors and Register of Members as at **23 October 2018** shall be eligible to attend the Sixth AGM or appoint proxy to attend and vote on his behalf.

10 By submitting the proxy form, the shareholder accepts and agrees to the collection, use and disclosure of the shareholder's personal data by the Company (or its agents or service providers) for the purpose of preparation and compilation of documents relating to the Sixth AGM (including any adjournment thereof).

11 **Note A – To receive Audited Financial Statements for the financial year ended 30 June 2018**

This Agenda item is meant for discussion only as under the provision of Section 340(1) of the Act, the audited financial statements do not require a formal approval of the shareholders. Hence, this resolution will not put forward for voting.

The 2018 Annual Report (which includes the Financial Report, the Directors' Report and the Independent Auditors' Report) will be presented to the meeting. Shareholders can access a copy of the 2018 Annual Report at IOI Properties Group Berhad ("IOIPG")'s website, www.ioiproperties.com.my.

The Chairman will give shareholders an opportunity to ask questions about, and make comments on, the financial statements and reports and IOIPG Group's performance.

Shareholders will also be given an opportunity to ask the representative(s) of IOIPG's auditors, Messrs PricewaterhouseCoopers PLT ("PwC PLT"), questions relevant to audit matters, including the Auditors' Report.

12 **Note B – To re-elect Directors**

Tan Sri Dato' Sri Koh Kin Lip, Datuk Lee Say Tshin and Datuk Dr Tan Kim Heung, who shall retire in accordance with Article 87 of the Company's Constitution, are standing for re-election as Directors of the Company and being eligible, have offered themselves for re-election at the Sixth AGM.

The Company's Constitution states that at each AGM of the Company, one-third (1/3) of the Directors or if their number is not three (3) or a multiple of three (3), then the number nearest to one-third (1/3) must retire from office, provided always that all Directors shall retire from office once at least in each three (3) years, but shall eligible for re-election and it further states that a Director appointed by the Board shall hold office until the conclusion of the next AGM of the Company and shall be eligible for re-election.

Each of the Directors standing for re-election has undergone a performance evaluation and has demonstrated that he remains committed to the role and continues to be an effective and valuable member of the Board. The Board has also conducted assessment on the independence of the Independent Directors who are seeking for re-election and is satisfied that the Independent Director has complied with the independence criteria applied by the Company and continue to bring independent and objective judgement to the Board's deliberation.

The Board comprises eight (8) Directors, consisting of an Executive Chairman, two (2) Executive Directors and five (5) Non-Executive Directors, whose experience and expertise are derived from a range of industries and sectors providing an invaluable perspective on the Group's business. Profile details for each Director, including their career history, competencies and experience can be found from pages 148 to 155 of the 2018 Annual Report.

13 **Note C – To approve Directors' Fees and benefits payable**

The Governance, Nominating and Remuneration Committee and the Board have reviewed the Directors' fees after taking into account fee levels and trends for similar positions in the market and time commitment required from the Directors, as well as the recommendation from the independent consultant who has carried out the review of Directors' remuneration in FY2018. The payment of Directors' fees for the financial year ending 30 June 2019 shall be payable quarterly in arrears after each month of completed service of the Directors during the financial year.

The Directors' benefits (other than Directors' fees and Board Committees' fees) comprise attendance allowances and other benefits such as insurance coverage, retirement farewell gift and other claimable benefits. In determining the estimated total amount of Directors' benefits, the Board has considered various factors, among others, the estimated number of meetings for the Board and its Committees and estimated proportionate paid and payable insurance premium.

14 **Note D – To re-appoint auditors**

The Company Auditors, Messrs PricewaterhouseCoopers, a conventional partnership, has successfully converted its status to a limited liability partnership pursuant to Section 29 of the LLP Act 2012. They are now registered under the name of PwC PLT with Audit Firm number remained unchanged as AF 1146.

PwC PLT must offer themselves for re-appointment at each AGM at which Audited Financial Statements are presented. The performance and effectiveness of PwC PLT has been evaluated by the Audit Committee, which included an assessment of the Auditors' independence and objectivity, which has recommended to the Board that PwC PLT be re-appointed and its remuneration be determined by the Audit Committee. The representatives of PwC PLT will be present at the Sixth AGM.

15 **Explanatory Notes on Special Businesses**

i **Authority to Directors to allot and issue shares pursuant to Section 76 of the Act**

Ordinary Resolution 7 is to seek a renewal of the general mandate which was approved at the Fifth AGM of the Company held on 27 October 2017 and which will lapse at the conclusion of the forthcoming Sixth AGM to be held on 31 October 2018.

The general mandate, if approved, will provide flexibility to the Company for any possible fund raising activities, including but not limited to placing of shares for the purpose of funding future investment project(s) and acquisition(s) and for strategic reasons. In order to eliminate any delay and costs in convening a general meeting to specifically approve such issuance of shares, it is considered appropriate that the Directors be empowered, as proposed under the Ordinary Resolution 7, to allot and issue shares in the Company up to an amount not exceeding in total ten percent (10%) of the issued share capital of the Company for the time being. This authority, unless revoked or varied at a general meeting, will expire at the conclusion of the next AGM of the Company.

The Company did not issue any new shares pursuant to Section 76 of the Act under the general mandate which was approved at the Fifth AGM of the Company.

The Directors currently have no intention of issuing new shares, or of granting rights to subscribe for or to convert any security into shares, except in connection with the Company's employees' share option scheme.

ii **Proposed Renewal of Existing Share Buy-Back Authority**

Ordinary Resolution 8 is to seek a renewal of the authority granted at the Fifth AGM of the Company held on 27 October 2017 and which will lapse at the conclusion of the forthcoming Sixth AGM to be held on 31 October 2018. The resolution authorises the Company to make market purchases of its own ordinary shares as permitted by the Act.

The Board seeks authority to purchase up to ten percent (10%) of the Company's issued share capital (excluding any treasury shares), should market conditions and price justify such action.

The Directors only intend to use this authority to make such purchases if to do so could be expected to lead to an increase in net assets value per share for the remaining shareholders and would be in the best interests of the Company generally, having due regard to appropriate gearing levels, alternative investment opportunities and the overall financial position of the Company.

Any purchases of ordinary shares would be by means of market purchases through the Bursa Malaysia Securities Berhad. Any shares purchased under this authority may either be cancelled or held as treasury shares by the Company. Treasury shares may subsequently be cancelled or sold for cash. The Company did not re-purchase any ordinary shares during FY2018.

Please refer to explanatory information in the Share Buy-Back Statement dated 1 October 2018.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

Pursuant to Paragraph 8.27 (2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad

(i) **Details of individuals who are standing for election as Directors (excluding Directors standing for a re-election)**

No individual is seeking election as a Director at the forthcoming Sixth AGM of the Company.

(ii) **Directors standing for re-election**

The Directors retiring by rotation and standing for re-election pursuant to Article 87 of the Constitution of the Company are as follows:

- Tan Sri Dato' Sri Koh Kin Lip
- Datuk Lee Say Tshin
- Datuk Dr Tan Kim Heung

The profiles of the above-named Directors are set out in the section entitled "Profile of Directors" on pages 152 to 155 of the Annual Report.

Their shareholdings in the Company and its related corporations are set out in the section entitled "Statement of Directors' Interests" on page 188 of the Annual Report.

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IOI PROPERTIES GROUP BERHAD (Company Registration No. 1035807-A)
(Incorporated in Malaysia)

IOI PROPERTIES

PROXY FORM

I/We .....
(Please use block letters)

NRIC/Co. No. ..... Mobile Phone No. .....

of .....

being a member(s) of **IOI Properties Group Berhad**, hereby appoint .....

NRIC No. .....

of .....

.....

and/or failing him, the Chairman of the Meeting as my/our proxy to vote for me/us on my/our behalf at the **Sixth Annual General Meeting ("Sixth AGM")** of the Company to be held at **Millennium Ballroom 1 (Level 1), Le Méridien Putrajaya, Lebuh IRC, IOI Resort City, 62502 Putrajaya, Malaysia on Wednesday, 31 October 2018 at 10.00 a.m.** or any adjournment thereof.

The proportion of my/our holding to be represented by my/our proxy/proxies are as follows:

First proxy "A" : %
Second proxy "B" : %
100%

No. of Shares Held : _____

CDS A/C No. : _____

My/our proxy/proxies shall vote as follows:

(Please indicate with an "X" or "√" in the space provided as to how you wish your votes to be cast. If you do not do so, the proxy/proxies will vote, or abstain from voting on the resolutions as he/they may think fit)

No.	Resolutions	First Proxy "A"		Second Proxy "B"	
		For	Against	For	Against
1.	To re-elect Tan Sri Dato' Sri Koh Kin Lip as a Director				
2.	To re-elect Datuk Lee Say Tshin as a Director				
3.	To re-elect Datuk Dr Tan Kim Heung as a Director				
4.	To approve Directors' Fees (inclusive of Board Committees' fees) for the financial year ending 30 June 2019 payable quarterly in arrears				
5.	To approve the payment of Directors' benefits for the period from 31 October 2018 until the next Annual General Meeting held in 2019				
6.	To re-appoint Messrs PricewaterhouseCoopers PLT as Auditors and to authorise the Audit Committee to fix their remuneration				
7.	To authorise the Directors to allot and issue shares pursuant to Section 76 of the Companies Act 2016				
8.	To approve the proposed renewal of existing share buy-back authority				

Dated this _____ day of _____ 2018

** Delete if inapplicable.*

_____
Signature of Shareholder/Common Seal

Notes:

1 All the above resolutions are proposed as ordinary resolutions. For any of the ordinary resolutions listed above to be passed at the Sixth AGM, more than half the votes cast must be in favour of the resolutions. Voting on all resolutions to be proposed at the Sixth AGM will be by way of a poll. The Board of Directors believes a poll is more representative of shareholders' voting intentions because shareholders votes are counted according to the number of shares held.

2 A shareholder may appoint any person to be his proxy and there shall be no restriction as to the qualification of the proxy.

3 An instrument appointing a proxy must be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under seal or under the hand of an officer or attorney duly authorised.

4 Subject to Note 5 below, a shareholder shall not be entitled to appoint more than two (2) proxies to attend and vote at the same meeting. If a shareholder appoints two (2) proxies to attend at the same meeting, the instrument of proxy must specify the proportion of his shareholdings to be represented by each proxy and only (1) of those proxies is entitled to vote on show of hands.

5 Where a shareholder of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account, there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under the Securities Industry (Central Depositories) Act 1991 ("SICDA") which is exempted from compliance with the provisions of Section 25A(1) of the SICDA.

6 An instrument appointing a proxy may specify the manner in which the proxy is to vote in respect of a particular resolution and, where an instrument of proxy so provides, the proxy is not entitled to vote on the resolution except as specified in the instrument.

7 An instrument appointing a proxy must be deposited at Boardroom Corporate Services (KL) Sdn Bhd, Lot 6.05, Level 6, KPMG Tower, 8 First Avenue, Bandar Utama, 47800 Petaling Jaya, Selangor Darul Ehsan, not less than 48 hours before the time for holding the Sixth AGM or any adjournment thereof.

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9 Only shareholder whose names appear in the Record of Depositors and Register of Members as at **23 October 2018** shall be eligible to attend the Sixth AGM or appoint proxy to attend and vote on his behalf.

Personal Data Privacy
By submitting the proxy form, the shareholder accepts and agrees to the collection, use and disclosure of the shareholder's personal data by the Company (or its agents or service providers) for the purpose of preparation and compilation of documents relating to the Sixth AGM (including any adjournment thereof).

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The Administration and Polling Agent

IOI PROPERTIES GROUP BERHAD
Boardroom Corporate Services (KL) Sdn Bhd
Lot 6.05, Level 6, KPMG Tower
8 First Avenue, Bandar Utama
47800 Petaling Jaya
Selangor Darul Ehsan

2nd fold here

www.ioiproperties.com.my

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62502 Putrajaya, Malaysia.