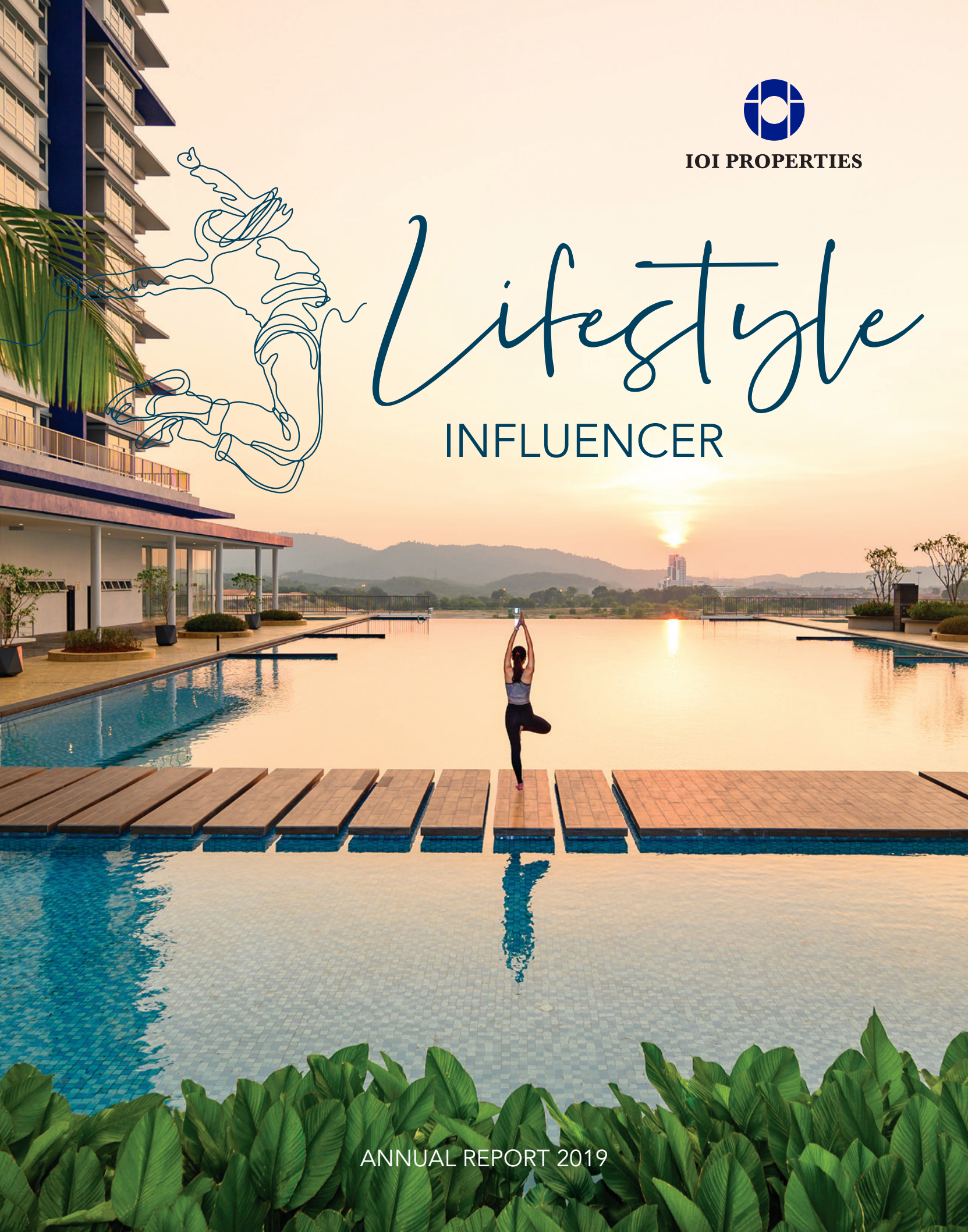
IOI PROPERTIES

# Lifestyle INFLUENCER



ANNUAL REPORT 2019

Lifestyle
INFLUENCER

**Guided by the philosophy of cultivating sustainable developments and world-class experiences, we aim to create enduring value and invigorating lifestyle experiences for our customers and stakeholders. Our residential enclaves, commercial hubs, hotels, resorts and golf properties are designed to catalyse opportunities for interaction, collaboration and connection, nurturing and enabling people, communities and businesses to grow.**

IN FY2019, IOI PROPERTIES GROUP EMBARKED ON OUR INTEGRATED REPORTING JOURNEY UNDER THE INTERNATIONAL INTEGRATED REPORTING FRAMEWORK. THIS JOURNEY WILL SEE US CONTINUING TO CREATE VALUE FOR OUR STAKEHOLDERS BY ENHANCING THE QUALITY OF INFORMATION WE PROVIDE THROUGH COHESIVE AND EFFICIENT REPORTING.


*Front cover image:*
*Sunset at Palmyra Residence, Bandar Puteri Bangi*

# 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.

# 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:**

**INTEGRITY**
which is essential and cannot be compromised

**COMMITMENT**
as we do what we say we will do

**LOYALTY**
is crucial because we are one team sharing one vision

**EXCELLENCE IN EXECUTION**
as our commitments can only be realised through actions and results

**SPEED OR TIMELINESS**
in response is important in our ever changing business environment

**INNOVATIVENESS**
to provide us additional competitive edge

**COST EFFICIENCY**
is crucial as we need to remain competitive

# CONTENTS



# TRIBUTE TO

# *Tan Sri Dato' Dr Lee Shin Cheng*

1939 – 2019

**Tan Sri Dato' Dr Lee Shin Cheng's life has become a legendary story in Malaysia's corporate sphere.**

**He was the founder and Executive Chairman of two public-listed companies, IOI Properties Group Berhad and IOI Corporation Berhad. Through his vision, hardwork and enterprising spirit, the companies have grown to become leading corporations in their respective sectors.**

## EARLY LIFE

Tan Sri Dato' Dr Lee was born in Jeram, Kuala Selangor, Malaysia in 1939. As a child, he was raised in a rubber estate where his father owned a sundry shop. At the age of only 11, he had to stop schooling and sell ice-cream full time on his own bicycle in order to help support his family. He did this for three years before he went back to school to complete his studies at Middle High School.

Tan Sri Dato' Dr Lee started working at the age of 17, as a supervisor in a rubber estate. He diligently worked his way up to become a full-fledged estate manager before he turned 30 years old.

Tan Sri Dato' Dr Lee's early years experiences instilled the enterprising spirit in him which later shaped his life-long entrepreneurial journey.

## SIGNIFICANT MILESTONES

In 1975, Tan Sri Dato' Dr Lee started a private-limited property company named Lam Soon Huat Development Sdn Bhd (later renamed as IOI Properties Berhad in 1994) and started his first housing development project in Kajang in the following year. Subsequently in 1984, he acquired three property development companies namely Bukit Kelang Development Sdn Bhd, Rapat Jaya Sdn Bhd and Eng Hup Industries Sdn Bhd, and further expanded his property business.

Tan Sri Dato' Dr Lee was one of the early pioneers in developing the once remote Puchong into modern, vibrant townships when he launched Bandar Puchong Jaya, a 930-acre township development in 1990 and subsequently Bandar Puteri Puchong, an integrated township of 930-acres. He built IOI Mall Puchong, the first mall in Puchong which was officially opened in 1996 with a net lettable area (NLA) of 868,000 sq ft.

Tan Sri Dato' Dr Lee was a visionary entrepreneur and with great foresight, he forayed into the hospitality industry in 1995 with Palm Garden Hotel, a four-star hotel located within IOI Resort City. Subsequently, he included more hotels in the Group's portfolio, including five-star Putrajaya Marriott Hotel in 2002, four-star Four Points by Sheraton Puchong in 2014, five-star Le Méridien Putrajaya in 2016.

In 1995, Tan Sri Dato' Dr Lee expanded the Group's business into the property market in Johor with the development of Bandar Putra Kulai, a 6,000-acre comprehensive integrated township development with a 266,000 sq ft IOI Mall Kulai opening its doors in 2001.

In 2007, Tan Sri Dato' Dr Lee led the Group with its foray into the Singapore property market through a joint venture with Ho Bee Investment Ltd, and successfully developed Seascape and Cape Royale in Sentosa Cove. He subsequently led the Group into a successful joint venture with City Developments Limited to develop South Beach in 2011, a luxury mixed development project in Singapore. Yet another significant milestone was the acquisition of strategically located 2.69-acres Central Boulevard Towers site in Marina Bay Financial Centre, Singapore, a prime office development, poised to be one of the latest additions to the iconic structures in the island.

# TRIBUTE TO
# *Tan Sri Dato' Dr Lee Shin Cheng*

**"Tan Sri was very determined, extremely hardworking, persistent, passionate, humble, visionary and a father figure who greatly inspired me to reach higher standards over my 24 years here. He said, 'Complacency is the beginning of failure'. My career advancement would not be possible without his constant guidance, driving force and tireless sharing of experience."**

**LIM BENG YEANG**
Chief Operating Officer (Johor)

**"I joined PGGC in 2014. Tan Sri was very good and humble. He always greeted all the staff."**

**TINY TAN POH YING**
Housekeeping Executive,
Palm Garden Golf Club

Besides Singapore, Tan Sri Dato' Dr Lee had also successfully led the Group in its venture into the China property market in 2010 with the purchase of a 7.7-acre site in Xiamen for the residential development named IOI Park Bo Bay and in 2012, acquired a 44-acre land at Jimei District, Xiamen for the mixed development of IOI Palm City. This was followed by another acquisition of a land in Xiang An, Xiamen, measuring 6.20 acres.

In 2014, under the leadership of Tan Sri Dato' Dr Lee, IOI Properties Group Berhad was listed on the Main Board of Bursa Malaysia as one of the largest property companies in the country.

Over the years, he continued to steer the Group in successfully launching sustainable integrated township developments in sought-after regions of Klang Valley such as IOI Resort City, 16 Sierra (548 acres), Warisan Puteri Sepang (206 acres) and Bandar Puteri Bangi (345 acres); with a combined GDV of approximately RM31.0 billion. One of his signature developments was IOI Resort City and it is anchored by IOI City Mall, the largest regional mall in southern Klang Valley, with world-class hotels namely Putrajaya Marriott Hotel, Le Méridien Putrajaya and Palm Garden Hotel as well as an 18-hole championship premier golf course, Palm Garden Golf Club.

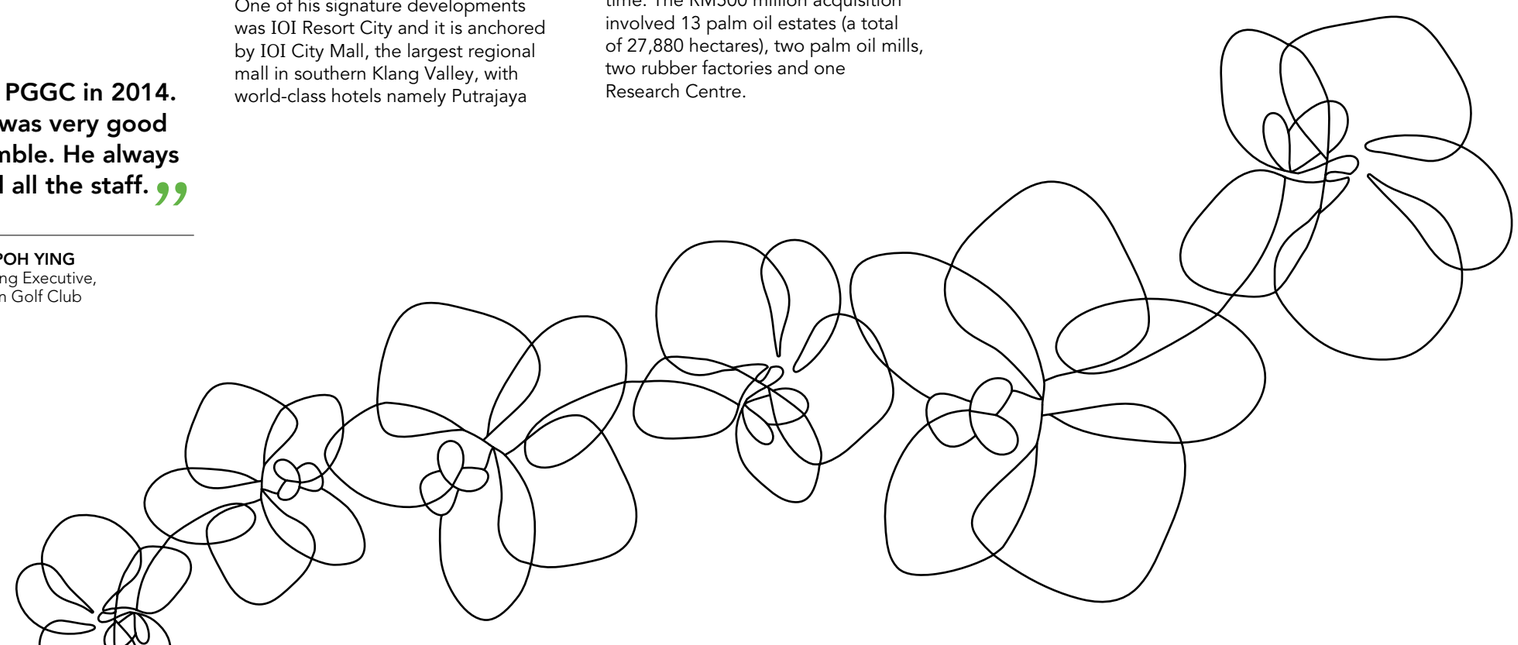
With his great foresight, Tan Sri Dato' Dr Lee was a visionary entrepreneur and was named Property Man of the Year in 2001 by the International Real Estate Federation (FIABCI) Malaysia.

Apart from his extraordinary achievements in the property industry, Tan Sri Dato' Dr Lee also achieved great entrepreneurial milestones in the plantation industry. In 1982, he secured a controlling stake in Industrial Oxygen Incorporated (IOI) and used it as a vehicle to venture into oil palm plantation business starting from zero base. In the following year, he acquired three plantation companies in Pahang and later ventured into greenfield oil palm planting in Sabah through the acquisition of Morisem Plantation (Sabah) Sdn Bhd.

In 1990, he demonstrated his vision and foresight by acquiring Dunlop Estates, a business much bigger than IOI at that time. The RM500 million acquisition involved 13 palm oil estates (a total of 27,880 hectares), two palm oil mills, two rubber factories and one Research Centre.

Tan Sri Dato' Dr Lee's other significant milestone involved the acquisition of Pamol Plantation Sdn Bhd in 2003 from Unilever.

Tan Sri Dato' Dr Lee's vision and management capability extend beyond property and plantations. In 1997, he acquired a controlling stake in Palmco Holdings Berhad (later renamed as IOI Oleochemical Industries Berhad), a palm-based oleochemical company, expanding the market base of its product globally. Nine years later, he acquired Pan-Century Edible Oils and Pan-Century Oleochemical, making IOI the world's largest vegetable-based oleochemical producer at that time. In 2002, Tan Sri Dato' Dr Lee further diversified his businesses and extended his reach globally by acquiring Loders Croklaan, a speciality fats company based in the Netherlands from Unilever.



## CONTRIBUTIONS TO SOCIETY

On the community and industry service front, Tan Sri Dato' Dr Lee was the patron and advisor of many community and business associations in Malaysia. Among his notable contributions were leading the redevelopment of the 111-year old Kuen Cheng Secondary School as the Chairman of its Board of Directors and contributing to the entire development of Shin Cheng (Harcroft) Primary School in Puchong, Selangor through the charity foundation founded by him, Yayasan Tan Sri Lee Shin Cheng. In 2014, he donated RMB30 million to Xiamen University's new campus in Malaysia.

Tan Sri Dato' Dr Lee was bestowed the Honorary Doctorates in Agriculture from Universiti Putra Malaysia and Honorary Doctorate in Science from University of Malaya in 2002 and 2017 respectively, and received many accolades for his outstanding accomplishments and exemplary leadership.

Above all, Tan Sri Dato' Dr Lee's tenacity and enterprising spirit were unrivalled by many in the Malaysian corporate circle, yet his humility and down-to-earth demeanour have gained the friendship and respect among many whom he met.

We salute Tan Sri Dato' Dr Lee for his many achievements. His life story will serve as an inspiration to many generations to come and his accomplishments will form an important chapter in the Malaysian corporate history.

**"Tan Sri was a man with great vision who had created a lot of career developments in the organisation. I've learnt a lot of business techniques from Tan Sri. He was very dedicated and passionate about what he did and would always be there to guide us."**

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

**"I learned a lot from him since I joined Le Méridien Putrajaya. He taught us about construction and we talked a lot about food as well. He used to visit our Ramadhan buffet counter to check on the food quality. His favourite food was fish head curry."**

**CHEF LIOU**
Executive Chef, Le Méridien Putrajaya

# OUR GROUP OPERATIONS

**The Group is committed to deliver sustainable long-term returns with its impressive portfolio of signature property developments and prime property assets. Aspiring to make a positive difference in people's lives, our property strategies are focused on achieving sustainable growth.**

## Regional presence

**THE PEOPLE'S REPUBLIC OF CHINA**

- IOI Park Bay, Jimei @ Xiamen
- IOI Palm City, Jimei @ Xiamen
- IOI Palm International Parkhouse, Xiang An @ Xiamen

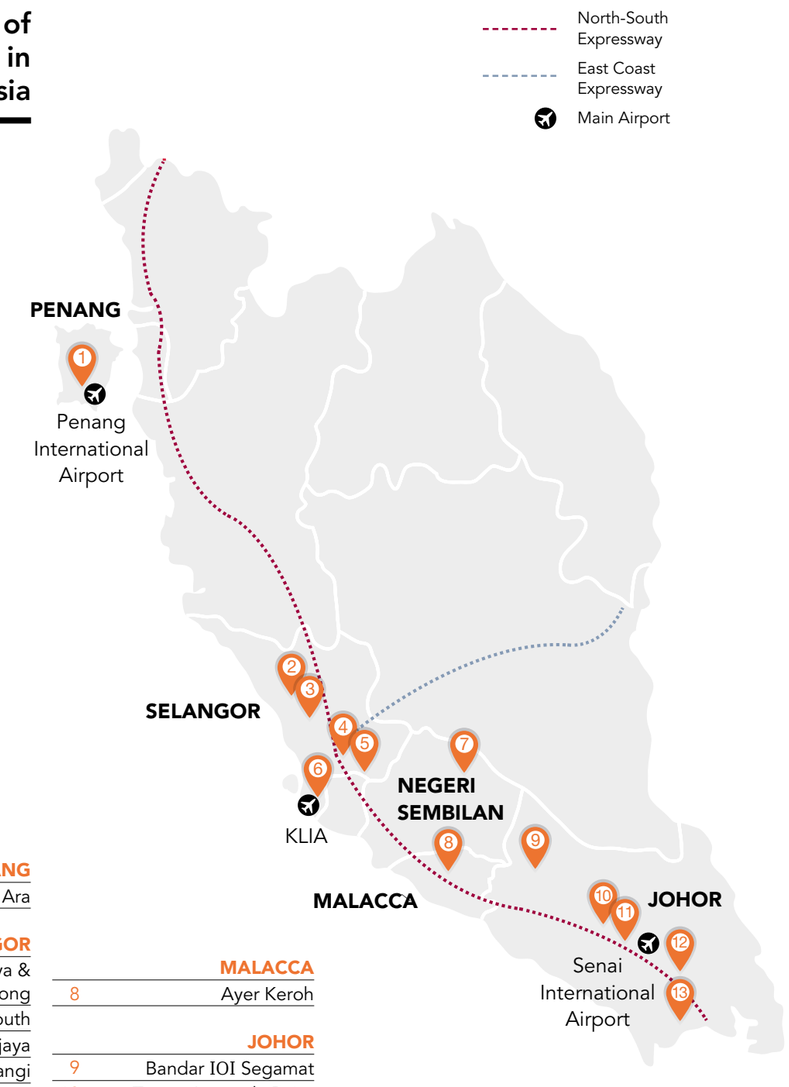
**MALAYSIA**

- Penang
- Selangor
- Negeri Sembilan
- Malacca
- Johor

**SINGAPORE**

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

## Locations 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 |

# POWERING SUSTAINABLE LIFESTYLES, TODAY AND TOMORROW

**At IOI Properties Group, sustainable practices are not just integral to business continuity, but are deeply woven into our organisational DNA. We are committed to developing vibrant and dynamic sustainable living environments across our business hubs and residential communities.**

Through sustainable design principles and a steadfast commitment to product quality and service excellence, we aim to empower current and future generations to lead sustainable lifestyles. Our residential and commercial developments are integrated with sustainable features such as landscaped recreational spaces and communal green spaces that conserve urban biodiversity and foster active neighbourhood social interaction. The latest high QLASSIC scores for N'Dira Townhouse, Pavilion Service Apartment and Sky Condominium are positive testaments of the Group's commitment to our ongoing pursuit of excellence for the finest quality.

## Awards

- PropertyGuru Asia Property Awards Malaysia 2019
- ASEAN Property Awards Malaysia 2018/19
- iProperty Development Excellence Awards 2018

## QLASSIC SCORES

N'DIRA TOWNHOUSE

85%

PAVILION SERVICE APARTMENT

84%

SKY CONDOMINIUM

81%

***Images:***

*1. Sky Condominium, Bandar Puchong Jaya*
*2. The Trilinq, Singapore*
*3. Clio 2 Residences, IOI Resort City*


# A CULTURE FOR PERFORMANCE, GROWTH AND WELLNESS

**IOI Properties Group is all about Integrity, Commitment, Loyalty, Excellence in Execution, Speed/Timeliness, Innovativeness and Cost Efficiency – these core values define our corporate identity.**

As a group, we are single-minded in living out these values because we believe that long-term value creation begins at home; starting with our people and culture – the cornerstone of our business.

This is why we are committed to attracting and retaining the best talent. We do this by creating and fostering conducive, safe and healthy work spaces, designed for wellness and balance. To cultivate a strong sense of ownership and responsibility, IOI Properties Group invests significantly in long-term education and continual training for all employees, so as to empower our people to achieve their fullest personal and professional potential.

"IN OUR COMMITMENT TO ENSURE EXCELLENCE IN EXECUTION, WE STRIVE TO DO THE JOB RIGHT THE FIRST TIME. AS A PREREQUISITE TO COMMENCE WORK, EVERY STAKEHOLDER AND TRADE WORKER IS PROVIDED WITH ON THE JOB TRAINING; AND LINKING QUALITY TO ACCOUNTABILITY TO ENSURE OUR PRODUCT IS UP TO MARK AND EXCEEDS EXPECTATIONS."

Ho Kwok Wing,
Senior General Manager,
Project Planning & Implementation

"THE GROUP'S RISK MANAGEMENT FRAMEWORK IS DESIGNED TO SUPPLEMENT THE ORGANISATION'S CORE VALUE OF COST EFFICIENCY VIA TARGETED AND EFFECTIVE CONTROL MEASURES THAT INCREASE OPERATING EFFICIENCY AND MINIMISE COSTS. THIS PROVIDES A SOUND BASIS FOR EFFECTIVE MANAGEMENT PLANNING AND IMPROVE OVERALL EXECUTION CAPABILITY."

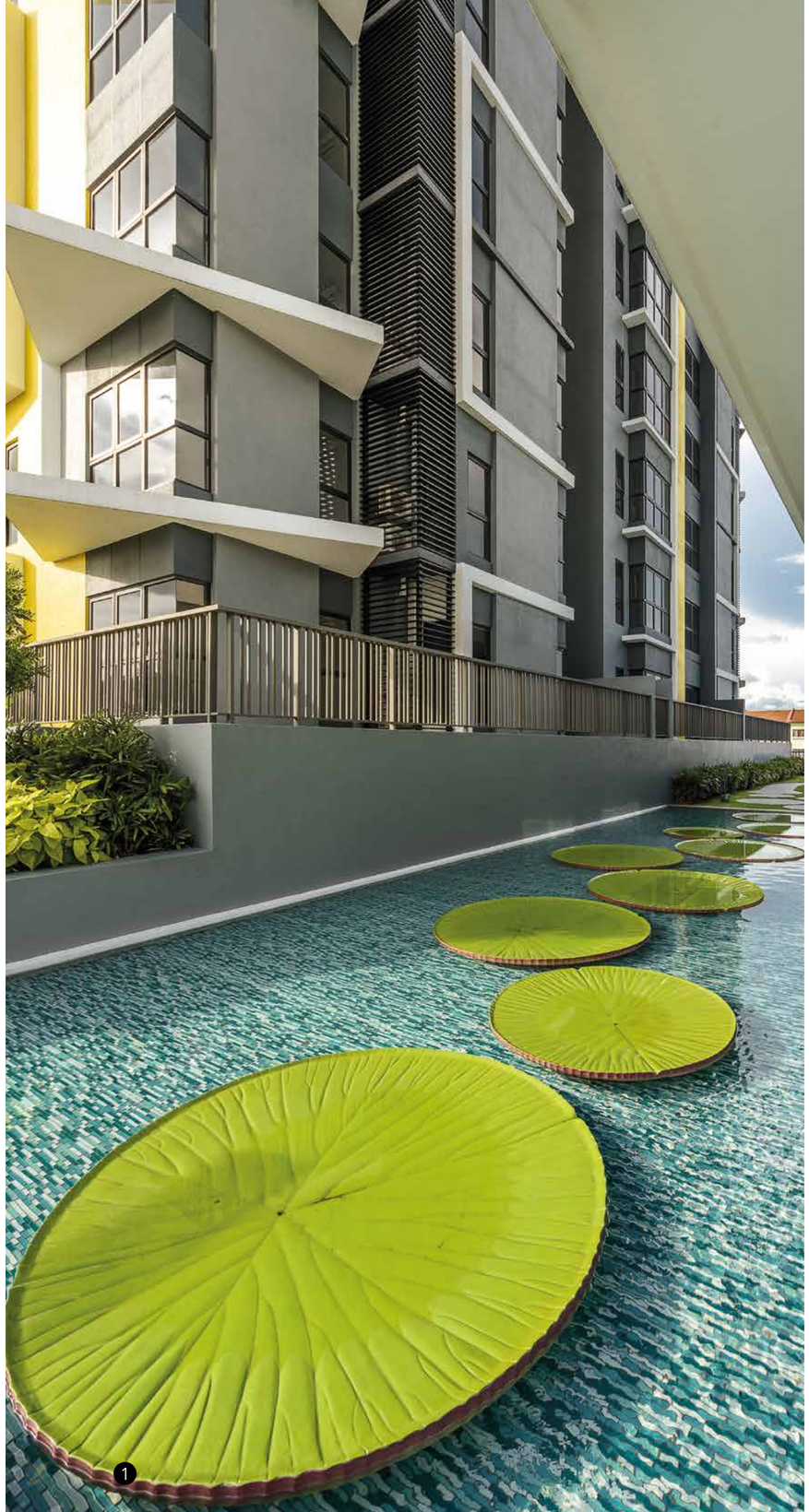
Abdul Razak Abu Bakar,
Risk Management Manager

# INNOVATING DIGITALLY TO DELIVER EVERYDAY CONVENIENCE

**Our customers are at the heart of our every decision. We are leading digital transformation of the property industry with enhanced customer experiences across all interfaces and touchpoints, to elevate communication and deliver best-in-class products and service excellence.**

A number of mobile applications have been introduced to provide our customers seamless convenience and access to exclusive privileges and deals at our developments. Customer-facing mobile apps such as IOI LiVO offer a wide range of leisure offerings and lifestyle privileges, as well as instant updates and access to latest deals. The next phase of IOI LiVO will include more added benefits and loyalty points accumulation for reward redemption. To enhance communication with residents in our communities, the IOI Community app enables residents to provide real-time feedback and analytics which the Group leverages to continuously improve our service offerings. IOI Community app is currently extended to home owners of strata properties that have attained vacant possession. In future, we plan to deploy it at the point of property purchase.

Internal mobile applications such as our Safety & Health Assessment Management System (IOIPG-SAMS), serves as a tool to elevate effectiveness and accuracy of safety and health assessments as well as inspection processes through real-time tracking and monitoring of site safety practices. The Group has also deployed a cloud-based mobile solution to monitor its mall maintenance and operations through real-time dashboards and instant notifications. The Group is currently working on an Enterprise Content Management (ECM) system to streamline manual processes into digital workflows. This will benefit multiple teams across our sales, marketing, administration, accounting and customer relations functions by fostering greater process efficiency and reducing paperwork.




***Images:***

*1. Pavilion Service Apartment, Bandar Puteri Puchong*
*2. IOI City Mall, IOI Resort City*
*3. IOI LiVO app*

# WORK, LIFESTYLE, LEISURE. ONE INTEGRATED SPACE.

**In 2016, IOI Properties Group successfully tendered for a highly sought-after 99-year tenure prime land in the heart of Singapore's Central Business District. Construction is now underway as we await for a prime property development valued at more than RM10 billion.**

Offering stunning views of the Marina Bay waterfront and a prominent frontage along Raffles Quay-Shenton Way, our up-and-coming Central Boulevard Towers will bring a new dimension to urban lifestyle. With superb connectivity to multiple transport nodes, including a direct link to the Downtown MRT (Mass Rapid Transit) station, Central Boulevard Towers offers premium office space, retail shops, restaurants, childcare facilities and more, to attract a unique blend of high-quality tenants.

In line with Singapore's Draft Master Plan 2019 to rejuvenate the city centre, Central Boulevard Towers is designed to be an exciting space that will cater seamlessly to people from all walks of life, and promote social inclusivity and sustainable lifestyle. Central Boulevard Towers' competitive commercial value and strategic location fulfils the Group's aspiration of bringing people together in a distinctive shared space through the integration of work, lifestyle and leisure. The Group looks forward to high occupancy rates and the opportunity to offer a prime and iconic development with a progressive approach to work-life integration.

STRATEGICALLY LOCATED WITHIN MARINA BAY AREA OF THE CENTRAL BUSINESS DISTRICT WITH STUNNING VIEWS OF MARINA BAY WATERFRONT AND HERITAGE CHINATOWN

PREMIUM OFFICES WITH UNIQUE BLEND OF AMENITIES. RETAILS SHOPS, RESTAURANTS AND LANDSCAPED SKYPARK TO ATTRACT PEOPLE FROM ALL WALKS OF LIFE

***Images:***
*1-3. Central Boulevard Towers*

# CHAIRMAN'S *Statement*

**DATUK TAN KIM LEONG**
Independent Non-Executive Chairman

**DEAR STAKEHOLDERS,**

**On behalf of the Board of Directors and the management, I am pleased to present the Annual Report of IOI Properties Group Berhad for the financial year ended 30 June 2019 ("FY2019").**

## TRIBUTE TO THE LATE TAN SRI DATO' DR LEE SHIN CHENG

On behalf of the Board of Directors, I wish to record my appreciation of the invaluable contributions of the Group's late founder and former Chairman, Tan Sri Dato' Dr Lee Shin Cheng. His visionary insights and entrepreneurial spirit have steered the Group to where we are today. The late Tan Sri Dato' Dr Lee will always be an inspiration to us as we continue to carry out the responsibilities entrusted to the Board of Directors. I wish to highlight the Group's special tribute to our late founder and former Chairman on pages 2-5 of the Annual Report.

## CORPORATE GOVERNANCE

I am honoured to be appointed as the Independent Non-Executive Chairman of IOI Properties Group Berhad ("IOI Properties") effective 1 July 2019. I am most privileged that the Board of Directors has entrusted me with this enormous responsibility of leading the Group and continuing to uphold the legacy of our late founder and former Chairman.

As the Independent Non-Executive Chairman of the Group, I have relinquished my position as the Chairman of the Audit Committee, and remain an Audit Committee member. I am also a member of the Governance, Nominating and Remuneration Committee. More details on my role and the Board can be found on pages 128-136 of the Annual Report.

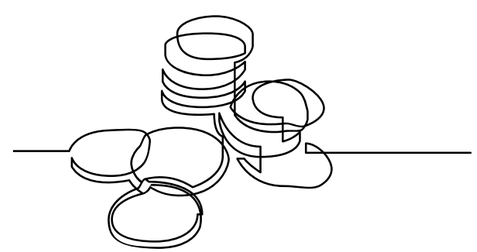
## THE ECONOMY IN FY2019

In the second quarter of 2019, the global economy expanded at a more moderate pace. Despite the ongoing trade dispute between the United States of America ("US") and the People's Republic of China ("PRC"), the economies of the US and PRC continued to grow at a moderate pace. Economic growth for the rest of the Asian region, however, experienced deceleration mainly due to weaker external demand amid the ongoing US-PRC trade dispute.

Malaysia's economy grew by 4.9% (year-on-year) in the second quarter of 2019 due to continued expansion in domestic demand, which is supported by stable household spending and slightly higher private investment. The residential subsector remains subdued due to more unsold properties. Based on the latest residential property overhang statistics for the first quarter of 2019 from the Valuation and Property Services Department, unsold residential properties rose 1.9% to 32,936 units worth about RM20 billion, from 2018.

*IOI Palm City, Xiamen*

> **"The late Tan Sri Dato' Dr Lee will always be an inspiration to us as we continue to carry out the responsibilities entrusted to the Board of Directors."**



Singapore's economy grew by 0.1% (year-on-year) in the second quarter of 2019, driven mainly by the finance and insurance sector and other services industries. There has been a recovery in home prices and demand in the second quarter of 2019 since the introduction of new cooling measures in July 2018. Prices of private residential properties were up by 1.5%, and there was an increase of 27.9% in new sales take-up in the second quarter of 2019, compared to the previous quarter. Although the residential property market is forecast to be cautiously optimistic with property prices largely expected to remain stable in the second half of 2019, Singapore is still generally viewed as a safe haven for property investment. With steady economic and income growth, it is anticipated that demand for residential properties in the island nation will continue to remain healthy.

Due to the rapid increase in housing prices in Xiamen, PRC, the Xiamen Housing Security and Housing Administration has continued to implement property cooling measures such as restrictions on the purchase of a third home by Xiamen residents (with floor size of less than 180 sq m) and restrictions on the purchase of property by non-Xiamen residents. It is anticipated that there will unlikely be any easing of property cooling measures in 2020. Although the property market in Xiamen remains challenging, the overall housing market is expected to remain stable.

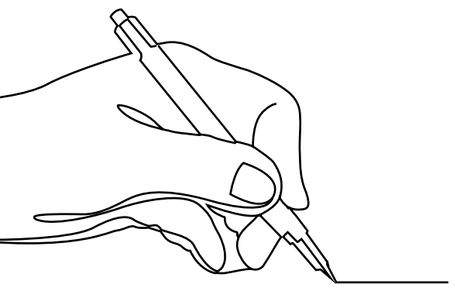
## OUR FINANCIAL PERFORMANCE IN FY2019

For the current financial year, the Group registered total consolidated revenue of RM2.20 billion and profit before tax of RM1.09 billion, compared to revenue of RM2.67 billion and profit before tax of RM1.02 billion in FY2018. The decline of 18% in revenue was mainly due to lower progress billings from ongoing projects in Malaysia as sales were mostly from completed projects. There was also lower contribution from Singapore following the completion of the Trilinq project. Profit before tax increased by 7% mainly attributed to contribution from projects in Xiamen (IOI Palm City), and a higher share of profit arising from sales of South Beach Residences in Singapore.

Group revenue on a segmental basis continues to be driven by property development (RM1.63 billion), property investment (RM354.96 million), hospitality & leisure (RM198.01 million) and other operations (RM9.96 million). Contribution to revenue from property development by geographical locations was as follows: Klang Valley at 39%, Xiamen at 32%, Johor at 23% and others (collectively, Singapore, Penang and Negeri Sembilan) at 6%. Based on year-on-year comparison, contribution from property investment and hospitality & leisure segments grew by 9% and 4% respectively in FY2019, from RM326.21 million and RM190.02 million in FY2018. Contributions from these segments which provide recurring income are expected to be more significant in

# CHAIRMAN'S STATEMENT

**"At IOI Properties Group, we align our business strategies to embrace sustainability towards creating value for our stakeholders and generating positive impacts on the environment, economy and society in which we operate."**



the future in view of additions of net lettable area ("NLA") and hotel keys to the Group's investment properties and hospitality & leisure assets through the construction of new shopping malls and hotels in Malaysia and the PRC. Please refer to Generating Long-term Value for Stakeholders for more information.

Total sales for the current financial year increased by 3% to RM1.93 billion from RM1.88 billion in FY2018. Projects from Malaysia and the PRC accounted for 58% and 39% of total sales in FY2019 respectively. The higher total sales for FY2019 was mainly contributed by PRC from new product launches in IOI Palm City comprising high rise condominiums in September 2018 and town/link villas in December 2018/June 2019. These new launches achieved take-up rates of 99% and 73% respectively.

The property investment segment performed well in the current financial year with an increase in revenue contribution by 9%, mainly attributed to higher occupancy and rental rates secured by office and retail segments. Meanwhile, the Group's hotels continued to have higher occupancy in the financial year under review.

The Group's financial position remains strong with total assets of RM32.72 billion, cash and cash equivalents of RM1.58 billion and net assets per share of RM3.42. Details of the Group's performance have been set out under the section "Management's Discussion and Analysis" in this Annual Report.

For the financial year under review, an interim dividend of 3 sen per ordinary share, amounting to a total payout of approximately RM165.18 million, was declared and paid on 27 September 2019. This represents approximately 25% distribution of the Group's net profit attributable to shareholders.

## EMBRACING SUSTAINABILITY

Sustainability is an integral element in our business model. At IOI Properties Group, we align our business strategies to embrace sustainability towards creating value for our stakeholders and generating positive impacts on the environment, economy and society in which we operate. With Board oversight and support, sustainability strategies are translated into effective implementation of initiatives across the Group, in accordance to the Sustainability Policy guided by the Group's Vision and Core Values.

The Group is committed to contributing towards SDG 11 (Sustainable Cities and Communities) and SDG 13 (Climate Action) by raising awareness and driving initiatives for climate change mitigation and adaptation. In support of SDG 4 (Quality Education), we believe in future proofing our youths and will continue to support Young Urbanites (youths in urban community) by empowering them through capacity building towards contributing to nation building.

Looking beyond tangible returns, we initiated IOI Connects to Earth with focus on the areas of Biodiversity Conservation, Waste Minimisation and Climate Change with the aim of raising awareness, increasing conversation and action towards creating sustainable developments in a world that is future proof.

*IOI Resort City*

## OUR CULTURE

In pursuing Vision IOI, one of our core values is excellence in execution as our commitment can only be realised through actions and results. This organisational culture is prevalent across the Group and commitment to excellence is embraced in our brand promise of delivering excellence in our products and services.

Our residences are of high quality, as we received High QLASSIC Achievement Awards for High Rise and Landed Residential Development awarded by Construction Industry Development Board (CIDB), Malaysia, a regulatory agency under Ministry of Works that is focused on achieving global competitiveness in the construction industry. The QLASSIC is an assessment to evaluate the workmanship of building construction work which includes structural, architectural, mechanical and external works via inspection, field testing and sampling.

Our efforts in delivering excellence are reflected in the numerous awards and recognitions achieved such as Top Property Developers Awards in The Edge Property Excellence Awards, iProperty Development Excellence Awards 2018, PropertyGuru Asia Property Awards Malaysia 2019, World Luxury Hotel Awards 2018 (Luxury Business Hotel – Asia Continent Category) and ParGolf People's Choice Awards 2019.

## GENERATING LONG-TERM VALUE FOR STAKEHOLDERS

The residential property market is anticipated to remain challenging. The extension of the Home Ownership Campaign (HOC) 2019 to 31 December 2019 is expected to continue to stimulate interest in home-ownership whilst offering an opportunity for property developers to address the property overhang situation. As property investment is viewed as a good hedge against inflation, demand for residential properties is expected to remain resilient in the long term, particularly for projects in good locations with good transportation infrastructure and close proximity to amenities and facilities.

The Group will continue to leverage on our strength as one of the top township developers in Malaysia, with a diverse portfolio of products which provides us with the advantage of having the flexibility of timing our product launches according to market conditions. Within the Klang Valley, we have launched condominiums/serviced apartments such as Clio 2 Residences in IOI Resort City, located close to amenities and conveniences, at an affordable price range. The availability of LRT services in our established townships in Bandar Puteri Puchong and Bandar Puchong Jaya has enabled us to introduce transit-oriented developments such as the recently launched Stellar Suites (office suites and retail shops) which is located 50 metres from the Bandar Puteri LRT station.

For Xiamen operations, we have more than RMB6 billion worth of products to be launched within the next two to three years. We remain optimistic about the prospects of our overseas property developments as our projects are in locations with well-connected transportation networks and in proximity to commercial hubs. We will continue to monitor and assess developments in the property sector in Xiamen, and adapt strategies in line with market sentiments.

In our matured and established townships in Puchong and IOI Resort City, we have a diversified income stream through our shopping malls, offices, hotels and golf courses. The Group's portfolio of investment properties comprises mainly 3.2 million sq ft of NLA for office and 2.6 million sq ft of NLA for retail. We will continue to grow our investment properties and hospitality & leisure assets to ensure strong recurring income and positive returns. In this respect, we are in the process of increasing our NLA through the construction of new malls and offices. The completion of shopping malls such as IOI City Mall Phase 2 in 2021 and a new mall in IOI Palm City, Xiamen in 2020, will add a combined total of 1.7 million NLA. In addition, Central Boulevard Towers in Singapore, scheduled for completion in 2022, will contribute 1.3 million NLA. For our hotel operations, there will be an addition of 865 keys with the introduction of Moxy Putrajaya in IOI Resort City and Sheraton Grand in Xiamen, in 2022.

*Central Boulevard Towers, Singapore*

Albeit the prevailing market condition, world economic climate and the current trade dispute, the Group will endeavour to do its utmost to record a stronger set of results next year.

## ACKNOWLEDGEMENTS

On behalf of the Board of Directors, I wish to thank all our stakeholders, including valued customers, shareholders, business associates and financial institutions for their continued trust in and support for the Group.

In closing, I would like to extend my appreciation to my fellow Board members for their continued guidance, and the management team and employees for their commitment and contribution to the success of the Group. I am confident that with everyone's support we will continue to drive the Group to deliver long-term value returns.

**DATUK TAN KIM LEONG**
Independent Non-Executive Chairman

# CEO'S *Q&A*

# WE'RE READY
## FOR A FUTURE WE CAN ALL BELIEVE IN

**LEE YEOW SENG**
Chief Executive Officer

### 1 HOW IS IOI PROPERTIES A LIFESTYLE INFLUENCER?

We are an award-winning, integrated property player. We influence lifestyles by consistently creating vibrant and sustainable communities, integrating residential, commercial and leisure components within our developments. This differentiator creates value not only for our residents and tenants but also for the communities in which we operate, and beyond.

IOI Properties Group is all about designing exciting and innovative spaces for the contemporary urban lifestyle. We nurture lifestyles coveted by many through a desirable collection of quality residences, hotels, shopping malls, golf courses, and Grade A office spaces. A place to call home is merged seamlessly with nature, with a wide range of amenities, facilities and ease of accessibility within a safe and secure environment. By doing so, we set new benchmarks in sustainable urban living standards across Malaysia, Singapore and the People's Republic of China.

As a Lifestyle Influencer, we take pride in continuously advocating sustainable living, and catalysing mindset and behavioural change; encouraging sustainability ownership within our network of employees, customers, business associates and communities.

### 2 WHAT STRATEGIES ARE TAKEN AMIDST THE SOFT PROPERTY MARKET?

We envisage the property industry to remain challenging in the near term. The Group will actively monitor developments in the property sector and adapt strategies in line with market sentiment.

With multiple ongoing township developments, we are in a position to schedule products to launch at differing market conditions.

For future sales, we will continue to capitalise on our matured and established townships such as IOI Resort City, Bandar Puteri Puchong and our Johor developments. These townships have already achieved critical mass and are therefore more resilient to property cycles due to their prime localities near amenities, commercial hubs and established transportation infrastructures. IOI Properties is also one of the few property companies in Malaysia with successful developments in Singapore and Xiamen. In Xiamen, we have more than RMB6 billion worth of products that can be launched in the next two to three years. For Singapore, we already have positive contributions from South Beach Residences, a luxury condominium jointly developed with City Developments Limited, currently selling at more than SGD3,000 psf.

To maintain sustainable growth, we will capitalise on the current soft property market by enlarging our investment property and hospitality assets with investments that yield strong recurring revenues and capital values. To this effect, we are increasing our net lettable area ("NLA") of retail malls and office space, as well as adding two new hotels. With this enlarged investment property portfolio, we are confident the Group will continue to deliver meaningful accretive earnings and capital growth.

Prudent capital management has placed us in a resilient financial position and a strong balance sheet with net assets per share of RM3.42. Going forward, we will continue to be disciplined in our capital management as we expand our property portfolio.

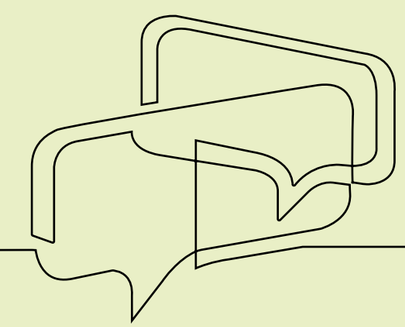
## INVESTMENT CASE

IOI Properties has a solid and proven track record. The Group has successfully broadened our revenue base to provide a steady stream of revenue through recurring income generated from its retail malls, office towers, hotels and golf courses. This revenue stream complements our property development earnings.

Moving forward, we are adding more NLA to our retail malls and office spaces locally and internationally. Total floor space for retail malls and office space will increase by 65% and 50% respectively within 3 to 5 years. In addition, two new branded hotels i.e. Moxy Putrajaya and Sheraton Grand will bring our total number of hotels owned to six, offering more than 2,100 keys. Our key strength of being a large developer with multiple active township developments also allows us to offer a wide range of product mixes to cater to different market segments from low to mid and the high end. This strategy gives us flexibility and the advantageous position of being able to time our products to launch when the market is most favourable.

We are geographically diversified with operations in Malaysia, Singapore and Xiamen. Most of our landbanks of approximately 10,000 acres are located close to strategic growth corridors with development and investment potential, allowing the Group to unlock value when developed.

Our business model has the right mix of strategic objectives to create value for our stakeholders. As the Malaysian and global economy evolves, the Group will continue to explore strategic opportunities to deliver long-term growth to stakeholder value.



# CEO'S Q&A

## 3 HOW IS IOI PROPERTIES DIFFERENTIATING ITSELF FROM ITS COMPETITORS?

Our strength lies in our culture of customer-centric excellence amongst our people where the focus is on customer experiences and creating value for stakeholders. We achieve this through efficient management and execution of work to deliver excellence in our products and services on timely basis and within budget without compromising quality. This is backed by strong capital management capability to preserve a balance between growth, profitability and liquidity.

We have increased our efficiency through the digitalisation of work processes, digitally-enabling our communities and maintaining high standards of maintenance of our investment properties. In doing so, we heighten our competitive edge and stay relevant in the highly dynamic environment of well-informed customers with exceptional preferences and high expectations.

This unwavering focus is our brand differentiator that has firmly anchored us in delivering customer experiences that exceed expectations.

## 4 HOW DOES IOI PROPERTIES INTEGRATE SUSTAINABILITY INTO ITS OPERATIONS?

We create economic, social and environmental values for our stakeholders through enhancing operational cost efficiency, mitigating associated risks and leveraging on opportunities as sustainability is pivoted at our business.

We uphold the principles of developing sustainable townships and harmonious co-existence between nature and the built environment, in line with our sustainability goals of achieving products and services excellence, advocating environmental ethics, strengthening healthy, safe and fair work culture, and enhancing social well-being of local communities. In continued efforts to advocate sustainability ownership, we launched a Group-wide IOI Connects to Earth strategic campaign, generating conversations and actions in the areas of waste minimisation, biodiversity conservation and climate change mitigation and adaptation.

We integrate environmental-friendly design and green features into our township developments, with the aim of reducing carbon footprint. We enable our home and commercial users, including tenants, to benefit from efficient use of utility and resources by harnessing natural lighting and ventilation. We promote energy efficiency, enable water conservation and encourage ethical waste management through purposeful design thinking where feasible.

IOI Properties Group also subscribes to the Low Carbon Cities Framework and Assessment System. We support the United Nations' Sustainable Development Goals of SDG 11 (Sustainable Cities and Communities) and SDG 13 (Climate Action) by focusing on low carbon and Transit-Oriented Development ("TOD"). For our established townships in Bandar Puteri Puchong and Bandar Puchong Jaya, the availability of LRT services provides improved connectivity and convenience, creating long-term value for the residents and businesses of these townships. Taking the cue from these successes, we have recently launched Stellar Suites which is merely 50 metres from Bandar Puteri LRT station. Meanwhile, our ongoing RM63.9 million interchange upgrading and road expansion at Bandar Puteri Puchong will further enhance connectivity and improve traffic flow.

As a responsible Corporate Citizen and in line with our Sustainability Policy, the Group will continue to invest in infrastructures and facilities that provide convenience to community and support community well-being. We will aim for an ecologically functional landscape that supports urban biodiversity, provides ample ecosystem services such as fresh air and flood mitigation; and enables carbon sequestration to mitigate urban heat island and climate change.

## 5 WHERE DO YOU SEE IOI PROPERTIES IN 3-5 YEARS?

We anticipate more significant contributions from the property investment and hospitality & leisure segments to the consolidated revenue and profits of the Group.

More than just one of the largest property developers in Malaysia, we aim to be THE property group with an extensive local and regional portfolio of investment properties and hospitality assets. We are well on our way.

We are now developing Central Boulevard Towers, our first solo investment property project in Singapore. Valued at more than RM10 billion, this development is slated for completion in 2022. IOI Properties will be among the rare few Malaysian corporates with prime property in the new commercial centre of Singapore.

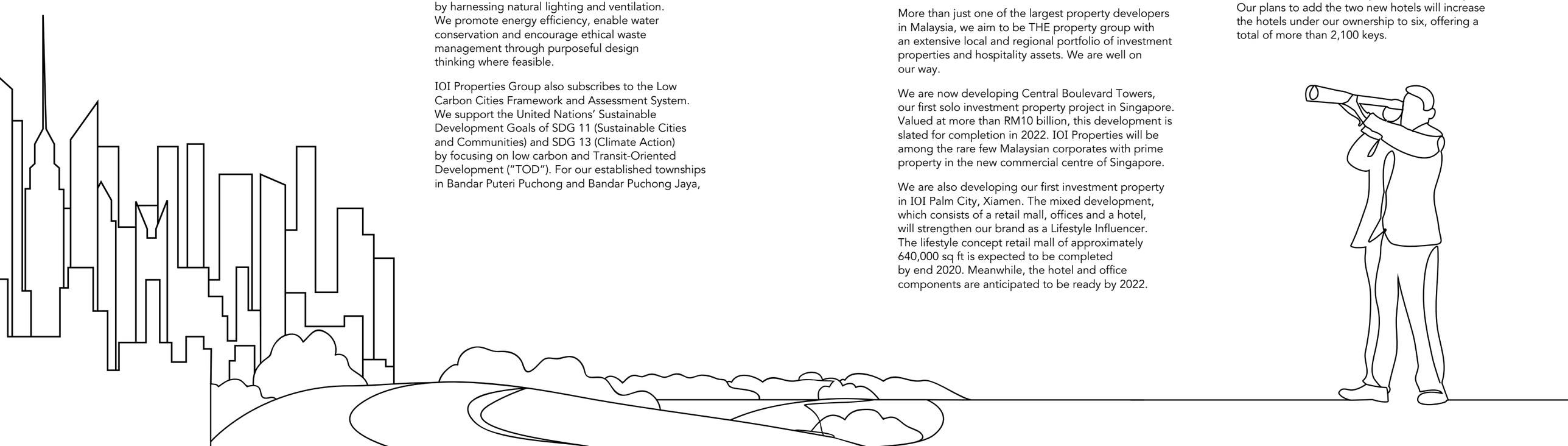
We are also developing our first investment property in IOI Palm City, Xiamen. The mixed development, which consists of a retail mall, offices and a hotel, will strengthen our brand as a Lifestyle Influencer. The lifestyle concept retail mall of approximately 640,000 sq ft is expected to be completed by end 2020. Meanwhile, the hotel and office components are anticipated to be ready by 2022.

The Sheraton Grand hotel to be managed by Marriott International will have 370 rooms and a 5-star rating, while the office component will add 380,000 sq ft into our investment portfolio.

In Malaysia, IOI City Mall Phase 2 is projected to add 1.1 million sq ft of NLA by end 2021 to the existing 1.5 million sq ft space, making it one of the largest retail malls in the country. We are also constructing a 495-room hotel in its vicinity under the Moxy brand of the Marriott stable to reach out to the younger millennial market segment – the first Moxy franchise in Malaysia.

In property development, the Group will continue to see contributions from our existing townships, which will continue to grow in vibrancy with time. Anticipating the recovery of the property market, we are looking to launch a new development in Bukit Changgang and a new township in Ayer Keroh of approximately 323 acres and 1,332 acres respectively. These will enlarge our active development landbank and increase the property development's revenue stream.

Following the expansion in investment property under the Group's management, total floor space for retail malls will grow by 65% from 2.6 million sq ft to 4.3 million sq ft whilst total office space will increase by 50% from 3.2 million sq ft to 4.8 million sq ft Our plans to add the two new hotels will increase the hotels under our ownership to six, offering a total of more than 2,100 keys.



# HOW WE CREATE VALUE

**Through developing integrated townships, managing a portfolio of prime property assets and leveraging the strengths of our core businesses, we generate enduring value for our customers, employees, communities and the environment.**

## INPUTS

### Financial

Our solid financials, achieved through prudent financial management, empower the Group to capitalise on new value propositions.

### Human

We embrace a corporate culture that values diversity, openness, trust and respect because a strong and committed workforce is the backbone of our dynamic operations.

### Intellectual

We continually invest to improve our knowledge and expertise with a long-term strategic approach to talent management as part of prudent and judicious business management.

### Relationship

Our strong relationships with our communities, business associates, regulators, employees and partners enable us to build sustainable townships and manage properties that generate long-term value.

### Natural

We endeavour to minimise environmental impacts and optimise use of resources in our land bank, through pollution control, efficient energy, water & waste management, urban biodiversity conservation to create sustainable living environment with harmonious balance between built and natural environment.

### Manufactured

Our investment in retail, office, leisure and hospitality properties, collectively with our technological infrastructure, ensures long-term profitability and productivity for our core business segments.

## WHAT WE DO

### OUR BUSINESSES

#### Property Development

IOIPG develops well-designed integrated townships that nurture lifestyles and set new benchmarks in sustainable urban living. We aim to create vibrant spaces which blend seamlessly with nature for our residents to stay, work and play.

#### Property Investment

IOIPG builds and manages property assets in strategic high-growth areas with excellent connectivity and growth potential. Through our strong portfolio and customer-centric approach to asset enhancement, we endeavour to achieve sustainable growth and incremental investment returns.

#### Hospitality & Leisure

IOIPG's world-class hospitality & leisure portfolio delivers distinctive customer experiences that delight. We strive to build strong relationships with our customers across the globe in both the public and private sectors and strengthen our market leadership and brand reputation.

Read more about our businesses in our Group Business Review on pages 40-49

### HOW WE DO IT

#### People & Culture

IOIPG's unique culture of mutual trust and respect, showcased through our people, is central to our ability to create value. Guided by our core values, our people share a vision of pursuing excellence in execution, innovativeness, timeliness and cost-efficiency, with integrity, commitment and loyalty.

#### Integrated Developments

Our integrated commercial and residential enclaves create signature urban spaces that foster social integration and sustainable lifestyle. By providing quality amenities and superior connectivity, we bring people together and strengthen the social fabric where we operate.

#### Sustainable Design Principles

IOIPG integrates green building and township design into our developments to complement and not compete with surrounding ecosystems, conserving the urban biodiversity and enabling humans and nature to co-exist harmoniously.

#### Technology

As digital convenience and options evolve with customer expectations, IOIPG continues to explore and implement leading-edge digitalisation and process improvement. These enhance the experiences of our customers and deliver the highest standards of service excellence.

We are a *Lifestyle* INFLUENCER

### 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.

## VALUE WE CREATE

### Deliver Excellence

We strive for responsible commercial success and sustainable growth in our efforts to achieve prominence in Products and Services Excellence and uphold our brand promise of reliability and quality.

### Care for the Environment

We believe that today's care for the environment creates tomorrow's sustainability for future generations. We commit to upholding environmental ethics through our sustainable design and practices.

### Create Value for Our Employees

We champion a healthy, safe and fair work culture with a strong emphasis on employee engagement and participation in the Group's transformational journey of sustainability.

### Develop Sustainable Communities

We aim to enhance social well-being by investing in infrastructures that create sustainable community living, initiating community development programmes and nurturing youth potential to create positive long-term impact on society.

### Strong Risk Management and Governance Framework

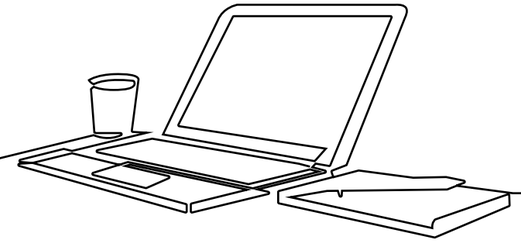
We believe that a robust risk management and governance framework is vital to the delivery of our strategy. The Board remains focused on refining our strategic propositions and furthering the implementation of digitalisation and sustainability efforts.

Read more about our sustainability and governance efforts on pages 61-127

# MARKET TRENDS

**The Malaysian property market experienced a modest uptick since 2018 and while industry outlook for the year ahead remains conservative, the Group continues to maintain a long-term strategic approach.**

| TRENDS | OVERVIEW | IMPACT | OUR RESPONSES |
|---|---|---|---|
| **Trend 1**<br>**Subdued property market in Malaysia** | A conservative outlook prevails in the office sub-sector due to slow market activity and expectations of further yield compression, while the outlook for the retail sub-sector is expected to be lacklustre due to expectations of a more challenging market ahead with high supply pipeline of retail space. While the residential market saw some activity pickup in 2018, overhang remains elevated. | Elevated inventory of unsold projects is likely to put continued pressure on the property market. However, this is countered by the anticipation of improvements with incentives such as rebates and stamp-duty exemptions offered through the government-led Home Ownership Campaign (HOC), to encourage market activity and reduce overhang and unsold projects. | We adopt a strategic long-term view to our portfolio by keeping property prices competitive while maintaining quality and affordability.<br><br>This is achieved through a value engineering approach that embraces innovation and optimises cost efficiency. |
| **Trend 2**<br>**Higher consumer awareness and demand for safety, quality and convenience** | Changing demographics and evolving consumer expectations are causing higher demand for public spaces and developments with more engaging lifestyle experiences where individuals and families from all walks of life can live, work and play safely within walking distance. | Consumers are increasingly motivated to be more environmentally and socially conscious about the quality and source of products and materials in their purchases and lifestyle choices.<br><br>Longer office hours have led to higher demand for convenient and fuss-free products to suit busy working lifestyles. | The Group monitors latest trends and market research to stay ahead of consumer expectations.<br><br>We are evolving our lifestyle offerings to offer new value propositions focused on delivering high quality products, enhanced customer experiences with greater convenience and more versatile tenant mix.<br><br>Inclusive approach design practices and natural elements will continue to feature strongly in our developments to create spaces that go beyond functionality and promote quality interactions with family and friends. |
| **Trend 3**<br>**Greater emphasis on sustainability in real estate** | Greater awareness of climate change and environmental, social and governance (ESG) issues has resulted in more mainstream consumer expectation of sustainability and environmental ethics. | Larger pools of consumers and tenants especially millennial and Gen Z customers, are making green practices and environmental sustainability a key decision factor in buying or renting property. | Sustainability remains a core focus for us. We continue to incorporate sustainable practices in energy management, water conservation and waste reduction, in the design and build of our residential and commercial spaces; to enhance cost efficiency in building management and to promote sustainable use of resources. |



# MARKET TRENDS

**We have identified these six trends as key factors expected to characterise market performance in the next 12 months, and also as growth opportunities to unlock new value for our customers and stakeholders in FY2020.**

| TRENDS | OVERVIEW | IMPACT | OUR RESPONSES |
|---|---|---|---|
| Trend 4<br>**Millennials' preference for varied lifestyles over commitment** | Home ownership is increasingly growing beyond the reach of young people due to lifestyle preferences where they would rather spend on cars, smartphones, food and travel than to pay instalments for properties. | There is a notable general preference in younger generation consumers for renting homes instead of buying to retain greater flexibility in lifestyle choices. | In light of emerging preferences for renting over buying, the Group has offered innovative options such as 'Rent-to-Own' and 'Pay Later Buy Now'. This increases affordability whilst giving them the freedom to enjoy other lifestyle indulgences. |
| Trend 5<br>**Growing prominence of online retail shopping** | E-commerce and online shopping have transformed consumers' spending behaviour. | Physical storefront complements online shopping; providing complete and varied lifestyle experiences for consumers. | The Group consistently aims to curate a varied and eclectic tenant mix to offer a wider range of international and local brands and provide value-accretive customer benefits to deliver exceptional shopping experiences with product and service excellence.<br><br>We have been successful in creating spacious and well-designed malls and retail spaces that leverage strategic locations in high growth areas with good connectivity to transport hubs; and we will continue to pursue this strategy. |
| Trend 6<br>**Stiffer competition in Hospitality & Leisure industry** | Digital innovation has enabled private rental alternatives such as Airbnb, hostels and apartments to disrupt traditional hospitality product offerings. | Competition from alternative offerings may potentially result in a loss of customers and eroded revenue and margins.<br><br>However, where rentals tend to lack the consistency and service quality of traditional hotel experiences, hotels can capitalise on the opportunity to offer personalised guest interactions and experiences. | We continue to distinguish our offerings through a strong focus on understanding our customers' specific needs and delivering personalised guest experiences. The Group's strategy of integrating our hotels and resorts within developments and townships with retail malls, Grade A offices, theme parks and golf clubs provide a comprehensive suite of products and services, complementing our hospitality & leisure offerings for an experiential lifestyle.<br><br>The Group is exploring appropriate expansion strategies to increase market share in promising growth markets and fine-tune our digital and social strategies to create new value in delightful experiences for our customers. |

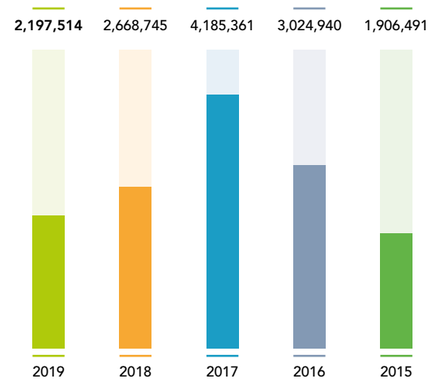
# FIVE-YEAR FINANCIAL HIGHLIGHTS

| Financial Year Ended 30 June (RM'000) | 2019 MFRS | 2018 MFRS | 2017 FRS | 2016 FRS | 2015 FRS |
|---|---|---|---|---|---|
| **RESULTS** | | | | | |
| Revenue | **2,197,514** | 2,668,745 | 4,185,361 | 3,024,940 | 1,906,491 |
| Profit before interest and taxation | **1,048,886** | 933,672 | 1,364,104 | 1,467,621 | 1,079,635 |
| Net foreign currency translation (loss)/gain on foreign currency denominated borrowings and deposits | **(31,862)** | 29,495 | 20,648 | – | – |
| Net interest income | **68,936** | 52,440 | 51,873 | 57,078 | 50,691 |
| Profit before taxation | **1,085,960** | 1,015,607 | 1,436,625 | 1,524,699 | 1,130,326 |
| Taxation | **(425,530)** | (237,493) | (468,799) | (424,440) | (229,729) |
| Profit for the financial year | **660,430** | 778,114 | 967,826 | 1,100,259 | 900,597 |
| Attributable to: | | | | | |
| Owners of the parent | **661,290** | 753,636 | 920,870 | 1,080,018 | 890,702 |
| Non-controlling interests | **(860)** | 24,478 | 46,956 | 20,241 | 9,895 |
| **ASSETS** | | | | | |
| Property, plant & equipment | **1,265,538** | 1,167,505 | 1,137,912 | 1,122,322 | 1,120,101 |
| Land held for property development | **4,642,164** | 4,508,568 | 4,560,892 | 4,591,032 | 2,894,104 |
| Investment properties | **13,672,410** | 12,891,488 | 12,804,095 | 4,024,219 | 3,388,152 |
| Interests in joint ventures | **5,012,119** | 4,951,641 | 5,126,081 | 4,820,518 | 4,155,262 |
| Cash and cash equivalents | **1,576,885** | 2,683,320 | 2,376,233 | 2,086,985 | 1,909,639 |
| Other non-current assets | **300,181** | 326,741 | 279,350 | 303,640 | 313,431 |
| Other current assets | **6,249,905** | 6,189,775 | 7,343,179 | 5,861,625 | 4,658,809 |
| **Total assets** | **32,719,202** | 32,719,038 | 33,627,742 | 22,810,341 | 18,439,498 |
| **EQUITY AND LIABILITIES** | | | | | |
| Total shareholders' equity | **18,834,461** | 18,309,595 | 18,227,961 | 15,885,085 | 13,427,197 |
| Non-controlling interests | **159,122** | 166,603 | 260,615 | 130,754 | 110,957 |
| **Total equity** | **18,993,583** | 18,476,198 | 18,488,576 | 16,015,839 | 13,538,154 |
| Borrowings | **11,326,461** | 11,953,066 | 12,494,506 | 4,262,032 | 2,799,010 |
| Other non-current liabilities | **874,378** | 877,994 | 1,065,346 | 916,614 | 422,438 |
| Other current liabilities | **1,524,780** | 1,411,780 | 1,579,314 | 1,615,856 | 1,679,896 |
| **Total liabilities** | **13,725,619** | 14,242,840 | 15,139,166 | 6,794,502 | 4,901,344 |
| **Total equity and liabilities** | **32,719,202** | 32,719,038 | 33,627,742 | 22,810,341 | 18,439,498 |
| **FINANCIAL RATIOS** | | | | | |
| Basic earnings per share (sen) | **12.01** | 13.69 | 18.42 | 24.99 | 25.83 |
| Diluted earnings per share (sen) | **12.01** | 13.69 | 18.42 | 24.99 | 25.83 |
| Interest cover (times) | **2.82** | 3.02 | 5.71 | 9.97 | 10.12 |
| Net dividend per share (sen) | **3.00** | 5.00 | 6.00 | 8.00 | 6.00 |
| Dividend payout ratio (%) | **24.98** | 36.53 | 35.88 | 32.68 | 25.37 |
| Net assets per share (RM) | **3.42** | 3.33 | 3.31 | 3.60 | 3.56 |
| Gross gearing ratio (%) | **60.14** | 65.28 | 68.55 | 26.83 | 20.85 |
| Net gearing ratio (%) | **51.76** | 50.63 | 55.51 | 13.69 | 6.62 |
| Return on average shareholders' equity (%) | **3.56** | 4.12 | 5.40 | 7.37 | 7.23 |
| Return on average capital employed (%) | **1.95** | 2.33 | 3.76 | 5.58 | 6.02 |

In conjunction with the adoption of Malaysian Financial Reporting Standard ("MFRS") framework by the Group, the above information for FY2019 and FY2018 have been prepared in accordance with MFRS, whereas information from FY2015 to FY2017 have been prepared in accordance with Financial Reporting Standard ("FRS").

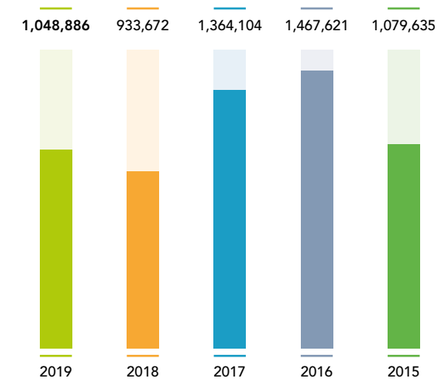
REVENUE (RM'000)

2,197,514



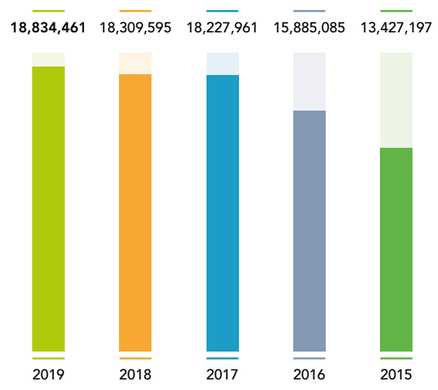

PROFIT BEFORE INTEREST AND TAXATION (RM'000)

1,048,886



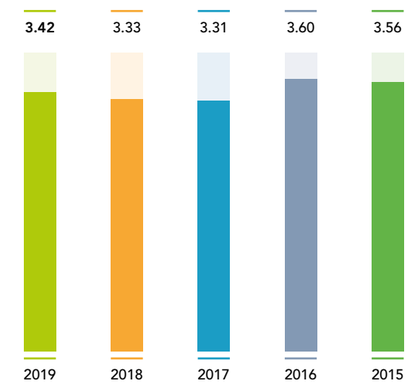

SHAREHOLDERS' EQUITY (RM'000)

18,834,461




NET ASSETS PER SHARE (RM)

3.42



# KEY INDICATORS

**MARKET CAPITALISATION**

**RM7.60 billion**
RM8.81 billion (2018)

**PROFIT BEFORE TAXATION**

**RM1.09 billion**
RM1.02 billion (2018)

**EARNINGS PER SHARE**

**12.01 sen**
13.69 sen (2018)

**GROSS DIVIDEND PER SHARE**

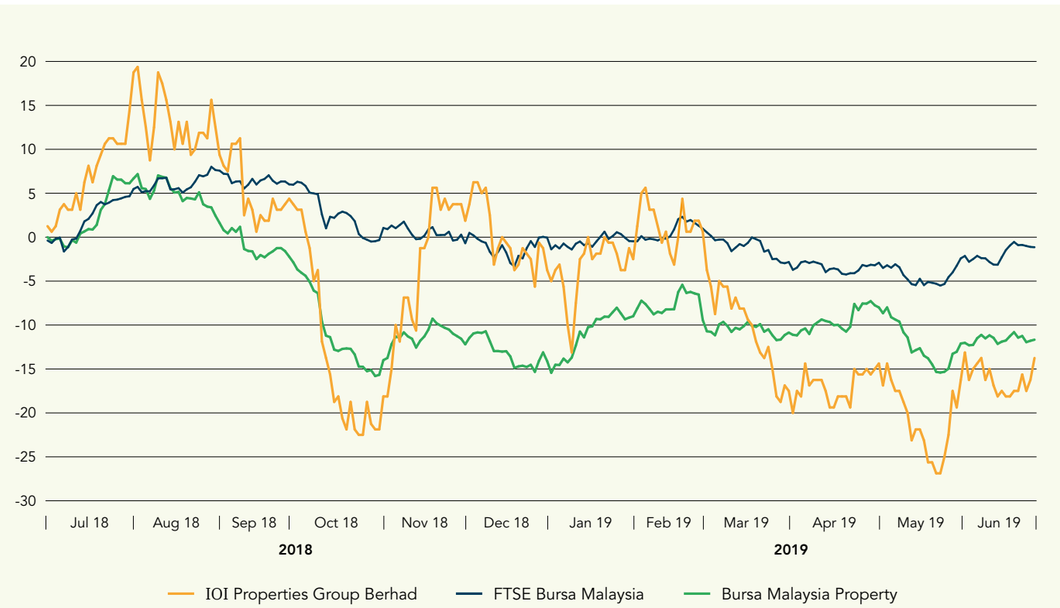
**3.00 sen**
5.00 sen (2018)

**NET ASSETS PER SHARE**

**RM3.42**
RM3.33 (2018)

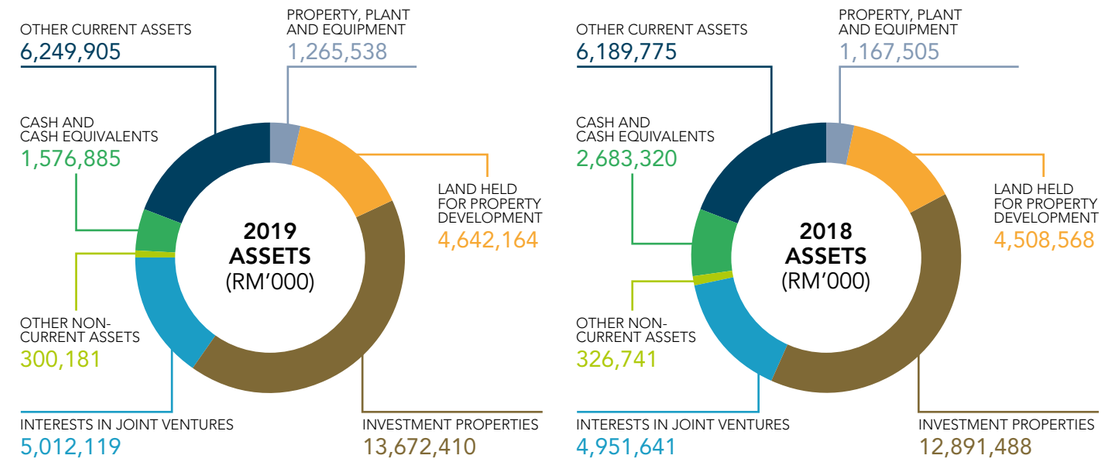
**SHARE PRICE**

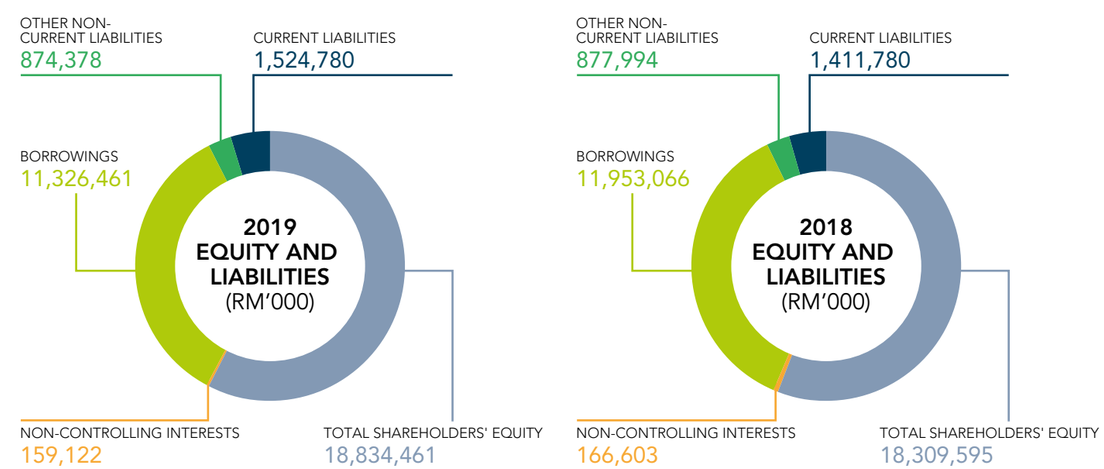
**RM1.38**
RM1.60 (2018)






# GROUP FINANCIAL POSITION



# GROUP FINANCIAL AND SEGMENTAL PERFORMANCE HIGHLIGHTS

| In RM'000 Unless Otherwise Stated | 2019 MFRS | 2018 MFRS | 2017 FRS | 2016 FRS | 2015 FRS |
|---|---|---|---|---|---|
| **FINANCIAL PERFORMANCE** | | | | | |
| Revenue | **2,197,514** | 2,668,745 | 4,185,361 | 3,024,940 | 1,906,491 |
| Segment operating profit | **850,351** | 803,659 | 1,305,610 | 1,073,653 | 689,260 |
| Fair value gain on investment properties | **93,356** | 160,695 | 56,231 | 145,405 | 316,586 |
| Gain on bargain purchase | **–** | – | – | 71,091 | – |
| Share of results of associates | **2,005** | 3,193 | 3,264 | (3,806) | 1,716 |
| Share of results of joint ventures | **103,174** | (33,875) | (1,001) | 181,278 | 72,073 |
| Profit before interest and taxation | **1,048,886** | 933,672 | 1,364,104 | 1,467,621 | 1,079,635 |
| Net interest income | **68,936** | 52,440 | 51,873 | 57,078 | 50,691 |
| Net foreign currency translation (loss)/gain on foreign currency denominated borrowings and deposits | **(31,862)** | 29,495 | 20,648 | – | – |
| Profit before taxation | **1,085,960** | 1,015,607 | 1,436,625 | 1,524,699 | 1,130,326 |
| Taxation | **(425,530)** | (237,493) | (468,799) | (424,440) | (229,729) |
| Profit for the financial year | **660,430** | 778,114 | 967,826 | 1,100,259 | 900,597 |
| **SEGMENT ANALYSIS** | | | | | |
| **Property Development** | | | | | |
| Sales value | **1,930,052** | 1,876,769 | 2,846,826 | 2,214,426 | 1,778,457 |
| Sales (unit) | **2,126** | 2,128 | 2,296 | 2,368 | 1,750 |
| Revenue | **1,634,582** | 2,141,272 | 3,714,204 | 2,613,666 | 1,592,174 |
| Segment operating profit | **612,986** | 571,349 | 1,158,839 | 909,134 | 575,831 |
| **Property Investment** | | | | | |
| Assets under management# | **4,283,618** | 4,248,528 | 3,773,716 | 3,670,067 | 2,764,753 |
| Net lettable area ('000 sq ft)^ | **6,481** | 6,696 | 5,682 | 5,573 | 4,591 |
| Occupancy rate (%) | **60** | 59 | 65 | 77 | 75 |
| Rental yield (%) | **8** | 8 | 8 | 7 | 6 |
| Revenue | **354,960** | 326,214 | 302,119 | 271,872 | 192,633 |
| Segment operating profit | **207,877** | 195,060 | 126,482 | 141,361 | 97,515 |
| **Hospitality & Leisure** | | | | | |
| Number of hotels (unit)# | **4** | 4 | 4 | 3 | 3 |
| Number of rooms (key) | **1,241** | 1,241 | 1,241 | 888 | 888 |
| Occupancy rate (%) | **65-81** | 61-92 | 49-77 | 50-74 | 49-52 |
| Revenue | **198,017** | 190,023 | 161,796 | 131,816 | 110,778 |
| Segment operating profit | **22,624** | 28,533 | 15,393 | 18,221 | 10,143 |
| **Other Operations** | | | | | |
| Revenue | **9,955** | 11,236 | 7,242 | 7,586 | 10,906 |
| Segment operating profit | **6,864** | 8,717 | 4,896 | 4,937 | 5,771 |

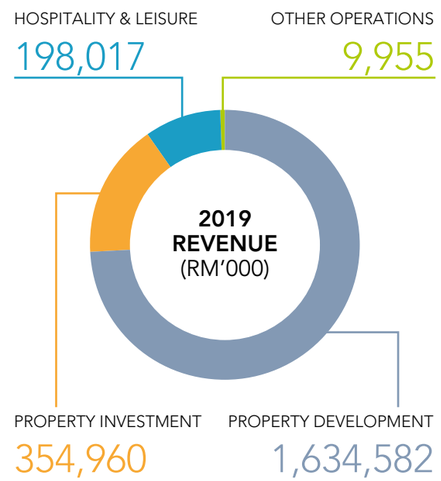
# Excluded assets that are currently under construction.

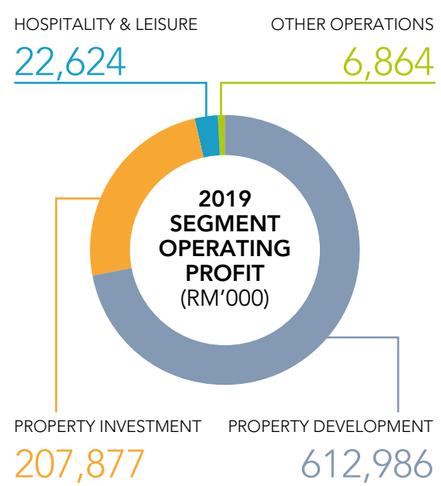
^ Excluded vacant lands and carparks.

In conjunction with the adoption of Malaysian Financial Reporting Standard ("MFRS") framework by the Group, the above information for FY2019 and FY2018 have been prepared in accordance with MFRS, whereas information from FY2015 to FY2017 have been prepared in accordance with Financial Reporting Standard ("FRS").



# SEGMENTAL PERFORMANCE




## PROPERTY DEVELOPMENT

SALES VALUE (RM'000)
1,930,052

SALES (UNIT)
2,126

REVENUE (RM'000)
1,634,582

SEGMENT OPERATING PROFIT (RM'000)
612,986

## PROPERTY INVESTMENT

REVENUE (RM'000)
354,960

SEGMENT OPERATING PROFIT (RM'000)
207,877

## HOSPITALITY & LEISURE

REVENUE (RM'000)
198,017

SEGMENT OPERATING PROFIT (RM'000)
22,624

## OTHER OPERATIONS

REVENUE (RM'000)
9,955

SEGMENT OPERATING PROFIT (RM'000)
6,864

# GROUP QUARTERLY RESULTS

| In RM'000 Unless Otherwise Stated | 30 Sep 2018 | % | 31 Dec 2018 | % | 31 Mar 2019 | % | 30 Jun 2019 | % |
|---|---|---|---|---|---|---|---|---|
| Revenue | 552,809 | 25.2 | 659,175 | 30.0 | 487,739 | 22.2 | 497,791 | 22.6 |
| Operating profit | 221,558 | 23.5 | 286,914 | 30.4 | 176,269 | 18.7 | 258,966 | 27.4 |
| Share of result of an associate | 399 | 19.9 | 193 | 9.6 | 308 | 15.4 | 1,105 | 55.1 |
| Share of results of joint ventures | 6,600 | 6.4 | 38,358 | 37.2 | 80,632 | 78.1 | (22,416) | (21.7) |
| Profit before interest and taxation | 228,557 | 21.8 | 325,465 | 31.0 | 257,209 | 24.5 | 237,655 | 22.7 |
| Interest income | 17,137 | 24.9 | 17,659 | 25.6 | 19,740 | 28.6 | 14,400 | 20.9 |
| Net foreign currency translation (loss)/gain on foreign currency denominated borrowings and deposits | (43,540) | 136.7 | 11,888 | (37.3) | 23,953 | (75.2) | (24,163) | 75.8 |
| Profit before taxation | 202,154 | 18.6 | 355,012 | 32.7 | 300,902 | 27.7 | 227,892 | 21.0 |
| Taxation | (89,110) | 20.9 | (140,430) | 33.0 | (107,616) | 25.3 | (88,374) | 20.8 |
| Profit for the financial year | 113,044 | 17.1 | 214,582 | 32.5 | 193,286 | 29.3 | 139,518 | 21.1 |
| | | | | | | | | |
| Attributable to: | | | | | | | | |
| Owners of the parent | 111,958 | 16.9 | 214,864 | 32.5 | 194,700 | 29.5 | 139,768 | 21.1 |
| Non-controlling interest | 1,086 | (126.3) | (282) | 32.8 | (1,414) | 164.4 | (250) | 29.1 |
| | 113,044 | 17.1 | 214,582 | 32.5 | 193,286 | 29.3 | 139,518 | 21.1 |
| | | | | | | | | |
| Earnings per share (sen) | | | | | | | | |
| Basic | 2.03 | | 3.90 | | 3.54 | | 2.54 | |
| Diluted | 2.03 | | 3.90 | | 3.54 | | 2.54 | |

| SEGMENT REVENUE AND SEGMENT RESULTS | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| **Segment Revenue** | | | | | | | | |
| Property development | 415,566 | 25.4 | 512,236 | 31.3 | 350,216 | 21.5 | 356,564 | 21.8 |
| Property investment | 84,977 | 23.9 | 91,282 | 25.7 | 88,665 | 25.0 | 90,036 | 25.4 |
| Hospitality and leisure | 49,328 | 24.9 | 53,068 | 26.8 | 46,864 | 23.7 | 48,757 | 24.6 |
| Others | 2,938 | 29.5 | 2,589 | 26.0 | 1,994 | 20.0 | 2,434 | 24.5 |
| | 552,809 | 25.2 | 659,175 | 30.0 | 487,739 | 22.2 | 497,791 | 22.6 |
| **Segment Results** | | | | | | | | |
| Property development | 162,336 | 24.4 | 254,599 | 38.2 | 168,248 | 25.3 | 80,632 | 12.1 |
| Property investment | 59,213 | 16.2 | 63,007 | 17.3 | 87,281 | 24.0 | 155,097 | 42.5 |
| Hospitality and leisure | 4,980 | 42.9 | 5,948 | 51.2 | 473 | 4.1 | 208 | 1.8 |
| Others | 2,028 | 29.6 | 1,911 | 27.8 | 1,207 | 17.6 | 1,718 | 25.0 |
| | 228,557 | 21.8 | 325,465 | 31.0 | 257,209 | 24.5 | 237,655 | 22.7 |



# FINANCIAL CALENDAR

**FINANCIAL YEAR END**

- 30 June 2019

**GENERAL MEETING**

- **NOTICE OF AGM**
  7 October 2019
- **AGM**
  6 November 2019

**ANNOUNCEMENT OF RESULTS**

- **1ST QUARTER**
  23 November 2018
- **2ND QUARTER**
  26 February 2019
- **3RD QUARTER**
  27 May 2019
- **4TH QUARTER**
  29 August 2019

**PAYMENT OF INTERIM DIVIDEND**

- **DECLARATION**
  29 August 2019
- **BOOK CLOSURE**
  18 September 2019
- **PAYMENT**
  27 September 2019

*Putrajaya Marriott Hotel, IOI Resort City*

# MANAGEMENT DISCUSSION AND ANALYSIS

## Group Financial Review

The Group's revenue in FY2019 was 18% lower than previous financial year, mainly due to lower contribution from property development segment arising from Singapore operation following the completion of The Trilinq in the last financial year. For Malaysia operation, revenue decreased by 15% was mainly due to lower revenue recognition of on-going development projects as the sales were mainly from the completed projects.

The Group's profit before taxation of RM1.0 billion in FY2019 (after excluding fair value gains on investment properties of RM93.4 million and net foreign currency translation loss on net foreign denominated borrowings of RM31.9 million) was 24% higher than the previous financial year of RM825.4 million (excluding fair value gain on investment properties of RM160.7 million and net foreign currency translation gain on net foreign denominated net borrowings of RM29.5 million). This is mainly attributable to higher profit contribution from sale of residential developments in PRC and higher share of profit in joint ventures mainly arising from the sale of South Beach Residences in Singapore.

**The Group recorded revenue of RM2.2 billion and profit before taxation of RM1.1 billion for the financial year ended 30 June 2019 ("FY2019"). The Property Development segment ("PD segment") remains the key driver of our operations and accounted for 74% (FY2018: 80%) of the Group's total revenue in FY2019, whilst revenue from Property Investment, Hospitality & Leisure and Other segments accounted for the remaining 16% (FY2018: 12%) and 10% (FY2018: 8%) respectively. Revenue from Malaysia operation accounted for 74% (FY2018: 71%) of the total revenue while the remaining 24% (FY2018: 7%) and 2% (FY2018: 22%) respectively were contributions from People's Republic of China ("PRC") and Singapore operations.**



**The Group's dividend equates to a dividend payout of 25% out of total earnings attributable to the owners of the parent.**

THE GROUP SHAREHOLDERS' EQUITY
**RM18.8**
BILLION

DIVIDEND
**3.0 SEN**
PER ORDINARY SHARE

The Group's financial position as at 30 June 2019 remained strong with total assets of RM32.7 billion and shareholders' equity of RM18.8 billion. Total liabilities of the Group was RM13.7 billion in FY2019. This was lower than the previous financial year by RM0.5 billion, mainly due to repayment of borrowings during the financial year. The Group's gross borrowing as of 30 June 2019 stood at RM11.3 billion, a decrease by RM627.0 million as compared to FY2018. The Group's gross gearing ratio of 60% in FY2019, was an improvement from 65% in FY2018. In terms of net gearing ratio, the Group recorded a ratio of 0.52 in FY2019 which was slightly above last year's ratio of 0.51.

The Group's net assets value per share of RM3.42 in FY2019 was 3% higher than RM3.33 per share in FY2018.

The Group continues to maintain a healthy cash flow position, cash and cash equivalents of the Group stood at RM1.6 billion as at 30 June 2019. Net cash generated from operating activities was RM756.6 million in FY2019, and was RM774.7 million lower than FY2018. This was mainly due to lower sales collection following the completion of The Trilinq, Singapore in the previous financial year. The Group has total net cash outflows of RM240.5 million from investing activities in FY2019, was mainly utilised for the construction of Central Boulevard, Singapore, Shopping Mall in IOI Palm City, PRC and IOI City Mall-Phase 2 project, IOI Resort City. The Group received total repayment of shareholder loan of RM225.8 million mainly from sales proceeds of South Beach Residences. For financing activities, the Group is in net cash outflow position of RM1.6 billion in FY2019, which was RM817.2 million higher than FY2018 mainly due to repayment of borrowings in FY2019.

The Group's Net Interest Cover was 2.82 times for FY2019. The decrease is mainly due to lower earnings coupled with higher interest expense incurred in the financial year. The Group actively monitors 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. Hence, debt and equity mix were optimised and capital structure conditions were managed in order to provide additional value add to shareholders.

The Group maintains the records of annual dividend payment to our loyal shareholders. An interim single tier dividend of 3.0 sen per ordinary share amounting to RM165.2 million was declared in respect of financial year ended 30 June 2019. This equates to a dividend payout ratio of 25% out of total earnings attributable to the owners of the parent.

*Central Boulevard Towers, Singapore*

# MANAGEMENT DISCUSSION AND ANALYSIS

## Group Business Review

### ELEVATING SUSTAINABILITY IN STAY, WORK AND PLAY

IOIPG is committed to creating distinctive and innovative high-quality living and work spaces. Inspired by our passion for sustainability in stay, work and play, each of our development is designed to reflect the vibrant urban lifestyles of our customers and communities while fostering a harmonious balance between the natural and urban environment. The pursuit of excellence is integral to our design process, resulting in contemporary sustainable homes that promote overall well-being and elevate design standards for the industry.

Despite the generally subdued market in the year under review, and continuing circumspection for the short to medium term, the Group has maintained a long-term strategic approach to strengthening our competitive advantage in our core businesses. We consistently deliver best-in-class products and services with top-quality workmanship and embrace innovative technologies to unlock fresh value propositions for the markets and customer segments we operate in.

ACRES OF LANDBANK

**APPROXIMATELY**

**10,000**

INCREASE IN PROPERTY SALES IN XIAMEN

**350%**

### OUR BUSINESS

IOIPG derives our income from three main business segments – Property Development, Property Investment and Hospitality & Leisure. The Group is geographically diversified with landbank of approximately 10,000 acres in Malaysia and Xiamen. We are also one of the few integrated developers who build and manage our own portfolio of prime investment assets. As a Group, we aim to deliver long-term returns through these properties. In addition to residential developments, our portfolio includes retail and office hubs spanning approximately 5.8 million sq ft of net lettable space.

Our principal investment properties in Malaysia include IOI City Mall, IOI Mall Puchong, IOI Mall Kulai, One and Two IOI Square, Puchong Financial Corporate Centre, IOI City Tower 1 and 2 and Conezión. In Singapore, our portfolio comprises South Beach, a fully integrated mixed-use completed development and Central Boulevard Towers in the Marina Bay financial and business district, currently under construction. Construction of IOI Palm City in Xiamen, China comprising a shopping mall, hotel, boutique offices, shoplots and shophouses is progressing well.

Our Hospitality & Leisure segment offers a distinctive IOIPG-branded customer experience through a portfolio of world-class brand hotels in Klang Valley and Singapore, as well as golf courses in Klang Valley and Johor. These include Putrajaya Marriott Hotel, Palm Garden Hotel, Palm Garden Golf Club and Le Méridien Putrajaya in IOI Resort City, as well as Four Points by Sheraton Puchong in Puchong and IOI Palm Villa Golf and Country Resort in the township of Bandar Putra Kulai. We also hold a 49.9% stake in JW Marriott Hotel Singapore South Beach.

### THE YEAR IN REVIEW

**Affordability is Key for Property Buyers**

The past year was characterised by a global economic environment fraught with challenges. Geopolitical uncertainties such as the US-China trade tensions and Brexit debates continued to drive apprehension across the board. In Malaysia, the property market remains subdued with market observers foreseeing a prolonged slowdown in the industry. Despite a slight uptick in 2018, the performance of Malaysian real estate has generally been lacklustre for a number of reasons.

An overhang of products coupled with uncertainty in maintaining economic growth driving down median incomes and purchasing power, has led to more intense competition in the industry. Developers are also having to contend with increasing demand for more affordable prices amidst higher compliance cost and stringent loan approval criteria.


*Stellar Suites, Bandar Puteri Puchong*

**Subdued Sentiment in Retail and Office**

Malaysian retail in FY2019 was characterised by a general vigilance. This was reflected in two aspects, weak consumer spending and increasing supply of retail space in the Klang Valley. Malls enjoying healthy footfall tend to be regional and neighbourhood centres in strategic high-growth locations offering good shopping experiences, varied tenant mixes, convenient amenities and well-maintained facilities. Shoppers also appear to prefer frequenting malls with trendy and contemporary designs, high ceilings and wide shopping corridors.

The office market was equally mellow. It was a tenant-led market with average occupancies in the Klang Valley registering a marginal decline this year, measured at 78%. New purpose-built offices continued to be developed in the Klang Valley despite an abundance of office space. Expanding public rail transit lines and the growing availability of good-grade office supply at competitive rentals appear to have boosted the take-up of offices in decentralised locations. This is also due in part to the growing popularity of co-working spaces. Operators of these spaces have expanded both in numbers as well as floor space.

**Highly Competitive Hospitality & Leisure Landscape**

The hospitality and leisure industry sustained its growth trajectory in FY2019 with an increasing number of hotels in the Klang Valley in spite of a decline in tourist arrivals from Singapore, China and Brunei. To stabilise overall Group revenue, the segment kept up an aggressive marketing strategy to reach specifically targeted customer segments while also extending our reach, specifically in Meetings, Incentives, Conferences and Exhibitions (MICE), to the corporate and government sectors.

Digital innovation has enabled private rental alternatives such as Airbnb, OYO, hostels and apartments to disrupt the traditional hospitality product. To distinguish the IOIPG brand, we have refined our Group strategy to focus on building meaningful relationships with our customers that enable us to customise top-quality personalised service experiences for each guest.

**7%**

INCREASE IN PROPERTY DEVELOPMENT OPERATING PROFIT

**RM93.4 MIL**

TOTAL FAIR VALUE GAIN ON INVESTMENT PROPERTIES

**9%**

INCREASE IN PROPERTY INVESTMENT REVENUE

# MANAGEMENT DISCUSSION AND ANALYSIS

## FINANCIAL HIGHLIGHTS

Property development continues to be the key driver in both revenue and operating profit. Development projects in Malaysia contributed 64% (FY2018: 64%) of the Group's revenue for Property Development segment, followed by 33% (FY2018: 9%) from its development projects in Xiamen and the remaining balance of 3% (FY2018: 27%) from Singapore. Revenue for the Property Development segment was RM1.6 billion for FY2019, RM506.7 million or 24% lower than the previous financial year. This was due mainly to lower contributions from our Singapore operations following the completion of The Trilinq project in the previous financial year. Operating profit was RM613.0 million in FY2019, RM41.7 million or 7% higher than the previous financial year, contributed primarily by our Xiamen development projects.

The Property Investment segment posted a total revenue of RM355.0 million and operating profit of RM207.9 million. This represents an improvement of RM28.8 million (9%) and RM12.8 million (7%), compared to the previous financial year's numbers of RM326.2 million and RM195.1 million respectively. The key driver for this was higher occupancy and rental rates from renewal of tenancies in our retail sub-segment. Comprising 82% of the segment's total revenue, the retail sub-segment recorded a revenue and operating profit of RM289.4 million and RM178.1 million respectively. The Group also recorded total fair value gain on investment properties of RM93.4 million in FY2019, mainly attributable to renewal of tenancies in IOI City Mall.

The Hospitality & Leisure segment recorded a total revenue of RM198.0 million, RM8.0 million or 4% higher than the previous financial year. However, total operating profit came in at RM22.6 million, a decrease of RM5.9 million as compared to the previous financial year, mainly attributable to lower operating profits from the golf and leisure sub-segments. The hospitality sub-segment accounts for 85% of the segment's total revenue while the remaining 15% is from the golf and leisure sub-segments.

## SEGMENT HIGHLIGHTS

### Property Development

***Focus on well-designed and well-connected for well-curated customer experiences***

IOIPG remains judiciously optimistic that properties in strategic locations integrated with good transportation infrastructure and close proximity to amenities will continue to draw prospective buyers. This long-term approach to our property portfolio has served us well and enabled us to fortify our core businesses while retaining flexibility in adapting our short-term strategies to align with the expectations of potential buyers.

As part of this approach, we undertake careful due diligence in the acquisition of new land parcels to maximise our ability to offer well-planned and easily accessible townships with high-quality facilities and amenities. This enables us to consistently create sustainable townships that cater to all walks of life and promote multi-generational living with ample opportunities to relax and socialise with friends and family.

A combination of value engineering and disciplined commitment to cost efficiency in the management of our resources, materials and operations has yielded positive responses to the Group's recent launches of residential projects in IOI Resort City, Bandar Puteri Bangi and Warisan Puteri Sepang in Malaysia. Outside the country, sale proceeds from IOI Palm City in China have contributed significantly to Group revenue and we expect the current positive sales trend for IOI Palm City to prevail in the coming financial year. Meanwhile sales from South Beach Residences in Singapore has contributed to the Group's profit.

**Portfolio Highlights:**

- **Comprehensive self-contained suburban developments in high-growth corridors of Klang Valley, Penang, Negeri Sembilan and Johor**
- **Emerging townships in Bangi and Sepang in the Klang Valley and Bahau in Negeri Sembilan**
- **Approximately 10,000 acres of landbank in Malaysia and abroad**
- **Three high-end residential and integrated mixed developments in Singapore**
- **Two mixed developments, IOI Palm International Parkhouse and IOI Palm City, in Xiamen, China**

***New digital initiatives***

IOIPG recognises the importance of digitalisation in engaging with our customers, especially those in the younger segment of the population. To invigorate our product offerings and customer benefits, we embarked on a number of innovative digital marketing initiatives in the past year. These include the IOI LiVO Loyalty programme which incentivises IOIPG customers when patronising IOIPG's wide array of 5-star shopping, hospitality and leisure facilities, purchasing the next property from IOIPG or referring potential homebuyers to IOIPG; and the IOI Community app which provides a channel for speedier and more personalised services rendered to customers.



***Driving affordability for homebuyers***

At IOIPG, we believe that everyone deserves the opportunity to live and work in a well-designed space they can call their own. To help address affordability concerns arising from current market sentiments, we are participating in the government-sponsored Home Ownership Campaign 2019 and have also introduced several flexible financing initiatives such as the IOI F.R.E.E. Ownership campaign along with our existing Rent2Own and Pay Later Buy Now initiatives to help our customers with their property purchase.

## OUR PORTFOLIO

### Klang Valley

In the year under review, the Group completed Sky Condominium, the tallest landmark in Bandar Puchong Jaya. Palmyra Residences in Bandar Puteri Bangi and Pavilion Service Apartment in Bandar Puteri Puchong were also completed with handover of vacant possession currently underway.

Meanwhile in 16 Sierra, we are on target with the progress of Avens (2 storey terrace houses in Sierra 3) and Zentro Residences in Sierra 10 with expected completion in the last quarter of 2019. Construction is ongoing too for The Strata townhouses in Bandar Puteri Bangi as well as Ayden townhouses in Warisan Puteri Sepang.

In IOI City Mall, expansion is underway to increase net lettable area by another 1.1 million sq ft, as the mall is currently operating at an occupancy rate of 97%.

The upgraded Bandar Puteri Puchong Interchange is expected to be opened to traffic by the fourth quarter of 2019 and the expansion of Lebuh Puteri is scheduled for completion in 2021, enhancing the connectivity of Bandar Puteri Puchong and improve traffic flow between Lebuhraya Damansara-Puchong and the township.

In FY2019, the Group launched its new developments of Stellar Suites in April and Clio 2 Residences in June, followed by Alanis in September 2019. Stellar Suites is a transit-oriented development (TOD) and small office versatile office (SOVO) tower in Puchong.

*Clio 2 Residences, IOI Resort City*

It will be equipped with facilities such as outdoor terraces, a sky gym and an open area for relaxation. Designed for spacious living, Clio 2 Residences will have three bedrooms for each layout type and over 10 recreational facilities including a lap pool, gymnasium, barbecue area and multiple sky gardens. Alanis comprises units ranging from 441 sq ft to 926 sq ft in size and is targeted at first-time buyers, young couples and extended families with family-friendly facilities such as barbecue pits, gymnasium, kids' playground, a multi-purpose hall and a swimming pool.

In the pipeline is Bukit Changgang Industrial Park, a high-tech industrial park designed to meet the requirements of business owners in warehousing, manufacturing, logistics and corporate office use. The park's factory types will include bungalows, semi-detached and terrace buildings and will be integrated with facilities such as workers' quarters, a food court, healthcare centre, grocery and retail shops for practicality and convenience. Other projects in the development and launch pipeline include Moxy Putrajaya hotel, The Gems apartments, Rumah Selangorku townhouses as well as the first phase of Rio City.

# MANAGEMENT DISCUSSION AND ANALYSIS

**Johor**
Despite continued consolidation in the Johor property market during the year in review, the Group still saw active demand for affordable properties, as evidenced by the sale of 90% of non-Bumiputera units across three phases of single-storey terrace houses consisting of 446 units. The Group also successfully handed over completed units of our D'Summit apartments and Viscosa two-storey twin villas at Taman Kempas Utama; as well as D'Putra Suites Serviced Apartment, Verana single-storey terrace houses and Bougain Villa Bungalows at Bandar Putra Kulai.

**Penang**
The Group completed the handover of Stramax Residences units to buyers. We are in the process of completing sales of our unsold units.

*South Beach, Singapore*


**Negeri Sembilan**
IOI Properties Group continued to launch affordable housing in FY2019. The Group commenced the sale of 76 units of Rumah Mampu Milik Type B. These were well-received as the units were priced slightly below RM200,000. We also launched the sale of 26 units of Rumah Mampu Milik Type A at RM80,000.

**Singapore**
Despite the significant headwinds of the Singapore government's property cooling measures and uncertain economic climate, our high-end luxurious South Beach Residences project performed exceptionally well, recorded a sale of SGD614 million at more than SGD3,000 per sq ft within the first year of launch. The 190-unit luxury apartments of South Beach Residences sit atop JW Marriott Hotel Singapore South Beach, enjoying spectacular views of iconic Singapore landmarks, including Marina Bay Sands, Gardens by the Bay, Raffles Hotel, Singapore Flyer, Esplanade – Theatres on the Bay, National Gallery Singapore, The Padang, Singapore Indoor Stadium, as well as the New Downtown, Central Business District (CBD) and Orchard Road area. The property is well connected to both Esplanade and City Hall MRT stations and Suntec City via an underground walkway. Benefitting from the extensive network of arterial roads and expressways, Singapore's prime business hub can be reached in a mere 5 minutes, while Orchard Road and Changi Airport are under 15 minutes away.

**China**
The Group's Xiamen operations contributed 39% of total sales for FY2019 as compared to 9% in FY2018. The higher sales contribution was due to new products comprising high-rise condominiums launched in September 2018 and town/link villas launched across December 2018 to June 2019, which have achieved take-up rates of 99% and 73% respectively.



| Project | 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 | 307 | RM17.0 | RM15.7 |
| Bandar Putra Kulai, Johor | 1995 | 6,000 | 3,526 | RM9.1 | RM5.4 |
| Bandar IOI Segamat, Johor | 1995 | 495 | 49 | RM0.9 | RM0.3 |
| Bandar Puteri Puchong, Selangor | 2000 | 930 | 151 | RM16.0 | RM10.9 |
| Taman Lagenda Putra, Kulai, Johor | 2006 | 225 | 27 | RM0.7 | RM0.2 |
| Taman Kempas Utama, Johor Bahru, Johor | 2007 | 294 | 40 | RM3.4 | RM0.9 |
| 16 Sierra, Puchong South, Selangor | 2008 | 548 | 184 | RM6.8 | RM3.8 |
| The Platino, Tebrau, Johor | 2012 | 5 | – | RM0.5 | RM0.1 |
| Desaria, Sungai Ara, Penang | 2013 | 22 | 5 | RM0.4 | RM0.2 |
| IOI Palm City, Xiamen, PRC | 2014 | 21 | 13 | RMB8.0 | RMB3.3 |
| Bandar IOI, Bahau, Negeri Sembilan | 2014 | 283 | 23 | RM0.8 | RM0.4 |
| Bandar Puteri Bangi, Selangor | 2014 | 345 | 213 | RM4.9 | RM3.5 |
| Warisan Puteri Sepang, Selangor | 2014 | 206 | 111 | RM2.3 | RM1.9 |
| i-Synergy, Senai, Kulai, Johor | 2015 | 500 | 482 | RM2.0 | RM1.8 |
| IOI Palm International Parkhouse, Xiamen, PRC | 2018 | 6 | 6 | RMB2.9 | RMB2.9 |

| Project | Year Of Development's Commencement | Original Development Land Size (Acres) | Remaining Development Land Size (Acres) | Estimated Gross Value ('billion) | Remaining Estimated Gross Value ('billion) |
|---|---|---|---|---|---|
| **OVERSEA PROJECTS** | | | | | |
| **Completed** | | | | | |
| Seascape @ Sentosa Cove, Singapore | 2008 | 4 | – | SGD0.8 | SGD0.5 |
| Cape Royale @ Sentosa Cove, Singapore | 2010 | 5 | – | SGD1.3 | SGD1.3 |
| South Beach Residences, Beach Road, Singapore | 2011 | 9 | – | SGD1.2 | SGD0.8 |

## FORTH KEY INFORMATION – PROPERTY DEVELOPMENT (EXCLUDING JOINT VENTURE PROJECTS)

| | 2019 MFRS | 2018 MFRS | 2017 FRS | 2016 FRS | 2015 FRS |
|---|---|---|---|---|---|
| Units of property sold | 2,126 | 2,128 | 2,296 | 2,368 | 1,750 |
| Total sales (RM'000) | 1,930,052 | 1,876,769 | 2,846,826 | 2,214,426 | 1,778,457 |
| Revenue (RM'000) | 1,634,582 | 2,141,272 | 3,714,204 | 2,613,666 | 1,592,174 |
| Operating profit (RM'000) | 612,986 | 571,349 | 1,158,839 | 909,134 | 575,831 |

In conjunction with the adoption of Malaysian Financial Reporting Standard ("MFRS") framework by the Group, the above information for FY2019 and FY2018 have been prepared in accordance with MFRS, whereas information from FY2015 to FY2017 have been prepared in accordance with Financial Reporting Standard ("FRS").

# MANAGEMENT DISCUSSION AND ANALYSIS

## PROPERTY SALES MIX BY PRICE RANGE

| Price Range | 2019 (RM'000) | 2019 % | 2018 (RM'000) | 2018 % |
|---|---|---|---|---|
| Below RM250,000 | 18,306 | 1 | 26,839 | 1 |
| Between RM250,000 and RM500,000 | 380,702 | 20 | 344,873 | 19 |
| Between RM500,000 and RM750,000 | 339,202 | 17 | 379,251 | 20 |
| Between RM750,000 and RM1,000,000 | 154,065 | 8 | 127,883 | 7 |
| Between RM1,000,000 and RM1,500,000 | 115,952 | 6 | 131,551 | 7 |
| Between RM1,500,000 and RM2,000,000 | 53,754 | 3 | 79,009 | 4 |
| Above RM2,000,000 | 868,071 | 45 | 787,363 | 42 |
| **Total** | 1,930,052 | 100 | 1,876,769 | 100 |

### Property Investment

***Evolving the retail experience***

IOI City Mall and IOI Mall Puchong recorded strong occupancy rates in FY2019 of 97% and 95% respectively. Both malls are in strategic locations and benefit from high growth areas and good connectivity.

Given the almost full occupancy, the Group has undertaken to increase the capacity of IOI City Mall, through an ongoing expansion to add another 1.1 million sq ft of net lettable area. Refurbishment works in IOI Mall Puchong were completed this year while refurbishment works in IOI Mall Kulai is expected to commence by end of 2019.

The growing prominence of online shopping and e-commerce has reshaped consumer behaviour. To address the ongoing evolution of customer expectations and demographics, IOIPG regularly reviews our retail strategy to explore new ways of enhancing our mall environments and maintaining high standards in mall management to elevate the customer experience.

We introduced a number of value-accretive initiatives this year in the form of updated loyalty programme benefits. We have also increased our food and beverage (F&B) tenant base by up to 30% and added more fashion and lifestyle-oriented tenants to attract younger shoppers.

***A resilient office market***

It was a primarily tenant-led office market in FY2019. However, amidst the slow market activity and yield compression in the office subsector, rental and occupancy levels in IOIPG's Klang Valley office properties remained resilient, pulling in a commendable performance in spite of pressures from space oversupply in certain locations in the Klang Valley.

***Continued positive interest in Klang Valley rentals***

Our office spaces located strategically in high-growth areas, continue to receive positive interest, especially in Puchong and Putrajaya. Ongoing renovations at Two IOI Square, which is rented out to a Korean medical rehabilitation company, are on track and scheduled for completion in 2019.

**NET LETTABLE AREA**
**Malaysia**

- **IOI City Mall in IOI Resort City, Putrajaya; 1.5 million sq ft**
- **IOI Mall Puchong; 868,000 sq ft**
- **Puchong Financial Corporate Centre; Four 12 to 21-storey purpose-built office buildings; 887,000 sq ft**
- **IOI Mall Kulai; 266,000 sq ft**
- **One IOI Square and Two IOI Square in IOI Resort City, Putrajaya; two 12-storey purpose-built office towers; 434,000 sq ft**
- **IOI City Tower 1 and IOI City Tower 2 situated in IOI Resort City, Putrajaya; two office towers; 968,000 sq ft**
- **Conezion in IOI Resort City, Putrajaya; 925,000 sq ft**



***Healthy occupancy and revenue in Singapore properties***

Our mixed-use integrated South Beach Tower and South Beach Avenue retail space have done well, with close to full occupancy. South Beach Tower's tenants include international firms such as Facebook, Rabobank and Brightcove. With the renewal of tenancies as well as addition of new tenants in international names such as Tableau Asia Pacific and Sequoia Capital, South Beach Tower continues to enjoy healthy occupancy and revenue. We expect both office and retail components to continue to perform well due to South Beach's strategic location within the CBD as well as its connection to transportation networks and wide spectrum of amenities.

Construction of Central Boulevard Towers is underway with piling completed and building works in progress. Slated to complete in 2022, the Grade A office development with 1.3 million square feet of leasable area will comprise two office towers, two levels of ultra-large floor plate office space at the podium, a sky garden with a jogging track and meeting pods, a childcare centre as well as a selection of retail and F&B outlets.

Various marketing channels will be leveraged to reach out to prospects in order to secure pre-commitments for the leasing of Central Boulevard Towers. Situated in a prominent location opposite the historic Lau Pa Sat and where the old CBD meets the new Marina Bay financial and business district, with seamless and sheltered connections to Downtown, Raffles Place and the new Shenton Way MRT stations as well as to neighbouring developments, Central Boulevard Towers is poised to be the workplace of choice for international corporates.

*Central Boulevard Towers, Singapore*

***On track with construction and leasing in China***

Construction on IOI Palm City's commercial components, comprising a shopping mall, hotel and offices, is progressing well and scheduled for completion in stages starting from 2021 for the shopping mall followed by the offices and hotel. The Group is making progress in its leasing activities for the shopping mall. The strategic location of the mall in the commercial hub of Jimei with easy accessibility to transportation facilities has enabled us to secure a diverse range of retailers including international and well-known local brands.

**OUR PORTFOLIO:**

- **Putrajaya Marriott Hotel: 380 guest rooms, 73 executive rooms, 35 exclusive suites**
- **Four Points by Sheraton Puchong: 249 guest rooms**
- **Palm Garden Hotel: 151 guest rooms**
- **Le Méridien Putrajaya: 353 guest rooms**
- **Palm Garden Golf Club: 18-hole golf course**
- **IOI Palm Villa Golf and Country Resort: 27-hole golf course with comprehensive range of club facilities**
- **JW Marriott Hotel Singapore South Beach: 634 guest rooms**

### Hospitality & Leisure

***Strengthening guest relationships, sustaining service excellence***

In spite of the highly competitive environment, our Hospitality & Leisure segment successfully defended our market position in the year under review. We continue to uphold the quality of the IOIPG brand, sustaining strong relationships and building new ones with our customers and clients.

Our hotels and resorts are incorporated as part of our integrated developments and townships comprising residential, commercial, retail and leisure elements. The seamless blending of hospitality services with these elements enables us to deliver everything a guest may require from the simplest to the most sophisticated of needs.

# MANAGEMENT DISCUSSION AND ANALYSIS

*Le Méridien Putrajaya, IOI Resort City*


***Leveraging digitalisation in Malaysia to provide innovative guest interactions***

We have refined our digital and social marketing strategies to provide innovative personalised guest interactions and experiences. Our F&B offerings have also been refreshed and elevated to delight the senses of customers seeking new culinary experiences.

Palm Garden Golf Club ("PGGC") has strengthened its position as one of the most preferred premier public golf courses in the country. Despite challenges in the overall golf market, PGGC remains a preferred destination for golfers in Malaysia and increasingly in the golf tourism circuit from overseas.

***Differentiated MICE and corporate offerings in Singapore***

In Singapore, luxury hotel occupancy within the Marina Bay area has grown year-on-year by 3%. JW Marriott Hotel Singapore South Beach has been able to take advantage of its distinctive branding and proximity to Suntec City and Marina Bay Convention Centres to differentiate its corporate and MICE offering.

The Singapore Tourism Board is expecting tourism receipts in 2019 to be in the range of SGD27.3 billion to SGD27.9 billion (increase of 1% to 3%) and international visitor arrivals to be in the range of 18.7 million to 19.2 million, (an increase of 1% to 4%). This bodes well for our hotel operations. Having hosted athletes from the Inter Milan football team and United States swimming team in FY2019, we anticipate continued outperformance in the second half of 2019 with the upcoming Singapore Grand Prix expected to attract a large number of visitors.



## THE YEAR AHEAD

**New Value Propositions and Development Opportunities**

While the industry is expecting a conservative outlook for the coming year, IOIPG remains in a strong position to capitalise on our core strengths in delivering high-quality and bespoke sustainable homes and business hubs. Along with a focus on affordability, inclusive design practices and natural elements will continue to feature strongly in our developments as we create spaces that go beyond the functional to promote quality interactions while promoting urban biodiversity.

In Malaysia, the Group has been actively evolving our lifestyle offerings to provide fresh experiences that delight our customers. We continue to focus on our key target markets of families and young working adults and have embarked on a Group-wide initiative to digitalise our processes and operations. This will enhance our capacity to provide higher standards of excellence and service quality as well as enhance the skills and talents of our employees.

Although outlook for the second half of 2019 is expected to be cautiously optimistic and property prices are largely expected to remain stable, Singapore is generally viewed as a safe haven for property investment and coupled with positive economic and income growth, demand for residential properties would continue to remain healthy particularly for projects in good locations with well-connected transportation networks, and access to amenities and facilities.

In China, for the financial year ending 2020, the Group expects to launch more products comprising high-rise condominiums and town/link villas in our existing IOI Palm City and IOI Palm International Parkhouse developments. We remain optimistic on the long-term prospects of our projects in IOI Palm City and IOI Palm International Parkhouse as these projects are located in a thriving economic hub with excellent transportation network and infrastructure developments that will attract prospective buyers.

Ongoing infrastructure developments around IOI Palm International Parkhouse are scheduled for completion between 2020 to 2022. Comprising MRT lines, an international airport and the Xiang An second link bridge that links to Xiamen Island, these enhancements will complement and further enhance the visibility of IOI Palm International Parkhouse.

**Fortifying the Key Strengths of our Investment Assets**

The Group's strategy of developing spacious and well-designed properties in high-growth corridors with good connectivity and accessibility has enabled IOIPG to maintain stability in our portfolio value amidst the challenging market landscape of recent years. With restrained market sentiment expected to extend into the coming year, we plan to keep upholding this strategy. We will forge ahead to build on the strengths of our investment assets with continual professional maintenance to keep our office and retail offerings fresh, modern and updated with the latest in facilities and amenities.

The expansion of IOI City Mall and the refurbishment of IOI Mall Puchong will enable the influx of new lifestyle, fashion and F&B tenants, keeping the malls relevant and attractive to shoppers. As a Group, we will continue curating exciting and eclectic shopping experiences and providing value-accretive initiatives to deliver best-in-class retail experience.

In Singapore, the second quarter of 2019 saw CBD monthly office rents grow by 28% to S$10.8 per sq ft from a previous low in the first quarter of 2017. Market outlook is positive with rents expected to grow a further 25% over the next few years until end 2023, driven mainly by robust growth in technology firms, finance and professional services, and new mixed-use projects with high quality, efficient office space and amenities.

With development progress on track for IOI Palm City in China, the Group is confident in our potential to increase and deliver new business value to our stakeholders and shareholders in the coming year.

**Strengthening F&B and MICE Offerings**

IOIPG aspires to become a leading player in the hospitality and leisure circle. As newer competitors fill the landscape and more hotels leverage new technology to provide guests with greater customisation, convenience and control, the outlook for hospitality and leisure promises to be a competitive one. Our goal is to offer a distinctive IOIPG-branded experience that creates a lasting impression on our customers and clients from all over the world.

To elevate our brand reputation in the industry, we plan to undertake a more targeted focus in corporate and MICE sales to reach out to wider market segments and increase our MICE market share.

The Group also plans to strengthen our F&B offerings and banquet management services in events such as weddings, seminars and others, in order to deliver a comprehensive value proposition across our entire product suite.

For the golf club segment, the Group will also explore new strategies to increase our customer base across local and foreign markets, with particular focus on international corporate and institutional clients as well as tourists.

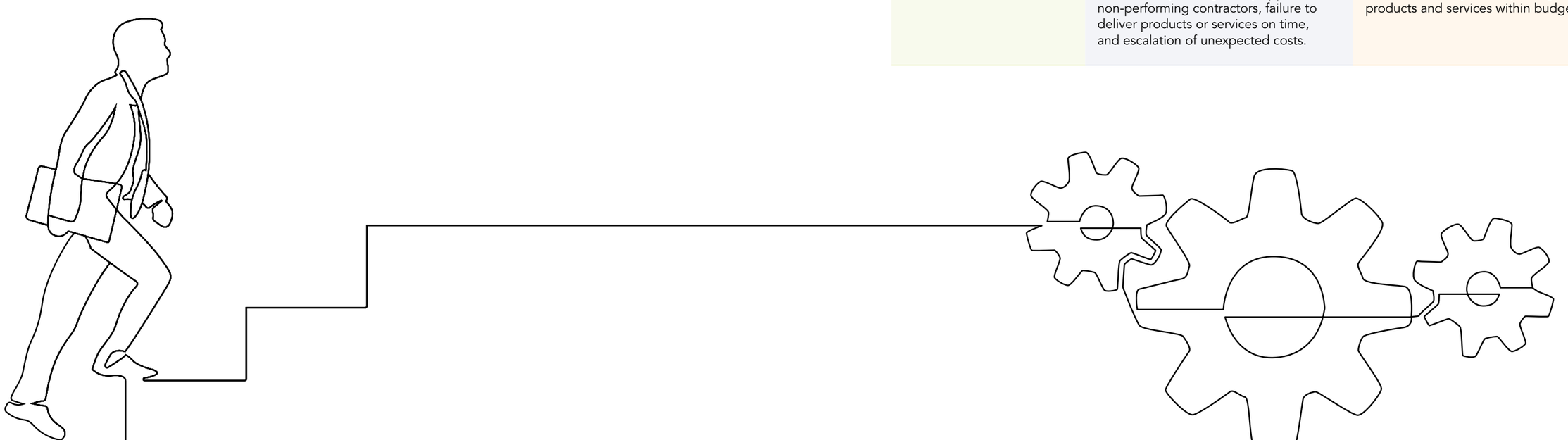
IOIPG has always held onto a long-term strategic view in managing the Group's businesses. Despite the challenges of a low-key market in the year under review and a cautious outlook for the coming year, we are confident that our long-term approach will enable the Group to keep on delivering best-in-class products of top-quality workmanship; curating excellent customer experiences; and capitalising on strategic opportunities to break into new markets and customer segments.

# MANAGEMENT DISCUSSION AND ANALYSIS

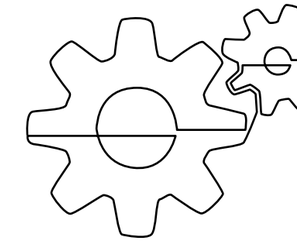
## How We Manage Our Risks

As part of our efforts to enhance long-term sustainable growth and minimise impacts on the Group's performance, key risks that are common across the business segments are being managed through an effective and structured risk management approach governed by the Board (view our Statement on Risk Management and Internal Control on page 160 of this report).

| | RISKS | HOW WE MANAGE IT |
|---|---|---|
| **Health and Safety Risk** | The Group is potentially exposed to risks of injuries or death at project sites arising from non-compliance of workers with prescribed precautionary measures for safety and working environment conditions. | The Group has established increased monitoring of workplace safety compliance through implementation of management systems to ensure stringent enforcement of established HSE policies. Regular training and reviews are conducted to improve work environment conditions and precautionary measures. |
| **Market Risk** | The Group recognises that our performance is affected by market conditions such as oversupply leading to slow take-up rates and disruptive technology leading to increased competition for market share. | In addition to establishing a range of differentiated products with specific pricing strategies to cater to diverse markets, the Group regularly executes initiatives to refocus product strategies and launch innovative technology-led marketing campaigns and financing schemes to enhance customer engagement. |







| | RISKS | HOW WE MANAGE IT |
|---|---|---|
| **Technological Risk** | The Group is potentially exposed to information technology infrastructure disruptions such as cyber threats or loss of critical or confidential information due to data backup issues. | The Group has deployed extra protection on our technology infrastructure and systems along with regular system vulnerability testing and enforcement of business continuity procedures to ensure sufficient physical backup facilities for protection of critical and confidential data. |
| **Geopolitical Risk** | Uncertainty arising from socio-political conflicts such as prolonged trade wars and policy changes may impact the Group's business. | The Group closely monitors local, regional and global regulations and identifies appropriate strategies for prompt response in mitigation of such risks. A set of business continuity plan as part of Business Continuity Management Framework (BCM) is being established to counter the adverse impact of such risks. |
| **Project Management Risk** | Timely delivery of projects within budget at pre-determined quality standards can potentially be derailed by risks such as delays in regulatory approvals, non-performing contractors, failure to deliver products or services on time, and escalation of unexpected costs. | The Group ensures adequate screening and selection process for qualified consultants and contractors; as well as continuous monitoring of work for timely delivery of high quality products and services within budget. |

# OUR MILESTONES

## JULY 2018

### 02
**WOMEN IN LEADERSHIP TODAY**
Executive Director Lee Yoke Har shared her valuable experiences and views to inspire female employees to move forward in a challenging corporate world, significantly recognising unique qualities of female leadership at the Women in Leadership Today forum organised by Le Méridien Putrajaya.

### 15
**IOI SUSTAIN DAY**
IOIPG organised its maiden IOI Sustain Day themed "NIP it! at the source" at IOI City Mall to reach out to employees and the public; and create awareness on waste minimisation at source.

### 21
**14TH PUTRA CHARITY RUN 2018**
Over 3,000 participants took part in the 14th Putra Charity Run and raised funds for Pertubuhan Pemulihan dalam Komuniti Muafakat Permai in Kulai, Johor.


### 31
**THE EDGE KUALA LUMPUR RAT RACE 2018**
IOIPG supported The Edge Kuala Lumpur Rat Race 2018 to raise funds for The Edge Education Foundation.

## AUGUST 2018

### 01
**IOI LIVO LAUNCH**
IOIPG rejuvenated its IOI Privilege Card with the launch of IOI LiVO App, giving members more benefits and lifestyle privileges.

### 04
**ZUMBA CHARITY PARTY**
Palm Garden Hotel organised a Zumba Charity Party to encourage participants to lead a healthy lifestyle and managed to raise funds for Little Yellow Flower Education Foundation.

### 16
**QLASSIC AWARDS 2018**
IOIPG received five Qlassic awards from the Construction Industry Development Board Malaysia 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 (Project Value RM20mil–RM100mil) for Park Villa and Best Qlassic Achievement Awards 2018 – Residential Category B – Stratified Housing (Project Value more than RM100mil) for Almyra Residence.

### 18
**LE MÉRIDIEN PUTRAJAYA 2ND ANNIVERSARY CELEBRATION**
Le Méridien Putrajaya celebrated its second anniversary with an avatar-themed cocktail, A Night of Discovery.




## SEPTEMBER 2018

### 04
**BLOOD DONATION DRIVE AT FOUR POINTS BY SHERATON PUCHONG**
Volunteers donated blood at a blood donation drive organised by Four Points by Sheraton Puchong in collaboration with National Blood Bank.

**AIESEC CLEAN OUR PLATE PROJECT**
IOIPG sponsored the Clean Our Plate project by AIESEC for secondary schools in Puchong with the aim of addressing the global issue of food waste by creating awareness, changing attitude and taking action in school and at home.

### 08
**PREVIEW OF SOUTH BEACH RESIDENCES SINGAPORE**
South Beach Residences, part of the iconic South Beach development, which is jointly developed by IOIPG and City Developments Limited, was launched in Singapore with a preview for VIPs.

### 18
**WE ARE MALAYSIANS MERDEKA CSR INITIATIVE BY IOI CITY MALL**
IOI City Mall organised a donation drive and contributed basic necessities to Lotus Charity Care Centre and Pusat Jagaan Ribuan Kasih.

### 23
**RUN TO GIVE BY MARRIOTT INTERNATIONAL**
Four Points by Sheraton Puchong and Le Méridien Putrajaya took part in Run to Give, an annual event by Marriott International to raise funds for the National Kidney Foundation as well as the Lombok Earthquake Relief Fund.


### 26
**ACTIVE CITIZENS WITH BARGAIN BASEMENT**
Under British Council's Active Citizens programme that promotes social responsibility in addressing global issues, IOIPG and Bargain Basement worked with the residents' associations and the local community in Puchong to reduce waste going to landfill.


### 27
**BURSA BULL CHARGE 2018**
IOIPG participated in the 5th edition of The Bursa Bull Charge organised by Bursa Malaysia Berhad to raise funds to build stronger communities in education, community investment, and preservation of environment and wildlife.

**PESTA HARAPAN MALAYSIA**
IOIPG sponsored Voice for Nation Building, a youth engagement and policy discussion event organised by Malaysiakini at Universiti Malaya, which attracted participants from institutions of higher learning, corporate sector and civil society.

# OUR MILESTONES

## OCTOBER 2018

### 12

**GRADUATES' CHOICE AWARD 2018**

IOIPG was ranked as one of the Top 5 Employer Brands in the Real Estate/Property Category at the Graduates' Choice Award 2018. The award recognises excellence and distinction in the graduate recruitment industry throughout Malaysia.


**HR ASIA AWARDS**

The Group was recognised as HR Asia's Best Companies to Work for in Asia 2018 Award, which is an acknowledgement of its proven track record of excellence in delivering organisational growth and strategic human capital development.

### 26

**KLEFF**

IOIPG supported the 11th International Kuala Lumpur Eco Film Festival 2018 (KLEFF 2018) by sponsoring the ASEAN Young Film Maker Award, aimed at educating and inspiring action among Malaysians to be more sustainable in their daily lives.


### 27

**YAYASAN TSLSC SCHOLARSHIP**

Yayasan Tan Sri Lee Shin Cheng presented RM517,000 in scholarships to 11 outstanding students at a scholarship presentation ceremony.


### 29

**DEEPAVALI CSR BY IOI CITY MALL**

IOI City Mall treated 50 underprivileged children from Persatuan Kebajikan Jagaan Sri Sai Selangor to an ice skating session, lunch and shopping in conjunction with the Deepavali celebration.

**THE EDGE PROPERTY EXCELLENCE AWARDS**

IOIPG was named as one of the top property developers in The Edge Malaysia Property Excellence Awards 2018, which ranks the best property players based on their quantitative and qualitative attributes.


## NOVEMBER 2018

### 04

**WASTE MANAGEMENT AND RECYCLING CAMPAIGN AT CONEZION**

As part of the IOI-Active Citizens programme which advocates waste minimisation, IOIPG collaborated with iCYCLE Malaysia to conduct a waste management and recycling workshop for residents of Conezion and other participants on the proper techniques of recycling and the proper segregation of waste.

### 10

**WORLD LUXURY HOTEL AWARDS 2018**

Le Méridien Putrajaya clinched the World Luxury Hotel Awards 2018 in the Luxury Business Hotel (Asia Continent) category. The annual awards recognise sustained commitment to excellence in hoteliering and outstanding achievement in the international luxury hospitality industry.




### 15

**iPROPERTY DEVELOPMENT EXCELLENCE AWARDS 2018**

IOIPG bagged two awards – Best Developer in People's Choice Award category and Best Residential High-Rise Development (Completed) for Sky Condominium at Bandar Puchong Jaya.


### 17

**UTAR FIXBACK**

IOIPG supported Fixback, a sustainable development goal-oriented health campaign by the students of Universiti Tunku Abdul Rahman with IOI Mall Puchong as the venue sponsor. The campaign supporting SDG 3: Good Health and Well-being and SDG 8: Decent Work and Economic Growth was aimed at educating working adults on low back pain and its preventive measures.

### 21

**GLOBAL CITIZENSHIP AWARENESS CAMPAIGN**

IOIPG shared the importance of the United Nations Sustainable Development Goals through fun and interactive activities at the Global Citizenship Awareness Campaign organised by Universiti Tunku Abdul Rahman. The campaign aimed to highlight the ideas of global citizenship among students and remind them of their responsibilities in their own community.

### 26

**LIGHTS OF UNITY CHARITY HIGH-TEA**

In conjunction with Deepavali, Palm Garden Golf Club together with Putrajaya Marriott Hotel and Palm Garden Hotel hosted 85 children and their caretakers from Pertubuhan Kebajikan Yesuvin Mahligai, Pusat Jagaan Beribuan Kasih and Pertubuhan Kebajikan Nur Ain for Lights of Unity Charity High-Tea.


### 28

**MOXY INTERNATIONAL – SIGNING CEREMONY**

A signing ceremony was held to announce the collaboration with Marriott International in bringing the first Moxy Hotel into Malaysia.

## DECEMBER 2018


### 01

**IOI-ACTIVE CITIZENS WASTE-TO-TREASURE CAMPAIGN**

IOIPG launched the IOI-Active Citizens Waste-to-Treasure campaign to encourage the community in Puchong to lead a sustainable lifestyle. The campaign also hoped to inculcate the habit to reduce, reuse and recycle among the community to minimise waste generation, divert waste from going to landfill and mitigate climate change.

### 03

**OPENING OF NEW IOI GALLERIA@ BANDAR PUTRA KULAI AND OFFICE**

IOIPG Johor celebrated the official opening of IOI Galleria@Bandar Putra Kulai.

# OUR MILESTONES

## DECEMBER 2018

### 12

**GRANT-A-WISH THIS CHRISTMAS 2018 CSR PROGRAMME**

Yayasan Tan Sri Lee Shin Cheng organised Grant-A-Wish This Christmas, a charity campaign to fulfill the wishes of 161 underprivileged children from Little Yellow Flower Education Foundation, Shepherd's Centre Foundation Semenyih, Stepping Stones Living Centre and Pertubuhan Kebajikan Thangam Illam.

### 18

**GREEN MAGICAL CHRISTMAS CELEBRATION**

Putrajaya Marriott Hotel jointly organised A Magical Christmas Celebration with Palm Garden Hotel and Palm Garden Golf Club by treating 100 children from Subang Permai Selangor People's Housing Project to a mouth-watering feast, a magic show and Christmas gifts.

### 19

**MAJLIS PENGHARGAAN PEMBANGUNAN MAMPAN & INISIATIF HIJAU**

IOIPG received recognition for its green initiatives and sustainable development within IOI Resort City from Sepang Municipal Council during the Appreciation Ceremony of Green Initiatives and Sustainable Development at Sepang.

## JANUARY 2019

### 22

**CNY CSR PROGRAMME 2019 AT IOI CITY MALL**

IOI City Mall jointly organised a grand reunion dinner at its West Garden Piazza with Putrajaya Marriott Hotel, Palm Garden Hotel and Palm Garden Golf Club for 100 senior citizens and special needs guests from Rumah Victory in Puchong, House of Joy (Puchong), Sisters of Joy (Cheras) and Persatuan Rumah Amal Murni (Kajang). Besides a sumptuous dinner including Chinese New Year favourites and salmon yee sang specially prepared by Putrajaya Marriott Hotel, the guests were also treated to a lion dance performance.

### 26

**CNY REUNION CHARITY EVENT 2019 AT IOI MALL KULAI**

A Chinese New Year reunion charity event themed "Bringing Cheer to the Less Fortunate" was organised for senior citizens and orphans of Persatuan Penjagaan Kanak-kanak Terencat Akal Johor Bahru, Calvary Healing Centre Kulai, Pusat Penjagaan Warga Emas Harmoni Cemerlang and Pertubuhan Kebajikan Vision.

### 28

**SJKC JAGOH LAND GRANT**

IOIPG Johor handed over the land title to Sekolah Jenis Kebangsaan Cina Jagoh in an official ceremony held at Bandar IOI Segamat, Johor.

## FEBRUARY 2019

### 22

**BANDAR PUTERI PUCHONG UPGRADING AND ENHANCEMENT WORK**

IOIPG announced the second phase of upgrading and enhancement works at Lebuh Puteri in Bandar Puteri Puchong, which is part of the ongoing RM63.9 million traffic enhancement project aimed at improving connectivity and traffic flow.



## MARCH 2019

### 03

**HARI LANDSKAP NEGARA 2019**

IOIPG received the Garden Nation Initiative Award at the 2019 National Landscape Day celebration in Putrajaya. The award recognises township or housing developers that directly implements sustainable development by maintaining, developing and managing green and open spaces within developed townships or settlements.


### 05

**SAMBUTAN HARI WANITA 2019 JOHOR**

IOI Mall Kulai hosted the International Women's Day 2019 state-level celebration, which was launched by Deputy Minister of Women, Family and Community Development YB Hannah Yeoh.


### 15

**ASEAN PROPERTY AWARDS**

IOIPG clinched the Best Developer accolade at the inaugural ASEAN Property Awards. The award acknowledged the innovative developments and outstanding achievements of property developers in Malaysia.

### 19

**CANDLE MAKING WORKSHOP**

As part of IOI Properties Group's IOI Connects to Earth campaign, a candle-making workshop was held at Palm Garden Hotel for employees from various business units across the Group to upcycle used cooking oil from its hotels into candles, thus demonstrating that a simple and effective action can help to minimise waste. The candles were distributed to malls, hotels, golf club within the Group and were utilised during events and activities to commemorate Earth Hour.

### 21

**QLASSIC DAY 2019**

IOIPG bagged two awards at the Quality Assessment System in Construction (QLASSIC) Day 2019 including High QLASSIC Achievement Award 2019 (High Rise Residential Development) for Pavilion at Bandar Puteri Puchong and High QLASSIC Achievement Award 2019 (Landed Residential Development) for N'Dira Townhouse at 16 Sierra.

### 24

**IOI-ACTIVE CITIZENS WASTE-TO-TREASURE CAMPAIGN AT CENTRAL PARK, 16 SIERRA**

IOIPG organised the IOI-Active Citizens Waste-To-Treasure event at 16 Sierra's Central Park to educate the community on waste segregation and to encourage recycling.


### 30

**EARTH HOUR 2019**

Four Points by Sheraton Puchong, Le Méridien Putrajaya, Putrajaya Marriott Hotel, Palm Garden Hotel and Palm Garden Golf Club observed Earth Hour with various activities for guests.

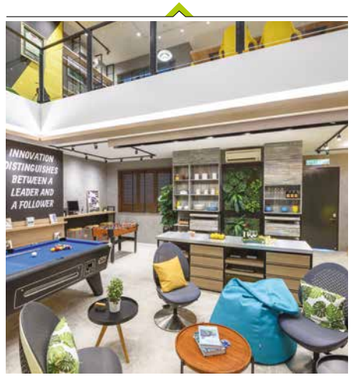
# OUR MILESTONES

## APRIL 2019

### 12
**PROPERTYGURU ASIA PROPERTY AWARDS MALAYSIA 2019**
Pavilion Service Apartment in Bandar Puteri Puchong won the award for the Best Mass Market Condo/Apartment Development (Klang Valley) category while it was highly commended in the Best Universal Design Development category at the PropertyGuru Asia Property Awards (Malaysia) 2019.

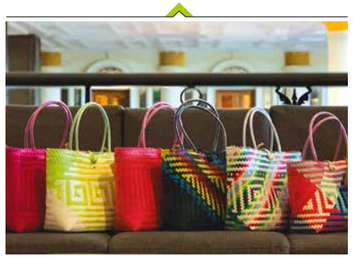
### 19
**PARGOLF PEOPLE'S CHOICE AWARDS 2019**
Palm Garden Golf Club was honoured as one of the top three in the Best Maintained Golf Course and Best Corporate Tournament Venue categories voted by golfers and readers of ParGolf magazine at the ParGolf People's Choice Awards 2019.

### 20–21
**STELLAR SUITES PREVIEW**
IOIPG unveiled the first small office versatile office (SOVO) tower in Puchong. The transit-oriented development with its proximity to the Bandar Puteri LRT station, is set to become a new prime address for modern businesses.




## MAY 2019

### 01
**PENAN BAG FUNDRAISING**
Putrajaya Marriott Hotel organised a fundraising campaign, selling Penan baskets and boxes, with 10% of the total sales donated to Kumpulan Ibu Bapa and Sokongan Anak-anak Kanser (HKL Kids) to support children diagnosed with cancer in Hospital Kuala Lumpur.




### 03
**PROPERTY INSIGHT PRESTIGIOUS DEVELOPER AWARDS 2019**
IOIPG bagged the Top 10 Developers accolade at the Property Insight Prestigious Developer Awards (PIPDA) 2019. The Awards paid tribute to the ever-changing property landscape by appreciating innovation and outstanding accomplishment in the property industry.

### 03–04
**SHARING THE SPIRIT OF RAMADAN**
Putrajaya Marriott Hotel, Palm Garden Hotel and Palm Garden Golf Club came together to welcome Ramadan by distributing bubur lambuk to the public at the Tuanku Mizan Zainal Abidin Mosque and Putrajaya Mosque.

### 07
**RAMADAN CHARITY DINNER BY PALM GARDEN HOTEL, PUTRAJAYA MARRIOTT HOTEL AND PALM GARDEN GOLF CLUB**
The hotels organised a Ramadan Charity Dinner for 85 children from Rumah Bakti Nur Ain, Teratak Nur Barakah and Yayasan Sunbeams.

### 21
**HARI RAYA CSR PROGRAMME 2019 AT IOI CITY MALL**
The Mall hosted an outing for 107 children and their caretakers from Rumah Anak Yatim Sg Kantan and Yayasan Noor Manzil during Ramadan.

### 25
**IFTAR WITH ORPHANS AT IOI MALL KULAI**
The Mall hosted 50 orphans to shop for new clothes and shoes in conjunction with Hari Raya, which was followed by a breaking of fast at the mall.



## JUNE 2019

### 19
**DONATION DRIVE FOR HKL KIDS BY PUTRAJAYA MARRIOTT HOTEL**
The hotel organised a donation drive to collect books and toys from staff across the Group, which were presented to the children from HKL Kids.

**VISIT TO SUNRISE RETIRED HOME**
Associates of Four Points by Sheraton Puchong visited the old folks home as part of the hotel's CSR programme.

## JULY 2019

### 11
**TRAVELOKA HOTEL AWARDS 2019**
Palm Garden Hotel received the award for the Best Guest Experience in Food category.


## AUGUST 2019

### 03
**UTAR WASTE.D**
IOIPG supported a waste minimisation event organised by final year students of UTAR which was in line with the Group's IOI Connects to Earth campaign.

### 17
**IOI-ACTIVE CITIZENS**
IOI-Active Citizens event, part of IOI Connects to Earth campaign, aimed to raise awareness among the Puchong community on waste minimisation through upcycling, recycling and reusing. The community in Puchong had also participated in the IOI-Active Citizens Bargain Basement Competition by donating and purchasing pre-loved items with net sale proceeds going to charity.

### 22
**AGODA 2019 CUSTOMER REVIEW AWARDS**
Palm Garden Hotel received the award presented by Agoda in recognition of their high rating in customer reviews.


## SEPTEMBER 2019

### 16
**SAVE OUR TIGERS, FEEL THE BEAT**
About 355 participants took part in a fun Zumba workout event organised by Putrajaya Marriott Hotel, Palm Garden Hotel and Palm Garden Golf Club to raise RM5,000 in support of tiger conservation and to increase awareness on the plight of the Malayan tigers.

### 22
**ALANIS SERVICED APARTMENT LAUNCH**
IOIPG officially launched Alanis, the first serviced apartment in Warisan Puteri Sepang. Different type of layouts make these homes ideal for first-time home buyers, young couples and extended families.

# CORPORATE INFORMATION

## BOARD OF DIRECTORS

**DATUK TAN KIM LEONG**
Independent Non-Executive Chairman
(Redesignated w.e.f 1 July 2019)

**TAN SRI DATO' SRI KOH KIN LIP**
Senior Independent Non-Executive Director

**LEE YEOW SENG**
Chief Executive Officer

**LEE YOKE HAR**
Executive Director

**DATO' LEE YEOW CHOR**
Non-Independent Non-Executive Director

**DATUK LEE SAY TSHIN**
Independent Non-Executive Director

**DATUK DR TAN KIM HEUNG**
Independent Non-Executive Director

### AUDIT COMMITTEE

**DATUK LEE SAY TSHIN***
Chairman

**DATUK TAN KIM LEONG***

**DATUK DR TAN KIM HEUNG***

### GOVERNANCE, NOMINATING AND REMUNERATION COMMITTEE

**TAN SRI DATO' SRI KOH KIN LIP***
Chairman

**DATUK TAN KIM LEONG***

**DATUK DR TAN KIM HEUNG***

### RISK MANAGEMENT COMMITTEE

**DATUK DR TAN KIM HEUNG***
Chairman

**TAN SRI DATO' SRI KOH KIN LIP***

**DATUK LEE SAY TSHIN***

### EMPLOYEES' SHARE OPTION SCHEME COMMITTEE

**LEE YEOW SENG**
Chairman

**DATO' LEE YEOW CHOR**

### JOINT SECRETARIES

**CHEE BAN TUCK**
(MIA 24078)

**CHANG MEI YEE**
(MAICSA 7064078)

* Independent Non-Executive Directors

### REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS

Level 29, IOI City Tower 2
Lebuh IRC, IOI Resort City
62502 Putrajaya
Wilayah Persekutuan (Putrajaya)
Malaysia
Tel +60 3 8947 8888
Fax +60 3 8947 8909

### AUDITORS

**PRICEWATERHOUSECOOPERS PLT**
**CHARTERED ACCOUNTANTS**
Level 10, 1 Sentral, Jalan Rakyat
Kuala Lumpur Sentral
P O Box 10192
50706 Kuala Lumpur
Tel +60 3 2173 1188
Fax +60 3 2173 1288

### REGISTRAR

**TRICOR INVESTOR & ISSUING HOUSE SERVICES SDN BHD**
Unit 32-01, Level 32, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Tel +60 3 2783 9299
Fax +60 3 2783 9222

### THE ADMINISTRATION AND POLLING AGENT

**BOARDROOM CORPORATE SERVICES SDN BHD**
Level 6, Symphony House
Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya
Selangor Darul Ehsan
Tel +60 3 7841 8088/8099
Fax +60 3 7841 8100
+60 3 7890 4670

### 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

# OUR SUSTAINABILITY JOURNEY

**IOI Properties Group (IOIPG) embeds the fundamental aspects of Sustainability in our business operations, with the aim of creating a positive impact on society, the economy and the environment.**

In accordance with our brand promise of reliability, quality and lifestyle, the Group has strengthened the implementation of Sustainability Initiatives pursuant to our firm belief in Corporate Responsibility, embracing the Environment, Social and Governance (ESG) as well as the EES models, and being fully committed in contributing towards the United Nations' Sustainable Development Goals.

In line with IOIPG's Vision and 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 our management approach of the business's impact on society, the economy and the environment. IOIPG aspires to lead by example, taking up the role of a key lifestyle influencer in sustainable living, advocating mindset change, catalysing behavioural change within our network of employees, customers and communities as the Group acknowledges driving sustainability as a transgenerational mission.

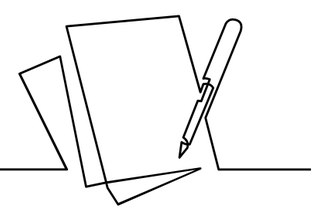
**SCOPE OF REPORTING**

The IOIPG Sustainability Report 2019 aims to keep the Group's stakeholders abreast of our social, economic and environmental progress throughout FY2019. The reporting scope encompasses the Group's businesses and operations of Property Development, Property Investment as well as Hospitality and Leisure within Klang Valley. We have prepared this report in accordance with Bursa Malaysia Main Market Listing Requirements and with reference to Global Reporting Initiative (GRI) Standards 2016. Please refer to the GRI Content Index on pages 123 to 127 for the full list of disclosures referenced in this report.

**FEEDBACK**

IOIPG welcomes our stakeholders to share opinions and feedback with us. Please contact us at:

**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

**HIGHLIGHTS**

- Customer satisfaction level increased from 79% to 83% in FY2019 (Property Development)
- Green spaces in developed townships supporting urban biodiversity
- Increase in use of system formwork in the construction for high-rise building

### Caring for the Environment

**HIGHLIGHTS**

- Chiller retrofittings across our mall, hotel and office building successfully reduced 4,191 MWh of energy consumption
- An estimated 23,300 kg of food waste segregated and diverted from landfill in a food waste pilot project
- Landscape Department turns gardening waste into mulch to improve soil conditions in its landscaping works

### Creating Value for Our Employees

**HIGHLIGHTS**

- 36% women in senior management – exceeding Malaysia's aim to have 30% women in decision-making roles by 2020
- The Business Ethics, Compliance, Anti-Corruption and Anti-Money Laundering Policy was committed in FY2019
- IOIPG was ranked one of the Top 5 Best Employer Brands in the Real Estate/ Property category at the Graduates' Choice Award 2018

### Developing Sustainable Communities

**HIGHLIGHTS**

- Estimated RM63.9 million invested in the upgrading of interchange and enhancement of roads in Bandar Puteri Puchong
- Yayasan TSLSC contributes beyond ringgit and cents
- IOIPG continues to strategically collaborate with local institutions that invest in youth and youth organisations working towards the SDGs, unearthing young talents

**IOI Connects to Earth**

A campaign by IOIPG to **create awareness** and **generate conversation on waste minimisation, biodiversity and climate change**.

IOI Connects to Earth is an ongoing strategic initiative that seeks to **build capacity** in our workforce to **integrate sustainability initiatives** in their business strategies and operations. The Group also partners and collaborates with external parties in engaging the community to deliver **long-term and short-term programmes** that are aligned to our sustainability strategies.

Some of the programmes under IOI Connects to Earth include:

- Nip It! at the Source
- Park Crawl and Park Therapy
- IOI-Active Citizens Waste-to-Treasure
- IOI-AIESEC Clean Our Plate Project
- Farm to Table

# OUR SUSTAINABILITY JOURNEY

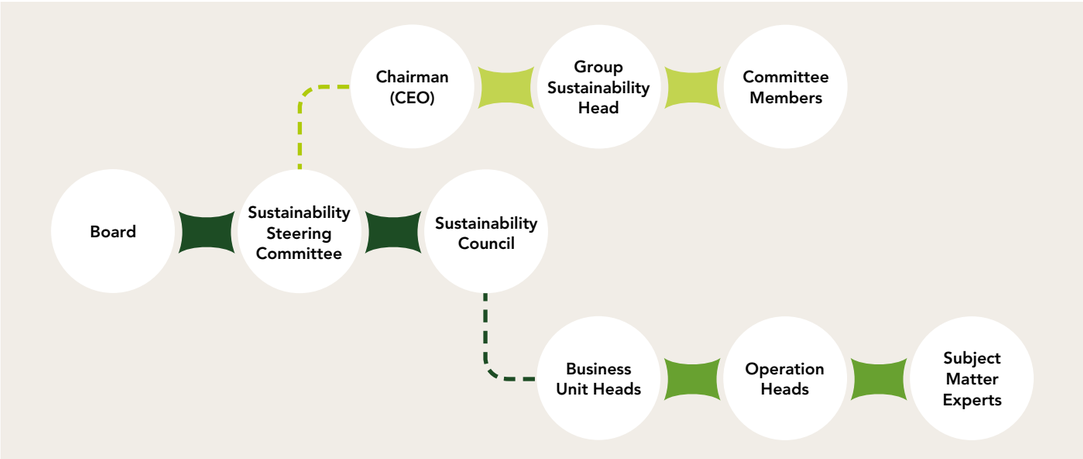
## SUSTAINABILITY GOVERNANCE

Sustainability at IOIPG is overseen by the Board of Directors. The Sustainability Steering Committee is led by the CEO, Lee Yeow Seng who chairs the Committee with the Head of Group Corporate Sustainability reporting directly to him.

The Sustainability Steering Committee consists of Senior Management personnel at the helm of core business segments and aims to steer the company's sustainability strategy, review policies and material sustainability matters as well as monitor sustainability performance.

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 the Group's sustainability goals.

## SUSTAINABILITY GOVERNANCE STRUCTURE




With Board oversight, sustainability strategies are translated into effective implementation of initiatives at respective Business Units and departments across all business segments.

These strategies complement policies, management systems, standard operating procedures as well as best practices formulated and developed throughout the years.

| FOCUS AREAS | POLICIES & MANAGEMENT SYSTEMS |
|---|---|
| Economic | • Code of Business Conduct & Ethics<br>• Whistleblowing Policy<br>• Sustainability Policy<br>• Energy Policy<br>• Waste Management Policy<br>• Health & Safety Policy<br>• Health & Safety Management System<br>• Quality Management System<br>• Quality Policy<br>• Business Ethics, Compliance, Anti-Corruption and Anti-Money Laundering Policy |
| Environment | |
| Social | |



IOIPG's commitment in sustainable development is best reflected through the enactment of our Sustainability Policy. The Policy sets out a distinctive scope of integrating corporate sustainability and responsibility into business strategies, as well as striving to enhance social well-being of both our employees and local communities in accordance with the Group's Vision and Core Values, to stimulate the local economy and conserve the environment for present and future generations.


## STAKEHOLDER ENGAGEMENT & MATERIALITY ASSESSMENT

At IOIPG, stakeholder engagement is an essential element to stimulating business growth and meeting operational needs through

- empathising with clients, guests and customers;
- continuous engagement to enable inclusive decision-making; and
- managing perceptions and addressing varied requirements.

IOIPG recognises that our decisions impact not only the Group as a corporate entity but also stakeholders with whom we come in contact directly and indirectly. Insightful feedback from stakeholders are of paramount importance to the Group for continual improvement in delivering excellence in product quality and services. As such, our stakeholders' opinions and voices are given various platforms to influence business decisions.

Our materiality assessment process takes into consideration perceptions and views on sustainability matters from both internal and external stakeholders. This continual and iterative process enables us to make informed business and management decisions with a more comprehensive understanding on emerging risks and opportunities pertaining to socio-economic and environmental impacts of our business and translate it into products and services that exceed customer expectations.

Public surveys are carried out to

- assess the perception of our stakeholders on sustainability; and
- equip us with more concrete information on our stakeholders' concerns and priorities in terms of sustainability impacts and the relevance of our initiatives in managing these impacts.

The findings are both supportive and informative, reassuring the Group that we are on the right track in acknowledging and managing prioritised material sustainability matters.

The performance of the prioritised material matters is monitored, reviewed and benchmarked against several market standards and practices through gap analysis, including GRI Standards and peer best practices that share common material sustainability matters in the Real Estate and Property Development sectors.

# OUR SUSTAINABILITY JOURNEY

As a member of FTSE4Good Bursa Malaysia Index, we constantly review and enhance our ESG performance and disclosure.

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


CERTIFICATE OF MEMBERSHIP

This is to certify that

IOI Properties Group

is a constituent company in the FTSE4Good Index Series

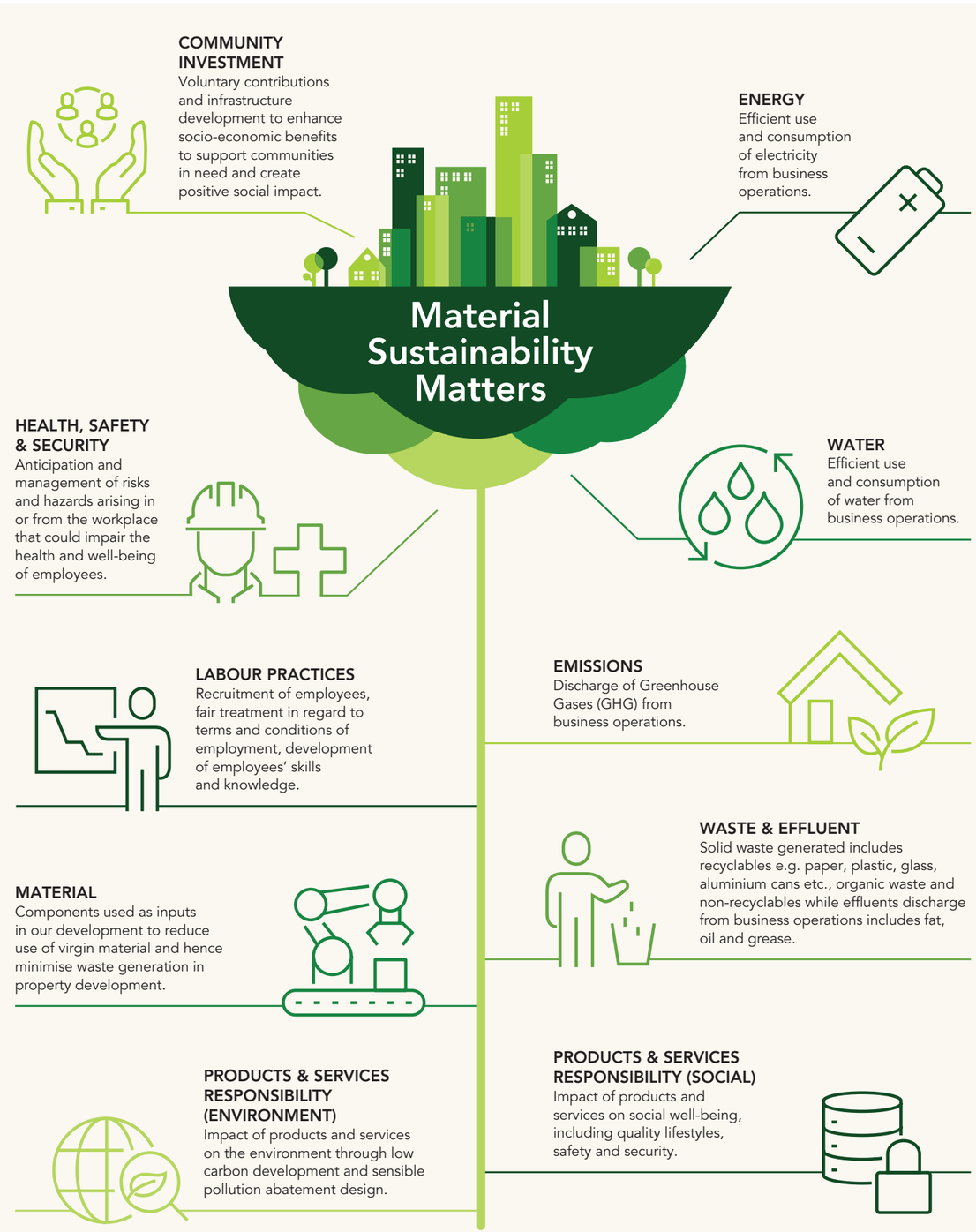
FTSE4Good

June 2019

## STAKEHOLDER ENGAGEMENT METHODS

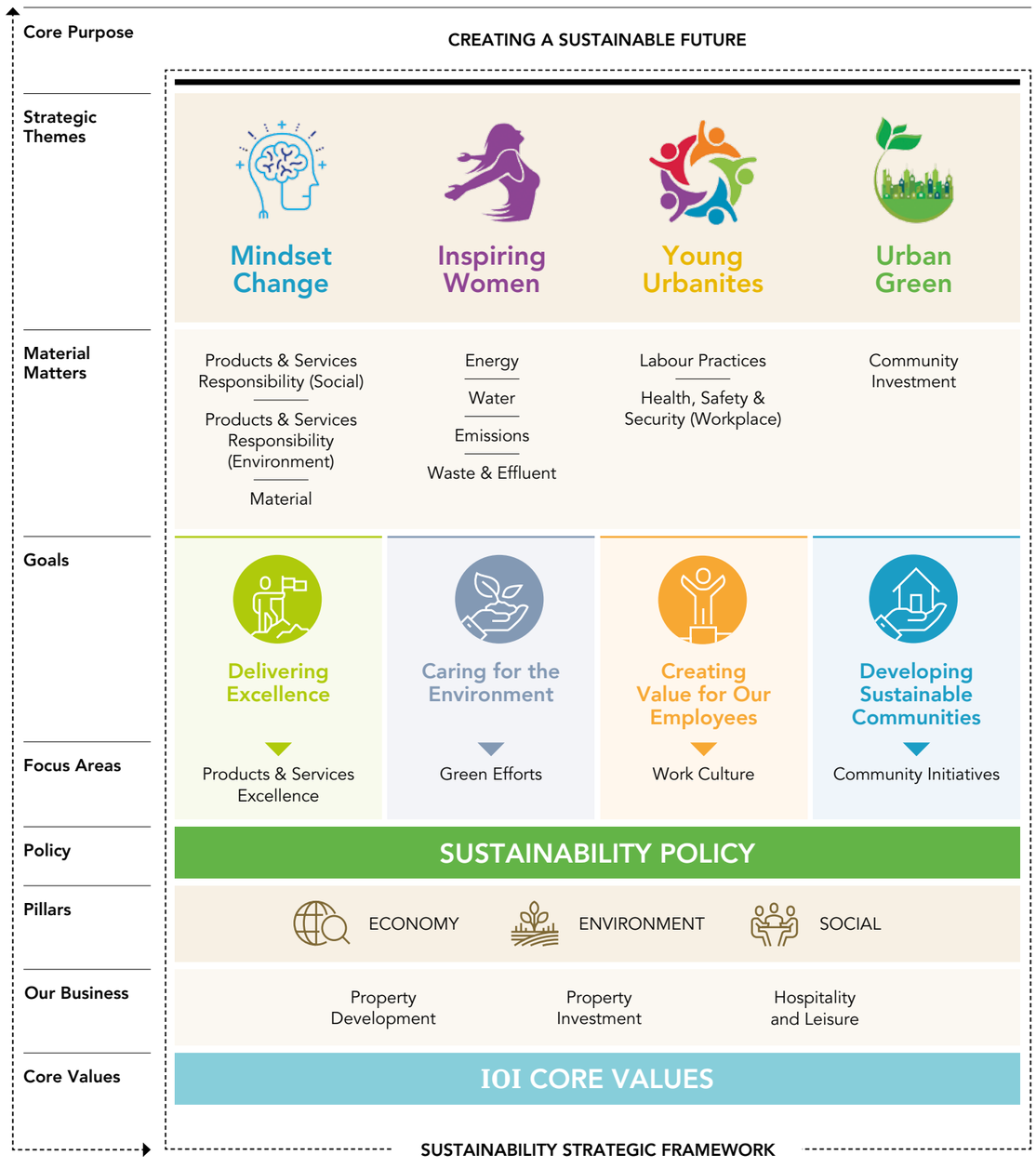
| STAKEHOLDERS | AREA OF INTEREST | OUR COMMITMENT | METHOD OF ENGAGEMENT |
|---|---|---|---|
| **Investors** | • Group financial performance<br>• Business strategies and operational efficiency<br>• Governance stability and sustainability<br>• Risk management | IOIPG strives to achieve responsible commercial success by meeting our customers' needs, rewarding shareholders with consistent long-term growth in volume and profitability, caring for the society and the environment in which we operate, and contributing towards the progress of our nation. | • Meetings<br>• Annual General Meeting (AGM)<br>• Financial reports and announcements<br>• Press releases and advertisements |
| **Customers/ Tenants** | • Product affordability and quality<br>• Support services<br>• Engagement opportunities and experience | IOIPG delivers a brand promise of products and services with superior quality and added value for years to come. Customer experience and feedback are paramount to continuous enhancement of our products and services responsibility and excellence. | • Public engagement events<br>• IOIPG social media platforms<br>• Loyalty programmes (IOI LiVO)<br>• Digital community engagement platform<br>• Customer feedback channels and service hotline<br>• Customer/tenants satisfaction surveys |
| **Employees** | • Personal and professional capacity building<br>• Career advancement<br>• Competitive remuneration benefits<br>• Employee health and safety | IOIPG aims to provide rewarding careers to our employees by promoting a safe and healthy work environment, encouraging career and personal development as well as maintaining an open and inclusive spirit in our work culture. | • Meetings<br>• Workshops and trainings<br>• Employee appraisals<br>• IOIPG internal engagement platforms<br>• Townhall sessions<br>• Employee engagement activities |
| **Business Associates/ Vendors/ Consultants** | • Supply chain management<br>• Cost reduction/savings<br>• Procurement practices | IOIPG maintains strong relationships and builds lasting connections that are mutually beneficial with our suppliers, service providers, and business partners. Our business partners are expected to adhere to our standards of business principles and conduct. | • Meetings<br>• Workshops and trainings<br>• Performance appraisals |
| **Authorities/ Regulators/ Government Agencies** | • Regulatory compliance<br>• Environmental management and compliance<br>• Security and safety management | IOIPG strictly complies with regulations related to our business and is supportive of government initiatives. This principle is extended to our suppliers and business partners. | • Meetings<br>• Emails and letters<br>• Inspections |
| **Media** | • Market presence<br>• Reputation<br>• Corporate responsibility | IOIPG strives to maintain a healthy relationship with the media as a communicator to the local community. We ensure content validity by providing the right information as we uphold our corporate responsibility. | • Press release/Media invites<br>• Meetings<br>• Public events<br>• Networking sessions |
| **Residents' Associations/ JMBs** | • Security measures at development projects<br>• Facilities management<br>• Community investment | IOIPG commits to deliver excellent products and services to the developed community. Hence, various platforms including a customer feedback management system and grievance mechanism, are available for continual improvement and satisfying our customers' and communities' needs. | • Meetings<br>• Public engagement events<br>• IOIPG social media<br>• Customer feedback channels and service hotline<br>• Loyalty programmes (IOI LiVO) |
| **Local Communities/ Civil Society Organisations** | • Economic investments for local welfare<br>• Infrastructure enhancement<br>• Community programmes and events for social development | IOIPG continues to be a trusted and responsible corporate citizen to the communities in which we operate. We invest in infrastructure, education and welfare to improve community well-being as part of the development of sustainable communities. | • Surveys<br>• Public events<br>• IOIPG social media platforms<br>• Strategic partnerships |





# OUR SUSTAINABILITY JOURNEY

## Framework & Strategy






### SUSTAINABILITY FRAMEWORK & STRATEGY

IOIPG's 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 events 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 the implementation of sustainability initiatives guided by our Sustainability Policy, in accordance with our IOI Core Values of Integrity, Commitment, Loyalty, Excellence in Execution, Speed or Timeliness, Innovativeness and Cost Efficiency.

The Sustainability Policy underlines the key courses of action 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 on society, the economy and the environment, our business strategy takes into account 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 and safety and human rights. We realise and acknowledge the importance of addressing such risks as we understand that the absence of a 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 the Group's business operations are identified, mitigated and monitored.

### SUSTAINABILITY GOALS

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

#### Delivering Excellence

Achieve prominence in **Products and 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.

# OUR SUSTAINABILITY JOURNEY

## 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 socio-economic and environmental 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 programmes that help 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 advocate low carbon footprint principles, responsible consumption on resources and waste minimisation which generate positive impacts on the environment, society and economy.

As a Lifestyle Influencer, we are passionate in initiating a mindset shift towards increased awareness and ownership of sustainability practices, above and beyond infusing it into work culture for sustainable business development.

The Group's Sustainability Strategic Framework is subjected to periodic reviews and considerations arising from local and global issues as well as stakeholder expectations.

Management approaches to material sustainability matters are also continually enhanced.

In order to effectively manage prioritised material sustainability matters, the Sustainability Council ensures sustainability initiatives with measurable indicators are materialised across all Business Units within the Group, in addition to bridging gaps and resolving issues that arise via consistent synchronised coordination.

**IOI Sustain Series**

The IOI Sustain Series consists of a series of activities that creates an emotional connection in the targeted audience towards socio-economic well-being and environmental ethics. As part of 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. This was initiated through peer-to-peer influence projects, achieved by empowering employees to select and verify content as well as choreograph and create artwork in the delivery of IOI Sustain Stories.

In FY2019, the IOI Connects to Earth campaign addressing waste, biodiversity and climate change was highlighted in IOI Sustain Stories to employees via our internal communication platform as well as to communities and the general public via Facebook and Instagram. All materials are posted on our Facebook page: https://www.facebook.com/ioisustain and Instagram page: https://www.instagram.com/ioi_sustain/, including videos advocating waste minimisation, creating awareness on biodiversity conservation, and generating conversation on climate change mitigation and adaptation.

Apart from the videos and Electronic Direct Mail, sharing sessions on integrating sustainability into business operations and workshops on topics such as Upcycling Used Cooking Oil, Recycling and Healthy Eating were also conducted by invited practitioners and subject matter experts to educate employees on sustainable lifestyle. 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 a reactive to proactive lifestyle strengthened by the determination to make a positive impact on society, the economy and the environment.



## CONTRIBUTING TOWARDS NATIONAL AND GLOBAL GOALS

In view of Malaysia's commitment towards implementing the 11th Malaysian Plan as well as ratification of the United Nations' 2030 Agenda for Sustainable Development and its 17 Sustainable Development Goals (SDGs), IOIPG is proud to be a responsible corporate citizen in contributing towards the national commitment and a global cause.

| MATERIAL SUSTAINABILITY MATTERS | CONTRIBUTING TO | |
|---|---|---|
| | 11TH MALAYSIA PLAN | UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS |
| Energy | ST 4, ST 5, ST 6 | 7, 9, 11, 13 |
| Water | ST 4, ST 5, ST 6 | 6, 11, 13 |
| Emission | ST 4, ST 5, ST 6 | 9, 11, 13 |
| Waste & Effluent | ST 4, ST 5, ST 6 | 11, 12, 13, 17 |
| Material | ST 4, ST 6 | 12, 13 |
| Products & Services Responsibility (Social) | ST 1, ST 2, ST 5, ST 6 | 8, 9, 10, 11, 16 |
| Products & Services Responsibility (Environment) | ST 4, ST 5, ST 6 | 6, 7, 9, 11, 12, 13, 15 |
| Labour Practices | ST 1, ST 3, ST 4, ST 6 | 5, 8, 10, 13, 16 |
| Health Safety & Security | ST 5, ST 6 | 3, 8 |
| Community Investment | ST 1, ST 2, ST 3, ST 4, ST 5, ST 6 | 3, 4, 11, 12, 13, 17 |

**Notes:**

**11th Malaysia Plan**

- ST 1: Enhancing inclusiveness towards an equitable society
- ST 2: Improving well-being for all
- ST 3: Accelerating human capital development for an advanced nation
- ST 4: Pursuing green growth for sustainability & resilience
- ST 5: Strengthening infrastructure to support economic expansion
- ST 6: Re-engineering economic growth for greater prosperity

**UN SDGs**

- SDG 1: No Poverty
- SDG 2: Zero Hunger
- SDG 3: Good Health & Well-being
- SDG 4: Quality Education
- SDG 5: Gender Equality
- SDG 6: Clean Water & Sanitation
- SDG 7: Affordable & Clean Energy
- SDG 8: Decent Work & Economic Growth
- SDG 9: Industry, Innovation & Infrastructure
- SDG 10: Reduced Inequalities
- SDG 11: Sustainable Cities & Communities
- SDG 12: Responsible Consumption & Production
- SDG 13: Climate Action
- SDG 14: Life Below Water
- SDG 15: Life on Land
- SDG 16: Peace, Justice & Strong Institutions
- SDG 17: Partnerships for the Goals

# OUR SUSTAINABILITY JOURNEY

## SUSTAINABILITY ROADMAP

## 2019

IOIPG remains as member of FTSE4Good Bursa Malaysia Index.

### Q1 FY2019
- Ongoing Gap Analysis and benchmarking of best standards and practices

### Q2 FY2019
- Continuous review and reconfirmation of targets
- Ongoing stakeholder engagement

### Q3 FY2019
- Continued efforts to instil Sustainability Ownership
- Ongoing implementation of new initiatives
- Incorporating Sustainability Risks and Challenges into Enterprise Risk Management

### Q4 FY2019
- Initiating expansion of reporting scope beyond Klang Valley
- Continued enhancement of operational procedures
- Continuous improvement in reporting procedures and approach

## 2018

IOIPG became a member of FTSE4Good Bursa Malaysia Index.

### Q1 FY2018
- Ongoing Gap Analysis and benchmarking of best standards and practices

### Q2 FY2018
- Engaged internal and external stakeholders
- Reviewed and reconfirmed targets

### Q3 & Q4 FY2018
- Encouraged sustainability ownership and implemented new initiatives
- Engaged stakeholders in addressing risks and challenges
- Enhanced operational and reporting procedures

### Q4 FY2018
- Analysed data
- Reported sustainability progress for FY2018

## 2017

### Q1 FY2017
- Established sustainability governance structure
- Formulated sustainability strategy and framework
- Ongoing stakeholder engagement

### Q2 FY2017
- Conducted Materiality Assessment
- Formulated Sustainability Strategic Themes

### Q3 FY2017
- Initiated sustainability awareness seminars
- Identified indicators and initiatives

### Q4 FY2017
- Analysed data, established baselines and set targets
- Reported sustainability progress

# 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

# DELIVERING EXCELLENCE

## Exceeding Expectations

Delivering excellent products and services is an obligation that IOIPG, as a reputable developer aims to uphold earnestly. IOIPG aims to create resilient townships and properties that will add value for our communities, tenants and customers. The Group considers various environmental and social aspects across our daily business operations, from design, resource sourcing and management, and construction to operations of our products and services. As a reputable developer, we are committed to adopt sustainable practices in both our property investment and property development segments. The Group has also put in place an established customer engagement and grievance mechanism for our stakeholders to reach out to us. All these efforts are apparent in the various recognitions achieved and accolades awarded to IOIPG.

### List of Awards and Recognition

#### Graduates' Choice Award 2018

IOIPG was ranked as one of the Top 5 Employer Brands in the Real Estate/Property Category at the Graduates' Choice Award 2018. The award recognises excellence and distinction in the graduate recruitment industry throughout Malaysia.

#### HR Asia Awards

IOIPG bagged the HR Asia's Best Companies to Work for in Asia 2018 Award, in acknowledgement of our proven track record of excellence in organisational growth and strategic human capital development.

#### The Edge Property Excellence Awards

IOIPG was named as one of the top property developers in The Edge Malaysia Property Excellence Awards 2018, which ranks the best property players based on quantitative and qualitative attributes.

#### World Luxury Hotel Awards 2018

Le Méridien Putrajaya clinched the World Luxury Hotel Awards 2018 in the Luxury Business Hotel (Asia Continent) category. The annual awards recognise sustained commitment to excellence in hoteliering and outstanding achievement in the international luxury hospitality industry.

#### Property Insight Prestigious Developer Awards 2019

IOIPG bagged the Top 10 Developers accolade at the Property Insight Prestigious Developer Awards (PIPDA) 2019, which paid tribute to companies that appreciate innovation and outstanding accomplishment throughout the property industry.

#### Traveloka Hotel Awards 2019

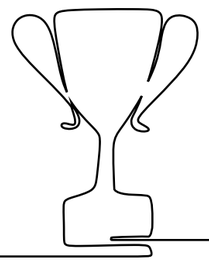
Palm Garden Hotel, IOIPG fully owned and managed hotel, received the award for the Best Guest Experience in Food category.

#### Agoda 2019 Customer Review Awards

Palm Garden Hotel, IOIPG fully owned and managed hotel, received an award by Agoda in recognition of their high customer review rating.

#### iProperty Development Excellence Awards 2018

IOIPG bagged two awards – Best Developer in People's Choice Award category and Best Residential High-Rise Development (Completed) for Sky Condominium at Bandar Puchong Jaya – at the iProperty Development Excellence Awards 2018.



#### Majlis Penghargaan Pembangunan Mampan & Inisiatif Hijau

IOIPG received recognition for its green initiatives and sustainable development within IOI Resort City from Sepang Municipal Council during the Appreciation Ceremony of Green Initiatives and Sustainable Development at Sepang.

#### Hari Landskap Negara 2019

IOIPG received the Garden Nation Initiative Award at the 2019 National Landscape Day celebration in Putrajaya. The award recognises property developers committed to sustainable development through the maintenance, development and management of green and open spaces within developed townships or settlements.

#### ASEAN Property Awards

IOIPG clinched the Best Developer accolade at the inaugural ASEAN Property Awards. The award acknowledges innovative development and outstanding achievements of property developers in Malaysia.

#### PropertyGuru Asia Property Awards Malaysia 2019

Pavilion Service Apartment in Bandar Puteri Puchong won the Best Mass Market Condo/Apartment Development (Klang Valley) category and was highly commended in the Best Universal Design Development category at the PropertyGuru Asia Property Awards (Malaysia) 2019.

#### ParGolf People's Choice Awards 2019

Palm Garden Golf Club was honoured as one of the top three in the Best Maintained Golf Course and Best Corporate Tournament Venue categories voted by golfers and readers of ParGolf magazine at the ParGolf People's Choice Awards 2019.

# DELIVERING EXCELLENCE

## MANAGING PRODUCT QUALITY

Product Quality Management is crucial for long-term growth and business sustainability. IOIPG strongly believes continual improvement and review of our Quality Management System is necessary to uphold the Group's reputation as a committed and responsible developer. The Group has adopted ISO 9001:2015 (previously ISO 9001:2000) Quality Management System as part of our commitment to continual improvements in our Quality Management System.

### Design

- Incorporate input 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 training

### 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

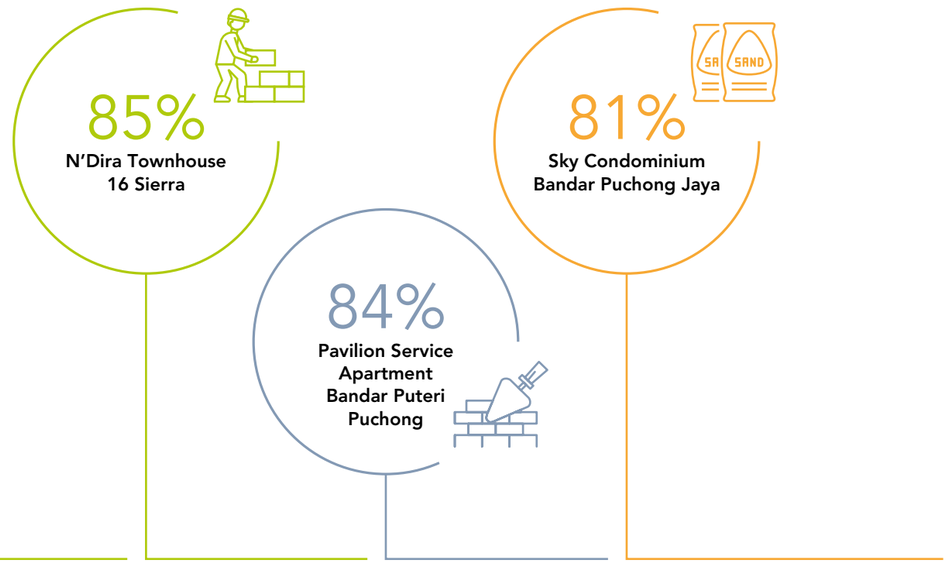
- Request for feedback, preferences and expectations from homebuyers through customer satisfaction surveys
- Evaluate and incorporate valuable input for future products



## QLASSIC

IOIPG is proud to have received recognition for our pledge to deliver quality products and services through the Awards of Excellence during QLASSIC DAY 2019 organised by the Construction Industry Development Board (CIDB). The Group won the High QLASSIC Achievement Awards for both High-Rise and Landed Residential Development for Pavilion Service Apartment and N'Dira Townhouse respectively.

## QLASSIC Score




## MANAGING OUR SUPPLY CHAIN

IOIPG ensures strict standards for quality at all levels of our supply chain. All business partners are vetted through stringent pre-selection criteria and evaluated progressively once they are engaged. Their performances are closely monitored to ensure the quality of our products and services are maintained and upheld across all development projects.

In FY2019, IOIPG revised its Code of Business Conduct and Ethics (CBCE) and conveyed the CBCE to business partners. The Group expects the same level of care in all matters outlined in the CBCE from its supply chain. Major topics outlined in the CBCE include work environment, employment, safety, health and security, environment conservation and preservation, conflict of interest and compliance.

IOIPG is also committed to provide support and opportunities to local business partners as a contribution to the local economy. The Group prefers to source materials and resources locally to reduce greenhouse gas emissions. In FY2019, 96% of consultants and contractors engaged for property development in the Klang Valley were Malaysian-registered companies. The Group plans to develop a Supplier's Code of Business Conduct in the near future to create a more specific guideline and policy for our supply chain partners.

+ Please visit our corporate website for more information on IOIPG's CBCE.

# DELIVERING EXCELLENCE

### MANAGING OUR CUSTOMER RELATIONS AND GRIEVANCE MECHANISM

IOIPG believes in the principle of strong service ownership and the importance of listening closely to our customers and stakeholders. This has served as an effective approach to exceeding expectations and creating value for our customers and communities that we operate in.

The IOI Branded Customer Experience is guided by and ensures the delivery of excellent product quality and services by IOIPG. The Group takes into serious consideration all feedback and grievances from customers and local communities in which we operate.

The presence of an established customer feedback management system and grievance mechanism at each Business Unit enables IOIPG to better understand and identify the evolving needs of our customers and local communities. Customer and community feedback, enquiries, complaints and grievances are collected through multiple platforms that are easily accessible to customers and the public. This includes the IOI Community app.

The Group also has an established whistleblowing mechanism that enables both internal and external stakeholders to raise concerns anonymously and without fear of retaliation on any improper conduct within the Group, including human rights related matters. Further details on the Whistleblowing Policy can be obtained at the IOIPG website. All feedback is duly verified and channelled to relevant departments for urgent action and prompt resolution.

Response and resolution timings for non-defect related feedback from homebuyers are as shown below:

**Emergency complaints**
**Immediate**

**Verbal complaints**
**2 days**

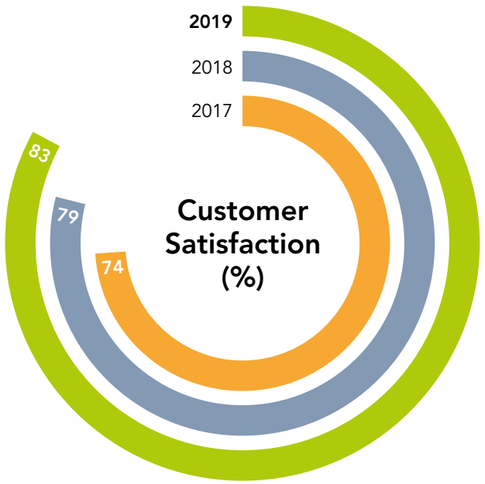
**Written complaints**
**2 days**

There are no cases of human rights violation and no cases of substantiated complaints recorded regarding breach of data privacy based on IOIPG's managed customer and community feedback and grievance channels. The Group is committed to protect our customers' privacy and data security in compliance to Personal Data Protection Act 2010 (PDPA) in all our operational procedures.

### MANAGING CUSTOMER EXPECTATIONS & SATISFACTION

IOIPG strives to exceed expectations of our customers, guests and visitors. Customer satisfaction surveys are conducted across all business segments to collect feedback from new property owners, tenants, mall visitors and hotel guests on their preferences. These surveys are necessary to forecast customer preference and expectations, and evaluate customer satisfaction towards our products and services. The results of these surveys are vital for the Group in making strategic improvements in future planning and development.

The guest satisfaction score for our managed hotels ranged from 4.0 to 4.5 on a scale of 1 to 5, based on reviews across various notable travel-related online platforms. Palm Garden Hotel, IOIPG's fully owned hotel, won the Agoda 2019 Customer Review Awards and Traveloka Hotel Awards 2019. The awards recognised the hotel's high rating in customer reviews and Best Guest Experience in Food category respectively. The customer satisfaction score for IOI City Mall was approximately 96% for this financial year while the overall customer satisfaction score amongst new houseowners has improved, achieving 83% in FY2019.






## Developing Thriving Communities

IOIPG views socio-economic and environmental impacts as an integral part of township development. We endeavour to build sustainable townships that enable thriving and vibrant communities to **STAY**, **WORK & PLAY**. Distinctive communal spaces are one of the key features of IOIPG townships. These spaces function as places that encourage social interaction and recreational activities, as well as green spaces for urban biodiversity.

### FOSTERING COMMUNITY WELL-BEING

IOIPG is committed to create communal spaces that foster community well-being and interaction. Distinctive themed gardens and recreational spaces furnished with well-designed facilities encourage healthy lifestyles and integrated communities. Town parks and pocket parks at our townships also act as carbon sequestration sites while providing fresh air to the neighbourhood. Some of the notable green parks in our townships include Central Park in 16 Sierra, themed parklands in Warisan Puteri Sepang, Oasis Park in Bandar Puteri Bangi and Bandar Puteri Town Park. With its wide-open lawn, a multitude of community activities and events can be held at Central Park, while Warisan Puteri Sepang boasts various themed parklands such as Persian Park, Rangoli Park and Mediterranean Park.

The development of Oasis Park in Bandar Puteri Bangi is underway this financial year. It will feature wetland and green spaces to provide habitats for both aquatic and terrestrial species, in line with our commitment to provide lush communal spaces and parks to foster community interaction and relaxation for local residents.

*Forest Garden, 16 Sierra*

# DELIVERING EXCELLENCE

## CONSERVING URBAN BIODIVERSITY

IOIPG is committed to retaining the urban biodiversity of our townships and their adjacent areas through the provision of urban parks and landscaping. These green spaces in the form of pocket parks and town parks support the habitat of many flora and fauna by regulating temperature, improving air quality, reducing surface runoff, producing oxygen and enabling carbon sequestration. As part of plant species conservation efforts, a number of International Union for Conservation of Nature (IUCN)-listed endangered or vulnerable species, including four native species have been included in the landscaping of the township or within the urban parks.

*Town Park, Bandar Puteri Puchong*

**3,057** plants were transplanted by IOIPG in Klang Valley to date.

**12,100** trees were planted by IOIPG in Klang Valley for this financial year.

The mature Bandar Puteri Town Park which sits on IOIPG's signature township development of Bandar Puteri Puchong, has a thriving ecosystem supporting both aquatic and terrestrial life forms. It is 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 herping. Frequently referred to as a manicured wilderness, the absence of pesticides and chemical fertilisers has ensured the rich biodiversity of the town park is protected and preserved amidst human activities.

## LIST OF ENDANGERED OR VULNERABLE SPECIES

| SPECIES | COMMON NAME | STATUS IN IUCN RED LIST |
|---|---|---|
| *Dalbergia oliveri* | Black rosewood | Endangered A1cd ver 2.3 |
| *Dracaena draco* | Dragon tree | Vulnerable A1abcde ver 2.3 |
| *Dypsis leptocheilos* | Redneck palm | Critically Endangered B1ab(iii,v)+2ab(iii,v); C2a(i,ii); D 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 |
| *Shorea roxburghii** | White meranti | Vulnerable A2cd ver 3.1 |
| *Swietenia mahagoni* | American mahogany | Endangered A1cd ver 2.3 |

IUCN – International Union for Conservation of Nature
* Native species



### The Story of Little Heron *(Pucung Keladi/Pucung Bakau)*

Commonly known as burung pucung, the little heron is the namesake of Puchong town as it was commonly found in the area in the past. These birds are usually spotted near wetlands or swamps. Their diet consists of small fishes, frogs and aquatic insects. Although the birds are now a rare sight in Puchong, they can still be found at the water bodies of Bandar Puteri Town Park.

### Urban Wildlife Highlights in Bandar Puteri Town Park

**Crimson Dropwing**
***(Trithemis aurora)***

These gliders are usually found in weedy ponds, marshes, and slow flowing streams in the lowlands and mid-hills. Their four wings enable them to master the ability to hover and even to fly backwards.

**Common Flameback**
***(Dinopium javanense)***

This bird can be distinguished by its golden-yellow mantle and wing lining, as well as white underparts with black-laced scales and red rump. The males sport red crowns and crests with black hind-necks while females have black crowns and are streaked with white.

**Black Veined Tiger**
***(Danaus melanippus hegesippus)***

This species is often confused with the Common Tiger (*Danaus genutia genutia*). However, while the two share some similar features, the submarginal black band in the Black Veined Tiger is broader and unlike the Common Tiger, this species has no orange forms.

IOIPG has been engaging with environmental societies to support the conservation and preservation of Bandar Puteri Town Park. We plan to deepen our engagement with relevant organisations on biodiversity monitoring in the next financial year to gain better insights on future planning for the park. The town park's management will serve as a model to be replicated in other green communal spaces in future IOIPG townships such as Oasis Park in Bandar Puteri Bangi.

### Park Therapy and Park Crawling

IOI CONNECTS TO EARTH

In FY2019, IOIPG collaborated with Society of Wilderness Malaysia (SOWM) to educate the public on the importance of urban biodiversity at Bandar Puteri Town Park.
In FY2019, Project Park Crawl was expanded to Oasis Park in Bandar Puteri Bangi. Bio-monitoring and tree-tagging were carried out to identify observed species to build a species inventory for these parks. IOIPG employees also took part in the Klang Valley City Nature Challenge 2019 at Bandar Puteri Town Park, in support of the City Nature Challenge which is held around the world to raise awareness on urban biodiversity conservation.

*Klang Valley City Nature Challenge at Bandar Puteri Town Park*

# DELIVERING EXCELLENCE

### EASING ACCESSIBILITY IN OUR BUILDINGS

All IOIPG's properties in Klang Valley are designed and built in accordance to the Uniform Building By-Law 34A as well as other relevant regulations and statutory requirements on the provision of accessibility and facilities made available to disabled persons. Multiple ramps and walkways as well as parking bays and washrooms for the disabled are conveniently located around our malls to ease access for wheelchairs and strollers.

### OFFERING PEACE OF MIND AT OUR DEVELOPMENTS

Consideration of safety and security in the design and planning stage of IOIPG developments is crucial to ensuring peace of mind in our homebuyers. Multiple security systems such as perimeter fencing, CCTV surveillance, card access control, digital internal security features and security screening at guarded entrances provide sustainable living spaces for those who seek safe and secure living environments. IOIPG's commitment towards safety and security is also notable in the contribution of police stations in its developments.

For managed properties under the Group, a team of 191 security personnel led by the Auxiliary Police (AP) team are entrusted to maintain a safe and secure environment for customers, tenants and guests. Facilities such as CCTV surveillance cameras, panic buttons and security escorts provide increased protection for our customers, tenants and guests.

### ENGAGING CUSTOMERS AND COMMUNITIES

IOIPG endeavours to incorporate sustainability awareness in all customer engagement activities in line with the Group's Sustainability Strategic Themes targeting Young Urbanites and Mindset Change. Our social and environmental related events are geared towards reaching the younger generation, to create greater awareness and encourage better management of the impact of our daily lives on society and the environment. In FY2019, community and customer engagement activities were carried out through online and social media platforms as well as direct contact. As a means to increase awareness and instil sustainability ownership, an "Urban Sustainable Living Kit" that outlines the green features of respective properties is included in the IOI Community app for new homeowners.

**IOI Community App**

Launched in FY2018, the IOI Community app is an online community engagement platform that promotes seamless communication between homebuyers and the property management team. Through the app, homebuyers will be able to report defects, book facilities, pre-register visitors, receive building management announcement and obtain technical information regarding their residential units. Available on both Android and iOS platforms, the app is in use at N'Dira Townhouse, Sierra 6, Pavilion Service Apartment, Conezion, Sky Condominium, Almyra Residence, Palmyra Residence and Clio Residences. This system will be rolled out more extensively to new IOIPG communities in the near future.

**IOI LiVO**

IOI LiVO app is an exclusive loyalty programme for IOIPG customers to enjoy special privileges at participating outlets in our Klang Valley malls and hotels, as well as rebates for subsequent property purchases. This app replaces the IOI Privilege Card as IOIPG embraces digital platforms in view of the Fourth Industrial Revolution. Prior to its launch, customers were invited to participate in a contest to name the app, encouraging co-ownership and pride in being a part of IOI LiVO. Future enhancement will include reward points and redemption to improve the functionality of the app.

**Building Maintenance App at IOI City Mall**

IOI City Mall embarked on an effort to streamline operations and maintenance management by using a mobile-enabled building management platform, improving tenant and customer satisfaction. The service is also in line with the Group's direction of embracing digitalisation to deliver excellent products and services.



## Developing Sustainable Living Environment

IOIPG subscribes to the Low Carbon Cities Framework and Assessment System (LCCF). We are one of the few developers selected by Majlis Perbandaran Subang Jaya (MPSJ) to adopt LCCF criteria in our developments. The Group also supports Transit-Oriented Development (TOD), especially in Bandar Puchong Jaya and Bandar Puteri Puchong.

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 enhance the comfort level of occupants and help reduce the impact of urbanisation on the environment. In regard to futureproofing and mitigation of climate change, the Group strives to develop sustainable and climate-resilient townships that feature both mitigation and adaptation functions.

### INTEGRATING GREEN FEATURES INTO OUR TOWNSHIPS

Various passive and active designs are incorporated into IOIPG's townships to reduce carbon footprint, increase resource efficiency and encourage sustainable lifestyles. We actively source construction materials and products locally to reduce carbon emissions and favour the use of energy and water-efficient appliances, such as LED lights and dual flush water cisterns in our township developments. Our developments also aim to harness natural light, and adopt North-South orientation and cross ventilation designs wherever possible. Below are some green features adopted in IOIPG's commercial and residential buildings.

### 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

### Environment-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 allow 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
- Upcycling used cooking oil
- Organic waste decomposition of garden waste
- Electric Vehicle (EV) Charging stations at IOI Mall Puchong, IOI City Mall and Putrajaya Marriott Hotel
- Electric buggies at Palm Garden Golf Club

# DELIVERING EXCELLENCE

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: | ESTIMATED | ESTIMATED |
|---|---|---|
| Clio 2 Residences<br>Cruise<br>Palmyra Residence | 9,854 MWh<br>of energy will be saved yearly | 6,839 $tCO_2$<br>of carbon emission reduction yearly |

**DAYLIGHTING AND NATURAL VENTILATION**

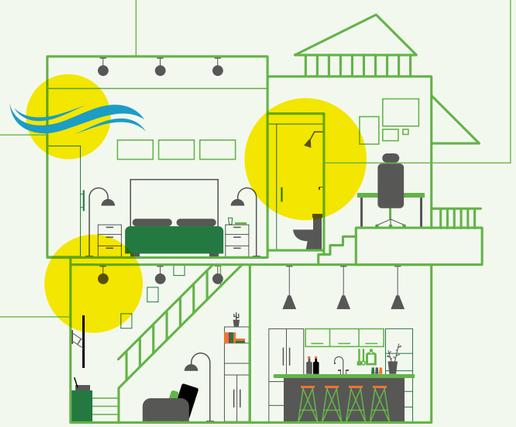
Natural sunlight and air movement can reduce usage of electricity by reducing the duration and number of lights and mechanical ventilation required. Natural sunlight and ventilation reduce air humidity and prevent mould growth.

**SOLAR WATER HEATER**

Using solar water heater can greatly reduce electricity consumption and consequently carbon emissions.

**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.

**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.

**N-S ORIENTATION**

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



**REALISING GREEN BUILDING INDEX (GBI) DESIGNED BUILDING**

In FY2019, 46% of IOIPG's commercial buildings in the Klang Valley are designed to achieve GBI certification. These include Puchong Financial Corporate Centre Tower 4 & 5 and IOI City Tower 1 & 2, with good indoor environmental qualities such as external views, daylighting and glare control. The buildings have an overall thermal transfer value of less than 50 W/m² which means less energy is required to cool the building. Additionally, PJ Midtown, a joint-venture mixed development project managed by IOIPG is designed to achieve GBI Gold certification for both its commercial and residential areas. Moving forward, IOIPG targets to design and build green office buildings for new developments.

**EMBRACING TRANSIT-ORIENTED DEVELOPMENT (TOD)**

To support the reduction of carbon emissions, IOIPG integrates connectivity to transportation hubs in our residential and commercial developments. In line with advice by local councils and to promote support for public transport infrastructure, IOIPG has made provision for bus stops an essential part of our design process.

For example, Bandar Puteri Puchong and Bandar Puchong Jaya are located within public transit nodes and corridors such as the Sri Petaling Light Rail Transit (LRT) line, with multiple bus lines and pedestrian walkways connecting commuters to their end destination. The provision of pedestrian walkways and cycling pathways in our townships has enhanced short distance travel connectivity between neighbourhoods, lowering dependency on motorised vehicles, thus improving local air quality and reducing carbon footprint. Enhancement of walkway connecting Puchong Financial Corporate Centre to LRT station is currently in conceptual phase.

To enhance communal connectivity in our commercial developments, IOI Mall Puchong offers shuttle buggy services transporting shoppers from the IOI Puchong Jaya LRT station to the mall in addition to existing overpasses. In FY2019, shuttle bus services were also launched to connect the mall to the Kuala Lumpur International Airport (KLIA) and KLIA2 airport terminals. IOI City Mall also boasts a comfortable bus terminal with indoor air-conditioned waiting area for the comfort of tenants and shoppers using the bus services commuting via public transportation. The key transit stations connected by shuttle bus services include Serdang Keretapi Tanah Melayu (KTM) Komuter station and Kajang Mass Rapid Transit (MRT) station. Moving forward, IOIPG has embarked on a joint venture to develop an additional TOD near IOI Mall Puchong and IOI Puchong Jaya LRT station.

The future completion of the 16 Sierra MRT station is anticipated to significantly enhance the connectivity of IOIPG's 16 Sierra township, as the station will be strategically located within the township. The Group also recently launched Stellar Suites, a SOVO (Small Office and Versatile Office) project located 50 metres away from the Bandar Puteri LRT station.

## Optimising Use of Material

**UTILISING SYSTEM FORMWORK**

Where feasible, IOIPG applies the usage of system formwork which improves production and material efficiency while reducing wastage and defects. The raw material of system formwork, usually aluminium or steel, also contains a high percentage of recycled materials, minimising extraction of virgin materials.

| Project | Utilisation of System Formwork |
|---|---|
| Par 3 | 95% |
| Clio 2 Residences | 100% |
| Palmyra Residence | 100% |
| Zentro Residences | 100% |

Notes:
- Ongoing and completed projects in FY2019.
- Projects exceeding a 10-storey height.
- Total formwork area for typical high-rise floors is for tower blocks; which excludes Podium levels, Facility levels, Basement levels and Standalone structures such as guard house, refuse centre etc.

**RESOURCE MANAGEMENT**

Prudent resource management is crucial to ensure sustainability of material supplies. Hence, IOIPG has committed to carefully monitor major materials used in our Property Development segment. Three major materials purchased in this financial year are:

| Materials | Unit | Quantity |
|---|---|---|
| Steel | tonnes | 53,749 |
| Concrete | m³ | 420,990 |
| Tiles | m² | 335,926 |

The Group has also increased the usage of green certified materials with high levels of recycled material content or low pollutant emission materials.

Our Property Investment segment is committed to reducing unnecessary draperies and reusing decorative materials that do not impact service quality. Icescape, an ice-skating rink managed by IOIPG is using 100% recycled rubber tiles, produced from recycled tyres as the rink's flooring material. This is in line with IOIPG's Sustainability Policy and Waste Management Policy pertaining to responsible use of resources and waste minimisation.

Other initiatives include:

- Using e-backdrops and reusing physical backdrops
- Providing water dispensers in all meeting rooms to replace bottled water
- Eliminating the use of tablecloths and chair covers
- Setting up stationery stations for sharing and providing stationery on an as-needs basis

# DELIVERING EXCELLENCE

IOI CONNECTS TO EARTH

**Green Christmas Celebration at IOI Resort City**

In FY2019, Putrajaya Marriott Hotel, Palm Garden Hotel and Palm Garden Golf Club collaborated in hosting a sustainable and eco-conscious Christmas with decor and gift wrapping made of upcycled cardboard and newspapers. Le Méridien Putrajaya worked with suppliers to reuse materials and reduce wastage in creating their wooden Christmas tree while Palm Garden Hotel created a Christmas tree with upcycled bottles.

*Upcycled Christmas Tree at Le Méridien Putrajaya*

# 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

# CARING FOR THE ENVIRONMENT

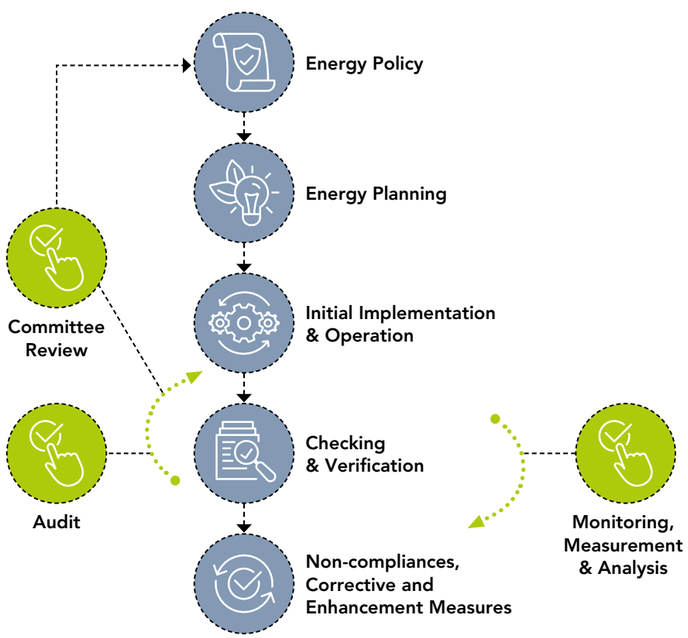
Recognising the impact of climate change, IOIPG is committed to reducing environmental impacts from our business operations. By monitoring our environmental material matters – energy, water, emissions and waste & effluent, we continue to mitigate climate change through the implementation of initiatives to reduce consumption of natural resources and waste disposal.

## Energy

Effective energy management is the key to success in combating climate change. It does not only minimise operational costs, but also helps reduce greenhouse gas (GHG) emissions.

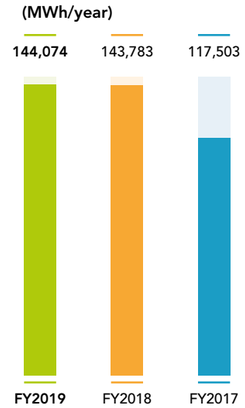
As one of the Group's strategies to mitigate climate change, IOIPG's energy policy outlines a clear set of guiding principles to improve energy efficiency and reduce energy usage in our buildings. The policy serves as the basis on which our energy efficiency measures and energy conservation practices are implemented. Efforts under the energy policy include continuous monitoring of energy consumption to verify and ensure optimal usage of energy and building performance. Energy audits are also carried out when necessary to identify non-compliance and improve energy efficiency management.

### Energy Management Flowchart




IOIPG continuously implements energy saving initiatives across the Group to optimise energy consumption.

ESTIMATED ELECTRICITY CONSUMPTION




Estimated Electricity Consumption Intensity of Corporate Office at IOI City Tower 2 in FY2019: 92.31 kWh/m²/year.

The increase in total electricity consumption in FY2019 is due to the inclusion of electricity consumption from more office buildings and sales gallerias.

**Notes:**

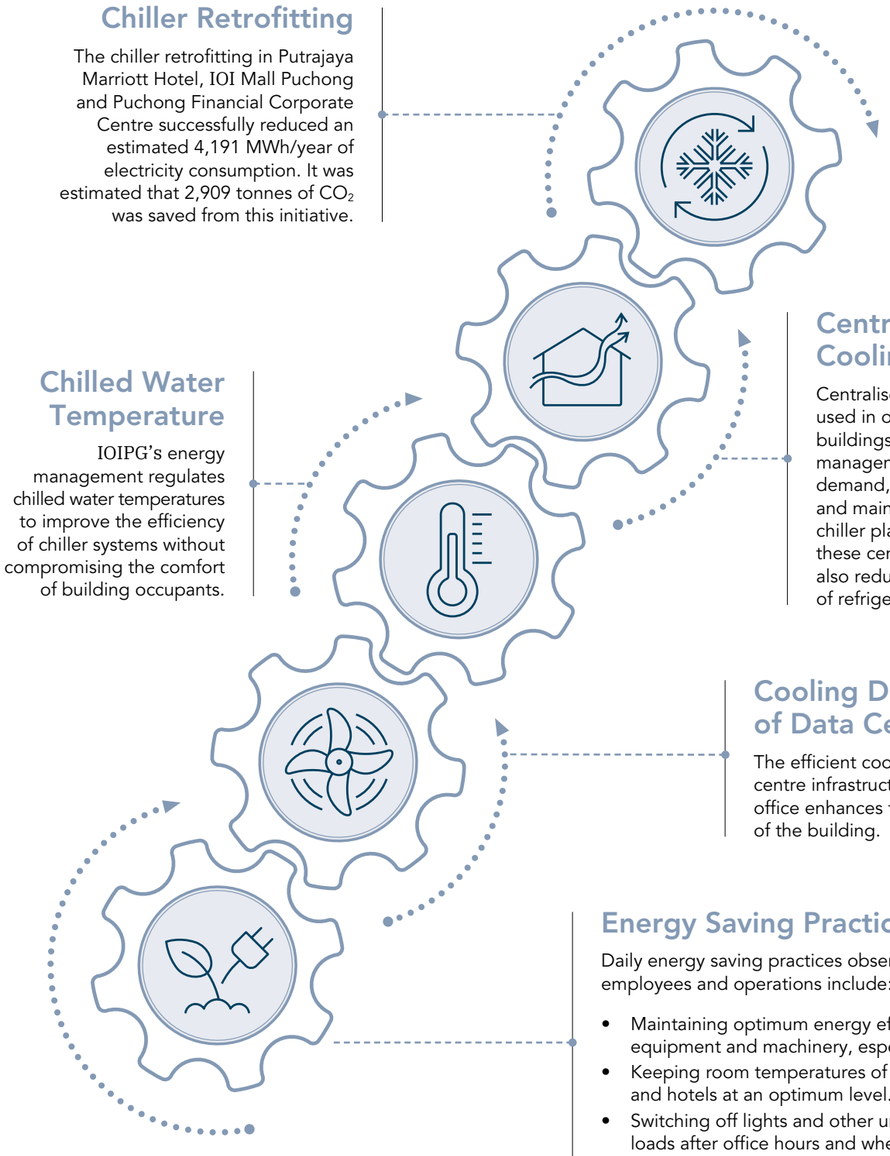
1. The data presented is from IOIPG's business operations and managed buildings in Klang Valley.
2. The data presented is estimated from the total amount of purchased electricity only.
3. The data presented is estimated from electricity bills or direct meter reading.

### BUILDING MANAGEMENT SYSTEM

IOIPG's Building Management System (BMS) is an online monitoring and optimising system which provides higher control accuracy for energy consumption of building facilities, such as in lighting and air conditioning. BMS enables performance optimisation of operating parameters, minimising human error and facilitating faster technical team response time through the instantaneous operating condition monitoring of water pumps, air handling units and other critical equipment. With BMS, real-time optimisation in full automation mode can be achieved, empowering further advances in facilities management such as in the area of chilled water plant automation systems.



### Energy Saving Initiatives



#### Chiller Retrofitting

The chiller retrofitting in Putrajaya Marriott Hotel, IOI Mall Puchong and Puchong Financial Corporate Centre successfully reduced an estimated 4,191 MWh/year of electricity consumption. It was estimated that 2,909 tonnes of $CO_2$ was saved from this initiative.

#### Centralised Cooling System

Centralised cooling systems used in our malls and office buildings enable more efficient management of cooling demand, scale, operations and maintenance of the chiller plants. The use of these centralised systems also reduced the amount of refrigerant required.

#### Chilled Water Temperature

IOIPG's energy management regulates chilled water temperatures to improve the efficiency of chiller systems without compromising the comfort of building occupants.

#### Cooling Design of Data Centre

The efficient cooling design of the data centre infrastructure at our corporate office enhances the energy efficiency of the building.

#### Energy Saving Practices

Daily energy saving practices observed by all employees and operations include:

- Maintaining optimum energy efficiency for all equipment and machinery, especially chiller systems.
- Keeping room temperatures of office buildings and hotels at an optimum level.
- Switching off lights and other unnecessary receptacle loads after office hours and where possible, during lunch hours.

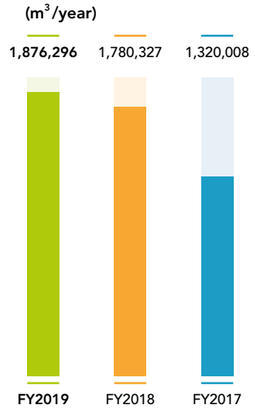
# CARING FOR THE ENVIRONMENT

## Water

With climate change causing unpredictable weather and precipitation worldwide, water security has become a major global and national concern, significantly impacting business operations.

In view of supply disruption due to low reservoir level that is growing prevalent in Klang Valley, IOIPG is committed to optimise water consumption and conserve water resources. Our employees, tenants and guests are encouraged to reduce water consumption via water management approaches. These include monitoring water consumption, identifying risks and opportunities of water security and implementing innovative water-saving initiatives which are applied to all managed properties.

ESTIMATED WATER CONSUMPTION




The increase in total water consumption in FY2019 is due to the inclusion of more office buildings and sales gallerias.

The source of water consumption from the Business Units is from municipal potable water.

Puchong Financial Corporate Centre uses an estimated of 2000 $m^3$ of harvested rainwater for irrigation purposes a year, to reduce the reliance on municipal potable water.

**Notes:**

1. The data presented is from IOIPG's business operations and managed buildings in Klang Valley.
2. Data presented is estimated from water bills or direct meter readings.

### Water Saving Initiatives

#### Water Taps

- Lower flow-rate basin taps are installed at our managed properties
- Taps with aerators are preferred over conventional water taps
- Water sensors and self closing taps are installed at our malls

#### Rainwater Harvesting

- Rainwater is stored in the tank for irrigation and to clean the common areas at Puchong Financial Corporate Centre (PFCC)
- The eco-toilets under the expansion of IOI City Mall will adopt rainwater harvesting system

#### Water Saving Practices

Our employees are encouraged to practice the water saving habits below.

- Reduce water wastage in pantries and washrooms
- Turn off water taps when not in use
- Avoid repeated or unnecessary flushing
- Reduce water wastage during irrigation and common area cleaning
- Avoid unnecessary over-irrigation
- Avoid repeated cleaning and water overflow
- Respond quickly for repair works



## Emissions

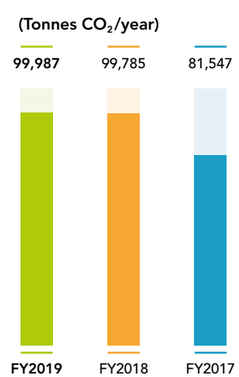
In line with Malaysia's ratification of the Paris Agreement's long-term goal to keep the increase in global average temperature to below 2°C, IOIPG is committed to reduce our carbon emissions to mitigate climate change and global warming. Carbon emissions from our business operations are actively monitored in line with our Sustainability Policy guidelines.

The carbon emission factor used for the purchase of electricity is derived from Sustainable Energy Development Authority (SEDA) Malaysia guidelines, while the carbon emission factor for direct emission is derived from MYCarbon GHG Reporting Guidelines published by Ministry of Natural Resources and Environment Malaysia in partnership with UNDP.

In FY2018, Scope 1 emissions from company vehicles was 31.3 $tCO_2$. In FY2019, the scope expanded to include all company vehicles across the Group, at estimated 132.4 $tCO_2$.

The collected data of Scope 2 carbon emissions includes total consumption of purchased electricity, with an observed slight increase due to inclusion of more office buildings and sales gallerias.

ESTIMATED SCOPE 2 CARBON EMISSIONS




Estimated Carbon Emission Intensity of Corporate Office at IOI City Tower 2 in FY2019: 64 $kgCO_2/m^2$/year

**Notes:**

1. The data presented is from IOIPG's business operations and managed buildings in Klang Valley.
2. The carbon emission data presented is estimated from the consumption of electricity (electricity which is sourced from the local electricity grid distribution).

IOIPG continuously maintains and enhances green features in our developments to combat climate change and reduce GHG emission from our operations.

**Carbon Emission Mitigation Initiatives**

#### Tree

- Over 12,100 trees planted in Klang Valley absorb carbon dioxide from the atmospheric environment.

#### Electric Vehicle

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

#### Vehicle Sharing

- We encourage car-pooling among our employees.
- Shuttle bus services are provided to facilitate first and last mile travel connections:
  - Between IOI City Mall and Serdang KTM Komuter station
  - Between IOI City Mall and Kajang MRT station
  - Within IOI Resort City, connecting IOI City Mall, Putrajaya Marriott Hotel, Palm Garden Hotel
  - Between IOI Mall Puchong and Four Points By Sheraton Puchong

#### Cycling

- Cycling paths are designed in our townships and developments to encourage habit of cycling among residents.

# CARING FOR THE ENVIRONMENT

## Waste & Effluent

Waste disposed in landfills contributes to GHG emissions. Irresponsibly disposed waste may also contaminate surface and ground water, causing land contamination. Therefore, IOIPG formulated the Group Waste Management Policy to ensure waste minimisation at source as well as responsible management and disposal of waste, adopting the principles of waste segregation at source as well as reduce, reuse and recycle.

### RECYCLABLES

Employees of IOIPG are encouraged to minimise the generation of all types of waste at source in order to reduce environmental pollution. After segregation, the recyclable waste is sent to specific waste vendors as input to other products for recycling or upcycling, thus being diverted from landfills.

In office buildings, paper waste is typically the most common type of waste. IOIPG employees are encouraged to practice the following paper waste minimisation habits.

- Going digital for data archival and data presentation purposes.
- Minimise the printing of e-mails or documents.
- Choose double-sided printing and photocopying.
- Print and photocopy only exact copies required.
- Limited paper supply is provided at the common printer and photocopier.
- Internal documents such as company policies, administration documents and application forms are accessible online.

**Top Performing Business Unit**

Estimated 8,082 kg of waste recycled at IOI City Mall in FY2019

| | Estimated Waste Recycled (kg) |
|---|---|
| FY2019 | 30,043 |
| FY2018 | 42,365 |

**Digital Transformation to Save Resources**

As part of the digital transformation efforts, we are working on several digital apps that replace the traditional pen and paper practices. Among the digital apps launched by the Group include the building maintenance app, IOI Community app, IOI LiVO and IOIPG-SAMS. Apart from that, the Enterprise Content Management (ECM) system is being improved, to digitalise administration and operational processes. The system is progressively rolled out across the Group.

The digital transformation is able to reduce the paper usage at our workplaces by converting the traditional manual processes into digital workflows. This initiative is in line with the Group's Waste Management Policy encouraging waste minimisation at source.



### ORGANIC WASTE

Organic waste contributes to climate change by releasing GHG in anaerobic condition. In addition to our ongoing initiatives to compost garden waste and upcycle fruit waste into cleaning enzyme, IOIPG is collaborating with SWCorp (Perbadanan Pengurusan Sisa Pepejal dan Pembersihan Awam), an agency from the Ministry of Housing and Local Government in Malaysia in a food waste management pilot project researching biogas generation. As part of this project, food waste from hotels and golf club in IOI Resort City are segregated from conventional disposal and sent to a Waste-to-Energy plant.

Puteri Mart continues to upcycle fruit peels from its wet market into cleaning enzymes. When mixed with a small portion of detergent, the upcycled cleaning enzymes can be used for daily cleaning. Puteri Mart has been using these cleaning enzymes to clean the stalls and floors in the wet market.

The usage of the cleaning enzymes not only minimises generation of organic waste to landfills but also reduces dependence on chemical detergents to remove oil and grease. An estimated total of 139 kg of fruit peels has been upcycled under these efforts and approximately 312 L of cleaning enzymes have also been distributed to the public.

Palm Garden Golf Club continues to compost its landscape waste such as branches, fallen leaves, trimmed grass and dried plants to divert them from the landfill. The compost is used to improve soil composition and water penetration in the golf course. To further divert waste from the landfill, a new mulching machine has also been introduced by our Landscape Department in our nursery to shred landscape waste and garden waste into mulch to improve soil texture.

*The garden waste is shredded into mulch*

# CARING FOR THE ENVIRONMENT

IOI CONNECTS TO EARTH

**Food Waste Management Pilot Project**

In an effort to improve food waste management, IOIPG collaborates with SWCorp to implement food waste segregation that enables more efficient solid waste management, with participation from Putrajaya Marriott Hotel, Palm Garden Hotel and Palm Garden Golf Club. The segregated food waste is collected on a daily basis for generation of biogas at a research facility that turns food waste into energy. An estimated 23,300 kg of total food waste has been collected as part of this pilot project that has been ongoing for four months. This initiative empowers stewards and kitchen staff to play a key role in waste segregation efforts as well as to provide feedback to authorities on the effectiveness of such processes in commercial operations.

**Love the Food Not the Waste Tent Card Challenge**

In line with Nip It! at the Source campaign on waste minimisation, the Group continued the Love the Food, Not the Waste campaign since FY2018. The tent cards are placed in the F&B outlets located in our hotels malls and golf club to encourage food waste minimisation.

This year, we reward winning participants of Love the Food Not the Waste Tent Card Challenge with dining vouchers to increase visibility of the campaign.

*Site visit with SWCorp at our hotel*


*Displayed Tent Card in F&B outlet*

**SCHEDULED WASTE**

To control the impact of scheduled waste on the environment, IOIPG imposes stringent procedures in scheduled waste management by our contractors. These include the proper management of used engine oil at our project sites, with an estimated 41,898 L of used engine oil being properly managed at our project sites. Fat, oil and grease are also prevented from polluting the environment by the installation of grease traps at F&B outlets in our malls, hotels and golf club.

**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

# CREATING VALUE FOR OUR EMPLOYEES

# CREATING VALUE FOR OUR EMPLOYEES

## Group Human Resource Policy and Practices

Our workforce is what drives our success. Combined, the diverse individual commitments and talents of IOIPG's workforce result is an invaluable asset that powers the Group's leadership in the industry. Our corporate culture enables our employees to express and develop their potential to the fullest, with challenging and rewarding career paths designed to create value across all aspects of personal and professional development.


As a member of Malaysian Employers Federation (MEF), affiliated to International Organisation of Employers (IOE), IOIPG is committed to providing our employees a work environment where openness, trust and respect are integral to our corporate culture. In line with our Code of Business Conduct and Ethics, our human resource policies are aligned with good employment practices as well as mutual respect of both employees' and employer's rights. The Code of Business Conduct and Ethics is available online and is extended to our supply chain.

We are in compliance to all statutory requirements as accorded in the Malaysia Employment Act, and in support of the Universal Declaration of Human Rights, and the National Action Plans on Business and Human Rights as per the UN "Protect, Respect and Remedy" Framework. The Group acknowledges and applies with fairness the principle of Freedom of Association and Collective Bargaining.

All new employees undergo an onboarding session which stresses the importance of our seven core values: upholding integrity, commitment and loyalty, and advocating innovation, speed in execution as well as cost efficiency. Company policies and procedures are communicated to employees globally and translated to local languages where necessary, and operational changes are effectively communicated through formal memos and internal email communications.

We have established practices that are aligned to international guidelines for human rights and anti-corruption. This includes adopting the Ten Principles of the United Nations Global Compact whereby our operations acknowledge human rights and take strong stance in anti-corruption. All of our Auxiliary Police staff undergo a formal training by the Royal Malaysia Police Training Centre on human rights that prepares them to carry out their duties in compliance with national regulations.

As a Group, we invest extensively in the education and well-being of the young and do not partake in economic exploitation of minors. We have a code of conduct compliant to local laws, to prevent child labour and forced labour.

On an ongoing basis, IOIPG also conducts regular anti-corruption trainings for our managers and employees. Our course framework includes the Business Ethics, Compliance, Anti-Corruption and Anti-Money Laundering Policy committed in FY2019, delivered during training for senior managers and high-risk groups. In FY2019, an anti-corruption training was conducted by MACC for managers across the Group.



### Human Resource Policies and Procedures


### IOIPG Strategic Human Resource Management Focus

- Increase Talent Pipeline
- Retain High Performing Workforce
- Establish Positive Internal and External Employer Branding
- HR Digitisation

# CREATING VALUE FOR OUR EMPLOYEES

## Embracing Diversity at the Workplace

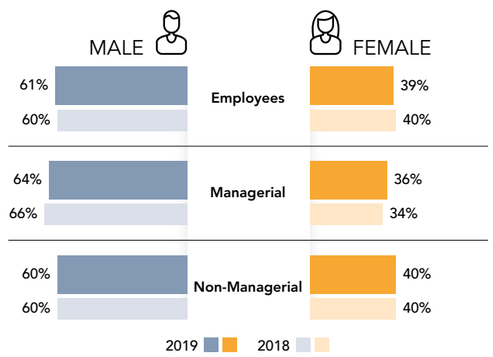
Workplace diversity is a basic tenet of our employment philosophy. IOIPG provides fair and equal employment opportunities for all job applicants and employees regardless of race, colour, religion, sex, age, national origin, physical handicap or social status.

Our Recruitment Policy & Procedure framework ensures a structured and unbiased recruitment process, ensuring a spirit of inclusiveness and non-discrimination at all levels which is strongly reflected in our employee demographics. We also offer employment opportunities to underprivileged groups.

At IOIPG, Gender Diversity is tangible at all levels of employment whereby a more comprehensive and integrative work environment is established.

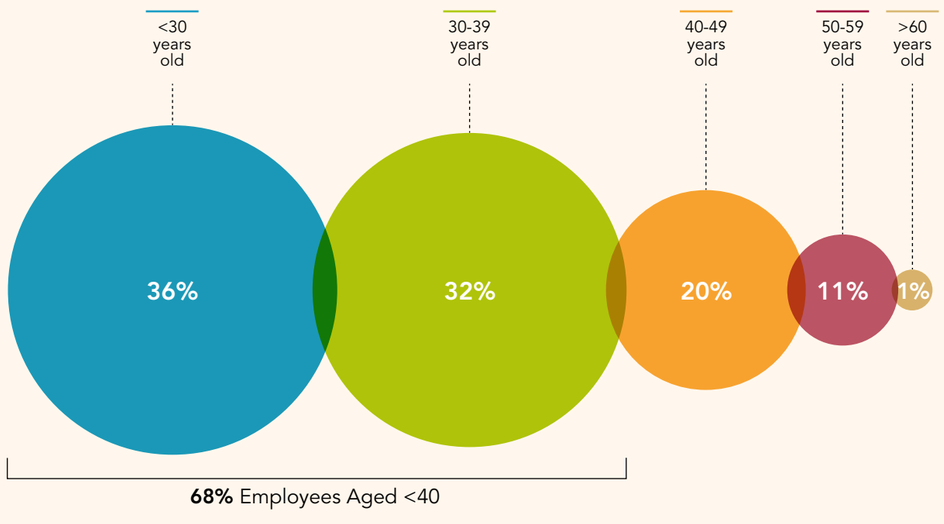
The local demographic is evident in the diversity of the workforce within the Group, reflecting our commitment to create jobs for the local community. This is especially apparent in all senior management positions held by individuals from the local community. Despite the local context, our employees come from various backgrounds and experiences, creating synergistic value in their contribution to the sustainable growth of the Group.

GENDER PROFILE AT IOIPG




**Note:** Including operations outside the Klang Valley

### Age Profile at IOIPG




**Note:** Including operations outside the Klang Valley



## Nurturing Young Talents

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. In FY2019, IOIPG was ranked one of the Top 5 Best Employer Brands in the Real Estate/Property category at the Graduates' Choice Award 2018.

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 FY2019, 268 interns joined the various Business Units within the Group. Our interns typically stay for a period of three to six months, depending on their respective course requirements. In line with our Sustainability Strategic Theme of Young Urbanites, IOIPG goes above and beyond fulfilling basic academic or course requirements, by creating added value for our interns through comprehensive exposure to overall operations and the specific tasks of the departments they are attached to.

**(FROM LEFT) SHAID OMAR BIN LATIP, SUFFYAN BIN AB JABBAR & NORAQILAH BINTI AZMAN**
Internship Department: Project Planning & Implementation, IOI Resort City

"During our internship, we were exposed to basic technical skills and management skills. We would recommend the internship here to others because it's a good environment to learn and gain technical experience."

**NUR AISYAH BINTI MOHD NARIZA**
Internship Department: Customer Relations Unit

"This internship has given me more confidence. I've learnt how to handle and attend to customers who call and walk-in to our office with enquiries, concerns or feedback."

**NIK MOHAMAD RAZEEN BIN NIK MOHAMAD ZAKI**
Internship Department: Corporate Communication

"The internship has upskilled my work competency in terms of enhancing my designing skills, handling corporate events, applying communication skills in meetings and being creative on the go when ideas are required to ensure the plan goes well."

**NUR AZIERALAILY BINTI SALIM**
Internship Department: Customer Relations Unit

"The internship has definitely given me a better understanding of my skills set and where my career may take me."

# CREATING VALUE FOR OUR EMPLOYEES

Grooming and hiring young talents as well as providing a platform to grow in their careers is part of IOIPG's Sustainability Strategic Theme of investing in Young Urbanites. It also contributes to SDG 8: Decent Work and Economic Growth. Both Yayasan Tan Sri Lee Shin Cheng scholars and interns are groomed under the leadership of the management team and are given ample opportunities to learn about work culture and professionalism. Some interns are given the opportunity too, to be absorbed into the Group's workforce. Below are some Yayasan TSLC scholars and interns who have joined our workforce.

**BRENDAN ONG WEI WENN**

Brendan finds working life enriching and exhilarating. He thrives well under the extensive ownership and responsibility entrusted to him by his superiors.

**ASHLEY TAN KIAT NEE**

Ashley believes that effectiveness is important to achieve her work and personal goals. She also appreciates the diversity in the organisation as she values variety of perspectives in making better decisions.

**LOW NYIN CHI**

Low was an intern with the HR & Admin department in IOI City Mall. Being offered a permanent position gave her a sense of job security and the confidence that her potential was recognised.

**PUTERI IZZ NAJIHAH BINTI ZULKEFLY MAHADIR & MOHAMAD ADLI AFIQ BIN ASRI**

Puteri and Adli found that the roles required them to interact with their customers regularly and this has helped them both improve their customer service and communication skills. IOIPG provided them with opportunities to learn and grow in the service industry.



*Lunch-and-Learn Talk for our employees' personal development*

*Top management with the employees during a Hari Raya potluck lunch*


*Associate Appreciation Week at Four Points By Sheraton Puchong*

## Engaging Employees

As part of IOIPG's goal of brand internalisation in the organisation, employee engagement efforts are facilitated and supported by the Corporate Communications Department across the Group's Business Units. This is achieved through an internal communications framework comprising several types of interactive activities involving employees at all levels, such as town hall meetings, focus groups, team building and company trips.

Formal engagement activities are led by Business Unit heads with attendance by C-level senior management. Employee surveys are also conducted online to provide employees the opportunity to share their voices on sustainability and volunteerism.

These efforts enable employees to engage directly with senior management in an empathetic and inclusive manner. Through open sharing of views, the voices of our employees generate valuable ideas to improve business sustainability, fostering mutual respect and a collaborative work relationship in the Group's dynamic setup. Relevant and constructive opinions are translated into actions aimed at enhancing business strategies and daily operations.

# CREATING VALUE FOR OUR EMPLOYEES

## Caring for Employees

IOIPG is fully committed to recruit, develop, engage and retain the best talents. As part of our organisational goal to create value for our employees, we strive to be an employer of choice in the industry by fostering conducive work environments and an atmosphere of excellence to enable all employees to thrive in their careers.

As a Group, we strongly believe that the quality of the benefits package is a key factor in employee retention. Our employees enjoy a competitive package that includes standard entitlement (i.e. leaves, medical and insurance coverage, dental and optical benefits, and various subsidies that correlate to their job needs) and incentives to credit their contribution among many other benefits, as well as year-round special discounts covering dining, shopping and sporting activities at the various Business Units within the Group, while contract staff receive similar basic benefits. In the year under review, contract staff constituted 1% of our workforce, an especially reassuring statistics in the midst of a volatile employment market.

The Group is compliant with the national regulation of the minimum wage and abides with regulations on working hours. Staff hostels are also provided to employees who work on shifts and are from out of town.

Employee feedback plays a vital role in the growth of our organisation. All employees have 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, including all forms of harassment and discrimination.

To encourage personal development among our employees, learning engagement activities such as Lunch-and-Learn talks are also organised; topics include understanding the development of children, cybersecurity, will writing, stress management, indoor gardening among others. Talks and workshops on sustainability related matters were also organised to encourage sustainability ownership amongst employees.

IOI CONNECTS TO EARTH

**Upcycled Candle-Making Workshop in Conjunction with Earth Hour**

As part of the IOI-Active Citizens programme collaboration with British Council to inspire action on waste minimisation, employees from across the Group came together in March 2019 to make upcycled candles to be used during Earth Hour. Made from used cooking oil from our own Business Units in an effort to inspire waste minimisation through upcycling, the candles were also distributed to shoppers at IOI City Mall and IOI Mall Puchong.

**Healthy Eating: For Better Health & in Response to Climate Change**

Under the IOI Connects to Earth campaign, a sharing session promoting plant-based diets was organised for employees in IOIPG's headquarters, in response to combating climate change and to promote better health among employees. The talk created awareness on the amount of greenhouse gases generated from animal husbandry and how reducing meat consumption in our daily meals can help reduce carbon footprint and hence collectively mitigate climate change.



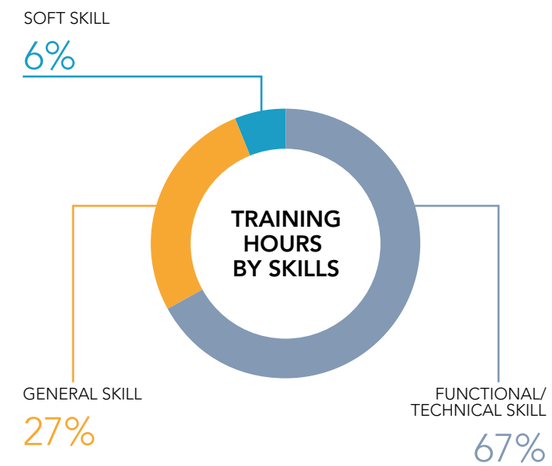

## Talent Development and Capacity Building

To maintain our competitive edge, the Group strives to be a 'learning organisation' that seeks to match our employees' competencies to the demands of the Group's business. Our Training Policies & Procedures encourage employees to pursue career advancement through training and development internally and externally.

Every employee is recognised for the skills, knowledge, experience and performance they bring to their role. This recognition is vital to the growth of the Group. All programmes are implemented with a view to upskill employees and support their professional growth based on their job needs. The Group's investments in programmes and trainings are based on a Total Performance Management System and appraisal process carried out annually, with due recognition accorded to employees with outstanding work performance through awards such as the Best Employee Award and Service Champion Award.

Employees transitioning into a management role are also given adequate assistance to ensure they are able to perform their duties. Under the Group's COMBAT module, managers are encouraged to lead by example with the seven core values of the Group. The management team is also encouraged to adopt a coaching approach in areas of talent development. This knowledge and skill-sharing culture enhances organisational performance as employees are inspired and motivated by superiors and peers, whilst the management team learns leadership skills through sharing experience and providing guidance to subordinates and the evolving workforce generations.

As at the end of FY2019, a total of 67,283 training hours were clocked by our employees. These included training on anti-corruption and human rights policies and procedures.




IOI CONNECTS TO EARTH

**Integrating Sustainability into Business: A Sharing Session from Mitsubishi Estate Co. & IOI Properties Group**

As part of our broader IOI Connects to Earth strategic plan and a continuation of our focus on sustainability branding, IOIPG organised talks and workshops in FY2019 with a strong emphasis on climate change mitigation and adaptation as well as biodiversity conservation. Engaging both IOIPG employees and the wider community through EDMs and social media, the campaign seeks to influence lifestyles and encourage personal changes. Through IOI Connects to Earth, we hope to build capacity amongst our employees towards sustainability in business and communicate our initiatives to both internal and external stakeholders.

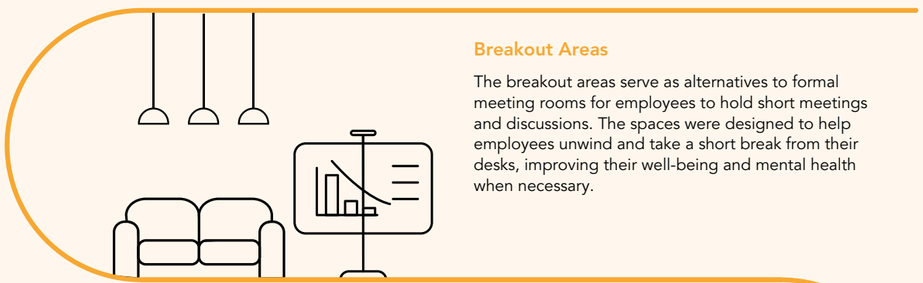
# CREATING VALUE FOR OUR EMPLOYEES

## Strengthening Health, Safety and Security Practices

IOIPG prioritises the safety, health and well-being of all parties involved in our business operations and workplaces. We continually strive to improve safety and health management in the working environment for employees, customers, tenants and contractors in our business operations. To that end, the Group periodically reviews associated risks and opportunities at the workplace to enhance safety and health management systems for both internal and external stakeholders. Frequent safety and health initiatives in preventing accidents and enhancing safety and health awareness are also conducted in line with the Group's Safety and Health Policy.

### PROMOTING CONDUCIVE WORKING ENVIRONMENT FOR INNOVATION

The health of our employees is an invaluable asset to the Group. To promote a healthy working environment, work areas are equipped with fitness facilities, breakout areas and vegetable racks. Our work spaces are also equipped with modern and unconventional layouts to encourage collaboration, innovation and creativity.

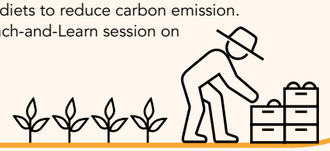


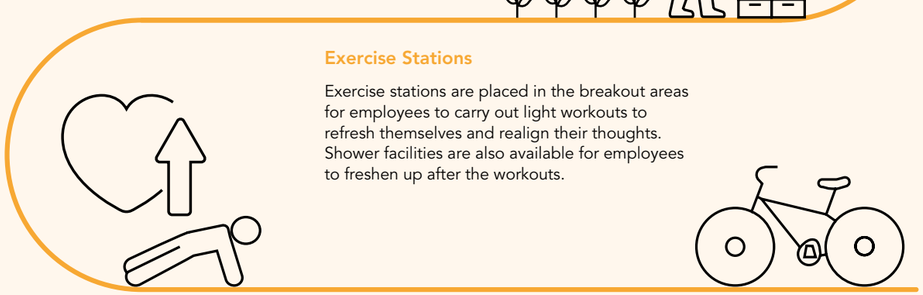
#### Breakout Areas

The breakout areas serve as alternatives to formal meeting rooms for employees to hold short meetings and discussions. The spaces were designed to help employees unwind and take a short break from their desks, improving their well-being and mental health when necessary.

#### Farm to Table Programme

Our ongoing Farm to Table Programme encourages employees to adopt a plant-based diet for sustainable and healthy living. As high consumption of meat generates significant carbon footprint, the programme seeks to instil climate change awareness and encourage employees to adopt sustainable living by preferring plant-based diets to reduce carbon emission. As an extension to this programme, IOIPG held a Lunch-and-Learn session on "Healthy Eating" to raise awareness on the impact of our individual food choices on climate change.





#### Exercise Stations

Exercise stations are placed in the breakout areas for employees to carry out light workouts to refresh themselves and realign their thoughts. Shower facilities are also available for employees to freshen up after the workouts.



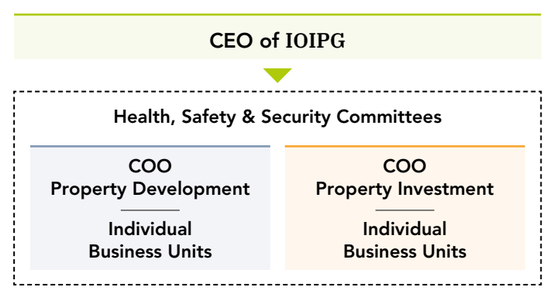
### UPHOLDING OCCUPATIONAL SAFETY AND HEALTH

Further to our efforts to cultivate a safe and healthy working environment, IOIPG upholds occupational safety and health practices and management systems in accordance to statutory requirements, across the properties and sites managed by the Group. We are committed to a Zero Fatality target and have established initiatives to actively ensure workplace safety such as:

- Scheduled site inspections to ensure prevention of unsafe acts and well-controlled site conditions
- Installation of safety nets and perimeter nets to catch falling objects
- Proper safety signages
- Good housekeeping management
- Enforcement of personal protective equipment (PPE) usage.

The Group is in the midst of establishing Safety & Health Management System as per ISO 45001 to strengthen our safety and health controls of project sites for the benefits of our employees and contractors.

#### IOIPG Health, Safety & Security Management Structure




Safety and Health committees instituted at project locations play an important role in upholding safe and healthy working environments at construction sites, in compliance to applicable regulations. Each Safety and Health committee is chaired by an authorised Manager and comprises representatives from the main contractor and subcontractors as well as a secretary.

Managing safety and health is a shared responsibility across Business Units for buildings operated and managed by the Property Investment (PI) Division of IOIPG. All Business Units have access to IOIPG's risk management platform which controls safety and health risk management for the Group.

Safety and health of PI Division is managed through a top-down and vice-versa approach. A monthly PI Operation Meeting chaired by the Chief Operating Officer of Property Investment with the Heads of Business Units serves as an engagement platform where safety and health related matters across Business Units form the key agenda.

All buildings managed by the PI Division have their own Safety and Health committees (OSHA). The committees coordinate and execute various safety and health initiatives according to the Occupational Safety and Health Act 1994. Each committee is chaired by the respective building head and comprises representatives of employers and employees.

The roles of Safety and Health committees include:

- Ensuring compliance in all relevant safety and health regulations.
- Developing direction and action plans for continual improvements to protect the safety and health of our employees.
- Implementing and monitoring the progress of relevant safety and health programmes.
- Enhancing employee awareness of workplace safety and health.
- Maintaining and reviewing statistical analysis of incidents occurring at the workplace to ensure effectiveness of safety and health initiatives as well as mitigation measures.
- Achieving synergy and fostering cooperation among safety and health resources.

At a minimum, committee members are engaged on a quarterly basis to discuss and troubleshoot relevant identified safety and health risks. Discussion outcomes are reported back to the PI Division, ensuring that safety and health practices are effectively communicated and implemented at the workplace.

# CREATING VALUE FOR OUR EMPLOYEES

## MINIMISING OCCUPATIONAL HEALTH AND SAFETY RISKS AT PROJECT SITES

Hazard Identification Risk Assessment and Control (HIRARC) is carried out during the planning stage of new developments to identify types of hazards in the work area, conduct risk assessments and suggest risk controls to the organisation to ensure safety of personnel entering the site. The proposed risk control measures are implemented based on the HIRARC before commencement of works. In existing projects, HIRARC and risk controls are also reviewed when necessary.

Incident/accident investigation procedures have been developed as a guidance to address the occurrence of incidents and accidents at construction sites. In the event of an accident at construction sites, standard procedures are applied in the investigations to identify root causes and suitable control measures and corrective actions to be carried out to prevent reoccurrence. Various types of training and activities are also carried out by both IOIPG and our contractors to build health and safety capacity for employees and contractors at the sites.

To streamline health and safety assessments for project sites, the Group is deploying the IOIPG – Safety Assessment Management System (IOIPG-SAMS) App. A cloud-based management system inspired by CIDB's Safety and Health Assessment System in Construction (SHASSIC) practice, IOIPG-SAMS digitalises the assessment of safety and health aspects at construction sites, doing away with the need for conventional pen and paper processes.

The functions of IOIPG-SAMS include:

- Providing data and analytics for tracking and monitoring of site safety practices.
- Elevating the effectiveness and accuracy of safety assessments for internal and external stakeholders.

The Group achieved our Zero Fatality target for two subsequent financial years in FY2017 and FY2018. In FY2019, the fatality rate* was 0.02, due to an incident involving a contractor's worker, as compared to the National Fatality Rate statistic of 4.14 from Department of Occupational, Safety and Health in Malaysia (DOSH) 2018. Following the incident, a SHASSIC assessment was conducted by CIDB and the project was assessed as having a very good planned and implemented Occupational Safety & Health management system.

A review of our existing hazards and control measures has demonstrated that the Group's current initiatives have been successful in achieving zero cases of Lost Time Injury (LTI)# from contractors in FY2019. IOIPG is committed to continue strengthening safety initiatives for continual improvement of safety and health management on site in line with our zero fatality target for the years to come.

### Hazard Identification Risk Assessment and Control (HIRARC) Procedures

| Step 1 | Step 2 | Step 3 | Step 4 | Step 5 |
|---|---|---|---|---|
| **Identify potential hazards from the works carried out at project site.** | **Assess the risks of each identified hazard by predicting severity and probability of occurrence.** | **Identify suitable control measures to protect employees in the project site.** | **Record relevant information identified from the previous steps.** | **Implement the outcome of the assessments in the project site.** |

## MINIMISING SAFETY AND SECURITY RISK AT MANAGED PROPERTIES

Throughout the financial year, various preventive and intervention measures to minimise and mitigate safety and health risks and incidents, improve employee awareness and capability on safety and health, as well as to ensure compliance with relevant local authorities' requirements and standards, were put in place. The following key programmes were implemented as part of our OSHA management approaches:

- Monthly PI Operation Meeting chaired by COO (PI) and attended by various PI Division's Property/Business Units Heads, where OSHA and Crisis/Emergency Management are included as standard meeting agenda items for discussion and determination of key strategies to be implemented at all properties.
- Regular OSHA Committee Meeting at properties/business units level chaired by respective heads to execute and monitor the implementation progress of OSHA programmes.
- Ongoing regular internal inspections and walkabouts that include safety and health checks at workplaces and common areas such as the main facilities of buildings, F&B tenants, kitchen and stewarding, laundry, housekeeping, storage area, banquets as well as front and back offices.
- Regular safety and health inspections of building renovation sites, carried out by the Site Safety Supervisor (SSS) of the renovation contractor to ensure relevant compliance with in-house building rules at the work site.



- Periodic inspection under local authorities' requirements (DOSH/JKKP and Bomba) to assess applicable building machinery and facilities, including escalators, lifts, LPG/natural gas storage piping and systems. Inspections are carried out by DOSH for renewal of the Certificate of Fitness (CF) on a periodic interval. Regular servicing and periodic preventive maintenance are also conducted to ensure that machines are maintained accordingly before CF renewal inspection is carried out.
- Annual Fire Certificate (FC) inspection with Bomba at respective buildings to ensure that fire safety and protection facilities are in working order and an emergency response plan is established. Regular maintenance and testing of the automated fire detection and protection system is carried out by appointed fire safety services contractors.
- Review and improvement of Crisis Command Centres (CCC) at all respective properties and Business Units, as part of overall Crisis/Emergency response management, to ensure well established command centres with necessity-of-basis facilities in place to function in the event of a crisis or emergency situation.
- Chemical Health Risk Assessments (CHRA) in hotel operations departments requiring handling and usage of chemicals such as maintenance, laundry, housekeeping and stewarding. The CHRA is a form of risk assessment focusing on occupational health risks arising from chemical usage and various associated measures to control and minimise risk for the well-being of personnel involved.

Training and awareness activities are carried out frequently to ensure safety practices are implemented at all times. These include:

- Relevant safety and health trainings, such as safety and health induction for new employees, basic fire prevention and fire extinguisher usage training, road safety and traffic management training, kitchen safety training for F&B related personnel, safe chemical handling, and safe work procedure/tool box briefing for contractors prior to commencing works.
- OSHA awareness campaign weeks at hotel operations to inculcate employee safety and health awareness, with OSHA talks by various agencies and local authorities as well as interactive activities such as seminars on life and fire safety, safe manual handling/lifting, driving safety and first aid response demonstrations.
- Annual fire and emergency evacuation drills at hotels, retail malls and office towers to ensure smooth evacuation and familiarity with emergency response processes. This also includes regular internal Crisis/Emergency Response SOP training at respective properties and Business Units, and table top exercises jointly organised with Bomba.
- Other related Emergency Rescue Team (ERT) trainings such as fire extinguisher usage and first aid and CPR training to prepare ERT members to respond and render swift assistance during emergency situations.

*Operation meeting for Property Investment division chaired by the Chief Operating Officer (COO)*

Safety and health performance statistics are tracked and compiled into a monthly report by respective Safety and Health representatives at IOIPG managed buildings. Information recorded in the reports include but are not limited to:

- Key programmes carried out to improve safety and health awareness and comply with legal requirements
- Occupational safety and health related statistics
- Status of crisis/emergency/general safety training programmes
- Safety and health inspections/audits carried out by internal and external parties
- Suggestions for improvement

Our zero fatality rate* in both FY2018 and FY2019 for all IOIPG employees is a strong affirmation of the effectiveness of the various initiatives and efforts to safeguard employees.

There were 13 minor cases of Lost Time Injuries (LTI)# among employees across all IOIPG's Business Units in FY2019. In view of this, the Safety and Health committees across the Business Units have stepped up their efforts in monitoring and training employees on improving safety and health practices.

Moving forward, we will continue to work towards further improving our compliance, management system and practices in safety and health for both our employees and business partners.

**Notes:**
* Fatality is defined by occurrence of loss of life
\# Lost time incident is defined by injuries that cause absent from work of employees, subject to standard practices at managed properties and project sites.

# CREATING VALUE FOR OUR EMPLOYEES

## BUILDING CAPACITY ON HEALTH, SAFETY AND SECURITY PRACTICES

IOIPG provides a variety of trainings to raise employees' awareness and knowledge on matters relating to safety, health and security. In FY2019, IOIPG employees attended an accumulated 11,308 hours of safety, health and security trainings.

**TRAINING ACTIVITIES CONDUCTED**

| Health and Safety Training | Security Training |
|---|---|
| Basic Occupational First Aid, CPR & AED | Crisis Management: Fire, Bomb Threat & Terrorism |
| Chemical Knowledge | Armed Attacker/Active Shooter |
| Emergency Response & Fire-fighting | Safe & Harassment-free Working Environment |
| Escalator and Elevator Safety Awareness Campaign | Security Risk Management – Analysis, Assessment & Mitigation |
| Fire Drill | Crime Scene Awareness |
| OSHA Standards | General and Global Security |
| Workplace Health and Safety | Surveillance and Patrols |

*Fire drill exercise in Puchong Financial Corporate Centre (PFCC)*

## HEALTH, SAFETY AND ENVIRONMENT (HSE) TRAINING AND ACTIVITIES ORGANISED AT PROJECT SITES

In recognition of the potential safety and health risks at construction site, IOIPG has organised various training programmes to improve safety and health awareness among contractors as well as knowledge of precautionary measures to prevent accidents at project sites. These trainings have positively impacted the safety and health of our contractors and their working environments.

Health, Safety & Environment (HSE) trainings and activities organised at project sites include:

- Gotong Royong
- HSE Committee Meeting and Site Walk
- Larvae Ceding
- HSE Induction
- Toolbox Meeting
- HSE Training Programme
- Fire Drill
- HSE Campaign
- Mosquito Fogging

**Total Training Hours Attended by Contractors:** 1,981 hours

# 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
- 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

# DEVELOPING SUSTAINABLE COMMUNITIES

TOTAL SCHOLARSHIP GRANTED

**RM9.0 million**
(to-date)

YOUNG ACHIEVERS' AWARDS

**RM624,885**
(to-date)

STUDENT ADOPTION PROGRAMME

**RM4.4 million**
(to-date)

SCHOOL BUILDING AND FACILITY FUND

**RM19.4 million**
(to-date)

INFRASTRUCTURE INVESTMENTS

**RM76.5 million**
(to-date)

## ALIGNING STRATEGIC ACTIONS

IOIPG takes an active role in supporting community and civil society organisation initiatives, as well as investing in infrastructure and facilities that improve the well-being of local communities. Our programmes and activities are aligned to our Sustainability Strategic Themes of **Mindset Change, Urban Green, Inspiring Women and Young Urbanites.** These themes are complementary to the sustainability direction of the Group, enabling us to influence more sustainable lifestyle choices in addition to making positive impact and giving back to the community.

Through **Mindset Change** we influence behavioural change hence the Group regularly conducts activities with employees and the community to raise awareness on sustainability. We also leverage on social media as a platform to share information and promote sustainable lifestyles and choices. With these efforts, we aim to inculcate the culture of sustainability at all levels of operations and ensure a strong sense of community ownership towards environmental sustainability for future generations.

The Group seeks to promote green lifestyle and advocate environment-friendly practices via **Urban Green** activities such as minimising waste at source, using public transportation, conserving energy and water etc. Therefore, we support sustainable community living initiatives which positively impact the environment and ultimately improve community well-being.

In line with the theme of **Inspiring Women**, IOIPG aims to ensure equal participation of men and women in leadership roles within our workforce and the local community, as well as eliminate gender role stereotypes.

At IOIPG, we strongly believe in cultivating youths in sustainable living. In line with our **Young Urbanites** theme, the Group is constantly on the lookout for opportunities to provide youths the ability to build capacity and gain experience. In this way, we hope to future-proof the young generation and empower them to take action for positive impact in their respective spheres of influence.



## Investing in Infrastructure

### BANDAR PUTERI INTERCHANGE AND TRAFFIC ENHANCEMENTS

An estimated RM63.9 million is being invested in the upgrading of interchange and enhancement of roads in Bandar Puteri Puchong which include widening of the existing dual carriageway, tunnel works and construction of a diamond interchange with an underpass and U-turns. These upgrades and enhancements will reduce traffic congestion and improve accessibility and connectivity, contributing to greater property value appreciation in the 1,000 acre township. The completed Bandar Puteri Interchange is expected to benefit over 30,000 households and business owners, four blocks of office towers at Puchong Financial Corporate Centre (PFCC) and the Four Points by Sheraton Puchong.

### BANDAR PUTERI TOWN PARK IMPROVEMENTS

In FY2019, RM160,000 was spent for the improvement of Bandar Puteri Town Park. This effort has improved water flow and removed invasive aquatic plants. To further improve recreational areas for the local community, more refurbishment works are in the pipeline for the town park. Among the features that will be refurbished are the entrance, walkways, playground, fitness stations and benches.

### SJK(C) SHIN CHENG (HARCROFT) BUILDING EXTENSIONS

IOIPG has upgraded a single storey canteen in SJK(C) Shin Cheng (Harcroft) to a four-storey building housing the canteen and assembly hall, more classrooms, a music room, a library and a new staff room. Over RM12.4 million was invested in this year-long project. New facilities added as part of this project include a multi-purpose hall with a basketball court, four badminton courts and a stage to supplement the need for an activity space for over 2,000 students in the school.

### URBAN REJUVENATION

IOIPG collaborated with the local council, Majlis Perbandaran Subang Jaya (MPSJ), to rejuvenate the back lane of Jalan Kenari 5 and the car park lots of Jalan Kenari 10 in Bandar Puchong Jaya. As part of the initiative, the back lanes have been spruced up with murals and damaged railings in parking lots have been replaced. The revitalised area ensures higher comfort levels for local residents who visit the area. Further upgrades to the back lanes and improvements for pedestrian walkways in Bandar Puchong Jaya are in the works.

*The administrative building in SJK(C) Shin Cheng (Harcroft)*

### CIVIC CENTRE FOR LOCAL COMMUNITY

A Civic Centre is also in the planning stage for the residents of Puchong. This project will benefit the local community in Bandar Puteri Puchong by providing more substantial recreational areas. Construction of the Civic Centre is estimated to cost over RM29 million. The Civic Centre will house a swimming pool, futsal, badminton and basketball courts, a sizeable gym, retail shops and an amphitheatre to encourage local music and artistic culture and an enrichment centre for children and youth.

# DEVELOPING SUSTAINABLE COMMUNITIES

## Unearthing Young Talents

IOIPG is committed to supporting young people through building their capacity and giving them an opportunity to realise their potential. We collaborate strategically with organisations that invest in youths and youth organisations working towards the SDGs. Investing in young people – Young Urbanites, is one of many key efforts under our Sustainability Goal of developing a sustainable community.


*Winner of the ASEAN Young Film Maker Award sponsored by IOIPG*


*COP Champions creating awareness on food waste issue in their school*

### KLEFF SPONSORSHIP

IOIPG partnered Ecoknights, an environmental NGO, in the 11th International Kuala Lumpur Eco Film Fest (KLEFF) 2018 in support of their efforts to promote sustainable living through showcases of environmentally-themed films and programs. In line with IOIPG's Nip It! at the Source campaign, 1,000 non-woven shopping bags were given out during the event to discourage the use of single-use plastics.

As sponsor for the ASEAN Young Film Maker Award, IOIPG keenly supports the efforts of young people in the region in telling environmental stories through film. We are delighted that the award was won by a Malaysian female NUS student for her documentary on mangrove conservation. This also aligns with our strategic theme of Inspiring Women.

### IOI-AIESEC CLEAN OUR PLATE PROJECT

IOIPG continued our ongoing collaboration with AIESEC in delivering the Clean Our Plate Project in secondary schools in Puchong in FY2019. Besides empowering change agents in the schools and nurturing leadership among student and volunteer advocates, the project also involved the use of social media as an advocacy tool. During the six-week programme, over 46,000 users were reached through online postings via sharing of experiences by students and volunteers, a photo competition and photos of activities carried out. Our ongoing partnership has impacted students who had the opportunity to attend an awareness workshop on the issue of food waste, students who championed a food waste minimisation campaign in their schools and volunteers from two different countries: Indonesia and Vietnam.



### AIESEC TRAIN THE TRAINERS

IOIPG delivered an industrial sharing session at the Clean Our Plate Organising Committee Train the Trainers Summit 2019. IOIPG spoke on the Group's sustainability efforts and how stakeholders at all levels are engaged differently to achieve a common purpose. We also conducted a case study workshop where AIESEC members were tasked with identifying challenges and coming up with solutions to a problem statement.

### PESTA HARAPAN – TOWNHALL DISCUSSION ON POLICIES

In line with our sustainability commitment towards youth engagement and youth empowerment, the Group supported the Voice for Nation Building during Pesta Harapan Malaysia as a Youth Engagement Partner. Organised by Malaysiakini, the event was aimed at promoting the role of youths in nation-building by actively engaging them to participate critically in current and future national policies through debates and townhall discussions. The townhall saw participation from various institutions of higher learning, business leaders from the corporate sector and members of civil society in discussing the current state of affairs in the country, providing an effective platform for engaging discussions amongst the country's youth and the government.

### UTAR FIXBACK

In November 2018, IOIPG was the main sponsor for Fixback, an event organised to educate working adults on preventive measures and treatments for lower back pain, as well as to encourage the public to stay healthy in order to improve and sustain their daily productivity at work. Organised by Universiti Tunku Abdul Rahman (UTAR)'s Bachelor of Corporate Communication students, there were free health screenings by the Association of Chiropractic Malaysia, talks, games and an Instagram photo contest during the event. The event provided the UTAR undergraduates an invaluable experience and exposure to event management and collaboration with private corporations.


*Clean Our Plate Organising Committee Train the Trainers Summit 2019*


*IOIPG as the Youth Engagement Partner at Pesta Harapan Malaysia*


*IOIPG with the Organising Committee of Fixback*

# DEVELOPING SUSTAINABLE COMMUNITIES

### UTAR SDC GLOBAL CITIZENSHIP AWARENESS

IOIPG was invited to be part of a 3-day community awareness campaign themed "Global Citizenship" by UTAR (Universiti Tunku Abdul Rahman) in collaboration with the Department of Student Affairs. Covering a broad range of topics, the campaign aimed to introduce the concept of being a global citizen with several corporates, NGOs and local authorities invited to raise awareness about the SDGs, environmental issues and organ donation among others. Arts and culture performances also played a substantial role during the campaign, in uniting the community through music, martial arts and dance performances.

### IOI-AIESEC IN UPM GLOBAL VILLAGE 2019

In July 2019, IOIPG supported an international experience organised by AIESEC in UPM at Asia Pacific University with volunteers from 19 different countries. The event showcased culture, food and traditional costumes from each country, to generate conversations about cross-cultural experiences, and strengthen global understanding and camaraderie while promoting peace and unity.

The "Listen to Our Story" session gave volunteers an opportunity to share how they overcame cultural differences to work together as a team during their volunteer experience.


*UTAR students learning about the SDGs at the IOI Urban Hub*


*IOI-AIESEC in UPM Global Village*


*The official ceremony of WASTE.D*

*A 7 year old upcycling enthusiast leading the way in an upcyling activity at the IOI-Active Citizens event at IOI Mall Puchong*

### WASTE.D

UTAR's Bachelor of Corporate Communication undergraduates organised a food composting awareness event in July 2019. Sponsored by IOI Properties Group, the half-day event is part of our IOI Connects to Earth campaign to encourage waste minimisation. It was held at Dewan Serbaguna Damansara Utama (SS21) and was officiated by Y.B. Puan Jamaliah Jamaluddin, ADUN (Ahli Dewan Undangan Negeri) of Bandar Utama, Selangor.

Primarily focused on achieving Sustainable Development Goal 12: 'Responsible Consumption and Production' through food composting, the event was targeted at educating the local community on issues of food wastage as well as how food composting can play a role in reducing these issues. Event activities included demonstration sessions, workshops and talks by industry professionals. Exhibition sites and game booths were also set up to raise awareness in multiple ways, to visitors of all ages.

### IOI-ACTIVE CITIZENS

In August 2019, IOIPG provided an opportunity for youths to lead at an event in IOI Mall Puchong. Youth from the UTAR Sustainable Club led workshops and games for children from charity homes and the mall shoppers to raise awareness about sustainability and even demonstrated their upcycled Electricity Generator Bicycle.



## Yayasan Tan Sri Lee Shin Cheng – Investing in Our Future

Yayasan Tan Sri Lee Shin Cheng (Yayasan TSLSC) was founded by the late Tan Sri Dato' Dr Lee Shin Cheng in 1994 as a charity arm of the Group. To date, Yayasan TSLSC has contributed about RM46 million to various schools, hospitals, welfare homes and charitable bodies. More than 2,500 students have also benefitted from Yayasan TSLSC scholarships and grants.

### STUDENT ADOPTION PROGRAMME (SAP)

This is 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.

Yayasan TSLSC has contributed about RM4.4 million to more than 1,000 students from 200 schools to date through the Student Adoption Programme (SAP). To promote conducive learning environments that facilitate effective learning, Yayasan TSLSC has also contributed over RM195,000 in FY2019 to five schools: Chen Moh Primary School, SJK Central Site, Ladang Gomali, SJK Kg. Gajah, Kluang and SJKC Yoke Min.

### SCHOLARSHIP AWARDS

A tertiary degree is an essential to succeed in today's job market. To improve the economic capacity of future generations and empower them to compete effectively in the job market, Yayasan TSLSC offers scholarships to students furthering their education. More than RM9 million worth of scholarships have been granted to over 270 academically outstanding students to pursue full-time undergraduate studies relating to the Group's nature of business.

### YOUNG ACHIEVERS' AWARDS

The Young Achievers' Awards recognise students who have excelled in their studies. Introduced in 1999 to motivate young students to strive for academic excellence, the Awards comprising cash, plaques and certificates are given out annually to primary, upper secondary and pre-university students who have demonstrated academic excellence, strong leadership qualities and have been active in extracurricular activities.

More than RM620,000 has been awarded to 1,625 students since the inception of the Awards.


*Yayasan Tan Sri Lee Shin Cheng scholars*

# DEVELOPING SUSTAINABLE COMMUNITIES

*Some of the Yayasan Tan Sri Lee Shin Cheng Scholars in our workforce*

### NURTURING YAYASAN TSLSC SCHOLARS

Yayasan TSLSC scholars are given multiple opportunities to transform their knowledge and ideas into practical implementation as they pursue their career with the Group.

### RAY YAP YONG LE

Receiving the Yayasan TSLSC scholarship in my university days helped me envision where I wanted to be and what I wanted to do after graduation. It encouraged me to spend more time considering how I could contribute to the community, by establishing personal targets and career plans to prepare myself prior to graduation.

I enjoy working in IOIPG because it takes me out of my comfort zone and challenges me to grow. Under the guidance of experienced colleagues, I've had the opportunity to learn about the full spectrum of project management. This has enabled me to contribute to IOIPG through timely delivery of products with high quality.

> I enjoy working in IOIPG because it takes me out of my comfort zone and challenges me to grow.

> They motivate me to add value and to continue improving my skill sets.

### WONG YING SI

As a Yayasan TSLSC scholar, I had a clear direction in my studies and was motivated to work hard towards being competent for my job. Working in IOIPG has given me the opportunity to learn from a leading corporation in the industry and develop skills that are necessary to excel in my line of work.

### TAN SHI HAN

The Yayasan TSLSC scholarship has not only enabled me to pursue a degree but has also provided me a stepping stone to a career at the end of my Civil Engineering MEng (Hons) course.

One of the perks of being a Yayasan TSLSC scholar is the opportunity to experience an internship that teaches me skills that I can apply immediately to improve the quality of the projects I am working on now.

> The internship provided me with a stepping stone to a career.

### YOU JIN WEI

Being awarded the Yayasan scholarship made me feel appreciated. It also gave me a clear idea of my career path during the course of my study and this motivated me.

Now that I am part of IOIPG, I am constantly kept on my toes to keep learning and improving my technical and negotiation skills. I also work in an international environment where I have to be receptive to the different cultures and perspectives of my stakeholders. I hope to contribute to IOIPG by utilising the latest technologies. I am positive this will also attract and retain young talents who are keen to explore modern technology.

> I also work in an international environment where I have to be receptive to the different culture and perspectives.



## Crossing the Finishing Line for a Good Cause

As a Group, we believe that healthy lifestyles are part of sustainable living. IOIPG demonstrates our support for this cause by funding participations in charity runs.


### The Edge KL Rat Race 2019

Funds raised from The Edge Kuala Lumpur Rat Race will be disbursed via The Edge Education Foundation, the philanthropic arm of The Edge. The funds go towards supporting projects or programmes related to education, training and skills development. Part of the funds will also be used to support programmes run by the Foundation to enhance English proficiency and financial literacy, as well as a scholarship programme.


### Bursa Bull Charge 2018

Funds raised at the Bursa Bull Charge 2018 benefited 22 underprivileged women, children and youth organisations with the objective of creating awareness and promoting financial literacy and entrepreneurship.

IOIPG was among the 74 corporates who had supported the run with a total of 1,500 representatives.

### Marriott Run to Give 2018

Run To Give by Marriott International has been an annual event for Four Points by Sheraton Puchong and Le Méridien Putrajaya since 2015 and 2016 respectively. The hotel employees also participate in the planning and management of the run every year. For example, Four Points by Sheraton Puchong sells event t-shirts to raise funds for the beneficiary of the charity run; the National Kidney Foundation.

As part of IOI Connects to Earth, a fun workout event entitled Save Our Tigers, Feel the Beat! was also successfully organised by the Group's Putrajaya Marriott Hotel, Palm Garden Hotel and Palm Garden Golf Club in partnership with Zoo Negara to help raise awareness on the plight of Malayan tigers. The Group also supported the Malayan Tiger Run organised by WWF-Malaysia and Maybank Foundation, in conjunction with Global Tiger Day by sponsoring the event venue at IOI City Mall. The Malayan Tiger Run was endorsed by the Ministry of Water, Land and Natural Resources and PERHILITAN Peninsular Malaysia. Funds raised were channelled towards tiger conservation efforts in the Belum-Temengor Forest Complex.

# DEVELOPING SUSTAINABLE COMMUNITIES

## Advocating a Circular Economy

An initiative of Yayasan TSLSC, Bargain Basement, is a retail store based on the concept of circular economy that promotes recycling and continual use of resources to minimise waste. Bargain Basement accepts donations of pre-loved and unused items from the public, which are then sold with net proceeds channelled to charity organisations. This reduces waste disposal at its source while generating revenue for those in need through the reselling of the pre-loved items.

The social enterprise also carries a mission to positively impact society by promoting cluster-free homes and offices, providing low-priced items for the community, encouraging buying of pre-used items, reducing consumerism and supporting local charities. To date, Bargain Basement has given more than RM260,000 from its store proceeds to 20 beneficiaries. Among them are the Alzheimer's Disease Foundation Malaysia, Autism Café Project, Dignity for Children Foundation, Pertubuhan Anak Yatim Darul Aminan, Pertubuhan Kebajikan Thangam Illam, Rumah Shalom (Pertubuhan Kristian Aman Selangor), Stepping Stones Living Centre Sdn Bhd, Wisdom Club, Yayasan Chow Kit and Yayasan Seribu Harapan Malaysia.

Following the success in IOI City Mall since 1 June 2016 and inspired by the "Give to Inspire Others to Give" motto, the charitable store opened a second outlet in IOI Mall Puchong on 1 October 2017.

## Engaging Local Communities

### TREASURING COMMUNITY RELATIONS

As a reputable company in the property industry, IOIPG acknowledges the impact we can make on local communities. As a Group, we are determined to go above and beyond maintaining good relationships with our customers; inspiring people and supporting public-spirited activities.

The malls and hotels within the Group organised activities that promote national pride and unity such as the Merdeka Cross Country Run 2018 by Putrajaya Marriott Hotel and the National Unity Week in IOI City Mall. Sustainable living activities that promote a healthy and green lifestyle and support the less fortunate such as the L'Occitane Race for Vision 2018, the Zumba Charity Party by Palm Garden Hotel and the Park Therapy at Bandar Puteri Town Park during Earth Hour were also organised.

The Group also held events that encourage art and cultural appreciation such as the Mid-Autumn Festival by IOI Mall Puchong, the 6th UKM Asean Art Festival Showcase in IOI City Mall and the distribution of Bubur Lambuk by Putrajaya Marriott Hotel, Palm Garden Hotel and Palm Garden Golf Club.

### CONNECTING TO EARTH

In line with our Group Sustainability Policy, we encourage our employees and community to take on an active role and contribute to conserving the natural environment for current and future generations. In FY2019, we initiated the IOI Connects to Earth campaign with activites organised to encourage nature appreciation; and to promote upcycling and waste minimisation at the source.



IOI CONNECTS TO EARTH

**NIP It! at the Source**

Nip It! at the Source, is a waste minimisation campaign launched by IOIPG in 2018. This year, the campaign was extended further with the following initiatives:

- Love the Food, Not the Waste – Tent cards were placed at F&B outlets in the malls, hotels and the golf course's café in Klang Valley to promote waste minimisation. The campaign also included a social media competition to increase awareness of waste minimisation.
- Bring Your Own Bag – IOIPG encourages the use of reusable bags in an effort to reduce single-use plastics.
- Re-Cycle the Future – The e-waste collection bin placed at IOI City Mall encourages public visitors to dispose their e-waste appropriately.
- Close the Loop – IOIPG encourages reusing, recycling and upcycling, and a competition in support of this effort was organised in collaboration with Bargain Basement.

**Earth Hour celebration with Upcycled Used Cooking Oil**

In conjunction with Earth Hour in March 2019, IOIPG upcycled used cooking oil from our hotels into candles by partnering Ecoknights, a local environmental NGO. These upcycled candles were given away to our mall customers and used at our F&B outlets during the Earth Hour to promote waste minimisation practices.


**Nature Appreciation during Earth Hour**

Commemorating Earth Hour is in line with the IOI Connects to Earth campaign and our Sustainability Strategic Themes of Mindset Change, Urban Green and Young Urbanites. IOIPG celebrated Earth Hour with the local community of Bandar Puteri Town Park by supporting a Park Therapy activity during Earth Hour to generate conversations about urban biodiversity. As part of efforts to educate residents on conserving biodiversity, a nature appreciation visit was organised to enable the local community to get close to nature and learn about flora and fauna in the park. Many families explored the town park with our NGO partner, Society of Wilderness Malaysia. Children, youth and adults alike had the opportunity to see and experience nocturnal urban wilderness.

# DEVELOPING SUSTAINABLE COMMUNITIES

## IOI-ACTIVE CITIZENS PROGRAMME

**Activating Internal Ambassadors**
IOI-Active Citizens Programme is a collaboration with British Council in a global effort to create positive impact within local communities. The programme was kickstarted a year ago with a workshop encouraging IOIPG employees to take on a more active and participative role in the community.

**Mobilising Active Citizens among Residents/Customers/ Local Communities**
By the end of last year, the programme had expanded into the second phase; Waste-to-Treasure, where customised recycling bins were placed at various locations around our townships. The campaign was launched by the Selangor Local Government, Public Transportation and New Village Development Committee Chairman together with our COO of Property Development, Teh Chin Guan. IOIPG collaborated with a waste solution provider to educate the community within our townships on waste segregation and recycling as a part of sustainable living. Over 2,000 kg of recyclable waste has been collected since November 2018.

IOIPG collaborated with Yayasan TSLSC's Bargain Basement to organise a competition among Puchong residents through their Residents Associations (RAs). The RAs were empowered to become Active Citizens within their community. The competition encouraged the purchase and donation of pre-loved items to divert waste from landfills with a commitment from Yayasan TSLSC to match the amount spent. All proceeds were donated to the charity home of the RAs' choice.

*Launch of the 2nd phase of IOI-Active Citizens*

**Creating Public Awareness**
In the third phase, IOIPG engaged the public through the IOI-Active Citizens event at IOI Mall Puchong in August 2019. Workshops and games were organised to educate mall visitors about waste segregation and to promote waste minimisation. Activities and workshops were organised during the event aimed at creating awareness among the public on sustainable practices.

*Launch of IOI-Active Citizens Bargain Basement Competition*



## REACH OUT COMMUNITY NEWSLETTER – PROMOTING SUSTAINABLE LIFESTYLE

As a township developer, IOIPG continuously engages with the communities in which we operate to build meaningful relationships and create positive social impact. With this in mind, a community newsletter, Reach Out was introduced in 2003. Reach Out 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 line with the Group's waste minimisation policy to reduce paper use and minimise waste to 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 celebrates local community news and efforts, sharing information related to the residents of our townships as well as communities in Klang Valley. In FY2019, the articles in the newsletter were aligned to IOIPG's campaign; IOI Connects to Earth, covering the plastic waste issue, proper disposal of e-waste and endangered wildlife.

## VOLUNTEERING TOWARDS ACHIEVING A HIGHER PURPOSE

Giving back to the community is part and parcel of the Group's corporate responsibility. The Group facilitates and encourages volunteerism among our employees by supporting their philanthropic partnerships with charitable partners and communicating employee engagements through an internal communication structure managed by the Group's Corporate Communication Department.

In FY2019, 207 employees contributed more than 3,500 volunteer hours. IOIPG hotels partnered charitable homes and NGOs in their employee volunteerism plans. One of the activities carried out included Putrajaya Marriott Hotel's partnership with a single mother from Sarawak who makes Penan baskets and boxes by hand to raise funds for HKL KIDS. IOIPG employees also participated in a donation drive across the Group, to collect items for charitable partners, Kumpulan Ibu Bapa dan Sokongan Anak-anak Kanser (KIDS), Rumah Jagaan & Rawatan Orang Tua Al-Ikhlas and Sunrise Retired Home.

Putrajaya Marriott Hotel employees were at Hospital Kuala Lumpur to present toys and books donated by employees. In June 2019, 17 employees from the hotel spent time with the children and families in the Paediatric-Oncology Ward.

In conjunction with Hari Raya Aidilfitri 2019, Le Méridien Putrajaya Charity Drive collected necessities for Rumah Jagaan & Rawatan Orang Tua Al-Ikhlas. The hotel associates spent a day with the residents of the home and interacted over lunch.

# DEVELOPING SUSTAINABLE COMMUNITIES

## ENGAGING THE COMMUNITY ON SOCIAL MEDIA

In support of the Group's vision to be a lifestyle influencer, the IOI Sustain Facebook page and Instagram account are invaluable platforms for us in engaging social media users. Revolving around the Group's sustainability efforts across the three sectors of development, investment and hospitality & leisure, the platform's content is an effective medium for mindset change and to encourage sustainable practices.

In addition to instilling brand pride amongst the Group's employees, these platforms also build a positive perception of the brand amongst the local community. Besides celebrating the efforts and initiatives of the Group, our social media communities are also encouraged to advocate sustainability ownership.

The hashtag #ioisustain consolidates all related posts and is easily accessible to our employees and the general public. A year into this initiative, various social media competitions have been organised to encourage a sustainable lifestyle. These include encouraging ethical eating, minimising waste at its source and promoting awareness and knowledge on the SDGs and IOIPG's campaign amongst others. Participation from members of the public has been highly encouraging, proving the effectiveness of the IOI Sustain Facebook and Instagram pages as communication tools in delivering the message of sustainability.

IOI Sustain

IOI CONNECTS TO EARTH

With waste management, biodiversity and climate change as our key underlying themes this year in the IOI Connects to Earth campaign, IOIPG initiated #IOIConnects2EarthThursday for the Group's Corporate Sustainability Department to share sustainability related facts and engage the online community through posts on tips and trivia on green practices and sustainable habits.

For more stories that inspire sustainability, scan me.

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# BOARD OF DIRECTORS

**DATUK TAN KIM LEONG**

Independent
Non-Executive Chairman

**TAN SRI DATO' SRI KOH KIN LIP**

Senior Independent
Non-Executive Director

**LEE YEOW SENG**

Chief Executive Officer

**LEE YOKE HAR**

Executive Director

**DATO' LEE YEOW CHOR**

Non-Independent
Non-Executive Director

**DATUK LEE SAY TSHIN**

Independent
Non-Executive Director

**DATUK DR TAN KIM HEUNG**

Independent
Non-Executive Director

# PROFILE OF DIRECTORS

## DATUK TAN KIM LEONG

**Independent Non-Executive Chairman**

| Age 80 | Male | Malaysian |
|---|---|---|

A G

**Date of Appointment:**
1 June 2013

**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 from 1987 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 and MCIS Insurance Berhad
- 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

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

**No. of Board Meeting Attended for FY2019**
- 6/6 (100%)

**Directorship of other Listed Issuers/Public Companies**

*Listed Issuer*
- None

*Public Company*
- Chairman of Amoy Canning Corporation 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**

| Age 70 | Male | Malaysian |
|---|---|---|

G 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
- He was also an Independent Non-Executive Director of Daya Materials Berhad from December 2008 until January 2019

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

**No. of Board Meeting Attended for FY2019**
- 5/6 (83%)

**Directorship of other Listed Issuers/Public Companies**

*Listed Issuers*
- Non-Independent Non-Executive Director of NPC Resources Berhad
- Senior Independent Non-Executive Director of Cocoaland Holdings Berhad

*Public Company*
- None

**Committee Membership**

Committee Chairman
E Employees' Share Option Scheme
A Audit Committee
R Risk Management Committee
G Governance, Nominating and Remuneration Committee

# PROFILE OF DIRECTORS

## LEE YEOW SENG

**Chief Executive Officer**

| Age 41 | Male | Malaysian |
|---|---|---|

E

**Date of Appointment:**
25 February 2013

**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**
- Chairman of Employees' Share Option Scheme Committee

**No. of Board Meeting Attended for FY2019**
- 6/6 (100%)

**Directorship of other Listed Issuers/Public Companies**

*Listed Issuer*
- Non-Independent Non-Executive Director of IOI Corporation Berhad

*Public Company*
- None



## LEE YOKE HAR

**Executive Director**

| Age 48 | 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 (ISO) quality management systems
- Held various positions in IOI Properties Group and was promoted to Senior General Manager, Marketing and Business Development in 2010 before appointing as an Executive Director of IOIPG
- Responsible for managing and implementing the marketing and sales strategies in Klang Valley projects and overseeing the product design development department

**Membership of Board Committees in IOIPG**
- None

**No. of Board Meeting Attended for FY2019**
- 6/6 (100%)

**Directorship of other Listed Issuers/Public Companies**

*Listed Issuer*
- None

*Public Company*
- None

# PROFILE OF DIRECTORS

## DATO' LEE YEOW CHOR

**Non-Independent Non-Executive Director**

| Age 53 | Male | Malaysian |
|---|---|---|

E

**Date of Appointment:**
25 February 2013

**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 FY2019**
- 5/6 (83%)

**Directorship of other Listed Issuers/Public Companies**

*Listed Issuers*
- Group Managing Director and Chief Executive 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



## DATUK LEE SAY TSHIN

**Independent Non-Executive Director**

| Age 66 | Male | Malaysian |
|---|---|---|

A R

**Date of Appointment:**
22 August 2013

**Qualification**
- Bachelor of Economics (Honours), University of Malaya

**Working Experience**
- Vice Chairman 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 Audit Committee
- Member of the Risk Management Committee

**No. of Board Meeting Attended for FY2019**
- 6/6 (100%)

**Directorship of other Listed Issuers/Public Companies**

*Listed Issuer*
- Independent Non-Executive Chairman of CJ Century Logistics Holdings Berhad

*Public Company*
- Independent Director of Pacific Mutual Fund Bhd

# PROFILE OF DIRECTORS

## DATUK DR TAN KIM HEUNG

**Independent Non-Executive Director**

| Age 57 | Male | Malaysian |
|---|---|---|

R A G

**Date of Appointment:**
1 June 2013

**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
- Cardiologist at Guy's Hospital, London, United Kingdom

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

**No. of Board Meeting Attended for FY2019**
- 5/6 (83%)

**Directorship of other Listed Issuers/Public Companies**

*Listed Issuer*
- None

*Public Company*
- None

Additional Information of the Directors:

1. Dato' Lee Yeow Chor, Lee Yeow Seng and Lee Yoke Har are members of the immediate family. 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, property development and hospitality. 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 has any conviction for offences within the past five years other than traffic offences.
4. None of the Directors has any public sanction or penalty imposed by the relevant regulatory bodies during the financial year ended 30 June 2019.



# SENIOR MANAGEMENT TEAM

## CHIEF EXECUTIVE OFFICER

**LEE YEOW SENG**

## EXECUTIVE DIRECTOR

**LEE YOKE HAR**

## CORPORATE

Financial Controller
**MICHELLE SHEN YAN CHAO**

General Manager,
Corporate Communication & Sustainability
**KRISTINE NG MEE YOKE**

Joint Secretaries
**CHEE BAN TUCK**
**CHANG MEI YEE**

Head of Group Internal Audit
**JIMMY YEE YOKE SENG**

Risk Management Manager
**ABDUL RAZAK BIN ABU BAKAR**

## PROPERTY DEVELOPMENT

Chief Operating Officers
**TEH CHIN GUAN**
**LIM BENG YEANG**

Senior General Managers
**TAN KENG SENG**
**CHUNG NYUK KIONG**
**HO KWOK WING**

General Managers
**LOU FU LEONG**
**ALBERT LEE WEN LOONG**
**WONG PEEN FOOK**

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**

## PROPERTY INVESTMENT

Chief Operating Officer
**CHEAH WING CHOONG**

General Manager,
Facilities Management
**TOH BOON CHIEW**

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

## LEISURE & HOSPITALITY

Senior General Manager, Hotels
**SIMON YONG**

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

# PROFILE OF SENIOR MANAGEMENT

**The management team is headed by the Chief Executive Officer, Lee Yeow Seng and Executive Director, Lee Yoke Har. They are assisted by the following senior management:**

## TEH CHIN GUAN

**Chief Operating Officer, Property Development**

| Age 53 | Male | Malaysian |
|---|---|---|

**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**

| Age 60 | Male | Malaysian |
|---|---|---|

**Date of Appointment:**
22 September 2014

**Skills and Experience:**
Mr Cheah Wing Choong is a Chartered Surveyor with about thirty-six (36) 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 the University of 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.

## LIM BENG YEANG

**Chief Operating Officer – Johor Division**

| Age 57 | Male | Malaysian |
|---|---|---|

**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-three (33) years of experience in areas such as township planning, designs development, contracts administration, project management and construction, building management services and sales marketing. He is presently responsible for the Group's property development business in Johor.

Prior to joining IOI Group, he was a Senior Construction Manager and he has also worked in Indonesia during his tenure with MBf Property Services Sdn Bhd.

## MICHELLE SHEN YAN CHAO

**Financial Controller**

| Age 37 | Female | Malaysian |
|---|---|---|

**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 Accountant (MIA).

Ms Michelle Shen has more than fifteen (15) years of experience in auditing and finance in Property Development, Property Investment and Leisure & Hospitality 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, Group Corporate Communication & Sustainability**

| Age 52 | Female | Malaysian |
|---|---|---|

**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-four (24) years experience in the property industry, holding various senior and general management positions with expertise in the areas of corporate communication, strategic brand management, 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 is 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**

| Age 53 | Male | Malaysian |
|---|---|---|

**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 twenty-one (21) 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.

# PROFILE OF SENIOR MANAGEMENT

## CHANG MEI YEE

**Company Secretary**

| Age 41 | Female | Malaysian |
|---|---|---|

**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 sixteen (16) 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 was responsible in attending to all aspects of corporate secretarial and advisory work of local companies, multi-national companies and representative office.

## JIMMY YEE YOKE SENG

**Head of Group Internal Audit**

| Age 43 | Male | Malaysian |
|---|---|---|

**Date of Appointment:**
1 July 2015

**Skills and Experience:**
Mr Yee Yoke Seng holds a Bachelor of Accounting Degree from University of Malaya. He is a member of the Institute of Internal Auditors Malaysia.

He has more than eighteen (18) years of external and internal auditing experience. Prior to joining IOI Properties Group in 2015, he was attached to few public listed companies in various industries, where he was responsible for the internal audit and enterprise risk management function.

Currently, he oversees the internal audit function covering various activities within the Group, and also include the area of enterprise risk management review and whistleblowing activities.

## ABDUL RAZAK BIN ABU BAKAR

**Risk Management Manager**

| Age 47 | Male | Malaysian |
|---|---|---|

**Date of Appointment:**
2 January 2018

**Skills and Experience:**
Encik Abdul Razak bin Abu Bakar holds a Master of Business Administration from Irish International University (IIU) in Dublin, Ireland as well as Bachelor's Degree in Business and Public Administration majoring in Management from Edith Cowan University in Western Australia. He brings with him thirteen (13) years of experience in implementation and development of risk management framework, corporate risk planning and strategy in various listed as well as Government Linked Companies.

He is currently responsible in overseeing the risk management function of IOI Properties Group.

## TAN KENG SENG

**Senior General Manager**

| Age 64 | Male | Malaysian |
|---|---|---|

**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).

## CHUNG NYUK KIONG

**Senior General Manager**

| Age 56 | Male | Malaysian |
|---|---|---|

**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.

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.

## HO KWOK WING

**Senior General Manager**

| Age 54 | Male | Malaysian |
|---|---|---|

**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 the United States of America.

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.

## LOU FU LEONG

**General Manager – Johor**

| Age 59 | Male | Malaysian |
|---|---|---|

**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.

## ALBERT LEE WEN LOONG

**General Manager**

| Age 59 | Male | Malaysian |
|---|---|---|

**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-three (33) 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 Bukit Changgang 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.

# PROFILE OF SENIOR MANAGEMENT

## WONG PEEN FOOK

**General Manager**

| Age 52 | Male | Malaysian |
|---|---|---|

**Date of Appointment:**
1 April 2013

**Skills and Experience:**
Mr Wong Peen Fook holds a Certificate in Civil Engineering from Politeknik Ungku Omar, Ipoh, Perak.

He started his career with Bandar Sunway Sdn Bhd as a Site Supervisor and joined IOI Properties Group in 1990 as a clerk of work for four (4) years before being promoted to various positions. He was promoted to Senior Project Manager in 2013, subsequently promoted to Assistant General Manager, then to General Manager.

He is responsible for planning, executing, controlling and coordinating property development projects in Bangi and Sepang.

## LIM CHEOK LENG

**Deputy General Manager**

| Age 54 | Female | Malaysian |
|---|---|---|

**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-eight (28) 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**

| Age 46 | Female | Singaporean |
|---|---|---|

**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 eighteen (18) 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**

| Age 44 | Male | Malaysian |
|---|---|---|

**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.

**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.

## TOH BOON CHIEW

**General Manager, Facilities Management**

| Age 52 | Male | Malaysian |
|---|---|---|

**Date of Appointment:**
19 August 2019

**Skills and Experience:**
Mr Toh Boon Chiew holds a Degree in Mechanical Engineering from University of Newcastle, Australia. He has more than twenty-eight (28) years of experience in mechanical, and electrical design, project and facilities management for various property developments and investments. Prior to joining IOI Properties, he held a variety of key management roles in several public-listed companies.

He is responsible for the facilities management of property investment.

## CHRIS CHONG VOON FOOI

**Complex General Manager, IOI City Mall, Putrajaya**

| Age 40 | Male | Malaysian |
|---|---|---|

**Date of Appointment:**
11 July 2011

**Skills and Experience:**
Mr Chris Chong Voon Fooi holds a Bachelor of Arts (Honours) in International Business Administration from Northumbria University of Newcastle.

He has more than twenty (20) 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, IOI City office towers and Conezion Retails and Offices.

## SIMON YONG

**Senior General Manager, Hotels**

| Age 49 | Male | Malaysian |
|---|---|---|

**Date of Appointment:**
10 October 2018

**Skills and Experience:**
Mr Simon Yong has an Executive Master in Business Administration, Open University Malaysia.

He has a total of thirty-one (31) years of hotel operations experience and exposure. With his extensive working experience and training in the hospitality industry, he brings hands-on leadership in sales and marketing, rooms division and finance divisions. Prior to re-joining IOI Properties Group in 2018 as Senior General Manager, he had worked with Palm Garden Hotel as a General Manager in 2007 and subsequently promoted to Senior General Manager, Putrajaya Marriott Hotel in 2012.

He is responsible for the overall operations and profitability of Putrajaya Marriott Hotel, Palm Garden Hotel and Palm Garden Golf Club in Putrajaya.

## RASHEED KUMAR RENOO

**General Manager, Four Points by Sheraton, Puchong and Le Méridien, Putrajaya**

| Age 52 | Male | Malaysian |
|---|---|---|

**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.

# 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 2019/2020.**

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. To ensure there is an integrated Group-wide approach towards upholding high governance standards, efforts have been made to strengthen the governance structures and processes of IOIPG's subsidiaries.

The cornerstone principles of corporate governance at IOIPG Group are guided by 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.

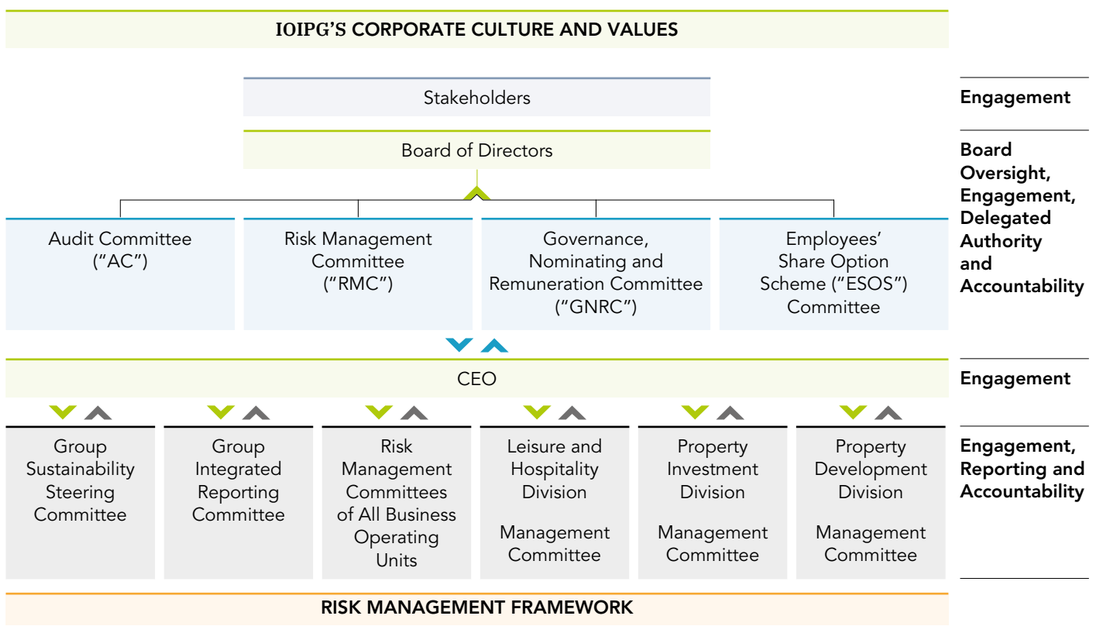
We will continue evaluating our governance practices in response to evolving best practices and the changing needs of IOIPG Group. Our Board is pleased to present this statement and explain how IOIPG Group has applied the three (3) principles which are set out in the Malaysian Code on Corporate Governance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

## GOVERNANCE FRAMEWORK






## 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.

Our 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 IOIPG Group's overall strategy. The 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.

To ensure that our governance is fit for purpose, the role of the Board is to create long-term sustainable value for the benefit of our shareholders and our wider stakeholders. To achieve this, it is vital that we have a robust corporate governance framework, which provides systems of checks and controls to ensure accountability and promotes sound decision making. Our corporate governance framework is a value-based governance framework that takes into consideration the CG Codes, Listing Requirements and IOIPG Group's corporate culture and values. The framework 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.

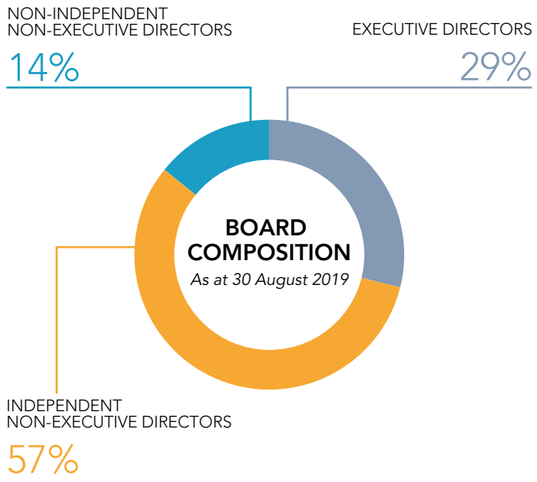
## ADOPTION WITH CG CODE

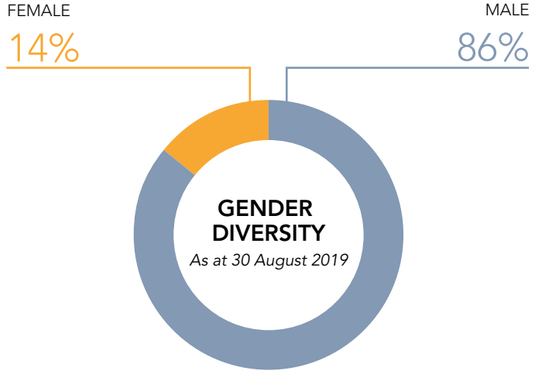
The Board considers that the Company has adopted with the CG practices and applied the main principles of the CG Code for the financial year ended 30 June 2019 ("FY2019") except:

- 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 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 (Leveraging technology to facilitate voting in absentia and remote shareholders' participation at general meetings)

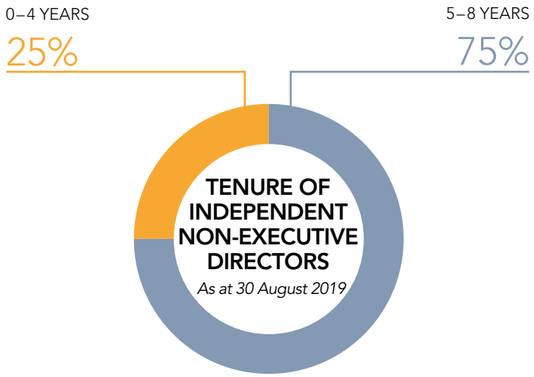
Details of how we applied the CG Code principles and complied with its practices, are set out in the Corporate Governance ("CG") Report. The explanation for departure is further disclosed in the CG Report.

## BOARD COMPOSITION



# CORPORATE GOVERNANCE OVERVIEW STATEMENT


**Changes to the Composition of the Board and its Committees for FY2019**

**Tan Sri Dato' Lee Shin Cheng (former Executive Chairman)**
Demised on 1 June 2019

**Datuk Tan Kim Leong**
Became the Independent Non-Executive Chairman and also re-designated to member of the AC with effect from 1 July 2019

**Datuk Lee Say Tshin**
Became the Chairman of the AC and also re-designated to member of the RMC with effect from 1 July 2019

**Datuk Dr Tan Kim Heung**
Became the Chairman of the RMC with effect from 1 July 2019

## BOARD EFFECTIVENESS

**Board Leadership, Roles and Responsibilities**
Our Board is responsible for the overall leadership of IOIPG Group, including establishing the Group's purpose, values and strategy, and satisfying ourselves as to the alignment of IOIPG's culture to the Group's purpose, values and strategy. An effective Board is key to the establishment and delivery of a company's strategy and we therefore continually seek to improve the effectiveness of our Board.

Effective management and good stewardship are led by the Board. Our Board is currently composed of the Chairman, who was independent on appointment, two (2) Executive Directors and four (4) Non-Executive Directors ("NEDs"). The balance of Directors on our Board ensures that no individual or small group of Directors can dominate the decision-making process and that the interests of shareholders are protected. Independent NEDs form a majority of our Board. Our Board considers each of our current NEDs to be independent in character and judgement. In reaching this determination of independence, the Board has concluded that each provides objective challenge to management, is willing to stand up and defend his own beliefs and viewpoints in order to support the ultimate good of the Company and that there are no business or other relationships likely to affect, or which could appear to affect, the judgement of the NEDs.

The NEDs have a diverse range of skills and experience which enables them to provide effective oversight, strategic guidance and constructive challenge, examine proposals on strategy and empower the CEO to implement the strategy approved by the Board. The Senior Independent Non-Executive Director provides a sounding board for the Chairman, who acts as an intermediary for the other Directors when necessary and is available to shareholders if they have concerns that have not been addressed through the normal channels.

**Directors' Core Areas of Expertise**
The following table sets out the composition of skills and experience of the Board:

| | |
|---|---|
| Corporate Governance | 100% |
| Breadth of Business Experience | 86% |
| Real Estate Experience | 71% |
| Stakeholders Engagement | 57% |
| Human Capital Experience | 71% |
| Legal & Regulatory | 43% |
| Accounting & Financial | 43% |
| Environmental & Sustainability | 43% |
| Technology Experience | 29% |



Effective operation of the Board relies on clarity of the various roles and responsibilities of the individual Board members. In line with the principles of the CG Code, a clear division of responsibilities has been established. The Chairman is responsible for leading and managing the work of the Board, while responsibility for the day-to-day management of IOIPG Group has been delegated to the CEO. The CEO is supported in this role by 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.

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

Our Board has delegated certain of its responsibilities to its Committees. Further details on the work of the AC, RMC and GNRC are 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 also available on our website.

The Company Secretary, through the Chairman, is responsible for advising the Board on all governance matters and for ensuring that Board procedures are followed, applicable rules and regulations are complied with, and that due account is taken of relevant CG Code of best practices. The Company Secretary is also responsible for ensuring communication flows between the Board and its Committees, and between senior management and NEDs. The Company Secretary also facilitates the communication of key decisions and policies between the Board, Board Committees and senior management. In ensuring the uniformity of Board conduct and effective boardroom practices throughout IOIPG Group, the Company Secretary has oversight on overall corporate secretarial functions of IOIPG Group, both in Malaysia and the region where IOIPG Group operates.

**Board Evaluation**
Following the evaluation of our Board's performance by an independent external consultant in 2018, various actions were taken during 2019 to further enhance the overall effectiveness of the Board which included enhancing the quality and efficiency of Board discussion. Our Board conducted an internal Board evaluation during the year which covered, among others:

- Performance of the Board, AC, RMC and GNRC
- Processes which underpin the Board's effectiveness (including consideration of the balance of skills, experience, independence and knowledge of the persons on the Board)
- Individual performance (giving consideration to whether each Director continues to contribute effectively and show commitment)

| 2018 | 2019 | 2020 |
|---|---|---|
| Independent, externally facilitated review | Internal performance review – progress against external review assessed | Internal performance review of progress |

**BOARD EFFECTIVENESS REVIEW CYCLE**

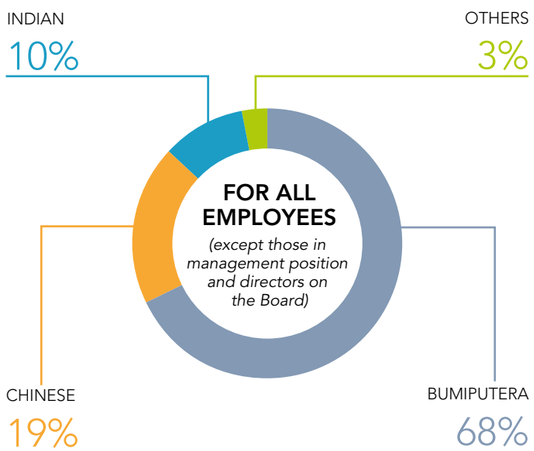

The review assessed whether each of the Directors continues to discharge their respective duties and responsibilities effectively, and concluded that they do. Having assessed the findings of the evaluation, the Directors were satisfied that the Board and each of its Committees operated effectively in FY2019. Key areas of focus arising from the report to be addressed in the year ahead included strategy planning, Board dynamics and succession planning.

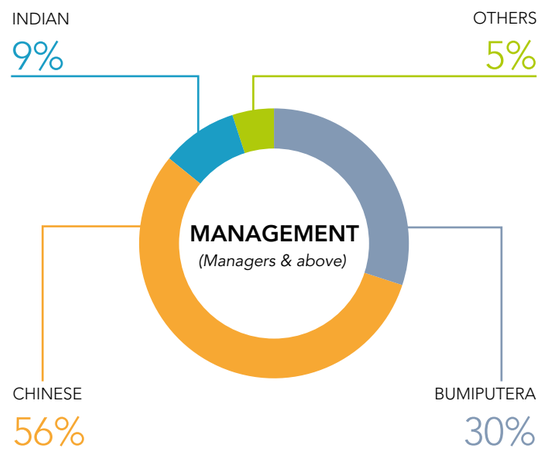
**Appointment to the Board, Succession Planning and Diversity**
The GNRC and, where appropriate, the full Board, review the composition of our Board and the status of succession to both senior executive management and Board-level positions. Our Board has adopted a Board Diversity Policy, which supports 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. 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. Our Board is focused on creating an inclusive

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

## EMPLOYEES' ETHNIC DIVERSITY DISCLOSURE



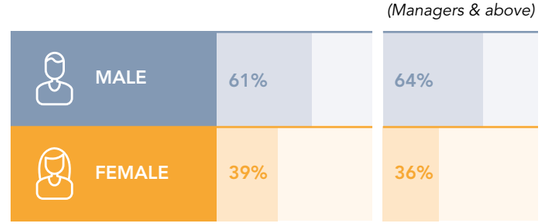




culture in line with IOI core's values, which we believe will lead to greater diversity both on our Board and throughout the Company.

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

**Meeting Attendance in FY2019**
The Board is satisfied that the Chairman and each of the NEDs are able to devote sufficient time to the Company's business. NEDs are advised on appointment of the time required to fulfil their role and are asked to confirm that they can make the required commitment.

## EMPLOYEES' GENDER DIVERSITY DISCLOSURE




| Number of meetings held in year | Board | % | AC | % | RMC | % | GNRC | % |
|---|---|---|---|---|---|---|---|---|
| **Executive Directors** | | | | | | | | |
| Tan Sri Dato' Lee Shin Cheng● (demised on 1/6/2019) | 2/5 | 40 | – | – | – | – | – | – |
| Lee Yeow Seng* | 6/6 | 100 | – | – | – | – | – | – |
| Lee Yoke Har** | 6/6 | 100 | – | – | – | – | – | – |
| **Non-Executive Directors** | | | | | | | | |
| Tan Sri Dato' Sri Koh Kin Lip**● | 5/6 | 83 | – | – | 2/3 | 67 | 3/3 | 100 |
| Datuk Tan Kim Leong**● | 6/6 | 100 | 6/6 | 100 | – | – | 3/3 | 100 |
| Datuk Lee Say Tshin**● | 6/6 | 100 | 6/6 | 100 | 3/3 | 100 | – | – |
| Datuk Dr Tan Kim Heung | 5/6 | 83 | 5/6 | 83 | 3/3 | 100 | 3/3 | 100 |
| Dato' Lee Yeow Chor | 5/6 | 83 | – | – | – | – | – | – |

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



**Board and GNRC Activities in Year 2019**
Our Board has an agenda that ensures strategic, budget, sustainability, risk management and internal control, operational, financial performance and CG items are discussed at Board meetings. The Board debated and provided input to management on the execution of the overall strategy of the IOIPG Group, and reflected on that strategy with longer-term views on what could be done to build our strengths as an integrated property company, enhance financial resilience and deliver consistent and stronger returns through business cycles.

The Board agenda has strong links to the strategic objectives for the business. Key highlights of our Board's 2019 activities and priorities are set out below:

### PRINCIPAL MATTERS CONSIDERED BY OUR BOARD IN FY2019

| Strategic Matters | Governance, Assurance & Risk Management | Financial, Risk & Management Performance |
|---|---|---|
| Sustainability strategy | Reports from Board Committees | Quarterly results announcements |
| The Group's overall business strategy | Year-end governance report, sustainability report, AC report, RMC report & Internal control and risk management statement | Capital expenditure approvals & performance reviews of historical capex |
| Dividend decision | Annual Board evaluation and effectiveness | The Group's budget, forecasts and key performance targets & indicators |
| Group's digitalisation plan | Enterprise Risk Management framework and Risk Management Charter | |
| | Risk Management & internal control | |
| | Board diversity | |

**Looking ahead to 2020**
During the year our Board will:

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

### GNRC ACTIVITIES & FOCUS IN FY2019

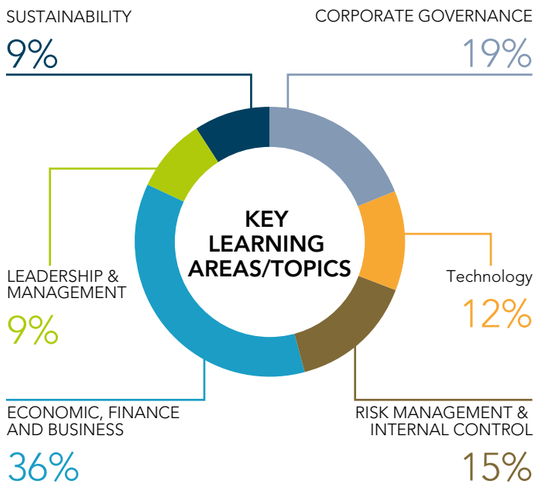
| Strategic | Governance | Remuneration | Nomination |
|---|---|---|---|
| Oversee Board and Senior Management succession | Review Board evaluation and effectiveness | Review Directors' remuneration and benefits payable | Review & recommend Directors standing for re-election at the AGM |
| | Review NED's independence | | |
| | Board diversity | | |

**Looking ahead to 2020**
During the year, our GNRC will continue focus on:

- Monitoring senior management succession planning and developing of talent pipeline
- Reviewing Board size and composition and Board gender diversity

During FY2019, the GNRC focused on the size and composition of the Board, which has led to the commencement of a succession board planning discussion for NEDs, which will strengthen the existing capability and good dynamics of the Board. The GNRC believes that the Board continues to have the appropriate skills, knowledge and experience to oversee the effective delivery of our strategy.

**Board Development**
In order to continue to contribute effectively to the Board and Board Committee meetings, Directors are regularly provided the opportunity to take part in ongoing training and development and can also request specific training that they may consider necessary or useful. The diagram below shows the key learning areas/topics. The details of training attended by our Directors in FY2019 can be found in our website at https://www.ioiproperties.com.my/Corporate-Governance.



# CORPORATE GOVERNANCE OVERVIEW STATEMENT

**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 FY2020 is as follows:

| Appointment | Per Annum (RM) |
|---|---|
| **Board of Directors** | |
| Base fee | 125,000 |
| Board Chairman fee | 60,000 |
| **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 FY2019 are as follows:

Number of Directors whose remuneration falls into the following bands:

| Range of Remuneration | Number of Directors | |
|---|---|---|
| | Executive | Non-Executive |
| RM150,001 to RM200,000 | – | 2 |
| RM200,001 to RM250,000 | – | 3 |
| RM250,001 to RM2,350,000 | – | – |
| RM2,350,001 to RM2,400,000 | 1 | – |
| RM2,400,001 to RM4,600,000 | – | – |
| RM4,600,001 to RM4,650,000 | 1 | – |
| RM4,650,001 to RM11,100,000 | – | – |
| RM11,100,001 to RM11,150,000 | 1 | – |

**Effective Audit, Risk Management and Internal Control**
During FY2019, 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 auditors 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 Risk Management and Internal Control.

| | Company | | | | Subsidiaries | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Fees RM'000 | Benefits-in-kind RM'000 | Others^ RM'000 | Company Total RM'000 | Salaries & Bonus RM'000 | Benefits-in-kind RM'000 | Others^ RM'000 | Subsidiaries Total RM'000 | Group Total RM'000 |
| **Executive Directors** | | | | | | | | | |
| Tan Sri Dato' Lee Shin Cheng (demised on 1/6/2019) | 115 | – | 2 | **117** | 4,434* | 78 | – | **4,512** | **4,629** |
| Lee Yeow Seng | 125 | – | 19 | **144** | 10,956+ | 40 | 1 | **10,997** | **11,141** |
| Lee Yoke Har | 125 | – | 10 | **135** | 2,218 | 40 | 1 | **2,259** | **2,394** |
| **Total** | **365** | **–** | **31** | **396** | **17,608** | **158** | **2** | **17,768** | **18,164** |
| **Non-Executive Directors** | | | | | | | | | |
| Datuk Tan Kim Leong | 185 | – | 17 | **202** | – | – | – | – | **202** |
| Tan Sri Dato' Sri Koh Kin Lip | 180 | – | 15 | **195** | – | – | – | – | **195** |
| Dato' Lee Yeow Chor | 125 | 48 | 5 | **178** | – | – | – | – | **178** |
| Datuk Lee Say Tshin | 195 | – | 18 | **213** | – | – | – | – | **213** |
| Datuk Dr Tan Kim Heung | 195 | – | 17 | **212** | – | – | – | – | **212** |
| **Total** | **880** | **48** | **72** | **1,000** | **–** | **–** | **–** | **–** | **1,000** |

**Notes:**
^ Comprises meeting allowances.
* The proposed gratuity of RM17.732 million is not included as it is subject to shareholders' approval at the AGM. Bonus entitlement for the former Executive Chairman has not been included as the estate of the late Tan Sri Dato' Lee Shin Cheng has decided to voluntarily waive the bonus entitlement subsequent to the date of issuance of the financial statements.
+ The salary (CEO: RM3 million) is inclusive of Employer Provident Fund and social security welfare contributions.



**Business Ethics**
All employees are required to comply with the Code of Business Conduct (the "Code") and Business Ethics, Anti-Corruption and Anti Money Laundering Policy (the "Policy"), which are intended to help them put IOIPG values into practice. This clarifies the basic rules and standards employees are expected to follow and the behaviour expected of them. Employees will undertake Code of Business Conduct and anti-bribery awareness training. All employees and suppliers will be accessed to the Code and/or Policy.

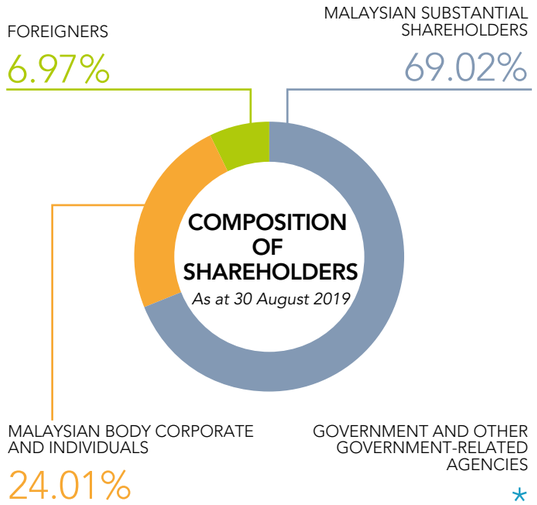
**Stakeholders Engagement**
Stakeholder relations are critical for the sustainable growth of our business and therefore we seek to maintain an open, permanent, and transparent dialogue with these parties. Particularly important are those groups formed primarily by shareholders and investors, communities, employees, regulators, suppliers, contractors and customers. This is due to both the influence they have on the business and the impacts they have on our operations and organisational strategy. A variety of engagement initiatives including direct meetings and dialogues with community are constantly conducted to learn about their welfare needs.

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.

With an eye toward establishing closer proximity to our stakeholders and also to promote a conscious and interactive dialogue between parties, we participated in forums and sector meetings, as well as hold various events during the year with them.

Further details on stakeholders engagement are available at our Sustainability Report.




**Note:**
* Negligible

# 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 FY2019.

Our 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 Audit and Risk Management Committee was decoupled into 2 separate Board Committees, i.e. Audit Committee and Risk Management Committee.

### A MEMBERS

The composition of AC's membership has been changed in FY2019 and comprised three (3) of the following members, whom each satisfy the "independence" requirements contained in the Listing Requirements of Bursa Malaysia. Datuk Tan Kim Leong was the former Chairman of the AC and he was subsequently re-designated to the member of the AC following his appointment as the Chairman of the Company on 1 July 2019.

The biography of each member of the AC is set out in the Profile of Directors section:

**Datuk Lee Say Tshin** *(redesignated on 1 July 2019)*
*Chairman*
*Independent Non-Executive Director*

**Datuk Tan Kim Leong**
*Member*
*Independent Non-Executive Chairman*

**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 presence. The Company Secretary acts as secretary to the AC.

### B SUMMARY OF KEY SCOPE OF RESPONSIBILITIES

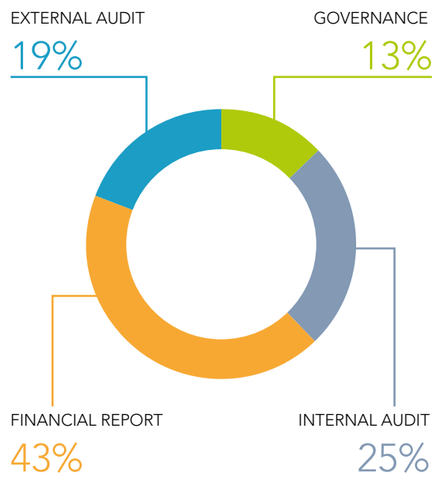
Our AC operates under a written Terms of Reference containing provisions that address requirements imposed by Bursa Malaysia. The full Terms of Reference of the AC is posted on the Corporate Governance section of the Company's website at www.ioiproperties.com.my/corporate-governance or it can be obtained 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 OUR COMMITTEE SPENT ITS TIME DURING FY2019

The diagram below provides an overview of how our AC spent its time in FY2019:




### D SUMMARY OF WORK OF OUR COMMITTEE

The AC report provides an overview of the work that our 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 FY2019 are described below:

#### 1. Financial 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 Malaysian Financial Reporting Standards ("MFRSs"). There were new or amended MFRSs in FY2019 that had a material effect on the Group's financial statements, details of which are disclosed in the Note 4 to the audited financial statements.

Meeting on audit status, as well as findings on areas of significant external auditors' attention were held during FY2019. During FY2019, PwC 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.

The revenue and cost are recognised by reference to the stage of completion of development activities at the end of each reporting period. This is measured based on the proportion of property development costs incurred up to the end of the reporting period as a percentage of total estimated costs for the property development.

The determination of fair value of the completed investment properties involves significant judgements in estimating the underlying assumptions to be applied in the valuation methods 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 was 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.

# AUDIT COMMITTEE REPORT

Other areas of discussion include the first-time adoption of MFRS, 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 mentioned areas, the AC received input from management and considered PwC's comments prior to reaching its conclusion. Following this review, the AC was 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 accounting and financial reporting matters, and there were no significant and unusual events or transactions highlighted by the management as well as external auditors during FY2019.

**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 analysis from management regarding the Group's capital and liquidity position prior recommendation to the Board 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 undertaken during 2019/2020. The AC considers factors such 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.

The Group's Internal Audit Department performs routine audits 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 "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 5 cash audit/special audit assignments and 6 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 every quarter 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 operational 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 minimise the chances of lapses and ensure that the 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 three (3) times privately (without management presence) with the Head of Group Internal Audit during FY2019 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 FY2019 was RM963,504 (FY2018: RM983,987). The decrease in cost was mainly due to the turnover of headcount in the department.

**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 which 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 itself that management is responsive to their findings and recommendations. During FY2019, 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 FY2019, the AC assessed the effectiveness of PwC as the external auditors. As part of 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 the 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 insights and their demonstration of a clear understanding of the Group's business and its key risks.

# AUDIT COMMITTEE REPORT

**(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.

Effective from 15 December 2018, under the revised By-Laws adopted by MIA and PwC firm policy, the audit engagement partner is required to be rotated 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. Moving forward, under the revised By-Laws adopted by MIA, the audit engagement partner is required to rotate every seven (7) years with cooling-off period of five (5) years.

The current audit engagement partner has held the position for five (5) years. 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, is also viewed 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 FY2019 are set out in Note 8 to the audited financial statements.

PwC also provided in its engagement letter, 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 was satisfied with the quantum of the non-audit fees in relation to the audit fees (being approximately 47% 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 was satisfied that the level of audit fees (on a group basis) payable in respect of the audit services provided by PwC Malaysia, being RM1,088,000 for FY2019 (RM1,007,000 for FY2018) 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 2018.

**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) Deliberated on loans and borrowing costs capitalisation of the Group.

## E ATTENDANCE

**Number of Meetings and Details of Attendance**

Six (6) meetings were held during FY2019. The attendance record of each member was as follows:

| Members | Total Number of Meetings | Number of Meetings Attended |
|---|---|---|
| Datuk Lee Say Tshin | 6 | 6 |
| Datuk Tan Kim Leong | 6 | 6 |
| Datuk Dr Tan Kim Heung | 6 | 5 |

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 Lee Say Tshin | 2 | 2 |
| Datuk Tan Kim Leong | 2 | 2 |
| Datuk Dr Tan Kim Heung | 2 | 2 |

## F ANNUAL REVIEW AND PERFORMANCE EVALUATION

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 2020**

In addition to our routine business, the AC has two (2) focus areas for 2020:

- Discuss the new reporting requirements, if any, with the external auditors and reinforce audit quality by setting clear expectations for the audit
- Internal audit control systems beyond financial reporting and compliance

# 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 FY2019.

For an effective risk management and internal control framework, our 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

Our RMC's membership comprises three (3) of the following members, whom each satisfy the "independence" requirements contained in the Listing Requirements of Bursa Malaysia. Datuk Lee Say Tshin was the former Chairman of the RMC and he was subsequently re-designated to the member of the RMC following his appointment as the Chairman of the Audit Committee on 1 July 2019.

The biography of each member of our RMC is set out in the Profile of Directors section:

**Datuk Dr Tan Kim Heung** *(redesignated on 1 July 2019)*
*Chairman*
*Independent Non-Executive Director*

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

**Datuk Lee Say Tshin**
*Member*
*Independent Non-Executive Director*

The CEO, Financial Controller, the Group's Risk Management Manager and relevant senior management 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

Our 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/corporate-governance 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 approach on managing its risks, processes and effectiveness of internal controls put in place to mitigate any loses.

### C SUMMARY OF WORK OF OUR COMMITTEE

Our RMC has the responsibility to oversee the Group's internal control and risk management methodologies. It continues to monitor and review the effectiveness of the "Three Line of Defense" approach with the support of Risk Management Department.

Our RMC has an annual work plan, developed from its Terms of Reference and the summary of scope of work and the arising matters that our RMC had considered during FY2019 are described below.

The Risk Management Charter (the "Charter") is a charter that defines the role of the Risk Management Manager's functional reporting relationship with our 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 acts 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 specialize in risk management and compliance.
- **The 3rd line of defense** – functions that provide independent assurance by Group Internal Audit.

The Group maintains and archives 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. Our 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 our RMC to assess the appropriateness of management's action plans and to ensure our Board's risk appetite threshold are not breached under any circumstances. Both the Enterprise Risk Management ("ERM") framework and the Charter can be found in our website.

The RMC formally reviewed its principal Group and business unit risks every six months (half yearly) in a financial year i.e. June and December each year. During FY2019, our RMC provided its overview on risks relating to the Group's strategy for 2018/19 and beyond. Our RMC's assessment was reviewed based on a risk reports consolidated from business units to produce an overall high level key risks profiles for the Group. These risk reports, listing imminent and emerging risks (including anti-corruption risks) were reviewed, amended and finalised with our RMC along with the appropriate mitigation strategies to ensure the group's operations remain resilient to any materialisation of risk(s). In addition, in FY2019, our RMC also:

(a) reviewed and redefined certain existing the authorisation limits under the Group's capital expenditure ("CAPEX") policy;

(b) reviewed and approved the Charter which establishes the position of wide-ranging risk management activities, initiatives and processes within the Group;

(c) reviewed and approved the 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;

(d) Analysed and reviewed the presentation on risk-based Anti-Corruption and Anti-Bribery risk assessment within the Group; and

(e) Reviewed the risk evaluation procedures and "Limits of Authorities" in the existing contracts/investment/ CAPEX policy to ensure that all mitigation strategies are in place prior to any new ventures or Investments of prescribed transactions, subject to approval.

Facilitating effective management of risks in these core areas within the agreed Board's risk appetite thresholds will ensure the Groups long term sustainability and resilience whilst enhancing overall shareholders' value at the same time.

Risk management activities are practised throughout the organisation to support our 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 operations, reputation and financial earnings. The details relating to risk management is reported separately under "Statement on Risk Management and Internal Control" on pages 160 to 165.

### D ATTENDANCE

**Number of Meetings and Details of Attendance**

Three (3) meetings were held during FY2019. The attendance record of each member was as follows:

| Members | Total Number of Meetings | Number of Meetings Attended |
|---|---|---|
| Datuk Dr Tan Kim Heung | 3 | 3 |
| Tan Sri Dato' Sri Koh Kin Lip | 3 | 2 |
| Datuk Lee Say Tshin | 3 | 3 |

One (1) meeting was held subsequent to the financial year end to the date of Directors' Report and was attended by the following members:

| Members | Total Number of Meetings | Number of Meetings Attended |
|---|---|---|
| Datuk Dr Tan Kim Heung | 1 | 1 |
| Tan Sri Dato' Sri Koh Kin Lip | 1 | 1 |
| Datuk Lee Say Tshin | 1 | 1 |

### E ANNUAL REVIEW AND PERFORMANCE EVALUATION

The last review of the Terms of Reference of our RMC was carried out in FY2018 and RMC has revisited the Terms of Reference on the threshold limit of authorisation limit relating to all major investment, which is above 10% of the market capitalisation or above RM100 million or equivalent quantum. In view of the limit of authorisation has yet to be finalised, the RMC will review its Terms of Reference in FY2020.

Our RMC also conducted an annual performance evaluation in an effort to continuously improve its processes pursuant to the Terms of Reference of RMC.

### LOOKING AHEAD TO 2020

In addition to the Group's diversified business operations, our RMC will continuously focus to:-

(a) Build a risk resilient culture by further enhancing and developing appropriate internal controls in core functional areas within the Group;

(b) Review, recommend and assess the development of the Group's new Business Continuity Management Framework and Business Continuity Planning readiness; and

(c) Ensure regulatory compliance on combating corruption and bribery risks in accordance with the appropriate Malaysian laws at the same time fostering high level of Integrity within the Group.

# 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 and the Malaysian Code on Corporate Governance.

## BOARD RESPONSIBILITIES & ACKNOWLEDGEMENT

The Board of Directors ("Board") of the Group in discharging its responsibilities, is fully committed to articulating, implementing and reviewing a sound risk management and internal control environment. The Board is responsible to determine the Group's level of risk tolerance, actively identify, assess and monitor key business risk in order to safeguard shareholders' investments and the Group's assets. The risk management and internal control systems are specifically designed to identify, assess and manage risks that may impede the achievement of the Group's overall business objectives and strategies rather than to entirely 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 ("CEO") 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 ("COO") of the respective Property Development & Property Investment divisions, Leisure and Hospitality as well as Corporate Services.

The CEO and the Senior Management Leadership Team provide governance leadership and agree on the strategic direction and risk appetite whilst promoting the culture of '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 with all levels of management and will determine the level of residual risk/appetite the Group is willing to accept. The Group takes on a risk-based approach in managing its internal, external, operational and strategic risks: i.e. risks are managed and monitored according to severity and financial risks to identify the quantum of each risk involved and its impact.

## RISK MANAGEMENT

The Group adopts an Enterprise Risk Management ("ERM") framework which is consistent with 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 recognised 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 managed 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 and undertakes proactive risk management. It is also good practice to understand the strategic and operational risks as well as opportunities faced by the Group in order to make informed decisions and meet organisational and strategic goals.

The ERM Framework is designed to provide the architecture for a common platform for all risk management activities undertaken by IOI Properties Group Berhad ("IOIPG"), from individual functional process or project-based assessments to whole-of-organisation evaluation, with the aim of enabling comparative analysis and prioritisation.

## FRAMEWORK METHODOLOGY & OBJECTIVES

The primary objective of the ERM framework is to support the achievement of the Group's strategic objectives, safeguard the Group's resources, people, finance, property, knowledge and reputation through:

- Provision of a structured and consistent approach to identifying, rating, mitigating, managing as well as monitoring risks;
- Assisting decision makers to make sound management decisions within an environment of tolerable strategic and business risk limits, including identifying and leveraging on any 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 for as well as the controls to mitigate them;
- The provision of relevant, timely information across clear reporting structures; and
- Independent audit activities to provide feedback to management that sufficient 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 approach for principal risks identification, assessment, response and control, communication and monitoring.

The Group's activities expose it to a variety of risks, including operational and financial risks. The Group's overall risk management objective is to ensure that the Group creates value for shareholders whilst minimising potential adverse effects on our performance and positions. The Group operates within an established risk management framework with 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 guidelines on risk reporting and disclosure which cover the following principal risks:

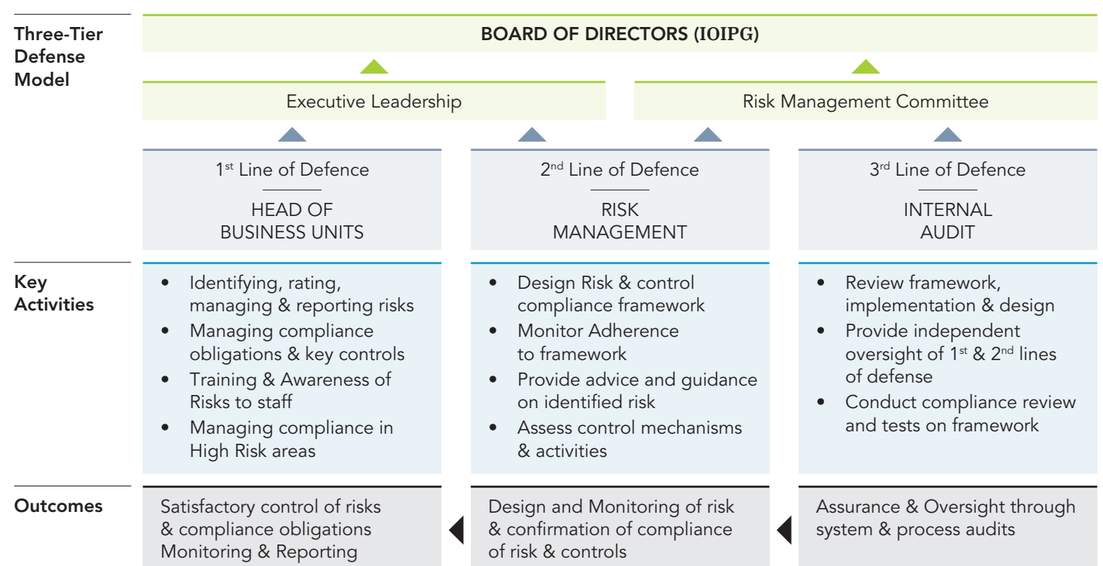
**I) Operational Risk**

- 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 fluctuations. 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.

Read more about How We Manage Our Risks on page 50



# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

**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 are adequate managerial and supervisory controls in place to ensure compliance and to highlight control breakdowns, inadequate processes and unexpected events.

**2nd Line of Defense – Risk Management Department**

The risk management and compliance functions in a way to 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 aversion practices by assisting 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 lines of defense achieve its control objectives. IA provides the Board and senior management with comprehensive assurance based on the highest level of independence and objectivity.

## RISK APPETITE

Risk management controls and actions are established to bring the exposure level 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. |

## 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 behaviour 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 sand 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 as well as 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 2019 and up to the date of approval of this Statement.

## CONTROL ACTIVITIES

- Policies and procedures have been established for key business processes and support functions. The Group has put 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, which is 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, risk review are done frequently, defining changes in Risk Ratings, the risk owners as well as appropriate control actions 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 | 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 assesses controls that are currently in operation, not those that are planned.

Where controls are operated by an external third party, discussions with the risk owner should take place to ensure there is an appropriate assessment taking into consideration the views of these involved.

## 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 IOIPG's Corporate Plan and policies, which are reviewed annually to ensure they continually reflect the 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 business plan.

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The Management and the Board receive timely, relevant and reliable reports which are reviewed on a regular basis.

- The Group has in place an Information System that captures, compiles, analyses and reports relevant data, which enables management to make sound 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 procedural policies are reviewed and revised periodically to meet changing business environment 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 CEO and divisional heads.
- The Group's Risk Management Department reports to the RMC and the CEO and its main functions are to facilitate the 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 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 procedural policies, business environment, operation needs and regulatory requirements which provide independent assurance on the adequacy and effectiveness of the 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 RMCs 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 them 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 after the valuation profiles and adequacy of assessment. 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;
- Internal Audit exercise;
- Ongoing monitoring by various Committees, AC, RMC and GNRC;
- New legislation;
- New accounting standards, guidelines or directives from the respective regulators;
- Complaints;
- Regulatory/Compliance breaches;
- Incidents;
- External Audit;
- Project and 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' RMCs, and annual presentation and discussion with the RMC, the Board, internal auditors, and external auditors.
- Operating units' COO/Financial Controller ("FC")'s 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 are also reviewed on half yearly basis.

For risk assessments associated with the whole of IOIPG or individual departments, the review is built into the business planning process. Output from the Strategic Risk and Business Unit Assessments are used as input for appropriate risk response plans.

To ensure that the identified strategic risks and measures that are in place remain aligned to the Group's objectives, any change to the overall Plan will trigger a review of the risk assessment exercise.

## REVIEW OF THIS STATEMENT BY EXTERNAL AUDITORS

As required by Paragraph 15.23 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, 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 this Statement 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 systems 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 is made in accordance with the resolution of the Board dated 17 September 2019.

# STATEMENT OF DIRECTORS' INTERESTS

**IN THE COMPANY AND ITS RELATED CORPORATIONS AS AT 30 AUGUST 2019**
**(Based on the Register of Directors' Shareholdings)**

| Name of Directors | No. of Ordinary Shares | | | |
|---|---|---|---|---|
| | Direct | % | Indirect | % |
| **THE COMPANY** | | | | |
| | | | | |
| Datuk Tan Kim Leong | 13,125 | * | 84,629[1] | * |
| Tan Sri Dato' Sri Koh Kin Lip | 1,094,041 | 0.02 | 44,486,448[2] | 0.81 |
| Lee Yeow Seng | 100,000 | * | 3,400,829,641[3] | 61.76 |
| Dato' Lee Yeow Chor | 6,837,500 | 0.12 | 3,401,221,016[4] | 61.77 |
| Datuk Lee Say Tshin | – | – | 125,000[5] | * |
| Datuk Dr Tan Kim Heung | 28,606,000 | 0.52 | – | – |
| Lee Yoke Har | 456,018 | 0.01 | – | – |
| **ULTIMATE HOLDING COMPANY VERTICAL CAPACITY SDN BHD** | | | | |
| | | | | |
| Lee Yeow Seng | 106,786,612 | – | – | – |
| Dato' Lee Yeow Chor | 106,786,612 | – | – | – |

By virtue of 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 E. P. H. Holdings Sendirian Berhad and Tan Kang Hai Holdings Sdn Berhad under Section 8 of Companies Act 2016 (the "Act") as well as shares held by his son, Tan Enk Purn under Section 59(11)(c) of the Act.

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 Vertical Capacity Sdn Bhd ("VC") under Section 8 of the Act.

4 Deemed interested by virtue of his interest in VC 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 the interest in shares of his spouse, Datin Tan Sok Ing under Section 59(11)(c) of the Act.

* Negligible



# SHAREHOLDINGS OF SENIOR MANAGEMENT TEAM

Based on the Record of Depositors as at 30 August 2019, the details of shareholdings of our senior management team are as follows:

| Name | No. of Ordinary Shares | | | |
|---|---|---|---|---|
| | Direct | % | Indirect | % |
| 1. Teh Chin Guan | 66 | * | – | – |
| 2. Cheah Wing Choong | – | – | – | – |
| 3. Lim Beng Yeang | 30,000 | * | – | – |
| 4. Michelle Shen Yan Chao | 30,000 | * | – | – |
| 5. Kristine Ng Mee Yoke | 17,500 | * | – | – |
| 6. Chee Ban Tuck | – | – | – | – |
| 7. Chang Mei Yee | – | – | – | – |
| 8. Jimmy Yee Yoke Seng | – | – | – | – |
| 9. Abdul Razak bin Abu Bakar | – | – | – | – |
| 10. Tan Keng Seng | 13,800 | * | – | – |
| 11. Chung Nyuk Kiong | – | – | – | – |
| 12. Ho Kwok Wing | – | – | – | – |
| 13. Lou Fu Leong | 100,000 | * | – | – |
| 14. Albert Lee Wen Loong | 150,000 | * | – | – |
| 15. Wong Peen Fook | 4,800 | * | – | – |
| 16. Lim Cheok Leng | – | – | – | – |
| 17. Lee Yean Pin (Li Yanping) | 29,625 | * | – | – |
| 18. Ooi Wooi Yaw | 235,000 | * | – | – |
| 19. Chris Chong Voon Fooi | – | – | – | – |
| 20. Toh Boon Chiew | – | – | – | – |
| 21. Simon Yong | – | – | – | – |
| 22. Rasheed Kumar Renoo | – | – | – | – |

**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 2019 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 2019, the total outstanding share options of the Company is 24,605,839. None of the ESOS had been exercised by the Eligible Persons in FY2019.

The movements of the share options in the Company granted under the ESOS during FY2019 are set out in the table below:

| | Number of Share Options as at 30 June 2019 | |
|---|---|---|
| **Description** | **Total** | **Former Executive Chairman, CEO and Executive Director** |
| Total options accepted | 32,608,184 | 13,391,683 |
| Lapsed^ | (8,002,345) | (5,988,151) |
| Total outstanding options | 24,605,839 | 7,403,532 |

^ Due to resignation/retirement/death of employees.

During FY2019, 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 2019 (%)** | **Since Commencement of the ESOS up to 30 June 2019* (%)** |
|---|---|---|
| Aggregate maximum allocation | – | 0.32 |
| Actual granted and accepted | – | 0.32 |

* Based on the total number of shares with voting rights of 5,506,145,375 as at 30 June 2019.

The Company did not grant any options over the ordinary share pursuant to the ESOS to the Non-Executive Directors.

# Financial Reports



# 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 2019.

## 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 44 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 2019 are as follows:

| | Group RM'000 | Company RM'000 |
|---|---|---|
| Profit before taxation | 1,085,960 | 871,903 |
| Taxation | (425,530) | (2,979) |
| Profit for the financial year | 660,430 | 868,924 |
| Attributable to: | | |
| Owners of the parent | 661,290 | 868,924 |
| Non-controlling interests | (860) | – |
| | 660,430 | 868,924 |

## 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 2018: | |
| Interim single tier dividend of 5.0 sen per ordinary share, paid on 28 September 2018 | 275,307 |

On 29 August 2019, the Directors have declared an interim single tier dividend of 3.0 sen per ordinary share, amounting to RM165,184,361 in respect of the financial year ended 30 June 2019. The dividend will be payable on 27 September 2019 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 2019.

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 31 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.

# DIRECTORS' REPORT

## 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.

**(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.



## EMPLOYEES' SHARE OPTION SCHEME ("ESOS") (CONTINUED)

The salient features of the ESOS are as follows: (continued)

**(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 1.7.2018 | Granted and accepted | Exercised | Lapsed* | As at 30.6.2019 |
| 23 May 2016 | RM2.07 | 32,608,184 | – | – | 8,002,345 | 24,605,839 |

**Notes:**

* Due to the resignation, retirement or death of employees during the financial year ended 30 June 2019.

## 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:

The late Tan Sri Dato' Lee Shin Cheng (demised on 1 June 2019)
Tan Sri Dato' Sri Koh Kin Lip
Lee Yeow Seng
Lee Yoke Har
Dato' Lee Yeow Chor
Datuk Tan Kim Leong
Datuk Lee Say Tshin
Datuk Dr Tan Kim Heung

In accordance with Article 87 of the Company's Constitution, Datuk Tan Kim Leong and Lee Yeow Seng retire by rotation at an Annual General Meeting ("AGM") and being eligible, offer themselves for re-election.

# DIRECTORS' REPORT

## 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 2019 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 1.7.2018 | Acquired | Disposed | As at 30.6.2019 |
|---|---|---|---|---|
| **The Company** | | | | |
| **Direct Interest** | | | | |
| *No. of ordinary shares* | | | | |
| Datuk Tan Kim Leong | 13,125 | – | – | 13,125 |
| Tan Sri Dato' Sri Koh Kin Lip | 1,094,041 | – | – | 1,094,041 |
| Lee Yeow Seng | 3,400,000 | 1,726,100 | 5,026,100 | 100,000 |
| Dato' Lee Yeow Chor | 6,637,500 | 200,000 | – | 6,837,500 |
| Datuk Dr Tan Kim Heung | 28,606,000 | – | – | 28,606,000 |
| Lee Yoke Har | 456,018 | – | – | 456,018 |
| **Indirect Interest** | | | | |
| *No. of ordinary shares* | | | | |
| Datuk Tan Kim Leong | 84,629 | – | – | 84,629 |
| Tan Sri Dato' Sri Koh Kin Lip | 44,486,448 | – | – | 44,486,448 |
| Lee Yeow Seng | 2,891,516,841 | 508,841,000 | – | 3,400,357,841 |
| Dato' Lee Yeow Chor | 2,891,898,216 | 508,871,000 | – | 3,400,769,216 |
| Datuk Lee Say Tshin | 125,000 | – | – | 125,000 |
| **Ultimate Holding Company** | | | | |
| **Vertical Capacity Sdn Bhd ("VCSB")^** | | | | |
| **Direct Interest** | | | | |
| *No. of ordinary shares* | | | | |
| Lee Yeow Seng | – | 106,786,612# | – | 106,786,612 |
| Dato' Lee Yeow Chor | – | 106,786,612# | – | 106,786,612 |

By virtue of Lee Yeow Seng's 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 have an interest.

The movements of the options over the unissued ordinary shares in the Company granted under the Employees' Share Option Scheme to the Directors in office at the end of the financial year are as follows:

| | | Number of options over ordinary shares | | | |
|---|---|---|---|---|---|
| | Option price | As at 1.7.2018 | Granted and accepted | Exercised | As at 30.6.2019 |
| **The Company** | | | | | |
| **Direct Interest** | | | | | |
| Lee Yeow Seng | RM2.07 | 5,443,774 | – | – | 5,443,774 |
| Lee Yoke Har | RM2.07 | 1,959,758 | – | – | 1,959,758 |

**Notes:**

^ VCSB had, on 16 January 2019, ceased as a wholly-owned subsidiary of Progressive Holdings Sdn Bhd ("PHSB") pursuant to internal reorganisation. As a result thereof, PHSB ceased as a substantial shareholder of the Company and VCSB on that even date became the ultimate holding company of the Company.

# Allotment of shares pursuant to the Share Subscription and Transfer Agreement dated 10 August 2018 between VCSB and Summervest Sdn Bhd.



## 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 38 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 38 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 38 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 total amount of indemnity coverage and insurance premium paid by the Company for the financial year ended 30 June 2019 amounted to RM50,000,000 and RM36,100 respectively.

## 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.

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.

# DIRECTORS' REPORT

## 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 2019:

1. IOI (Xiamen) Business Management Co. Ltd.;
2. IOI (Xiamen) Properties Co. Ltd.;
3. Xiamen Double Prosperous Real Estate Development Co. Ltd.;
4. Xiamen Palm City Management Services Co. Ltd.; and
5. Xiamen Palm Kaiyue Real Estate Development Co. Ltd.

## SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

Significant events during the financial year are disclosed in Note 42 to the financial statements.

## AUDIT COMMITTEE

The Directors who serve as members of the Audit Committee are as follows:

Datuk Lee Say Tshin (Chairman)
Datuk Tan Kim Leong
Datuk Dr Tan Kim Heung

## RISK MANAGEMENT COMMITTEE

The Directors who serve as members of the Risk Management Committee are as follows:

Datuk Dr Tan Kim Heung (Chairman)
Tan Sri Dato' Sri Koh Kin Lip
Datuk Lee Say Tshin

## 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
Datuk Dr Tan Kim Heung



## ESOS COMMITTEE

The Directors who serve as members of the ESOS Committee are as follows:

Lee Yeow Seng (Chairman)
Dato' Lee Yeow Chor

## ULTIMATE HOLDING COMPANY

The ultimate holding company is Vertical Capacity Sdn. Bhd., a company incorporated in Malaysia.

## 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:

Cheah Wing Choong
Chia Yi Li
Chong Voon Fooi#
Chung Nyuk Kiong
Dato' Lee Yeow Chor
Heng Kwang Hock^
Ho Kwok Wing
Hsieh Yu-Ting
Jiro Mearashi
Lee Beng Hong
Lee Cheng Leang
Lee Yean Ping (Li YanPing)
Lee Yeow Seng
Lee Yoke Har
Lim Beng Yeang
Lim Cheok Leng
Lou Fu Leong
Masaya Ohta
Ooi Wooi Yaw^
The late Tan Sri Dato' Lee Shin Cheng*
Tan Keng Seng
Tan Kun Sin
Teah Chin Guan @ Teh Chin Guan
Wang Wei^
Wong Peen Fook

* Demised on 1 June 2019
\# Appointed on 1 August 2019
^ Resigned/Retired/Ceased during the financial year

## SUBSIDIARIES

Details of subsidiaries are set out in Note 44 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.

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

**LEE YEOW SENG**
Director

**LEE YOKE HAR**
Director

Putrajaya
17 September 2019

# STATEMENTS OF PROFIT OR LOSS

## FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

| | Note | Group 2019 RM'000 | Group 2018 RM'000 | Company 2019 RM'000 | Company 2018 RM'000 |
|---|---|---|---|---|---|
| **Revenue** | 7 | **2,197,514** | 2,668,745 | **889,847** | 470,836 |
| Cost of sales | | **(1,009,390)** | (1,585,657) | **–** | – |
| **Gross profit** | | **1,188,124** | 1,083,088 | **889,847** | 470,836 |
| Other operating income | | **153,053** | 238,283 | **51,933** | 994 |
| Marketing and selling expenses | | **(69,182)** | (53,095) | **(28)** | (26) |
| Administration expenses | | **(206,083)** | (189,310) | **(4,185)** | (5,733) |
| Other operating expenses | | **(122,205)** | (114,612) | **(63,084)** | (922) |
| **Operating profit** | 8 | **943,707** | 964,354 | **874,483** | 465,149 |
| Share of result of an associate | | **2,005** | 3,193 | **–** | – |
| Share of results of joint ventures | | **103,174** | (33,875) | **–** | – |
| **Profit before interest and taxation** | | **1,048,886** | 933,672 | **874,483** | 465,149 |
| Interest income | 10 | **68,936** | 52,440 | **37,764** | 39,135 |
| Interest expense | 11 | **–** | – | **(41,940)** | (41,347) |
| Net foreign currency translation (loss)/gain on: | | | | | |
| – foreign currency denominated borrowings | | **(53,073)** | 34,800 | **–** | – |
| – foreign currency denominated deposits | | **21,211** | (5,305) | **1,596** | – |
| **Profit before taxation** | | **1,085,960** | 1,015,607 | **871,903** | 462,937 |
| Taxation | 12 | **(425,530)** | (237,493) | **(2,979)** | (3,241) |
| **Profit for the financial year** | | **660,430** | 778,114 | **868,924** | 459,696 |
| **Profit attributable to:** | | | | | |
| Owners of the parent | | **661,290** | 753,636 | **868,924** | 459,696 |
| Non-controlling interests | | **(860)** | 24,478 | **–** | – |
| | | **660,430** | 778,114 | **868,924** | 459,696 |
| **Earnings per ordinary share attributable to owners of the parent** | | | | | |
| Basic earnings per share (sen) | 13 | **12.01** | 13.69 | | |
| Diluted earnings per share (sen) | 13 | **12.01** | 13.69 | | |

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



# STATEMENTS OF COMPREHENSIVE INCOME

## FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

| | Group 2019 RM'000 | Group 2018 RM'000 | Company 2019 RM'000 | Company 2018 RM'000 |
|---|---|---|---|---|
| **Profit for the financial year** | **660,430** | 778,114 | **868,924** | 459,696 |
| Other comprehensive income/(loss) that may be reclassified subsequently to profit or loss, net of tax | | | | |
| Exchange differences on translation of foreign operations, net of tax | **202,390** | (395,398) | **–** | – |
| Net change in cash flow hedge | **(65,417)** | 19,030 | **2,471** | 1,129 |
| **Other comprehensive income/(loss) for the financial year, net of tax** | **136,973** | (376,368) | **2,471** | 1,129 |
| **Total comprehensive income for the financial year** | **797,403** | 401,746 | **871,395** | 460,825 |
| **Total comprehensive income attributable to:** | | | | |
| Owners of the parent | **800,012** | 381,460 | **871,395** | 460,825 |
| Non-controlling interests | **(2,609)** | 20,286 | **–** | – |
| | **797,403** | 401,746 | **871,395** | 460,825 |

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

# STATEMENTS OF FINANCIAL POSITION

## AS AT 30 JUNE 2019

| | Note | Group 30.6.2019 RM'000 | Group 30.6.2018 RM'000 | Group 1.7.2017 RM'000 | Company 30.6.2019 RM'000 | Company 30.6.2018 RM'000 | Company 1.7.2017 RM'000 |
|---|---|---|---|---|---|---|---|
| **ASSETS** | | | | | | | |
| **Non-Current Assets** | | | | | | | |
| Property, plant and equipment | 15 | **1,265,538** | 1,167,505 | 1,137,912 | **–** | – | – |
| Prepaid lease payments | 16 | **55,542** | 58,394 | 62,758 | **–** | – | – |
| Land held for property development | 17 | **4,642,164** | 4,508,568 | 4,560,892 | **–** | – | – |
| Investment properties | 18 | **13,672,410** | 12,891,488 | 12,804,095 | **–** | – | – |
| Goodwill on consolidation | 19 | **11,472** | 11,472 | 11,472 | **–** | – | – |
| Interests in subsidiaries | 20 | **–** | – | – | **19,700,802** | 18,555,815 | 17,947,197 |
| Investment in an associate | 21 | **99,313** | 97,308 | 94,115 | **–** | – | – |
| Interests in joint ventures | 22 | **5,012,119** | 4,951,641 | 5,125,574 | **–** | – | – |
| Amounts due from subsidiaries | 20 | **–** | – | – | **232,853** | 504,999 | 232,853 |
| Derivative financial assets | 34 | **–** | 13,597 | 4,551 | **–** | – | 600 |
| Deferred tax assets | 23 | **133,854** | 145,970 | 106,741 | **–** | – | – |
| | | **24,892,412** | 23,845,943 | 23,908,110 | **19,933,655** | 19,060,814 | 18,180,650 |
| **Current Assets** | | | | | | | |
| Property development costs | 24 | **3,567,548** | 3,467,800 | 4,032,642 | **–** | – | – |
| Inventories | 25 | **2,047,991** | 2,106,832 | 1,835,521 | **–** | – | – |
| Derivative financial assets | 34 | **–** | 6,529 | – | **–** | – | – |
| Trade and other receivables | 26 | **357,910** | 280,163 | 645,780 | **224** | 5 | 17 |
| Contract assets | 27 | **216,591** | 286,331 | 728,990 | **–** | – | – |
| Amounts due from subsidiaries | 20 | **–** | – | – | **20** | 509,919 | 926,493 |
| Amount due from a joint venture | 22 | **560** | 107 | – | **–** | – | – |
| Current tax assets | | **59,305** | 42,013 | 91,090 | **21,862** | 20,021 | 8,544 |
| Other investments | | **–** | – | 6,329 | **–** | – | – |
| Short term funds | 28 | **41** | 298,122 | 282,515 | **41** | 298,122 | 282,515 |
| Deposits with financial institutions | 29 | **455,086** | 1,837,610 | 1,405,299 | **235,797** | – | – |
| Cash and bank balances | 30 | **1,121,758** | 547,588 | 688,419 | **432,541** | 25,836 | 67,165 |
| | | **7,826,790** | 8,873,095 | 9,716,585 | **690,485** | 853,903 | 1,284,734 |
| **TOTAL ASSETS** | | **32,719,202** | 32,719,038 | 33,624,695 | **20,624,140** | 19,914,717 | 19,465,384 |

| | Note | Group 30.6.2019 RM'000 | Group 30.6.2018 RM'000 | Group 1.7.2017 RM'000 | Company 30.6.2019 RM'000 | Company 30.6.2018 RM'000 | Company 1.7.2017 RM'000 |
|---|---|---|---|---|---|---|---|
| **EQUITY AND LIABILITIES** | | | | | | | |
| **Equity Attributable to Owners of the Parent** | | | | | | | |
| Share capital | 31 | **18,514,233** | 18,514,233 | 18,514,233 | **18,514,233** | 18,514,233 | 18,514,233 |
| Reserves | 32 | **(225,701)** | (360,594) | 13,119 | **9,824** | 11,182 | 11,590 |
| Retained earnings | | **8,986,081** | 8,596,108 | 8,171,000 | **954,277** | 356,831 | 225,967 |
| Reorganisation debit balance | | **(8,440,152)** | (8,440,152) | (8,440,152) | **–** | – | – |
| | | **18,834,461** | 18,309,595 | 18,258,200 | **19,478,334** | 18,882,246 | 18,751,790 |
| Non-controlling interests | 20 | **159,122** | 166,603 | 260,655 | **–** | – | – |
| **Total equity** | | **18,993,583** | 18,476,198 | 18,518,855 | **19,478,334** | 18,882,246 | 18,751,790 |
| **LIABILITIES** | | | | | | | |
| **Non-Current Liabilities** | | | | | | | |
| Borrowings | 33 | **10,150,209** | 9,573,746 | 4,790,513 | **221,276** | 437,794 | 648,689 |
| Derivative financial liabilities | 34 | **43,514** | 12,032 | – | **3,581** | 12,032 | – |
| Amounts due to non-controlling interests | 35 | **–** | 9,934 | 17,671 | **–** | – | – |
| Trade and other payables | 36 | **29,709** | 40,395 | 25,760 | **–** | – | – |
| Deferred tax liabilities | 23 | **801,155** | 815,633 | 1,056,655 | **–** | – | – |
| | | **11,024,587** | 10,451,740 | 5,890,599 | **224,857** | 449,826 | 648,689 |
| **Current Liabilities** | | | | | | | |
| Borrowings | 33 | **1,176,252** | 2,379,320 | 7,703,993 | **224,539** | 200,127 | 54,021 |
| Derivative financial liabilities | 34 | **14,167** | 7,358 | 9,448 | **5,783** | 7,358 | 6,406 |
| Trade and other payables | 36 | **1,025,111** | 1,110,858 | 1,252,624 | **1,216** | 1,233 | 1,152 |
| Contract liabilities | 27 | **341,508** | 112,784 | 162,509 | **–** | – | – |
| Amounts due to subsidiaries | 20 | **–** | – | – | **689,411** | 373,927 | 3,326 |
| Current tax liabilities | | **143,994** | 180,780 | 86,667 | **–** | – | – |
| | | **2,701,032** | 3,791,100 | 9,215,241 | **920,949** | 582,645 | 64,905 |
| **Total liabilities** | | **13,725,619** | 14,242,840 | 15,105,840 | **1,145,806** | 1,032,471 | 713,594 |
| **TOTAL EQUITY AND LIABILITIES** | | **32,719,202** | 32,719,038 | 33,624,695 | **20,624,140** | 19,914,717 | 19,465,384 |

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

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

# STATEMENTS OF CHANGES IN EQUITY

## FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

| | Attributable to owners of the Company | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| Group | Share capital 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 2018, as previously reported | 18,514,233 | 875,335 | 14,200 | 15,604 | (8,440,152) | 7,330,986 | 18,310,206 | 166,598 | 18,476,804 |
| Effects on adoption of MFRS framework (Note 45) | – | (1,265,733) | – | – | – | 1,265,122 | (611) | 5 | (606) |
| As at 1 July 2018, as restated | 18,514,233 | (390,398) | 14,200 | 15,604 | (8,440,152) | 8,596,108 | 18,309,595 | 166,603 | 18,476,198 |
| Profit for the financial year | – | – | – | – | – | 661,290 | 661,290 | (860) | 660,430 |
| Exchange differences on translation of foreign operation, net of tax | – | 204,139 | – | – | – | – | 204,139 | (1,749) | 202,390 |
| Net change in cash flow hedge (Note 32.2) | – | – | (65,417) | – | – | – | (65,417) | – | (65,417) |
| Total comprehensive income | – | 204,139 | (65,417) | – | – | 661,290 | 800,012 | (2,609) | 797,403 |
| **Transactions with owners** | | | | | | | | | |
| Issuance of redeemable preference shares to non-controlling interests in subsidiaries | – | – | – | – | – | – | – | 13,371 | 13,371 |
| Changes in equity interests in subsidiaries | – | – | – | – | – | 161 | 161 | (259) | (98) |
| Employee share options lapsed | – | – | – | (3,829) | – | 3,829 | – | – | – |
| Dividend paid (Note 14) | – | – | – | – | – | (275,307) | (275,307) | – | (275,307) |
| Dividend paid to non-controlling interests | – | – | – | – | – | – | – | (17,984) | (17,984) |
| **As at 30 June 2019** | 18,514,233 | (186,259) | (51,217) | 11,775 | (8,440,152) | 8,986,081 | 18,834,461 | 159,122 | 18,993,583 |

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



| | Attributable to owners of the Company | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| Group | Share capital 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, as previously reported | 18,514,233 | 1,265,686 | (4,830) | 17,141 | (8,440,152) | 6,875,883 | 18,227,961 | 260,615 | 18,488,576 |
| Effects on adoption of MFRS framework (Note 45) | – | (1,264,878) | – | – | – | 1,295,117 | 30,239 | 40 | 30,279 |
| As at 1 July 2017, as restated | 18,514,233 | 808 | (4,830) | 17,141 | (8,440,152) | 8,171,000 | 18,258,200 | 260,655 | 18,518,855 |
| Profit for the financial year | – | – | – | – | – | 753,636 | 753,636 | 24,478 | 778,114 |
| Exchange differences on translation of foreign operation, net of tax | – | (391,206) | – | – | – | – | (391,206) | (4,192) | (395,398) |
| Net change in cash flow hedge (Note 32.2) | – | – | 19,030 | – | – | – | 19,030 | – | 19,030 |
| Total comprehensive income | – | (391,206) | 19,030 | – | – | 753,636 | 381,460 | 20,286 | 401,746 |
| **Transactions with owners** | | | | | | | | | |
| Issuance of redeemable 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 preference shares from non-controlling interest 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 | (390,398) | 14,200 | 15,604 | (8,440,152) | 8,596,108 | 18,309,595 | 166,603 | 18,476,198 |

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

# STATEMENTS OF CHANGES IN EQUITY
## FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

| | Attributable to owners of the Company | | | | |
|---|---|---|---|---|---|
| Company | Share capital 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 2018 | **18,514,233** | **(4,422)** | **15,604** | **356,831** | **18,882,246** |
| Profit for the financial year | **–** | **–** | **–** | **868,924** | **868,924** |
| Net change in cash flow hedge (Note 32.2) | **–** | **2,471** | **–** | **–** | **2,471** |
| Total comprehensive income | **–** | **2,471** | **–** | **868,924** | **871,395** |
| **Transactions with owners** | | | | | |
| Employee share options lapsed | **–** | **–** | **(3,829)** | **3,829** | **–** |
| Dividend paid (Note 14) | **–** | **–** | **–** | **(275,307)** | **(275,307)** |
| **As at 30 June 2019** | **18,514,233** | **(1,951)** | **11,775** | **954,277** | **19,478,334** |
| 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 32.2) | – | 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 |

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



# STATEMENTS OF CASH FLOWS
## FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

| | | Group | | Company | |
|---|---|---|---|---|---|
| | Note | 2019 RM'000 | 2018 RM'000 | 2019 RM'000 | 2018 RM'000 |
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | | | |
| Profit before taxation | | **1,085,960** | 1,015,607 | **871,903** | 462,937 |
| Adjustments for: | | | | | |
| Amortisation of prepaid lease payments | 16 | **2,115** | 2,168 | **–** | – |
| Bad debts written off | | **130** | 21 | **–** | – |
| Depreciation of property, plant and equipment | 15 | **38,731** | 36,770 | **–** | – |
| Dividend income | 7 | **–** | – | **(889,847)** | (470,836) |
| Fair value gain on investment properties | 18 | **(93,356)** | (160,695) | **–** | – |
| Gain on: | | | | | |
| – disposal of land from compulsory acquisitions | | **(752)** | (664) | **–** | – |
| – disposal of property, plant and equipment | | **(129)** | – | **–** | – |
| – redemption of redeemable preference shares in subsidiaries | | **–** | – | **(39,679)** | – |
| Impairment losses on receivables | 26 | **1,156** | 796 | **–** | – |
| Impairment losses on interests in subsidiaries | | **–** | – | **60,083** | – |
| Interest expense | 11 | **–** | – | **41,940** | 41,347 |
| Interest income | 10 | **(68,936)** | (52,440) | **(37,764)** | (39,135) |
| Inventories written off | | **9** | 52 | **–** | – |
| Loss on disposal of property, plant and equipment | | **–** | 40 | **–** | – |
| Property, plant and equipment written off | 15 | **1,023** | 73 | **–** | – |
| Reversal of impairment losses on receivables | 26 | **(2,504)** | (581) | **–** | – |
| Share of result of an associate | | **(2,005)** | (3,193) | **–** | – |
| Share of results of joint ventures | | **(103,174)** | 33,875 | **–** | – |
| Transaction costs on borrowing | | **–** | – | **344** | 344 |
| Unrealised loss/(gain) on foreign currency translations | | **48,903** | (37,672) | **(7,831)** | 41 |
| Waiver of amount owing by a subsidiary | | **–** | – | **–** | 4 |
| Operating profit/(loss) before working capital changes | | **907,171** | 834,157 | **(851)** | (5,298) |
| Increase in property development costs | | **(233,009)** | (325,222) | **–** | – |
| Decrease in inventories | | **401,118** | 778,963 | **–** | – |
| Decrease in contract assets | | **69,740** | 442,659 | **–** | – |
| (Increase)/Decrease in trade and other receivables | | **(75,336)** | 410,593 | **(219)** | 12 |
| Increase/(Decrease) in contract liabilities | | **228,724** | (49,725) | **–** | – |
| (Decrease)/Increase in trade and other payables | | **(62,040)** | (201,875) | **(17)** | 81 |
| Cash generated from/(used in) operations | | **1,236,368** | 1,889,550 | **(1,087)** | (5,205) |
| Tax paid | | **(487,320)** | (360,165) | **(4,820)** | (14,718) |
| Tax refunded | | **7,547** | 1,935 | **–** | – |
| **Net cash from/(used in) operating activities** | | **756,595** | 1,531,320 | **(5,907)** | (19,923) |

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

# STATEMENTS OF CASH FLOWS
## FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

| | Note | Group 2019 RM'000 | Group 2018 RM'000 | Company 2019 RM'000 | Company 2018 RM'000 |
|---|---|---|---|---|---|
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | | | | |
| Dividends received | | **4,509** | 26,419 | **330,831** | 404,625 |
| Interest received | | **58,944** | 45,244 | **38,735** | 40,125 |
| Proceeds from: | | | | | |
| – disposal of investment properties | | **7,250** | – | **–** | – |
| – compulsory land acquisition | | **2,070** | 664 | **–** | – |
| – disposal of other investment | | **–** | 6,216 | **–** | – |
| – disposal of property, plant and equipment | | **194** | 1,133 | **–** | – |
| Additional investments in subsidiaries | | **–** | – | **(829,958)** | – |
| Additional investment in a joint venture | | **(11,453)** | (120,567) | **–** | – |
| Redemption of share capital of a joint venture | | **67,236** | 1,775 | **–** | – |
| Redemption of redeemable preference shares of subsidiaries | | **–** | – | **251,687** | – |
| Repayment from joint ventures | | **158,534** | 16,398 | **–** | – |
| Additions to: | | | | | |
| – property, plant and equipment | 15 | **(125,949)** | (36,621) | **–** | – |
| – land held for property development | | **(71,168)** | (86,264) | **–** | – |
| – investment properties | | **(330,634)** | (182,535) | **–** | – |
| Equity contribution to subsidiaries | | **–** | – | **(529,138)** | – |
| Advances to subsidiaries | | **–** | – | **–** | (726,669) |
| Repayments from subsidiaries | | **–** | – | **468,331** | 398,215 |
| Advances to joint ventures | | **–** | (29,000) | **–** | – |
| **Net cash (used in)/from investing activities** | | **(240,467)** | (357,138) | **(269,512)** | 116,296 |

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

| | Note | Group 2019 RM'000 | Group 2018 RM'000 | Company 2019 RM'000 | Company 2018 RM'000 |
|---|---|---|---|---|---|
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | | | | |
| Consideration paid for acquisition of additional shares from non-controlling interests | | **(98)** | (176) | **(98)** | (176) |
| Advances from subsidiaries | | **–** | – | **2,398,542** | 499,217 |
| Interest paid | | **(395,059)** | (308,628) | **(41,945)** | (41,767) |
| Dividend paid | 14 | **(275,307)** | (330,369) | **(275,307)** | (330,369) |
| Dividend paid to non-controlling interests | | **(17,984)** | (55,552) | **–** | – |
| Banking facilities fees paid | | **(7,828)** | (47,643) | **–** | – |
| Drawdown of borrowings | | **1,573,995** | 7,497,325 | **–** | – |
| Repayment of borrowings | | **(2,508,490)** | (7,498,785) | **(200,000)** | (50,000) |
| Proceeds from issuance of preference shares to non-controlling interests in a subsidiary | | **4,371** | 3,600 | **–** | – |
| Repayment of advances to non-controlling interests | | **(1,180)** | (8,313) | **–** | – |
| Redemption of preferences shares from non-controlling interests in a subsidiary | | **–** | (61,906) | **–** | – |
| Repayment to subsidiaries | | **–** | – | **(1,261,352)** | (199,000) |
| **Net cash (used in)/from financing activities** | | **(1,627,580)** | (810,447) | **619,840** | (122,095) |
| Net (decrease)/increase in cash and cash equivalents | | **(1,111,452)** | 363,735 | **344,421** | (25,722) |
| Cash and cash equivalents at beginning of financial year | | **2,683,320** | 2,376,233 | **323,958** | 349,680 |
| Effect of exchange rate changes | | **5,017** | (56,648) | **–** | – |
| **Cash and cash equivalents at end of financial year** | 37 | **1,576,885** | 2,683,320 | **668,379** | 323,958 |

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

# STATEMENTS OF CASH FLOWS
## FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

### 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 2018 | **11,953,066** | **9,934** |
| **Cash flows:** | | |
| Drawdown of borrowings | **1,573,995** | **–** |
| Repayment | **(2,508,490)** | **(1,180)** |
| Banking facilities fees paid | **(7,828)** | **–** |
| Interest paid | **(395,059)** | **–** |
| **Non cash changes:** | | |
| Foreign exchange movements | **300,711** | **–** |
| Interest expense capitalised (Note 11) | **393,537** | **246** |
| Amortisation of banking facilities fees | **10,212** | **–** |
| Issuance of redeemable preference shares to non-controlling interests in a subsidiary | **–** | **(9,000)** |
| Others | **6,317** | **–** |
| **At 30 June 2019** | **11,326,461** | **–** |
| At 1 July 2017 | 12,494,506 | 17,671 |
| **Cash flows:** | | |
| Drawdown of borrowings | 7,497,325 | – |
| Repayment | (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 |
| Amortisation of banking facilities fees | 11,736 | – |
| Others | 10,294 | – |
| **At 30 June 2018** | 11,953,066 | 9,934 |

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



### RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES: (CONTINUED)

A reconciliation between the opening and closing balance in the financial position for liabilities arising from financing activities is as follows: (continued)

| Company | Borrowings RM'000 | Amounts due to subsidiaries RM'000 |
|---|---|---|
| At 1 July 2018 | **637,921** | **373,927** |
| **Cash flows:** | | |
| Advances from subsidiaries | **–** | **2,398,542** |
| Repayment | **(200,000)** | **(1,261,352)** |
| Interest paid | **(28,896)** | **(13,049)** |
| **Non cash changes:** | | |
| Foreign exchange movements | **8,984** | **–** |
| Interest expense | **28,891** | **13,049** |
| Equity contribution | **–** | **50,301** |
| Dividend | **–** | **(872,963)** |
| Others | **(1,085)** | **956** |
| **At 30 June 2019** | **445,815** | **689,411** |
| At 1 July 2017 | 702,710 | 3,326 |
| **Cash flows:** | | |
| Advances from a subsidiary | – | 499,217 |
| Repayment | (50,000) | (199,000) |
| 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 2019

## 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 holding company is Vertical Capacity Sdn. Bhd., which is incorporated in Malaysia.

The financial statements were authorised for issue in accordance with a resolution by the Board of Directors on 17 September 2019.

## 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 44 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 Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards ("IFRSs") and the Companies Act 2016 in Malaysia.

The financial statements of the Group and of the Company for the financial year ended 30 June 2019 are the first set of financial statements prepared in accordance with MFRS framework. In the previous financial years, the financial statements of the Group and of the Company were prepared in accordance with Financial Reporting Standards ("FRSs") in Malaysia. As required by MFRS 1 'First-time adoption of MFRS', the Group and the Company have consistently applied the same accounting policies in its opening MFRS statement of financial position and throughout all financial years presented, as if these policies had always been in effect.

The MFRS framework is effective for the Group and the Company from 1 July 2018 and the date of transition to the MFRS framework for the purpose of preparation of MFRS compliant financial statements is 1 July 2017. The financial statements for financial year ended 30 June 2017 were prepared in accordance with FRS. Accordingly, the comparative figures for financial year ended 30 June 2017 in these financial statements have been restated to give effect to those changes. The impact of the transition to MFRS on the Group's reported financial position, financial performance and cash flows are disclosed in Note 45 to the financial statements.

### 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 MFRS 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's 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 to the financial statements.

### 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 ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs

### 4.1 Standards, amendments to published standards and interpretations that are effective

The Group and the Company have applied the following amendments for the first time for the financial year beginning on 1 July 2018:

- MFRS 1 'First-time Adoption of Malaysian Financial Reporting Standards'
- MFRS 9 'Financial Instruments'
- MFRS 15 'Revenue from Contracts with Customers'
- Clarification to MFRS 15 'Revenue from Contracts with Customers'
- IC Interpretation 22 'Foreign Currency Transactions and Advance Consideration'
- Amendments to MFRS 4 'Applying MFRS 9 with MFRS 4 – Insurance Contracts'
- Amendments to MFRS 128 'Investments in Associates and Joint Ventures' – Annual improvements to MFRSs 2014-2016 Cycle
- Amendments to MFRS 140 'Transfer of Investment Property'

The adoption of the above did not have any significant impact to the Group's and the Company's results and financial position except for MFRS 1 and MFRS 15. The impact of the change is disclosed in Note 45 to the financial statements.

### 4.2 New MFRSs that have been issued but not yet effective and applicable to the Group and the Company

A number of new standards and amendments to standard and interpretations are effective for financial year beginning on or after 1 July 2019. 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:

- 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.

  The Group and the Company have assessed the impact of the adoption of MFRS 16. The adoption of MFRS 16 is not expected to have any significant impact to the financial performance or position of the Group and the Company.

- 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.

  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.

# NOTES TO THE FINANCIAL STATEMENTS
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## 4 ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs (CONTINUED)

### 4.3 IFRIC Tentative Agenda Decision

In March 2019, the IFRS Interpretation Committee ('IFRIC') published an agenda decision on borrowings costs confirming, receivables, contract assets and inventories for which revenue is recognised over time are non-qualification assets. On 20 March 2019, the Malaysian Accounting Standard Board announced that an entity shall apply the change in accounting policy as a result of this Agenda Decision to financial statements of annual periods beginning on or after 1 July 2020.

The Group is assessing the impact on the change in accounting policy pursuant to IFRIC tentative agenda decision on borrowing costs incurred on property under construction where control is transferred over time.

## 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 and cost recognition from property development activities

Revenue is recognised as and when the control of the asset is transferred to the customers and it is probable that the Group will collect the consideration to which the Group will be entitled in exchange for the asset that will be transferred to the customer. Control of the asset may transfer over time or at a point in time depending on the terms of the contract and the applicable laws governing the contract.

If control of the asset transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of a performance obligation based on the physical proportion of contract work-to-date certified by professional consultants.

Significant judgement is required in determining the progress towards complete satisfaction of a performance obligation based on the certified work-to-date corroborated by the level of completion of the construction based on actual costs incurred to-date over the estimated total property development costs to completion. The estimated total property development costs to completion are based on approved budgets, which require assessment and judgements to be made on changes in, for example, work scope, changes in costs and costs to completion.

In making these judgements, management relies on past experience and the work of specialists.

### 5.2 Taxation

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 completed properties.

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 is disclosed in Note 18 to 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 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 amount of the acquirer's previously held equity interest in the acquiree is re-measured 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 profit or loss. Contingent consideration that is classified as equity is not re-measured, 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.

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 non-wholly owned subsidiaries are presented separately in the consolidated statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of financial position respectively.

# NOTES TO THE FINANCIAL STATEMENTS
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## 6 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 6.1 Basis of consolidation (continued)

#### *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 re-measured 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.

#### *6.1.4 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 inclusive of goodwill, if any, and adjusted thereafter to recognise the Group's share of the post-acquisition results and other changes in the net assets of the joint venture based on their latest audited financial statements. Dividends received or receivable from a joint venture are recognised as a reduction in the carrying amount of the investment. Where necessary, adjustments are made to the financial statements of joint ventures used by the Group in applying the equity method to ensure consistency of accounting policies with those of the Group. 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.



## 6 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 6.1 Basis of consolidation (continued)

#### *6.1.4 Joint ventures (continued)*

When the Group ceases to equity account its joint venture because of a loss of joint control, any retained interest in the entity is re-measured 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.

#### *6.1.5 Associates*

Associates are entities over which the Group has significant influence, which the Group has the power to participate in the financial and operating policy decisions but not control over those policy.

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 results and other changes in the net assets of the associate based on their latest audited financial statements. 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.

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.

# NOTES TO THE FINANCIAL STATEMENTS
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## 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, joint ventures and associate of which the Company does not expect repayment in the foreseeable future are considered as part of the Company's net investments in the respective investees.

### 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 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 to Note 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% |
| Plantation expenditure | 4% - 8% |
| Buildings and improvements | 2% - 10% |
| Plant and machinery | 4% - 20% |
| Motor vehicles | 10% - 20% |
| Furniture, fittings and equipment | 5% - 33% |

Assets under construction are only depreciated 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.



## 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. Investment properties of the Group are measured at fair value except for investment properties under construction which are measured at cost until either the fair value becomes reliably determinable or when construction is completed, whichever is earlier. 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 MFRS. Its fair value at the date of reclassification becomes its cost for subsequent accounting purposes.

### 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 and whenever there is an indication that it might be impaired. 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 amount 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.

# NOTES TO THE FINANCIAL STATEMENTS
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## 6 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 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 non-financial asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For purposes of impairment testing, cash generating units to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. 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. Impairment loss on goodwill is not reversed. In respect of other assets, any subsequent increase in recoverable amount is recognised in profit or loss.

### 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 lower of its fair value and the present value of the minimum lease payments of the leased assets. 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 expenses and the reduction of the outstanding liability. The finance expenses 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

#### *6.7.1 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 carried at the lower of cost and net realisable value.

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.

#### *6.7.2 Property development costs*

Property development costs comprise costs associated with the acquisition of land and all costs directly attributable to development activities less cumulative amounts recognised as expense in the profit or loss for property under development are carried in the statement of financial position as property development costs. The property development cost is subsequently recognised as an expense in profit or loss as and when the control of the asset is transferred to the customer.

Property development cost of unsold unit is transferred to completed development once the development is completed.

#### *6.7.3 Completed development properties*

The cost of completed development properties is stated at the lower of cost and net realisable value. Cost includes cost associated with the acquisition of land, 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 development properties to their present location and condition.

#### *6.7.4 Finished goods, raw materials and consumable stores*

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 costs to completion and the estimated costs necessary to make the sale.

### 6.8 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 6.22 on impairment of financial assets and financial guarantee contracts).

# NOTES TO THE FINANCIAL STATEMENTS
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## 6 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 6.9 Contract assets and contract liabilities

Contract asset is the right to consideration for goods or services transferred to the customers. In the context of property development and construction contracts, contract asset is the excess of cumulative revenue earned over the billings to date. Contract asset is stated at cost less accumulated impairment.

Contract liability is the obligation to transfer goods or services to the customer for which the Group or the Company have received the consideration or billed the customer. In the context of property development and construction contracts, contract liability is the excess of the billings to date over the cumulative revenue earned. Contract liabilities include club membership fees, down payments received from customers and other deferred income where the Group and the Company have billed or collected the payment before the goods are delivered or services are provided to the customers.

### 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 and short-term funds, which are readily convertible to 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*

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.

#### *6.11.4 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 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 transaction costs and the related tax effects, is included in equity attributable to the owners of the Company.

#### *6.11.5 Earnings per share*

<u>Basic earnings per share</u>

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.



## 6 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 6.11 Share capital (continued)

#### *6.11.5 Earnings per share (continued)*

<u>Diluted earnings per share</u>

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 when the Group and the Company expect to settle the liability in its normal operating cycle and the Group and the Company have no unconditional right to defer settlement of the liability for at least 12 months after the end of 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.

### 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.

# NOTES TO THE FINANCIAL STATEMENTS
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## 6 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 6.14 Current and deferred income tax

Tax expense for the period comprises current and deferred 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 recognised using the liability method, providing for temporary differences 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.



## 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*

<u>Employee options</u>

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.

# NOTES TO THE FINANCIAL STATEMENTS
– 30 JUNE 2019

## 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.



## 6 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 6.19 Revenue recognition

#### *6.19.1 Revenue from contracts with customers*

Revenue which represents income arising in the course of the Group's and the Company's ordinary activities is recognised by reference to each distinct performance obligation promised in the contract with customer when or as the Group and the Company transfer the control of the goods and services promised in a contract and the customer obtains control of the goods or services. Depending on the substance of the respective contract with customer, the control of the promised goods or services may transfer over time or at point in time.

A contract with customer exists when the contract has commercial substance. The Group, the Company and customers have approved the contract and intend to perform their respective obligations, the Group's, the Company's and the customer's rights regarding the goods or services to be transferred and the payment terms can be identified, and it is probable that the Group and the Company will collect the consideration to which it will be entitled to in exchange of those goods or services.

*(a) Revenue from property development and construction contracts*

Property development, comprising residential and commercial properties are specifically identified by its plot, lot or parcel number as set out in the sale and purchase agreement.

Contracts with customers include multiple promises to customers and therefore accounted for as separate performance obligations. In this case, the transaction price will be allocated to each performance obligation based on the stand-alone selling prices. When these are not directly observable, they are estimated based on expected cost plus margin.

Revenue is recognised as and when control of the asset is transferred to the customer and it is probable that the Group would collect the consideration to which it will be entitled in exchange for the asset that would be transferred to the customer. Depending on the terms of the contract and the laws that apply to the contract, control of the asset may transfer over time or at a point in time. Control of the asset is transferred over time if the performance of the Group does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If control of the asset transfers over time, revenue is recognised over the period of the contract using the input method by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the asset.

The Group recognise revenue over time using the input method, which is based on the actual cost incurred to date on the property development project as compared to the budgeted cost for the respective development projects.

*(b) Sales of completed properties*

The Group recognises sales at a point in time for the sale of completed properties, when the control of the properties has been transferred to the purchasers, being when the properties have been completed and delivered to the customers and it is probable that the Group will collect the considerations to which it would be entitled to in exchange for the assets sold.

*(c) Hotel operations*

Hotel revenue represent income derived from room rentals, sales of food and beverage and other hotel related income are recognised net of discount upon delivery of products and customer acceptance, if any, or performance of services.

# NOTES TO THE FINANCIAL STATEMENTS
– 30 JUNE 2019

## 6 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 6.19 Revenue recognition (continued)

#### *6.19.1 Revenue from contracts with customers (continued)*

*(d) Club subscription fees*

Club subscription fees, which are not refundable, are recognised over time as income when earned.

*(e) Sales of plantation produce*

Revenue from the sale of plantation produce is recognised upon delivery of products and customer acceptance.

*(f) 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 services are rendered.

*(g) Others*

Others revenue comprises of management fees, building maintenance fees and landscaping services. Revenue are recognised when services are rendered.

#### *6.19.2 Lease income*

Lease 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.

#### *6.19.3 Dividend income*

Dividend income is recognised when shareholder's right to receive payment is established.

#### *6.19.4 Interest income*

Interest income is recognised using the effective interest method.

### 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.



## 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.

# NOTES TO THE FINANCIAL STATEMENTS
– 30 JUNE 2019

## 6 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 6.21 Financial instruments

#### *6.21.1 Financial assets*

Accounting policies applied from 1 July 2018

*(a) Classification*

From 1 July 2018, the Group and the Company classify its financial assets in the following measurement categories:

(i) those be measured subsequently at fair value (either through other comprehensive income or through profit or loss); and

(ii) those to be measured at amortised costs.

The Group and the Company reclassify debt investments when and only when its business model for managing those assets changes.

*(b) Recognition and initial measurement*

Regular way purchases and sales of financial assets are recognised on trade date, the date on which the Group and the Company commit to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group and the Company have transferred substantially all the risks and rewards ownerships.

*(c) Measurement*

At initial recognition, the Group and the Company measure a financial asset at its fair value plus, in the case of financial asset not at fair value through profit or loss ("FVTPL"), transaction costs that are directly attributable to the acquisition of the financial assets. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's and the Company's business model for managing the asset and the cash flow characteristics of the asset. The Group reclassified debt investments when and only when its business model for managing those assets changes.

The Group classifies its debt instruments at amortised cost. Assets that are held for collection of contractual cash flows where those cash flows represent solely payment of principal and interest are measured at amortised cost. Interest income from these financial assets is included in other income using the effective interest rate method. Any gain or loss arising from derecognition is recognised directly in profit or loss and presented in other income together with foreign exchange gains or losses. Impairment losses are presented as separate line item in the statement of profit or loss.

Equity instruments

The Group and the Company subsequently measure all equity investments at fair value. Where the Group's and the Company's management have elected to present fair value gains or losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's and the Company's right to receive payments is established. Other net gains and losses are recognised in other comprehensive income.

Changes in the fair value of financial assets at FVTPL are recognised in other gains/losses in the statement of profit or loss as applicable.



## 6 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 6.21 Financial instruments (continued)

#### *6.21.1 Financial assets (continued)*

Accounting policies applied until 30 June 2018

In the previous financial year, financial assets of the Group and the Company were classified and measured under FRS 139 'Financial Instruments: Recognition and Measurement' as follows:

*(a) Classification*

(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.

*(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.

# NOTES TO THE FINANCIAL STATEMENTS
– 30 JUNE 2019

## 6 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 6.21 Financial instruments (continued)

#### *6.21.2 Financial liabilities*

Accounting policies applied from 1 July 2018

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.

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.

Accounting policies applied until 30 June 2018

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 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 6.21 Financial instruments (continued)

#### *6.21.3 Financial guarantee contracts*

The Group designates corporate guarantees given to banks for credit facilities granted to subsidiaries as insurance contracts as defined in MFRS 4 'Insurance Contracts'. The Group recognises these insurance contracts as 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.

#### *6.21.4 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.

#### *6.21.5 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.

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.

# NOTES TO THE FINANCIAL STATEMENTS
– 30 JUNE 2019

## 6 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 6.22 Impairment of financial assets and financial guarantee contracts

**Accounting policies applied from 1 July 2018**

The Group and the Company recognise loss allowance for expected credit losses on financial assets measured at amortised cost, debt investments measured at fair value through other comprehensive income, contract assets, financial guarantee contracts. Expected credit losses are probability-weighted estimate of credit losses.

ECL represent a probability-weighted estimate of the difference between present value of cash flow accordingly to contract and present value of cash flows the Group and the Company expect to receive, over the remaining life of the financial instrument. For financial guarantee contracts, the ECL is the difference between the expected payments to reimburse the holder of the guaranteed debt instrument less any amounts that the Company expects to receive from the holder, the debtor or any other party.

The measurement of ECL reflects:

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of money; and
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

(a) General 3-stage approach for other receivables, amounts due from subsidiaries, amounts due from joint ventures, amounts due from associates and financial guarantee contracts issued

At each reporting date, the Group and the Company measure ECL through loss allowance at an amount equal to 12 months ECL if credit risk on a financial instrument or a group of financial instruments has not increased significantly since initial recognition. For all other financial instruments, a loss allowance at an amount equal to lifetime ECL is required.

Note 40.3 sets out the measurement details of ECL.

(b) Simplified approach for trade receivables and contract assets

The Group and the Company apply the MFRS 9 simplified approach to measure ECL which uses a lifetime ECL for all trade receivables and contract assets.

Note 40.3 sets out the measurement details of ECL.

The Group and the Company measure loss allowances at an amount equal to lifetime expected credit loss, except for debt securities that are determined to have low credit risk at the reporting date, cash and bank balance and other debt securities for which credit risk has not increased significantly since initial recognition, which are measured at 12-month expected credit loss. Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime expected credit loss.

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

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

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



## 6 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 6.22 Impairment of financial assets and financial guarantee contracts (continued)

**Accounting policies applied from 1 July 2018 (continued)**

An impairment loss in respect of debt investments measured at fair value through other comprehensive income is recognised in profit or loss and the allowance account is recognised in other comprehensive income.

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

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

**Accounting policies applied until 30 June 2018**

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.

### 6.23 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.

# NOTES TO THE FINANCIAL STATEMENTS
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## 6 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 6.24 Fair value measurements

The fair value of an asset or 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.

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.

### 6.25 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 MFRS 3.

## 7 REVENUE

| | Group | | Company | |
|---|---|---|---|---|
| | 2019 RM'000 | 2018 RM'000 | 2019 RM'000 | 2018 RM'000 |
| Revenue from contracts with customers (Note 7.1) | **1,842,554** | 2,342,531 | **–** | **–** |
| Revenue from other sources | | | | |
| – Rental income | **354,960** | 326,214 | **–** | **–** |
| – Dividend income | **–** | **–** | **889,847** | 470,836 |
| **Total revenue** | **2,197,514** | 2,668,745 | **889,847** | 470,836 |



## 7 REVENUE (CONTINUED)

### 7.1 Disaggregation of revenue from contracts with customers

Revenue from contracts with customers is disaggregated in the table below by primary geographical market, major products and service lines and timing of revenue recognition.

| | Group | |
|---|---|---|
| | 2019 RM'000 | 2018 RM'000 |
| **Primary geographical markets** | | |
| Malaysia | **1,259,095** | 1,576,501 |
| People's Republic of China | **531,818** | 196,580 |
| Singapore | **51,641** | 569,450 |
| Revenue from contract with customers | **1,842,554** | 2,342,531 |
| **Major products and service lines** | | |
| Revenue from property development | | |
| – Ongoing projects | **943,117** | 907,177 |
| – Completed projects | **691,465** | 1,234,095 |
| | **1,634,582** | 2,141,272 |
| Revenue from hospitality and leisure | | |
| – Hotel and hospitality services | **167,455** | 158,631 |
| – Leisure | **30,562** | 31,392 |
| | **198,017** | 190,023 |
| Others | | |
| – Management fees | **8,925** | 10,170 |
| – Others | **1,030** | 1,066 |
| | **9,955** | 11,236 |
| Revenue from contract with customers | **1,842,554** | 2,342,531 |
| **Timing of revenue recognition** | | |
| – Over time | **952,042** | 917,347 |
| – Point in time | **890,512** | 1,425,184 |
| Revenue from contract with customers | **1,842,554** | 2,342,531 |

# NOTES TO THE FINANCIAL STATEMENTS
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## 8 OPERATING PROFIT

| | Group | | Company | |
|---|---|---|---|---|
| | 2019 RM'000 | 2018 RM'000 | 2019 RM'000 | 2018 RM'000 |
| Operating profit has been arrived at after charging: | | | | |
| Auditors' remuneration – statutory audit | | | | |
| – PricewaterhouseCoopers PLT | **1,088** | 1,007 | **188** | 137 |
| – Member firms of PricewaterhouseCoopers International Limited | **160** | 191 | **–** | – |
| – Firms other than member firms of PricewaterhouseCoopers International Limited | **36** | 37 | **–** | – |
| Non-audit services | | | | |
| – PricewaterhouseCoopers Malaysia | **513** | 559 | **209** | 231 |
| – Member firms of PricewaterhouseCoopers International Limited | **317** | 99 | **–** | 6 |
| – Firms other than member firms of PricewaterhouseCoopers International Limited | **78** | 79 | **–** | – |
| Bad debts written off | **130** | 21 | **–** | – |
| Amortisation of prepaid lease payments (Note 16) | **2,115** | 2,168 | **–** | – |
| Depreciation of property, plant and equipment (Note 15) | **38,731** | 36,770 | **–** | – |
| Direct operating expenses from investment properties | **100,431** | 92,319 | **–** | – |
| Inventories written off | **9** | 52 | **–** | – |
| Impairment losses on interests in subsidiaries | **–** | – | **60,083** | – |
| Loss on disposal of property, plant and equipment | **–** | 40 | **–** | – |
| Property, plant and equipment written off (Note 15) | **1,023** | 73 | **–** | – |
| Property development costs* | **761,410** | 1,397,858 | **–** | – |
| Realised loss on foreign currency transactions | **3,350** | 6,704 | **–** | 16 |
| Unrealised loss on foreign currency translations | **–** | – | **–** | 41 |
| Impairment losses on receivables (Note 26) | **1,156** | 796 | **–** | – |
| Management fees to: | | | | |
| – a subsidiary | **–** | – | **872** | 955 |
| – affiliates | **6,321** | 7,978 | **–** | – |

* The cost of inventories of the Group recognised as an expense during the financial year amounted to RM401,733,000 (2018: RM775,434,000) was included in property development costs of the Group.

## 8 OPERATING PROFIT (CONTINUED)

| | Group | | Company | |
|---|---|---|---|---|
| | 2019 RM'000 | 2018 RM'000 | 2019 RM'000 | 2018 RM'000 |
| Operating profit has been arrived at after crediting: | | | | |
| Bad debts recovered | **24** | 3 | **–** | – |
| Dividend income from subsidiaries in Malaysia | **–** | – | **889,847** | 470,836 |
| Fair value gain on: | | | | |
| – investment properties (included in other operating income) (Note 18) | **93,356** | 160,695 | **–** | – |
| – short term funds | **1,316** | 348 | **1,316** | 348 |
| Gain on disposal of: | | | | |
| – land from compulsory acquisition | **752** | 664 | **–** | – |
| – property, plant and equipment | **129** | – | **–** | – |
| Gain on redemption of redeemable preference shares of subsidiaries | **–** | – | **39,679** | – |
| Property project management services from: | | | | |
| – affiliates | **3,797** | 4,512 | **–** | – |
| – a joint venture | **1,397** | 2,454 | **–** | – |
| Management fees from: | | | | |
| – affiliates | **(3)** | 269 | **–** | – |
| Reversal of impairment losses on receivables (Note 26) | **2,504** | 581 | **–** | – |
| Realised gain on foreign currency transactions | **–** | – | **2,581** | – |
| Unrealised gain on foreign currency translations | **4,170** | 2,872 | **7,831** | – |

# NOTES TO THE FINANCIAL STATEMENTS
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## 9 STAFF COSTS

The staff costs of the Group and of the Company are as follows:

| | Group | | Company | |
|---|---|---|---|---|
| | 2019 RM'000 | 2018 RM'000 | 2019 RM'000 | 2018 RM'000 |
| Wages, salaries and others | **194,286** | 169,510 | **1,358** | 1,167 |
| Contributions to Employee's Provident Fund | **17,265** | 12,572 | **–** | – |
| | **211,551** | 182,082 | **1,358** | 1,167 |

Included in staff costs are remuneration of the key management personnel of the Group and of the Company as disclosed in Note 38.3 to the financial statements.

## 10 INTEREST INCOME

| | Group | | Company | |
|---|---|---|---|---|
| | 2019 RM'000 | 2018 RM'000 | 2019 RM'000 | 2018 RM'000 |
| **Interest income from:** | | | | |
| – Short-term deposits | **17,369** | 19,736 | **336** | – |
| – Short-term funds | **24,715** | 8,428 | **18,332** | 5,623 |
| – Subsidiaries | **–** | – | **18,404** | 32,663 |
| – Joint ventures | **10,993** | 8,086 | **–** | – |
| – Housing development accounts | **3,931** | 5,358 | **–** | – |
| – Current accounts | **7,329** | 7,632 | **692** | 849 |
| – Others | **4,599** | 3,200 | **–** | – |
| | **68,936** | 52,440 | **37,764** | 39,135 |

## 11 INTEREST EXPENSE

| | Company | |
|---|---|---|
| | 2019 RM'000 | 2018 RM'000 |
| **Interest expense:** | | |
| – Borrowings | **28,891** | 32,565 |
| – Subsidiaries | **13,049** | 8,782 |
| | **41,940** | 41,347 |

The Group's total interest expense charged by the banks and non-controlling interests of RM393,537,000 and RM246,000 (2018: RM317,858,000 and RM793,000) respectively have been capitalised as part of the costs of qualifying assets as disclosed in Notes 17, 18 and 24 to the financial statements.

## 12 TAXATION

| | Group | | Company | |
|---|---|---|---|---|
| | 2019 RM'000 | 2018 RM'000 | 2019 RM'000 | 2018 RM'000 |
| Current year tax expense | | | | |
| – Malaysian income taxation | **133,310** | 179,045 | **2,790** | 3,150 |
| – Foreign taxation | **253,977** | 331,183 | **–** | – |
| – Deferred taxation (Note 23) | **77,089** | (229,666) | **–** | – |
| | **464,376** | 280,562 | **2,790** | 3,150 |
| Prior years | | | | |
| – Malaysian income taxation | **2,056** | (6,136) | **189** | 91 |
| – Foreign taxation | **35,861** | 836 | **–** | – |
| – Deferred taxation (Note 23) | **(76,763)** | (37,769) | **–** | – |
| | **(38,846)** | (43,069) | **189** | 91 |
| | **425,530** | 237,493 | **2,979** | 3,241 |

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 | |
|---|---|---|---|---|
| | 2019 RM'000 | 2018 RM'000 | 2019 RM'000 | 2018 RM'000 |
| Profit before taxation | **1,085,960** | 1,015,607 | **871,903** | 462,937 |
| Tax calculated at the Malaysian tax rate of 24% | **260,630** | 243,746 | **209,257** | 111,105 |
| Tax effects in respect of: | | | | |
| Non-allowable expenses | **50,974** | 72,486 | **22,792** | 6,620 |
| Non-taxable income | **(8,061)** | (12,290) | **(229,259)** | (114,575) |
| Different tax rates arising from gain from real property investments | **(13,069)** | (29,346) | **–** | – |
| Different tax rates in foreign jurisdictions | **95,369** | 36,674 | **–** | – |
| Unused tax losses and unabsorbed capital allowances not recognised in loss-making subsidiaries | **746** | 1,478 | **–** | – |
| Utilisation of previously unutilised tax losses and unabsorbed capital allowances | **–** | (12) | **–** | – |
| Investment tax allowances | **(150)** | (39,621) | **–** | – |
| Revision of real property gain tax rate | **103,180** | – | **–** | – |
| Share of post-tax results of an associate | **(481)** | (766) | **–** | – |
| Share of post-tax results of joint ventures | **(24,762)** | 8,213 | **–** | – |
| | **464,376** | 280,562 | **2,790** | 3,150 |
| (Over)/Under provision in prior years | **(38,846)** | (43,069) | **189** | 91 |
| | **425,530** | 237,493 | **2,979** | 3,241 |

Malaysian income tax is calculated at the statutory tax rate of 24% (2018: 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.

# NOTES TO THE FINANCIAL STATEMENTS
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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 | |
|---|---|---|
| | 2019 RM'000 | 2018 RM'000 |
| Profit attributable to owners of the parent | **661,290** | 753,636 |

The adjusted weighted average number of ordinary shares for the computation of earnings per ordinary share is arrived at as follows:

| | Group | |
|---|---|---|
| | 2019 '000 | 2018 '000 |
| Weighted average number of ordinary shares in issue after deducting the treasury shares | **5,506,145** | 5,506,145 |
| Basic earnings per ordinary share (sen) | **12.01** | 13.69 |

### (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.

| | Group | |
|---|---|---|
| | 2019 RM'000 | 2018 RM'000 |
| Profit attributable to owners of the parent | **661,290** | 753,636 |

The adjusted weighted average number of ordinary shares for the computation of dilutive earnings per ordinary share is arrived at as follows:

| | Group | |
|---|---|---|
| | 2019 '000 | 2018 '000 |
| Adjusted weighted average number of ordinary shares in issue after deducting the treasury shares | **5,506,145** | 5,506,145 |
| Diluted earnings per ordinary share (sen) | **12.01** | 13.69 |



## 14 DIVIDENDS

Dividends declared and paid by the Company are as follows:

| | Company | |
|---|---|---|
| | 2019 RM'000 | 2018 RM'000 |
| Interim single tier dividend in respect of financial year ended 30 June 2018 of 5.0 sen per ordinary share, paid on 28 September 2018 | **275,307** | – |
| 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 |
| | **275,307** | 330,369 |

On 29 August 2019, the Directors have declared an interim single tier dividend of 3.0 sen per ordinary share, amounting to RM165,184,361 in respect of the financial year ended 30 June 2019. The dividend will be payable on 27 September 2019 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 2019.

## 15 PROPERTY, PLANT AND EQUIPMENT

| Group | Freehold land RM'000 | Leasehold land RM'000 | Golf course development expenditure RM'000 | Plantation 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 |
|---|---|---|---|---|---|---|---|---|---|---|
| **30.6.2019** | | | | | | | | | | |
| **At Cost** | | | | | | | | | | |
| At beginning of financial year | 118,074 | 1,488 | 78,056 | 2,554 | 915,974 | 80,377 | 14,656 | 80,614 | 45,319 | 1,337,112 |
| Additions | – | – | 509 | 37 | 8,900 | 3,216 | 2,327 | 9,037 | 101,923 | 125,949 |
| Transfer from investment properties (Note 18) | 12,305 | – | – | – | – | – | – | – | – | 12,305 |
| Written off | – | – | – | – | (492) | (122) | (392) | (3,935) | – | (4,941) |
| Disposals | – | – | – | – | – | (14) | (870) | (162) | – | (1,046) |
| Foreign currency translation differences | – | – | – | – | (79) | – | (30) | (9) | (318) | (436) |
| | 130,379 | 1,488 | 78,565 | 2,591 | 924,303 | 83,457 | 15,691 | 85,545 | 146,924 | 1,468,943 |

# NOTES TO THE FINANCIAL STATEMENTS
– 30 JUNE 2019

## 15 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

| Group | Leasehold land RM'000 | Golf course development expenditure RM'000 | Plantation 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 |
|---|---|---|---|---|---|---|---|---|
| **30.6.2019** | | | | | | | | |
| **Accumulated Depreciation** | | | | | | | | |
| At beginning of financial year | **54** | **12,871** | **–** | **58,943** | **43,653** | **11,847** | **42,239** | **169,607** |
| Current year depreciation charge | **15** | **1,397** | **300** | **21,448** | **5,984** | **1,523** | **8,064** | **38,731** |
| Written off | **–** | **–** | **–** | **(193)** | **(109)** | **(392)** | **(3,224)** | **(3,918)** |
| Disposals | **–** | **–** | **–** | **–** | **(1)** | **(836)** | **(144)** | **(981)** |
| Foreign currency translation differences | **–** | **–** | **–** | **(6)** | **–** | **(23)** | **(5)** | **(34)** |
| | **69** | **14,268** | **300** | **80,192** | **49,527** | **12,119** | **46,930** | **203,405** |

| Group | Freehold land RM'000 | Leasehold land RM'000 | Golf course development expenditure RM'000 | Plantation 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 |
|---|---|---|---|---|---|---|---|---|---|---|
| **30.6.2018** | | | | | | | | | | |
| **At Cost** | | | | | | | | | | |
| At beginning of financial year | 118,074 | 1,488 | 78,907 | 2,519 | 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) |
| | 118,074 | 1,488 | 78,056 | 2,554 | 915,974 | 80,377 | 14,656 | 80,614 | 45,319 | 1,337,112 |



## 15 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

| 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 |
|---|---|---|---|---|---|---|---|
| 30.6.2018 | | | | | | | |
| **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 |

| | Group | | |
|---|---|---|---|
| | **30.6.2019 RM'000** | **30.6.2018 RM'000** | **1.7.2017 RM'000** |
| **Carrying Amount** | | | |
| Freehold land | **130,379** | 118,074 | 118,074 |
| Leasehold land | **1,419** | 1,434 | 1,449 |
| Golf course development expenditure | **64,297** | 65,185 | 67,712 |
| Plantation expenditure | **2,291** | 2,554 | 2,519 |
| Buildings and improvements | **844,111** | 857,031 | 843,995 |
| Plants and machinery | **33,930** | 36,724 | 34,350 |
| Motor vehicles | **3,572** | 2,809 | 4,157 |
| Furniture, fittings and equipment | **38,615** | 38,375 | 40,412 |
| Construction-in-progress | **146,924** | 45,319 | 25,244 |
| | **1,265,538** | 1,167,505 | 1,137,912 |

# NOTES TO THE FINANCIAL STATEMENTS
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## 16 PREPAID LEASE PAYMENTS

| | Group | |
|---|---|---|
| | 2019 RM'000 | 2018 RM'000 |
| At beginning of financial year | **58,394** | 62,758 |
| Amortisation during the financial year | **(2,115)** | (2,168) |
| Foreign currency translation differences | **(737)** | (2,196) |
| At end of financial year | **55,542** | 58,394 |

## 17 LAND HELD FOR PROPERTY DEVELOPMENT

| Group | Freehold land RM'000 | Long term leasehold land RM'000 | Development costs RM'000 | Total RM'000 |
|---|---|---|---|---|
| **2019** | | | | |
| **At Cost** | | | | |
| At beginning of financial year | **3,106,259** | **432,156** | **970,153** | **4,508,568** |
| Additions | **–** | **–** | **224,798** | **224,798** |
| Reclassifications | **(144,259)** | **145,447** | **(1,188)** | **–** |
| Disposals | **(972)** | **–** | **(346)** | **(1,318)** |
| Transfer to property development costs (Note 24) | **(23,795)** | **(3,167)** | **(62,922)** | **(89,884)** |
| At end of financial year | **2,937,233** | **574,436** | **1,130,495** | **4,642,164** |
| **2018** | | | | |
| **At Cost** | | | | |
| At beginning of financial year | 3,222,255 | 435,325 | 903,312 | 4,560,892 |
| Additions | – | – | 85,875 | 85,875 |
| Transfer to investment properties (Note 18) | (68,045) | – | (459) | (68,504) |
| 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 |

Included in additions to land held for property development of the Group are interest expenses capitalised during the financial year amounting to RM157,753,000 (2018: Nil).

Included in land held for property development of the Group are plantation land of RM656,852,000 (2018: RM648,324,000), which are intended to be used for property development. Currently, the subsidiaries are harvesting oil palm crops from the said land.

Certain titles of freehold land amounting to RM417,357,000 (2018: RM419,926,000), 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.

## 18 INVESTMENT PROPERTIES

| Group | Freehold land and buildings RM'000 | Leasehold land and buildings RM'000 | Total RM'000 |
|---|---|---|---|
| **2019** | | | |
| At beginning of financial year, as previously reported | **4,264,522** | **8,631,060** | **12,895,582** |
| Effects on adoption of MFRS framework (Note 45) | **(163)** | **(3,931)** | **(4,094)** |
| At beginning of financial year, as restated | **4,264,359** | **8,627,129** | **12,891,488** |
| Additions | **61,183** | **451,706** | **512,889** |
| Disposal | **–** | **(7,250)** | **(7,250)** |
| Transfer to property, plant and equipment (Note 15) | **(12,305)** | **–** | **(12,305)** |
| Transfer to inventories | **(91,000)** | **–** | **(91,000)** |
| Fair value adjustments | **65,106** | **28,250** | **93,356** |
| Foreign currency translation differences | **–** | **285,232** | **285,232** |
| At end of financial year | **4,287,343** | **9,385,067** | **13,672,410** |
| **2018** | | | |
| At beginning of financial year | 3,996,146 | 8,807,949 | 12,804,095 |
| Additions | 41,272 | 260,182 | 301,454 |
| Transfer to property, plant and equipment (Note 15) | (2,258) | – | (2,258) |
| Transfer from land held for property development (Note 17) | 68,504 | – | 68,504 |
| Fair value adjustments | 160,695 | – | 160,695 |
| Foreign currency translation differences | – | (441,002) | (441,002) |
| At end of financial year, as restated | 4,264,359 | 8,627,129 | 12,891,488 |

Included in the above are:

| | Group | | |
|---|---|---|---|
| | 30.6.2019 RM'000 | 30.6.2018 RM'000 | 1.7.2017 RM'000 |
| At fair value: | | | |
| Freehold land and building | **4,181,618** | 4,167,373 | 3,700,248 |
| Leasehold land and building | **102,000** | 81,000 | 81,000 |
| | **4,283,618** | 4,248,373 | 3,781,248 |
| At cost: | | | |
| Investment properties under construction | **9,388,792** | 8,643,115 | 9,022,847 |
| At end of financial year | **13,672,410** | 12,891,488 | 12,804,095 |

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## 18 INVESTMENT PROPERTIES (CONTINUED)

Included in additions to investment properties of the Group were interest expense and banking facilities capitalised during the financial year amounting to RM182,255,000 and Nil (2018: RM107,183,000 and RM11,736,000) respectively.

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) 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.

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 MFRS 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 – 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; and

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.



## 18 INVESTMENT PROPERTIES (CONTINUED)

The fair value measurements as at 30 June 2019 and 30 June 2018 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 |
| **30.6.2019** | | | | | | |
| **Completed properties** | | | | | | |
| Malls | Investment method | **2,096,300** | **6.25 - 6.50** | **6.75 - 7.00** | **5.00** | **–** |
| Office buildings | Investment method | **1,313,000** | **5.00 - 6.00** | **5.50 - 6.50** | **5.00** | **–** |
| Others | Comparison method | **610,560** | **–** | **–** | **–** | **18 - 1,700** |
| | Investment method | **107,158** | **4.50 - 6.00** | **5.00 - 7.50** | **5.00 - 15.00** | **–** |
| | Cost method | **156,600** | **–** | **–** | **–** | **3 - 330** |
| | | **4,283,618** | | | | |
| **30.6.2018** | | | | | | |
| **Completed properties** | | | | | | |
| Malls | Investment method | 1,944,813 | 6.25 - 6.50 | 6.75 - 7.00 | 5.00 | – |
| Office buildings | Comparison method | 101,460 | – | – | – | 315 - 1,700 |
| | Investment method | 1,352,000 | 5.00 - 6.00 | 5.50 - 6.50 | 5.00 - 10.00 | – |
| Others | Comparison method | 597,200 | – | – | – | 14 - 400 |
| | Investment method | 96,300 | 4.50 - 6.00 | 5.00 - 7.50 | 5.00 - 15.00 | – |
| | Cost method | 156,600 | – | – | – | 3 - 325 |
| | | 4,248,373 | | | | |

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 |
| **1.7.2017** | | | | | | |
| **Completed properties** | | | | | | |
| Malls | Investment method | 1,813,331 | 6.25 - 6.50 | 6.75 - 7.00 | 5.00 | – |
| Office buildings | Comparison method | 101,370 | – | – | – | 315 - 1,700 |
| | Investment method | 1,039,184 | 5.75 - 6.00 | 6.00 - 6.50 | 5.00 - 10.00 | – |
| Others | Comparison method | 597,403 | – | – | – | 14 - 400 |
| | Investment method | 73,360 | 6.00 | 5.00 - 7.50 | 5.00 - 15.00 | – |
| | Cost method | 156,600 | – | – | – | 3 - 325 |
| | | 3,781,248 | | | | |

Changes to the yield and price per square foot by 50 basis point and 10% respectively, will result in a change in fair value of approximately RM292,675,000 (2018: RM284,282,000; 2017: RM419,278,000) and RM77,760,000 (2018: RM81,540,000; 2017: RM85,231,000) respectively with all other inputs remaining constant.

# NOTES TO THE FINANCIAL STATEMENTS
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## 19 GOODWILL ON CONSOLIDATION

| | Group | | |
|---|---|---|---|
| | 30.6.2019 RM'000 | 30.6.2018 RM'000 | 1.7.2017 RM'000 |
| At beginning/end of financial year | **11,472** | 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 | | |
|---|---|---|---|
| | 30.6.2019 RM'000 | 30.6.2018 RM'000 | 1.7.2017 RM'000 |
| Property development | **3,802** | 3,802 | 3,802 |
| Hospitality and leisure | **7,670** | 7,670 | 7,670 |
| | **11,472** | 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% (2018: 6%).

## 20 SUBSIDIARIES

| | Company | | |
|---|---|---|---|
| | 30.6.2019 RM'000 | 30.6.2018 RM'000 | 1.7.2017 RM'000 |
| **At Cost** | | | |
| Unquoted shares in Malaysia (Note 20.1) | **15,222,575** | 15,221,286 | 14,785,464 |
| Unquoted shares outside Malaysia (Note 20.1) | **3,787,807** | 3,171,048 | 1,442,068 |
| Equity contribution (Note 20.2) | **764,010** | 17,454 | 17,454 |
| | **19,774,392** | 18,409,788 | 16,244,986 |
| Less: Accumulated impairment losses (Note 20.3) | **(73,590)** | (13,507) | (13,507) |
| | **19,700,802** | 18,396,281 | 16,231,479 |
| Equity loans (Note 20.4) | **–** | 159,534 | 1,715,718 |
| | **19,700,802** | 18,555,815 | 17,947,197 |

### 20.1 Interests in subsidiaries

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 44 to the financial statements.



## 20 SUBSIDIARIES (CONTINUED)

### 20.1 Interests in subsidiaries (continued)

**2019**

During the financial year, the Company acquired or subscribed for shares in its subsidiaries as follows:

**Incorporation of new subsidiaries**

On 17 October 2018, the Company has incorporated a wholly-owned subsidiary, namely IOI Business Hotel Sdn. Bhd. ("IBH"). IBH was incorporated in Malaysia as a private limited company under Section 14 of the Companies Act 2016 with 100 ordinary issued shares. The principal activity of IBH is hotel and hospitality services.

**Subscriptions of shares**

| Company | Type of shares | No. of shares '000 | Amount RM'000 |
|---|---|---|---|
| IBH | RPS at an issue price of RM1.00 each | 12,646 | 12,646 |
| PMX Bina Sdn. Bhd. ("PMX Bina") | RPS at an issue price of RM1.00 each | 100 | 100 |
| IOI Properties Empire Sdn. Bhd. ("IPESB") | RPS at an issue price of RM1.00 each | 2,603 | 2,603 |
| IOI Consolidated (Singapore) Pte. Ltd. ("IOIConso") | RPS at an issue price of SGD1.00 each | 222,000 | 673,681 |
| Wealthy Link Pte. Ltd. ("WLPL") | RPS at an issue price of SGD1.00 each | 46,100 | 140,928 |

The above subscriptions were settled by cash and had no impact on the Group's financial statements.

During the financial year, the Company also acquired 24,400 ordinary shares in IOI Properties Berhad ("IOIPB") at an average price of RM4.00 per IOIPB share for cash consideration of RM98,000.

**Redemption of shares**

| Company | Type of shares | No. of shares '000 | Amount RM'000 |
|---|---|---|---|
| Property Skyline Sdn. Bhd. ("PSSB") | RPS at an issue price of RM1.00 each | 1,060 | 1,060 |
| Resort Villa Development Sdn. Bhd. ("RVDSB") | RPS at an issue price of RM100.00 each | 71 | 7,141 |
| Nusa Properties Sdn. Bhd. ("NPSB") | RPS at an issue price of RM1.00 each | 2,057 | 2,057 |
| Palmex Industries Sdn. Bhd. ("Palmex") | RPS at an issue price of RM1.00 each | 3,900 | 3,900 |
| IOI Conso | RPS at an issue price of SGD1.00 each | 78,500 | 197,850 |

The above redemption of shares was redeemed at RM251,687,000 by cash. Accordingly, the Company had recorded a gain on redemption of RM39,679,000.

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## 20 SUBSIDIARIES (CONTINUED)

### 20.1 Interests in subsidiaries (continued)

**2018**

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 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 |
| WLPL | RPS at an issue price of SGD1.00 each | 556,506 | 1,728,980 |

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.

In the previous 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.



## 20 SUBSIDIARIES (CONTINUED)

### 20.2 Equity contribution

Equity contribution represents equity-settled share options in the Company granted to employees of the subsidiaries and discount on advances to subsidiaries of RM17,454,000 and RM50,301,000 respectively.

During the financial year, the Company has capitalised an amount of RM159,462,000 previously classified as equity loan. This amount mainly represents advances to foreign subsidiaries used for investment in development properties in the People's Republic of China ("PRC") and Singapore.

### 20.3 Accumulated impairment losses

During the financial year, an impairment loss of RM60,083,000 has been recognised in profit or loss of the Company. This is in relation to subsidiaries with recoverable amounts lower than the Company's cost of investments.

### 20.4 Equity loans

Equity loans in the previous two (2) financial years mainly represented advances to foreign subsidiaries used for investment in development properties in the PRC and Singapore of RM159,044,000 and Nil (2017: RM154,389,000 and RM1,561,329,000) respectively.

In the previous financial year, an amount of RM1,728,980,000 for investment properties in Singapore had fully capitalised as redeemable preference shares as disclosed in Note 20.1 to the financial statements. The capitalisation amount included an amount of 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.

### 20.5 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 5.16% to 5.18% (2018: 4.12% to 5.16%) per annum and payable on 26 January 2021 in cash and cash equivalents or on demand upon one month written notice from the Company.

The current amounts due from subsidiaries represent payments made on behalf which are unsecured, non-interest bearing except for:

(i) Nil (2018: RM195,000,000) which bear interest at Nil (2018: 4.87% to 5.12%) per annum and are payable upon demand in cash and cash equivalents; and

(ii) Dividend receivable from subsidiaries Nil (2018: RM313,947,000).

The current amounts due to subsidiaries represent advances and payments made on behalf, which are unsecured, bear interest ranging from 3.05% to 3.95% per annum (2018: 2.85% to 4.82%) except for RM50,308,000 (2018: RM73,710,000) which is non-interest bearing and are payable upon demand in cash and cash equivalents.

# NOTES TO THE FINANCIAL STATEMENTS
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## 20 SUBSIDIARIES (CONTINUED)

### 20.6 Material non-controlling interests

As at 30 June 2019, the total non-controlling interests are RM159,122,000 (2018: RM166,603,000), of which RM87,203,000 (2018: RM83,115,000), and RM7,740,000 (2018: RM12,466,000) 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 | |
|---|---|---|---|---|
| | 2019 RM'000 | 2018 RM'000 | 2019 RM'000 | 2018 RM'000 |
| Proportion of ordinary shares held by non-controlling interests (%) | **45%** | 45% | **12%** | 12% |
| Summarised statements of comprehensive income: | | | | |
| Revenue | **–** | – | **51,641** | 569,450 |
| (Loss)/Profit/Total comprehensive (loss)/income for the financial year | **(629)** | (279) | **26,855** | 154,933 |
| (Loss)/Profit/Total comprehensive (loss)/income attributable to non-controlling interests | **(283)** | (126) | **3,223** | 18,592 |
| Dividend paid to non-controlling interests | **–** | – | **13,408** | 52,178 |
| Summarised statements of financial position: | | | | |
| Current assets | **123,016** | 112,314 | **94,407** | 292,038 |
| Current liabilities | **(4,607)** | (2,990) | **(35,903)** | (187,083) |
| Non-current assets | **–** | – | **5,993** | – |
| Non-current liabilities | **–** | – | **–** | (1,074) |
| Net assets | **118,409** | 109,324 | **64,497** | 103,881 |
| Summarised cash flows: | | | | |
| Cash flows (used in)/from operating activities | **(7,299)** | (5,614) | **(20,845)** | 820,478 |
| Cash flows from investing activities | **–** | – | **1,496** | 2,437 |
| Cash flows from/(used in) financing activities | **9,714** | 12,085 | **(113,305)** | (1,076,205) |
| Net increase/(decrease) in cash and cash equivalents during the financial year | **2,415** | 6,471 | **(132,654)** | (253,290) |
| Cash and cash equivalents at beginning of the financial year | **11,956** | 5,485 | **167,024** | 442,680 |
| Effect of exchange rate changes | **–** | – | **5,896** | (22,366) |
| Cash and cash equivalents at end of the financial year | **14,371** | 11,956 | **40,266** | 167,024 |

There was a dividend of RM4,576,000 (2018: RM3,374,000) paid to immaterial non-controlling interests during the financial year.



## 21 ASSOCIATE

| | Group | | |
|---|---|---|---|
| | 30.6.2019 RM'000 | 30.6.2018 RM'000 | 1.7.2017 RM'000 |
| **At Cost** | | | |
| Unquoted shares | **23,601** | 23,601 | 23,601 |
| Redeemable preference shares | **53,070** | 53,070 | 53,070 |
| Share of post-acquisition results and reserves | **22,642** | 20,637 | 17,444 |
| | **99,313** | 97,308 | 94,115 |

### 21.1 Investment in an associate

The redeemable preference shares ("RPS") issued by the associate confer on the holders the right to receive out of the profits of the associate, a cumulative preference dividend at a rate of 900% per annum. Such dividend is calculated on the amount being paid-up from the date of subscription up to 30 June 2015. These cumulative RPS ("CRPS") are redeemable at RM0.01 plus a premium of RM0.99 per share in accordance with the Articles Association of the associate. The maturity of the CRPS had expired on 30 April 2015 and had not been extended. The holders have agreed not to demand or make any claims whatsoever against the associate for the redemption of the CRPS or payment of the cumulative dividends prior to 30 June 2020.

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 44 to the financial statements.

### 21.2 Summary of financial information of the associate is as follows:

| | GLM Emerald Industrial Park (Jasin) Sdn. Bhd. | |
|---|---|---|
| | 2019 RM'000 | 2018 RM'000 |
| **Assets and liabilities** | | |
| Total current assets | **37,889** | 34,949 |
| Total non-current assets | **275,613** | 275,131 |
| Total current liabilities | **1,938** | 4,856 |
| Total non-current liabilities | **1,212** | 1,138 |
| **Results** | | |
| Revenue | **13,549** | 18,843 |
| Profit/Total comprehensive income for the financial year | **6,266** | 9,977 |

There was no dividend paid by the associate in both financial years.

# NOTES TO THE FINANCIAL STATEMENTS
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## 21 ASSOCIATE (CONTINUED)

### 21.3 The reconciliation of net assets of the associate to the carrying amount of the investment in an associate is as follows:

| | Group | |
|---|---|---|
| | 2019 RM'000 | 2018 RM'000 |
| Net assets as at 30 June | **310,352** | 304,086 |
| Share of net assets of the Group/Carrying amount in the statement of financial position | **99,313** | 97,308 |
| Share of profit of the Group | **2,005** | 3,193 |

## 22 JOINT VENTURES

| | Group | | |
|---|---|---|---|
| | 30.6.2019 RM'000 | 30.6.2018 RM'000 | 1.7.2017 RM'000 |
| **At Cost** | | | |
| Unquoted shares (Note 22.1) | **409,850** | 409,850 | 411,624 |
| Redeemable preference shares ("RPS") (Note 22.3) | **4,074,372** | 3,663,757 | 3,543,189 |
| Equity loans (Note 22.4) | **–** | 603,364 | 635,470 |
| Share of post-acquisition results and reserves | **(55,178)** | (289,604) | (37,301) |
| | **4,429,044** | 4,387,367 | 4,552,982 |
| Amounts due from joint ventures (Note 22.5) | **583,075** | 564,274 | 572,592 |
| | **5,012,119** | 4,951,641 | 5,125,574 |

### 22.1 Interests in joint ventures

RPS issued by joint ventures, which are redeemable at the option of issuer and entitle the Group to receive dividend out of profits of the issuer at a rate to be determined by the issuer. The RPS rank pari passu without any preference or priority among themselves and in priority over the ordinary shares in respect of,

(a) Payment of the preference dividend (when, as and if declared); and

(b) In the event of a winding up of or return of capital by the joint venture, payment of any preference dividend that has accrued to holder of preference shares and is unpaid (whether or not then due) as well as the subscription price paid for the preference shares.

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 44 to the financial statements.



## 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 |
|---|---|---|
| **2019** | | |
| **Non-current:** | | |
| Non-current assets | **7,655,995** | **4,747** |
| **Current:** | | |
| Cash and cash equivalents | **425,786** | **8,628** |
| Other current assets | **2,053,035** | **3,965,019** |
| Total current assets | **2,478,821** | **3,973,647** |
| Total assets | **10,134,816** | **3,978,394** |
| **Non-current:** | | |
| Financial liabilities (excluding trade and other payables and provisions) | **4,232,298** | **1,690,390** |
| Other liabilities (including trade and other payables and provisions) | **24,134** | **–** |
| Total non-current liabilities | **4,256,432** | **1,690,390** |
| **Current:** | | |
| Other liabilities (including trade and other payables and provisions) | **383,249** | **19,882** |
| Total current liabilities | **383,249** | **19,882** |
| Total liabilities | **4,639,681** | **1,710,272** |
| Net assets | **5,495,135** | **2,268,122** |

# NOTES TO THE FINANCIAL STATEMENTS
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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)

**(i) Summarised statements of financial position: (continued)**

| | 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 |

**(ii) Summarised statements of comprehensive income:**

| | Scottsdale Properties Pte. Ltd. RM'000 | Pinnacle (Sentosa) Pte. Ltd. RM'000 |
|---|---|---|
| **2019** | | |
| Revenue | **1,504,541** | **76,501** |
| Depreciation and amortisation | **(53,890)** | **–** |
| Interest income | **3,608** | **42** |
| Interest expenses | **(123,257)** | **(45,985)** |
| Profit/(Loss) before taxation | **276,650** | **(62,300)** |
| Taxation | **(29,685)** | **–** |
| Profit/(Loss)/Total comprehensive income/(loss) for the financial year | **246,965** | **(62,300)** |

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)

**(ii) Summarised statements of comprehensive income: (continued)**

| | 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.

**(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 |
|---|---|---|
| **2019** | | |
| **Net assets:** | | |
| As at 1 July 2018 | **4,269,473** | **2,249,646** |
| Profit/(Loss) for the financial year | **246,965** | **(62,300)** |
| Movement in share capital | **811,309** | **8,881** |
| Movement in other reserves | **–** | **(6,078)** |
| Foreign currency translation differences | **167,388** | **77,973** |
| As at 30 June 2019 | **5,495,135** | **2,268,122** |
| Interest in joint ventures as at year end | **49.9%** | **65.0%** |
| **At cost:** | | |
| Unquoted shares | **405,172** | **2,025** |
| Redeemable preference shares | **1,871,379** | **2,182,993** |
| Share of post-acquisition results and reserves | **465,521** | **(710,739)** |
| Total investments in joint ventures | **2,742,072** | **1,474,279** |

# NOTES TO THE FINANCIAL STATEMENTS
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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 |
|---|---|---|
| **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% |
| **At cost:** | | |
| Unquoted shares | 405,172 | 2,025 |
| Redeemable preference shares | 1,466,536 | 2,177,221 |
| Equity loans | 597,788 | 5,576 |
| Share of post-acquisition results and reserves | 258,759 | (716,976) |
| Total investments in joint ventures | 2,728,255 | 1,467,846 |

Set out below are the summarised information of all individually immaterial joint ventures on an aggregate basis.

| | 2019 RM'000 | 2018 RM'000 |
|---|---|---|
| **At Cost** | | |
| Unquoted shares, redeemable preference shares and share of post-acquisition results and reserves | **212,693** | 191,266 |
| Amounts due from joint ventures | **583,075** | 564,274 |
| Total interests in joint ventures | **795,768** | 755,540 |
| Share of joint ventures' profits/total comprehensive income | **20,433** | 31,401 |

There was a dividend of RM4,509,000 (2018: RM26,419,000) paid by an immaterial joint venture during the financial year.

### 22.3 Redeemable preference shares

During the financial year, an amount of RM630,660,000 has been capitalised as RPS. Subsequently, a joint venture has redeemed RM216,138,000, which was settled by cash of RM67,236,000 and offset with the repayment from joint venture of RM148,902,000.



## 22 JOINT VENTURES (CONTINUED)

### 22.4 Equity loans

Equity loans mainly represent the Group's proportionate share in the advances and working capital to the joint ventures for the acquisition of land and its development properties in Singapore. The settlement of the amounts is neither planned nor likely to occur in the foreseeable future. As the amounts are, in substance, a part of the Group's net investments in the joint ventures.

### 22.5 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, interest bearing at rates ranging from 1.65% to 5.05% (2018: 1.40% to 5.03%) per annum except for an amount of Nil (2018: RM603,364,000), which is non-interest bearing 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 | |
|---|---|---|
| | 2019 RM'000 | 2018 RM'000 |
| At beginning of financial year, as previously reported | **(661,819)** | (915,461) |
| Effects on adoption of MFRS framework (Note 45) | **(7,844)** | (34,453) |
| At beginning of financial year, as restated | **(669,663)** | (949,914) |
| Recognised in the profit or loss (Note 12) | | |
| – Current year | **(77,089)** | 229,666 |
| – Prior years | **76,763** | 37,769 |
| | **(326)** | 267,435 |
| Foreign currency translation differences | **2,688** | 12,816 |
| At end of financial year | **(667,301)** | (669,663) |

The following amounts, determined after appropriate offsetting, are shown in the consolidated statement of financial position:

| | Group | | |
|---|---|---|---|
| | 30.6.2019 RM'000 | 30.6.2018 RM'000 | 1.7.2017 RM'000 |
| Deferred tax assets | **133,854** | 145,970 | 106,741 |
| Deferred tax liabilities | **(801,155)** | (815,633) | (1,056,655) |
| | **(667,301)** | (669,663) | (949,914) |

# NOTES TO THE FINANCIAL STATEMENTS
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## 23 DEFERRED TAXATION (CONTINUED)

### 23.1 The amount of the deferred tax income or expenses recognised in the consolidated statement of profit or loss during the financial year are as follows:

| | Group | |
|---|---|---|
| | 2019 RM'000 | 2018 RM'000 |
| At beginning of financial year, as previously reported | **(661,819)** | (915,461) |
| Effects on adoption of MFRS framework (Note 45) | **(7,844)** | (34,453) |
| At beginning of financial year, as restated | **(669,663)** | (949,914) |
| Recognised in profit or loss (Note 12): | | |
| Temporary differences on: | | |
| – Capital allowances | **(12,676)** | (23,702) |
| – Fair value adjustment on investment properties | **(111,784)** | (6,939) |
| – Profit from sales of development properties | **122,095** | 212,204 |
| – Provision | **13,894** | 10,159 |
| – Deferred revenue | **7,154** | 22,717 |
| – Development properties | **(4,731)** | 25,076 |
| – Unabsorbed capital allowances | **(4,493)** | 8,557 |
| – Unrealised profits | **(25,214)** | (14,005) |
| – Unutilised investment tax allowance | **–** | 39,621 |
| – Unutilised tax losses | **1,917** | (612) |
| – Other deductible temporary differences | **13,512** | (5,641) |
| | **(326)** | 267,435 |
| Foreign currency translation differences | **2,688** | 12,816 |
| At end of financial year | **(667,301)** | (669,663) |



## 23 DEFERRED TAXATION (CONTINUED)

### 23.2 The components of deferred tax liabilities and assets at the end of the reporting period comprise the tax effects of:

| | Group | | |
|---|---|---|---|
| | 30.6.2019 RM'000 | 30.6.2018 RM'000 | 1.7.2017 RM'000 |
| **Deferred tax assets** | | | |
| Deferred revenue | **–** | 1,433 | 287 |
| Accruals and provision | **39,063** | 25,169 | 15,010 |
| Unutilised tax losses | **2,068** | 151 | 763 |
| Unabsorbed capital allowances | **6,102** | 10,595 | 2,038 |
| Unrealised profits | **41,487** | 66,701 | 80,706 |
| Unutilised investment tax allowance | **39,621** | 39,621 | – |
| Other deductible temporary differences | **15,914** | 2,300 | 7,937 |
| Deferred tax assets (before off-setting) | **144,255** | 145,970 | 106,741 |
| Off-setting | **(10,401)** | – | – |
| Deferred tax assets (after off-setting) | **133,854** | 145,970 | 106,741 |
| **Deferred tax liabilities** | | | |
| Fair value adjustment on investment properties | **230,670** | 119,103 | 112,788 |
| Deferred revenue | **–** | 8,397 | 30,192 |
| Capital allowances | **93,310** | 80,634 | 56,927 |
| Profit from sales of development properties | **132,536** | 256,965 | 481,362 |
| Development properties* | **355,040** | 350,534 | 375,386 |
| Deferred tax liabilities (before off-setting) | **811,556** | 815,633 | 1,056,655 |
| Off-setting | **(10,401)** | – | – |
| Deferred tax liabilities (after off-setting) | **801,155** | 815,633 | 1,056,655 |

* Comprises mainly of deferred tax adjustments on temporary differences arising from land held for property development, property development costs and inventories.

The following unutilised tax losses and unabsorbed capital allowances for which deferred tax assets have not been recognised, at gross:

| | Group | | |
|---|---|---|---|
| | 30.6.2019 RM'000 | 30.6.2018 RM'000 | 1.7.2017 RM'000 |
| Unutilised tax losses | **11,781** | 8,698 | 2,565 |
| Unabsorbed capital allowances | **27** | – | 23 |
| | **11,808** | 8,698 | 2,588 |

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.

Effective from year of assessment 2019 as announced in the Annual Budget 2019, the unutilised tax losses of the Group as at 30 June 2019 and thereafter will only be available for carry forward for a period of 7 consecutive years. Upon expiry of the 7 years, the unabsorbed losses will be disregarded.

# NOTES TO THE FINANCIAL STATEMENTS
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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 |
|---|---|---|---|---|---|
| **2019** | | | | | |
| **At Cost** | | | | | |
| At beginning of financial year as previously reported | **248,796** | **1,868,968** | **1,835,984** | **(519,400)** | **3,434,348** |
| Effects on adoption of MFRS framework (Note 45) | **–** | **–** | **81,250** | **(47,798)** | **33,452** |
| At beginning of financial year, as restated | **248,796** | **1,868,968** | **1,917,234** | **(567,198)** | **3,467,800** |
| Costs incurred | **–** | **–** | **646,461** | **–** | **646,461** |
| Transfer from land held for property development (Note 17) | **23,795** | **3,167** | **62,922** | **–** | **89,884** |
| Transfer to inventories | **(550)** | **(19,026)** | **(230,528)** | **–** | **(250,104)** |
| Foreign currency translation differences | **–** | **(23,116)** | **(5,198)** | **1,498** | **(26,816)** |
| Recognised as expense in profit or loss as part of cost of sales | **–** | **–** | **–** | **(359,677)** | **(359,677)** |
| Completed projects | **(25,919)** | **(65,301)** | **(453,630)** | **544,850** | **–** |
| At end of financial year | **246,122** | **1,764,692** | **1,937,261** | **(380,527)** | **3,567,548** |
| **2018** | | | | | |
| **At Cost** | | | | | |
| At beginning of financial year, as previously reported | 273,856 | 2,094,384 | 3,092,060 | (1,445,634) | 4,014,666 |
| Effects on adoption of MFRS framework (Note 45) | – | – | 46,854 | (28,878) | 17,976 |
| At beginning of financial year, as restated | 273,856 | 2,094,384 | 3,138,914 | (1,474,512) | 4,032,642 |
| Costs incurred | – | – | 1,159,114 | – | 1,159,114 |
| 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 | – | – | – | (622,424) | (622,424) |
| Completed projects | (24,609) | (152,838) | (1,343,057) | 1,520,504 | – |
| At end of financial year | 248,796 | 1,868,968 | 1,917,234 | (567,198) | 3,467,800 |

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 RM53,529,000 and RM246,000 (2018: RM210,675,000 and RM793,000) respectively.

## 25 INVENTORIES

| | Group | | |
|---|---|---|---|
| | 30.6.2019 RM'000 | 30.6.2018 RM'000 | 1.7.2017 RM'000 |
| **At Cost** | | | |
| Completed development properties | **2,043,772** | 2,102,878 | 1,831,094 |
| Others | **4,219** | 3,954 | 4,427 |
| | **2,047,991** | 2,106,832 | 1,835,521 |

## 26 TRADE AND OTHER RECEIVABLES

| | Group | | |
|---|---|---|---|
| | 30.6.2019 RM'000 | 30.6.2018 RM'000 | 1.7.2017 RM'000 |
| Trade receivables (Note 26.1) | **192,087** | 127,150 | 282,910 |
| Other receivables, deposits and prepayments (Note 26.2) | **161,487** | 151,325 | 359,597 |
| Amounts due from contract customers (Note 26.3) | **963** | 907 | 257 |
| Contract costs (Note 26.4) | **3,373** | 781 | 3,016 |
| | **357,910** | 280,163 | 645,780 |

| | Company | | |
|---|---|---|---|
| | 30.6.2019 RM'000 | 30.6.2018 RM'000 | 1.7.2017 RM'000 |
| Other receivables, deposits and prepayments (Note 26.2) | **224** | 5 | 17 |

### 26.1 Trade receivables

| | Group | | |
|---|---|---|---|
| | 30.6.2019 RM'000 | 30.6.2018 RM'000 | 1.7.2017 RM'000 |
| Trade receivables | **195,644** | 132,623 | 288,495 |
| Less: Accumulated impairment losses | **(3,557)** | (5,473) | (5,585) |
| | **192,087** | 127,150 | 282,910 |

(a) Included in trade receivables of the Group are amounts due from affiliates of RM2,024,000 (2018: 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 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 (2018: 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.

# NOTES TO THE FINANCIAL STATEMENTS
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## 26 TRADE AND OTHER RECEIVABLES (CONTINUED)

### 26.1 Trade receivables (continued)

(c) The reconciliation of movements in provision for impairment losses on trade receivables are as follows:

| | Group | |
|---|---|---|
| | 2019 RM'000 | 2018 RM'000 |
| At beginning of financial year | **5,473** | 5,585 |
| Charge for the financial year | **521** | 453 |
| Written back | **(2,504)** | (443) |
| Foreign currency translation differences | **67** | (122) |
| At end of financial year | **3,557** | 5,473 |

### 26.2 Other receivables, deposits and prepayments

| | Group | | |
|---|---|---|---|
| | 30.6.2019 RM'000 | 30.6.2018 RM'000 | 1.7.2017 RM'000 |
| Other receivables | **100,007** | 109,757 | 302,845 |
| Less: Accumulated impairment losses | **(2,246)** | (1,672) | (1,470) |
| | **97,761** | 108,085 | 301,375 |
| Deposits | **39,455** | 34,118 | 30,190 |
| Prepayments | **24,271** | 9,122 | 28,032 |
| | **161,487** | 151,325 | 359,597 |

| | Company | | |
|---|---|---|---|
| | 30.6.2019 RM'000 | 30.6.2018 RM'000 | 1.7.2017 RM'000 |
| Other receivables | **169** | – | 12 |
| Deposits | **5** | 5 | 5 |
| Prepayments | **50** | – | – |
| | **224** | 5 | 17 |

Included in other receivables of the Group are receivable of Nil (2018: RM29,419,000) in relation to the performance guarantee and an amount of RM9,872,000 (2018: RM9,872,000) in relation to a government grant for the infrastructure costs of certain development projects undertaken by the Group.

Included in deposits of the Group is an amount of RM2,774,000 (2018: RM2,774,000) paid for new land acquisitions.

(a) The reconciliation of movements in provision for impairment losses on other receivables are as follows:

| | Group | |
|---|---|---|
| | 2019 RM'000 | 2018 RM'000 |
| At beginning of financial year | **1,672** | 1,470 |
| Charges for the financial year | **635** | 343 |
| Written back | **–** | (138) |
| Written off | **(61)** | (3) |
| At end of financial year | **2,246** | 1,672 |



## 26 TRADE AND OTHER RECEIVABLES (CONTINUED)

### 26.3 Amounts due from contract customers

| | Group | | |
|---|---|---|---|
| | 30.6.2019 RM'000 | 30.6.2018 RM'000 | 1.7.2017 RM'000 |
| Aggregate costs incurred to date | **3,193** | 2,426 | 615 |
| Recognised profit | **88** | 97 | 59 |
| | **3,281** | 2,523 | 674 |
| Progress billings | **(2,318)** | (1,616) | (417) |
| Amounts due from contract customers | **963** | 907 | 257 |

### 26.4 Contract costs

| | Group | | |
|---|---|---|---|
| | 30.6.2019 RM'000 | 30.6.2018 RM'000 | 1.7.2017 RM'000 |
| Cost to obtain a contract | **3,373** | 781 | 3,016 |

Cost to obtain a contract primarily comprises incremental sales commission fees paid to intermediaries as a result of obtaining property development contracts and they are recoverable.

Capitalised sales commission fees are amortised when the related revenue are recognised. During the current financial year, the amount of amortisation was RM6,056,000 (2018: RM11,816,000).

The Group applies the practical expedient in paragraph 94 of MFRS 15 and recognises the incremental costs of obtaining contracts as an expense when incurred if the amortisation period of the assets that the Group otherwise would have recognised is one year or less.

## 27 CONTRACT ASSETS AND CONTRACT LIABILITIES

| | Group | | |
|---|---|---|---|
| | 30.6.2019 RM'000 | 30.6.2018 RM'000 | 1.7.2017 RM'000 |
| Contract assets | | | |
| – Property development contracts | **113,924** | 159,993 | 638,119 |
| – Stakeholder sums | **102,667** | 126,338 | 90,871 |
| | **216,591** | 286,331 | 728,990 |
| Contract liabilities | | | |
| – Property development contracts | **(341,508)** | (112,784) | (162,509) |
| | **(124,917)** | 173,547 | 566,481 |

# NOTES TO THE FINANCIAL STATEMENTS
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## 27 CONTRACT ASSETS AND CONTRACT LIABILITIES (CONTINUED)

### (a) Property development contracts and stakeholder sums

Contracts assets and contracts liabilities represent the timing differences in revenue recognition and the milestone billings. The milestone billings are structured and/or negotiated with customers to reflect physical completion of the contracts.

Contract assets are transferred to receivables when the rights to economic benefits become unconditional. This usually occurs when the Group issues billing to the customer. Contract liabilities are recognised as revenue when performance obligations are satisfied.

Stakeholder sums which are payable upon expiry of defect liability period of 18 to 24 months (2018: 18 to 24 months).

### (b) The movements in the contract assets and contract liabilities from property development contracts are as follow:

| | Group | |
|---|---|---|
| | 2019 RM'000 | 2018 RM'000 |
| Balance as at 1 July, as previously reported | – | – |
| Effects on adoption of MFRS framework | **47,209** | 475,610 |
| Balance as at 1 July, as restated | **47,209** | 475,610 |
| Net property development revenue recognised * | **943,117** | 907,177 |
| Net progress billing during the financial year | **(1,221,669)** | (1,319,097) |
| Foreign currency translation differences | **3,759** | (16,481) |
| Balance as at 30 June | **(227,584)** | 47,209 |

* Included an amount of RM112,784,000 (2018: RM162,509,000) that was included in contract liabilities at the beginning of the financial year.

### (c) The movement of stakeholder sums

| | Group | |
|---|---|---|
| | 2019 RM'000 | 2018 RM'000 |
| Balance as at 1 July, as previously reported | – | – |
| Effects on adoption of MFRS framework | **126,338** | 90,871 |
| Balance as at 1 July, as restated | **126,338** | 90,871 |
| Additions | **55,301** | 79,187 |
| Amount transferred to trade receivables | **(78,972)** | (43,720) |
| Balance as at 30 June | **102,667** | 126,338 |

### (d) Unsatisfied performance obligations

The following table shows revenue from performance obligations that are unsatisfied (or partially unsatisfied) at the reporting date. The disclosure is only providing information for contracts that have duration of more than one year.

| | Group |
|---|---|
| | 2019 RM'000 |
| Revenue from ongoing development activities | |
| – Within one year | **284,946** |
| – More than one year | **175,079** |
| | **460,025** |



## 28 SHORT TERM FUNDS

| | Group and Company | | |
|---|---|---|---|
| | 30.6.2019 RM'000 | 30.6.2018 RM'000 | 1.7.2017 RM'000 |
| Investments in fixed income trust funds in Malaysia at fair value through profit or loss | **41** | 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.

## 29 DEPOSITS WITH FINANCIAL INSTITUTIONS

| | Group | | | Company | | |
|---|---|---|---|---|---|---|
| | 30.6.2019 RM'000 | 30.6.2018 RM'000 | 1.7.2017 RM'000 | 30.6.2019 RM'000 | 30.6.2018 RM'000 | 1.7.2017 RM'000 |
| Deposits with licensed banks | **455,086** | 1,837,610 | 1,405,299 | **235,797** | – | – |

In the previous financial year, included in the Group's deposits with licensed banks were 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) Nil (2017: RMB117,700,000) equivalent to approximately Nil (2017: 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.

## 30 CASH AND BANK BALANCES

Included in the Group's cash and bank balances are amounts of:

(i) RM123,132,000 (2018: 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) Nil (2018: SGD85,000; 2017: SGD31,184,000), equivalent to approximately Nil (2018: 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) RMB189,198,000 (2018: RMB60,540,000; 2017: RMB113,376,000), equivalent to approximately RM113,992,000 (2018: 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.

# NOTES TO THE FINANCIAL STATEMENTS
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## 31 SHARE CAPITAL

| | Group and Company | | | |
|---|---|---|---|---|
| | 2019 | | 2018 | |
| | Number of shares '000 | Amount RM'000 | Number of shares '000 | Amount RM'000 |
| **Issued and fully paid-up:** | | | | |
| Ordinary shares with no par value | | | | |
| At beginning/end of financial year | **5,506,145** | 18,514,233 | 5,506,145 | 18,514,233 |

### 31.1 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. All ESOS have been full vested.

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.



## 31 SHARE CAPITAL (CONTINUED)

### 31.1 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 determinants 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.

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## 31 SHARE CAPITAL (CONTINUED)

### 31.1 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 1.7.2018 | Granted and accepted | Exercised | Lapsed* | As at 30.6.2019 |
| 23 May 2016 | RM2.07 | 32,608,184 | – | – | 8,002,345 | **24,605,839** |

**Note:**
* Due to the resignation, retirement or death of employees during the financial year ended 30 June 2019.

## 32 RESERVES

| | Group | | | Company | | |
|---|---|---|---|---|---|---|
| | 30.6.2019 RM'000 | 30.6.2018 RM'000 | 1.7.2017 RM'000 | 30.6.2019 RM'000 | 30.6.2018 RM'000 | 1.7.2017 RM'000 |
| Foreign currency translation reserve (Note 32.1) | **(186,259)** | (390,398) | 808 | **–** | – | – |
| Cash flow hedge reserve (Note 32.2) | **(51,217)** | 14,200 | (4,830) | **(1,951)** | (4,422) | (5,551) |
| Share-based payment reserve (Note 32.3) | **11,775** | 15,604 | 17,141 | **11,775** | 15,604 | 17,141 |
| | **(225,701)** | (360,594) | 13,119 | **9,824** | 11,182 | 11,590 |



## 32 RESERVES (CONTINUED)

### 32.1 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. In the previous financial year, 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.

### 32.2 Cash flow hedge reserve

The cash flow hedge reserve represents the deferred fair value gains/(losses) relating to derivative financial instruments used to hedge floating rate and certain foreign currency denominated borrowings of the Group.

Movement in the cash flow hedge reserve during the financial year is as follows:

| | Group | | Company | |
|---|---|---|---|---|
| | 2019 RM'000 | 2018 RM'000 | 2019 RM'000 | 2018 RM'000 |
| At beginning of financial year | **14,200** | (4,830) | **(4,422)** | (5,551) |
| Fair value (loss)/gain on derivatives | **(56,659)** | 5,633 | **10,026** | (13,584) |
| Reclassification to/(from) profit and loss | | | | |
| – Interest rate differences | **49** | (817) | **1,429** | 499 |
| – Foreign exchange rate differences | **(8,807)** | 14,214 | **(8,984)** | 14,214 |
| | **(8,758)** | 13,397 | **(7,555)** | 14,713 |
| At end of financial year | **(51,217)** | 14,200 | **(1,951)** | (4,422) |

### 32.3 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.

## 33 BORROWINGS

| | Group | | | Company | | |
|---|---|---|---|---|---|---|
| | 30.6.2019 RM'000 | 30.6.2018 RM'000 | 1.7.2017 RM'000 | 30.6.2019 RM'000 | 30.6.2018 RM'000 | 1.7.2017 RM'000 |
| **Non-current liabilities** | | | | | | |
| **Unsecured** | | | | | | |
| Term loans | **8,145,209** | 8,603,776 | 3,855,768 | **96,276** | 187,794 | 273,689 |
| Revolving credit | **125,000** | 250,000 | 375,000 | **125,000** | 250,000 | 375,000 |
| Sukuk Murabahah | **1,880,000** | 719,970 | 559,745 | **–** | – | – |
| | **10,150,209** | 9,573,746 | 4,790,513 | **221,276** | 437,794 | 648,689 |
| **Current liabilities** | | | | | | |
| **Unsecured** | | | | | | |
| Term loans | **649,184** | 1,754,237 | 7,501,462 | **97,393** | 71,908 | 50,802 |
| Revolving credit | **127,146** | 424,435 | 3,219 | **127,146** | 128,219 | 3,219 |
| Sukuk Murabahah | **399,922** | 200,648 | 199,312 | **–** | – | – |
| | **1,176,252** | 2,379,320 | 7,703,993 | **224,539** | 200,127 | 54,021 |
| Total borrowings | **11,326,461** | 11,953,066 | 12,494,506 | **445,815** | 637,921 | 702,710 |

# NOTES TO THE FINANCIAL STATEMENTS
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## 33 BORROWINGS (CONTINUED)

**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 has entered into cross currency interest rate swap contract to hedge against fluctuation in exchange rate and interest rate as disclosed in Note 34 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 was 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. This term loan has been fully repaid during the financial year.

(c) Commodity Murabahah Term Financing-I of RM700,000,000 with fixed profit rate at 5.10% per annum and was 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. This term loan has been fully repaid during the financial year.

(d) Commodity Murabahah Term Financing-I 2 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 was 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. This term loan has been fully repaid during the financial year.

(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 drawdown date in December 2016 with three (3) annual principal repayments of USD116,655,000, USD116,655,000 and USD116,690,000 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 34 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.

(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 was repayable in three (3) years with bullet repayment commencing from the drawdown date in July 2015. This term loan has been fully repaid during the financial year.

(i) Term loan of SGD2,830,000,000 with interest at 0.75% plus Swap Offer Rate per annum and had been fully repaid in the previous financial year.

(j) Term loan facility of SGD2,200,000,000, of which SGD1,622,000,000 was drawn down in previous financial year with interest at 0.85% plus Swap Offer Rate per annum and is repayable on 8 March 2023. The Company has entered into interest rate swap agreements for a total amount of SGD1,000,000,000 during the financial year at the fixed interest rates ranging from 2.88% to 3.00% as disclosed in Note 34 to the financial statements.



## 33 BORROWINGS (CONTINUED)

**Unsecured (continued)**

Borrowings of the Group include: (continued)

**Term loans (continued)**

(k) Term loan facility of SGD500,000,000 with interest at 1.05% plus Swap Offer Rate per annum. During the financial year, the Group made a total repayment amounted to SGD50,000,000. The remaining outstanding borrowing is repayable at the end of 5th year from the drawdown date in March 2018.

(l) Term loan of RMB200,000,000 with interest at 5.08% per annum and is repayable in four (4) years with five (5) semi-annual principal repayments of RMB2,000,000, RMB4,000,000, RMB4,000,000, RMB20,000,000 and RMB170,000,000 respectively commencing twenty-four (24) months from the first drawdown date in April 2019. As at 30 June 2019, the Group drawn down total of RMB72,548,000 or RM equivalents of RM43,995,000.

**Revolving credit**

(m) 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 drawdown in January 2016.

(n) Revolving credit of SGD100,000,000 with interest at 0.80% plus Swap Offer Rate per annum and was repayable by March 2019. This revolving credit has been fully repaid during the financial year.

(o) Revolving credit of RMB1,400,000,000 with fixed interest rate at 3.90% per annum and has been fully repaid during the financial year.

**Sukuk Murabahah**

(p) Sukuk Murabahah of RM750,000,000 with fixed profit rate at 4.98% per annum and is repayable in five (5) years from drawdown 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.

(q) Islamic medium term notes under a multi-currency Islamic medium term note programme ("Sukuk Murabahah") of up to RM3,000,000,000 (or its equivalent in other currencies) in nominal value. As at 30 June 2019, the Group has drawn down total amount of RM1,880,000,000 (2018: RM350,000,000; 2017: Nil). This Islamic MTN is bearing fixed interest rates ranging from 4.65% to 5.05% per annum and repayable from the end of 5th to 7th year from the respective drawdown dates.

Borrowings of the Group comprise new term loans obtained during the financial year as described in Notes 33 (l) 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 Company has entered into cross currency interest rate swap contract to hedge against fluctuation in exchange rate and interest rate as disclosed in Note 34 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 drawdown in January 2016.

# NOTES TO THE FINANCIAL STATEMENTS
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## 33 BORROWINGS (CONTINUED)

The maturity profile of term loans is 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 years RM'000 | < 1 year RM'000 | 1 – 2 years RM'000 | 2 – 3 years RM'000 | 3 – 4 years RM'000 | > 4 years RM'000 | Total RM'000 |
| **30.6.2019** | | | | | | | | | | | |
| Unsecured: | | | | | | | | | | | |
| Term loans denominated in: | | | | | | | | | | | |
| – Ringgit Malaysia ("RM") | – | – | – | – | – | 58,166 | 56,345 | 56,602 | – | – | 171,113 |
| – Singapore Dollar ("SGD")* | – | – | – | – | – | 8,194 | 612,460 | – | 6,315,258 | – | 6,935,912 |
| – US Dollar ("USD")* | – | – | – | – | – | 582,779 | 578,555 | 482,279 | – | – | 1,643,613 |
| – Renminbi ("RMB") | – | – | – | – | – | 45 | 1,205 | 4,820 | 37,685 | – | 43,755 |
| | – | – | – | – | – | 649,184 | 1,248,565 | 543,701 | 6,352,943 | – | 8,794,393 |
| Revolving credit denominated in: | | | | | | | | | | | |
| – RM | 127,146 | 125,000 | – | – | – | – | – | – | – | – | 252,146 |
| Sukuk Murabahah denominated in: | | | | | | | | | | | |
| – RM | 399,922 | – | – | 350,000 | 1,530,000 | – | – | – | – | – | 2,279,922 |
| | 527,068 | 125,000 | – | 350,000 | 1,530,000 | 649,184 | 1,248,565 | 543,701 | 6,352,943 | – | 11,326,461 |

* Included borrowing of RM193,669,000 (equivalent to USD46.6 million) for which the Group has entered into a cross currency interest rate swap, and interest rate swap for borrowings of RM828,700,000 (equivalent to USD200.0 million) and RM3,062,300,000 (equivalent to SGD1 billion) to hedge against fluctuation in exchange rate and interest rate.



## 33 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 years RM'000 | < 1 year RM'000 | 1 – 2 years RM'000 | 2 – 3 years RM'000 | 3 – 4 years RM'000 | > 4 years RM'000 | Total RM'000 |
| **30.6.2018** | | | | | | | | | | | |
| Unsecured: | | | | | | | | | | | |
| Term loans denominated in: | | | | | | | | | | | |
| – RM | 518,313 | – | – | – | – | 402,691 | 56,345 | 56,345 | 56,346 | – | 1,090,040 |
| – SGD | – | – | – | – | – | 758,176 | – | 591,580 | – | 6,244,482 | 7,594,238 |
| – 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.

| | 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 years RM'000 | < 1 year RM'000 | 1 – 2 years RM'000 | 2 – 3 years RM'000 | 3 – 4 years RM'000 | > 4 years RM'000 | Total RM'000 |
| **1.7.2017** | | | | | | | | | | | |
| 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.

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## 33 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 years RM'000 | < 1 year RM'000 | 1 – 2 years RM'000 | 2 – 3 years RM'000 | 3 – 4 years RM'000 | > 4 years RM'000 | Total RM'000 |
| **30.6.2019** | | | | | | | | | | | |
| Unsecured: | | | | | | | | | | | |
| Term loan denominated in: | | | | | | | | | | | |
| – USD* | – | – | – | – | – | 97,393 | 96,276 | – | – | – | 193,669 |
| Revolving credit denominated in: | | | | | | | | | | | |
| – RM | 127,146 | 125,000 | – | – | – | – | – | – | – | – | 252,146 |
| | 127,146 | 125,000 | – | – | – | 97,393 | 96,276 | – | – | – | 445,815 |

* Included borrowings of RM193,669,000 (equivalent to USD46.6 million) for which the Company has entered into a cross currency interest rate swap to hedge against fluctuation in exchange rate and interest rate.

| | 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 years RM'000 | < 1 year RM'000 | 1 – 2 years RM'000 | 2 – 3 years RM'000 | 3 – 4 years RM'000 | > 4 years RM'000 | Total RM'000 |
| **30.6.2018** | | | | | | | | | | | |
| 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 |

* Included 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 years RM'000 | < 1 year RM'000 | 1 – 2 years RM'000 | 2 – 3 years RM'000 | 3 – 4 years RM'000 | > 4 years RM'000 | Total RM'000 |
| **1.7.2017** | | | | | | | | | | | |
| 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 |

* Included 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.



## 34 DERIVATIVE FINANCIAL ASSETS/(LIABILITIES)

The Group's and the Company's derivative financial assets/(liabilities) are as follows:

| | Group | | | Company | | |
|---|---|---|---|---|---|---|
| | 30.6.2019 RM'000 | 30.6.2018 RM'000 | 1.7.2017 RM'000 | 30.6.2019 RM'000 | 30.6.2018 RM'000 | 1.7.2017 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 | **(3,581)** | (12,032) | – | **(3,581)** | (12,032) | – |
| – IRS as cash flow hedge on a USD denominated borrowing | **(721)** | – | – | – | – | – |
| – IRS as cash flow hedge on a SGD denominated borrowing | **(39,212)** | – | – | – | – | – |
| | **(39,933)** | – | – | – | – | – |
| | **(43,514)** | (12,032) | – | **(3,581)** | (12,032) | – |
| **Current liabilities** | | | | | | |
| – CCIRS as cash flow hedge on a USD denominated borrowing | **(5,783)** | (7,358) | (6,406) | **(5,783)** | (7,358) | (6,406) |
| – IRS as cash flow hedge on a USD denominated borrowing | **2,569** | – | (3,042) | – | – | – |
| – IRS as cash flow hedge on a SGD denominated borrowing | **(10,953)** | – | – | – | – | – |
| | **(8,384)** | – | (3,042) | – | – | – |
| | **(14,167)** | (7,358) | (9,448) | **(5,783)** | (7,358) | (6,406) |

# NOTES TO THE FINANCIAL STATEMENTS
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## 34 DERIVATIVE FINANCIAL ASSETS/(LIABILITIES) (CONTINUED)

The details of the CCIRS are set out as below:

| Commencement/ Maturity date | Contract/Notional amount | | | Exchange rate | Interest rate |
|---|---|---|---|---|---|
| | 30.6.2019 RM'000 | 30.6.2018 RM'000 | 1.7.2017 RM'000 | | |
| 27 January 2016/ 26 January 2021 | **200,000** | 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 33(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 | | | Interest rate |
|---|---|---|---|---|
| | 30.6.2019 RM'000 | 30.6.2018 RM'000 | 1.7.2017 RM'000 | |
| 18 May 2017/ 1 December 2021 | **828,700** | 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 33(f) to the financial statements. |
| 3 December 2018/ 8 March 2023 | **1,531,150** | – | – | The Group pays a fixed interest rate of 3.00% per annum in exchange for receiving SOR plus a spread on the outstanding principal amount as disclosed in Note 33(j) to the financial statements. |
| 7 December 2018/ 8 March 2023 | **612,460** | – | – | The Group pays a fixed interest rate of 2.98% per annum in exchange for receiving SOR plus a spread on the outstanding principal amount as disclosed in Note 33(j) to the financial statements. |



## 34 DERIVATIVE FINANCIAL ASSETS/(LIABILITIES) (CONTINUED)

The details of the IRS are set out as below: (continued)

| Commencement/ Maturity date | Contract/Notional amount | | | Interest rate |
|---|---|---|---|---|
| | 30.6.2019 RM'000 | 30.6.2018 RM'000 | 1.7.2017 RM'000 | |
| 9 January 2019/ 8 March 2023 | **918,690** | – | – | The Group pays a fixed interest rate of 2.88% per annum in exchange for receiving SOR plus a spread on the outstanding principal amount as disclosed in Note 33(j) 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.

## 35 AMOUNTS DUE TO NON-CONTROLLING INTERESTS

The amounts due to non-controlling interests represented outstanding amounts mainly arising from the non-controlling interests' proportionate advances for the acquisition of land and working capital. The outstanding amounts have been partly repaid and converted into redeemable preference shares during the financial year.

The outstanding amounts in the last financial year were unsecured, bore interest at 3.51% per annum and were not repayable within the next twelve (12) months after the reporting date.

## 36 TRADE AND OTHER PAYABLES

| | Group | | | Company | | |
|---|---|---|---|---|---|---|
| | 30.6.2019 RM'000 | 30.6.2018 RM'000 | 1.7.2017 RM'000 | 30.6.2019 RM'000 | 30.6.2018 RM'000 | 1.7.2017 RM'000 |
| **Non-current** | | | | | | |
| Trade payables (Note 36.1) | **29,709** | 40,395 | 25,760 | **–** | – | – |
| **Current** | | | | | | |
| Trade payables and accruals (Note 36.1) | **847,928** | 909,210 | 921,371 | **–** | – | – |
| Other payables and accruals (Note 36.2) | **135,793** | 155,652 | 282,515 | **1,216** | 1,233 | 1,152 |
| Provisions (Note 36.3) | **41,390** | 45,996 | 48,738 | **–** | – | – |
| | **1,025,111** | 1,110,858 | 1,252,624 | **1,216** | 1,233 | 1,152 |

# NOTES TO THE FINANCIAL STATEMENTS
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## 36 TRADE AND OTHER PAYABLES (CONTINUED)

### 36.1 Trade payables and accruals

| | Group | | |
|---|---|---|---|
| | 30.6.2019 RM'000 | 30.6.2018 RM'000 | 1.7.2017 RM'000 |
| **Current** | | | |
| Trade payables | **409,250** | 395,842 | 424,449 |
| Accruals | **374,976** | 455,993 | 435,185 |
| Deposits | **63,702** | 57,375 | 61,737 |
| | **847,928** | 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 RM217,067,000 (2018: RM257,308,000; 2017: RM275,649,000). The retention monies are repayable upon expiry of the defect liability period of 6 to 24 months (2018: 6 to 24 months).

### 36.2 Other payables and accruals

| | Group | | | Company | | |
|---|---|---|---|---|---|---|
| | 30.6.2019 RM'000 | 30.6.2018 RM'000 | 1.7.2017 RM'000 | 30.6.2019 RM'000 | 30.6.2018 RM'000 | 1.7.2017 RM'000 |
| **Current** | | | | | | |
| Other payables | **51,028** | 59,461 | 106,078 | **160** | 165 | 152 |
| Accruals | **84,765** | 96,191 | 176,437 | **1,056** | 1,068 | 1,000 |
| | **135,793** | 155,652 | 282,515 | **1,216** | 1,233 | 1,152 |

### 36.3 Provision

| | Group | |
|---|---|---|
| | 2019 RM'000 | 2018 RM'000 |
| As at 1 July | **45,996** | 48,738 |
| Provision during the financial year | **–** | 2,261 |
| Over provision during the financial year | **(4,123)** | (2,650) |
| Utilisation during the financial year | **(483)** | (2,353) |
| As at 30 June | **41,390** | 45,996 |

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.



## 37 CASH AND CASH EQUIVALENTS

Cash and cash equivalents at end of financial year comprise:

| | Group | | | Company | | |
|---|---|---|---|---|---|---|
| | 30.6.2019 RM'000 | 30.6.2018 RM'000 | 1.7.2017 RM'000 | 30.6.2019 RM'000 | 30.6.2018 RM'000 | 1.7.2017 RM'000 |
| Short-term funds (Note 28) | **41** | 298,122 | 282,515 | **41** | 298,122 | 282,515 |
| Deposits with financial institutions (Note 29) | **455,086** | 1,837,610 | 1,405,299 | **235,797** | – | – |
| Cash and bank balances (Note 30) | **1,121,758** | 547,588 | 688,419 | **432,541** | 25,836 | 67,165 |
| | **1,576,885** | 2,683,320 | 2,376,233 | **668,379** | 323,958 | 349,680 |

## 38 SIGNIFICANT RELATED PARTY DISCLOSURES

### 38.1 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. Vertical Capacity Sdn. Bhd. ("VCSB") is the ultimate holding company. The estate of the late Tan Sri Dato' Lee Shin Cheng and his immediate family members are shareholders of VCSB and together they own 65.04% (2018: 55.64%) of the shares in the Company;

ii. Direct and indirect subsidiaries as disclosed in Note 44 to the financial statements;

iii. Direct and indirect subsidiaries of the immediate and ultimate holding companies;

iv. Associate and joint ventures as disclosed in Note 44 to the financial statements;

v. 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

vi. 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.

# NOTES TO THE FINANCIAL STATEMENTS
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## 38 SIGNIFICANT RELATED PARTY DISCLOSURES (CONTINUED)

### 38.2 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 | |
|---|---|---|
| | 2019 RM'000 | 2018 RM'000 |
| **Affiliates** | | |
| Management services income | **(3)** | 269 |
| Property project management services | **3,797** | 4,512 |
| Rendering of building maintenance services | **102** | 680 |
| Rental income | **5,204** | 4,761 |
| Sales of plant and landscaping services | **598** | 1,060 |
| Sales of palm products | **27,005** | 36,989 |
| Agency fees expense | **(1,484)** | (1,876) |
| Management services fee | **(6,321)** | (7,978) |
| Rental expenses | **(72)** | (72) |
| **Joint ventures** | | |
| Interest income | **10,993** | 8,086 |
| Property project management services | **1,397** | 2,454 |
| Dividend income | **4,509** | 26,419 |
| **Key management personnel** | | |
| Sales of property | **8,800** | – |

| | Company | |
|---|---|---|
| | 2019 RM'000 | 2018 RM'000 |
| **Subsidiaries** | | |
| Dividend income | **889,847** | 470,836 |
| Interest income | **18,404** | 32,663 |
| Interest expense | **(13,049)** | (8,782) |
| Management fees | **(872)** | (955) |

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 2019 are disclosed in Notes 20.2, 20.4, 20.5, 22.4, 22.5 and 26.1 to the financial statements.



## 38 SIGNIFICANT RELATED PARTY DISCLOSURES (CONTINUED)

### 38.3 Key management personnel compensation

The remuneration of key management personnel during the financial year is as follows:

| | Group | | Company | |
|---|---|---|---|---|
| | 2019 RM'000 | 2018 RM'000 | 2019 RM'000 | 2018 RM'000 |
| **Directors** | | | | |
| Fees | **1,245** | 1,095 | **1,245** | 1,095 |
| Remuneration | **31,277** | 33,550 | **103** | 83 |
| Estimated monetary value of benefits-in-kind | **205** | 142 | **–** | – |
| | **32,727** | 34,787 | **1,348** | 1,178 |
| **Officers** | | | | |
| Remuneration | **3,085** | 2,709 | **–** | – |
| Estimated monetary value of benefits-in-kind | **47** | 73 | **–** | – |
| | **3,132** | 2,782 | **–** | – |
| Total short term employee benefits | **35,859** | 37,569 | **1,348** | 1,178 |

## 39 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 2019 and 30 June 2018.

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 | |
|---|---|---|---|---|
| | 2019 RM'000 | 2018 RM'000 | 2019 RM'000 | 2018 RM'000 |
| Borrowings (Note 33) | **11,326,461** | 11,953,066 | **445,815** | 637,921 |
| Less: Cash and cash equivalents (Note 37) | **(1,576,885)** | (2,683,320) | **(668,379)** | (323,958) |
| Net debt/(Net cash) | **9,749,576** | 9,269,746 | **(222,564)** | 313,963 |
| Equity | **18,834,461** | 18,309,595 | **19,478,334** | 18,882,246 |
| Gearing ratio | **0.52** | 0.51 | ***** | 0.02 |

* It is not applicable as the Company's cash and cash equivalents exceeds its borrowings.

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.

# NOTES TO THE FINANCIAL STATEMENTS
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## 40 FINANCIAL INSTRUMENTS

### Financial risk management objectives and policies

The Group's activities expose it to a variety of financial risks such as 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 the Group's financial risk management policies. The management regularly reviews these risks and approves the treasury policies, which covers the management of these risks.

### 40.1 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.

#### *40.1.1 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.

#### *40.1.2 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 MFRS 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.



## 40 FINANCIAL INSTRUMENTS (CONTINUED)

### 40.1 Foreign currency risk (continued)

#### *40.1.2 Foreign currency risk exposure (continued)*

As at 30 June 2019, the Group's and the Company's net monetary (liabilities)/assets are as tabled below.

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% (2018: 5%) against RM, are as follows:

| | Group | | Company | |
|---|---|---|---|---|
| | 2019 RM'000 | 2018 RM'000 | 2019 RM'000 | 2018 RM'000 |
| Net monetary (liabilities)/assets denominated in | | | | |
| – USD | **(1,358,320)** | (1,277,973) | **91** | 97 |
| – SGD | **236,266** | 1,192,299 | **236,059** | 4 |
| (Decrease)/Increase in profit or loss if the currency had strengthened by 5% (2018: 5%) | | | | |
| – USD | **(67,916)** | (63,899) | **5** | 5 |
| – SGD | **11,813** | 59,615 | **11,803** | –* |
| Net exposure | **(56,103)** | (4,284) | **11,808** | 5 |

* 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 2019, hence sensitivity analysis is not presented.

### 40.2 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.

#### *40.2.1 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.

# NOTES TO THE FINANCIAL STATEMENTS
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## 40 FINANCIAL INSTRUMENTS (CONTINUED)

### 40.2 Interest rate risk (continued)

#### *40.2.2 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 borrowings and loans. 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 CCIRS and IRS to hedge the floating rate interest payable on borrowing as disclosed in Note 33 to the financial statements.

As at 30 June 2019, after taking into account the effect of the CCIRS and IRS, the borrowings and amounts due to non-controlling interests of the Group of RM4,709,724,000 (2018: RM9,067,314,000) and Nil (2018: RM9,934,000) respectively are at floating interest rates.

As at 30 June 2019, the net amounts due to subsidiaries of the Company of RM406,250,000 (2018: net amount due from subsidiaries of RM399,782,000) are at floating interest rates.

#### *40.2.3 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 land held for property development, property development costs and investment properties arising from capitalised borrowing costs of the Group by approximately RM23,549,000 (2018: RM45,386,000). 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 net amounts due to subsidiaries at the current financial year and net amounts due from subsidiaries in the previous financial year would decrease or increase the profit or loss of the Company by approximately RM2,031,000 (2018: RM1,999,000).

### 40.3 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.

#### *40.3.1 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.



## 40 FINANCIAL INSTRUMENTS (CONTINUED)

### 40.3 Credit risk (continued)

#### *40.3.1 Risk management approach (continued)*

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 defect liability 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) to five (5) 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.

**(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.

# NOTES TO THE FINANCIAL STATEMENTS
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## 40 FINANCIAL INSTRUMENTS (CONTINUED)

### 40.3 Credit risk (continued)

#### *40.3.1 Risk management approach (continued)*

**(ii) Financial institutions and exchanges (continued)**

**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.

#### *40.3.2 Credit risk exposures and concentration*

**Exposure to credit risk – trade and other receivables**

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.

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) to five (5) months rental.

The other receivables impairment are assessed individually to determine whether there was objective evidence that an impairment had been incurred but not yet identified. The Group's other receivables mainly comprise of deposits placed with utilities companies and local authorities. Upon adoption of MFRS 9, the Group applies the 3-stage approach, which utilises three (3) categories (performing, under-performing and non-performing) to reflect the credit risk and how loss allowance is determined for each of the categories. The Group and the Company have determined that the other receivables are performing, and there is no indication that the amounts are not collectible and therefore the ECL allowance is not material.

**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.



## 40 FINANCIAL INSTRUMENTS (CONTINUED)

### 40.3 Credit risk (continued)

#### *40.3.2 Credit risk exposures and concentration (continued)*

**Exposure to credit risk – related party balances**

Credit risk with respect to amounts due from joint ventures and subsidiaries are assessed to be low as the significant amounts due are from companies which have sufficient liquid assets to repay the loan if demanded. Hence, the impact of ECL is immaterial.

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 goods and services tax, non-refundable deposits, prepayments and contract costs and this is further analysed below to reveal the credit risk concentration by geographic location and business segment.

| Group | Property development | | Property investment | | Hospitality & leisure and others | | Total | |
|---|---|---|---|---|---|---|---|---|
| | RM'000 | % | RM'000 | % | RM'000 | % | RM'000 | % |
| **2019** | | | | | | | | |
| Malaysia | **142,205** | **64** | **16,674** | **98** | **33,120** | **100** | **191,999** | **71** |
| Asia (excluding Malaysia) | **78,568** | **36** | **268** | **2** | **–** | **–** | **78,836** | **29** |
| | **220,773** | **100** | **16,942** | **100** | **33,120** | **100** | **270,835** | **100** |
| **2018** | | | | | | | | |
| Malaysia | 156,898 | 73 | 23,867 | 99 | 12,360 | 100 | 193,125 | 77 |
| Asia (excluding Malaysia) | 58,172 | 27 | 343 | 1 | – | – | 58,515 | 23 |
| | 215,070 | 100 | 24,210 | 100 | 12,360 | 100 | 251,640 | 100 |

# NOTES TO THE FINANCIAL STATEMENTS
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## 40 FINANCIAL INSTRUMENTS (CONTINUED)

### 40.3 Credit risk (continued)

#### *40.3.2 Credit risk exposures and concentration (continued)*

The following table provides information about the Group's exposure of credit risk and expected credit losses for trade and other receivables and contract assets as at 30 June 2019 which are grouped together as they are expected to have similar risk nature.

| | | Past due | | | |
|---|---|---|---|---|---|
| Group | Not past due RM'000 | Less than 90 days RM'000 | Between 91 to 120 days RM'000 | More than 120 days RM'000 | Total RM'000 |
| **2019** | | | | | |
| Trade and other receivables | **238,440** | **20,409** | **898** | **16,891** | **38,198** |
| Contract assets | **216,591** | **–** | **–** | **–** | **–** |
| Amount due from joint ventures | **583,635** | **–** | **–** | **–** | **–** |
| Interest in an associate | **53,070** | **–** | **–** | **–** | **–** |
| | **1,091,736** | **20,409** | **898** | **16,891** | **38,198** |
| Individual impairment | **–** | **–** | **–** | **(5,803)** | **(5,803)** |
| Net total | **1,091,736** | **20,409** | **898** | **11,088** | **32,395** |

The following table provides information about the Company's exposure of credit risk and expected credit losses for amounts due from subsidiaries and other receivables as at 30 June 2019 which are grouped together as they are expected to have similar risk nature.

| Company | Not past due RM'000 |
|---|---|
| **2019** | |
| Trade and other receivables | **174** |
| Amount due from subsidiaries | **232,873** |
| Net total | **233,047** |

**2018**

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.



## 40 FINANCIAL INSTRUMENTS (CONTINUED)

### 40.3 Credit risk (continued)

#### *40.3.2 Credit risk exposures and concentration (continued)*

**Financial assets that are past due but not impaired**

As at 30 June 2019, trade and other receivables of the Group of RM32,395,000 (2018: RM47,320,000) 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 in the financial year ended 30 June 2018 was as follows:

| Group | 2018 RM'000 |
|---|---|
| Up to 3 months | 40,683 |
| More than 3 months | 6,637 |
| | 47,320 |

### 40.4 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.

#### *40.4.1 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 2019, the Group has undrawn banking facilities of RM3,887,683,000 (2018: RM3,231,189,000).

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.

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## 40 FINANCIAL INSTRUMENTS (CONTINUED)

### 40.4 Liquidity and cash flow risk (continued)

#### *40.4.1 Risk management approach (continued)*

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.

#### *40.4.2 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 |
|---|---|---|---|---|---|---|
| **2019** | | | | | | |
| **Financial liabilities** | | | | | | |
| Trade and other payables* | **983,231** | **29,709** | **–** | **–** | **–** | **1,012,940** |
| Borrowings | **1,540,879** | **1,699,784** | **829,477** | **6,954,729** | **1,639,285** | **12,664,154** |
| Derivative financial liabilities | **16,958** | **20,916** | **14,974** | **8,590** | **–** | **61,438** |
| | **2,541,068** | **1,750,409** | **844,451** | **6,963,319** | **1,639,285** | **13,738,532** |
| **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 |

* Includes retention monies of RM217,067,000 (2018: RM257,308,000) which are repayable within the normal operating cycle i.e. upon expiry of the defect liability period of 6 to 24 months (2018: 6 to 24 months).



## 40 FINANCIAL INSTRUMENTS (CONTINUED)

### 40.4 Liquidity and cash flow risk (continued)

#### *40.4.2 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 |
|---|---|---|---|---|---|---|
| **2019** | | | | | | |
| **Financial liabilities** | | | | | | |
| Amounts due to subsidiaries | **708,904** | **–** | **–** | **–** | **–** | **708,904** |
| Trade and other payables | **1,216** | **–** | **–** | **–** | **–** | **1,216** |
| Borrowings | **240,150** | **227,091** | **–** | **–** | **–** | **467,241** |
| Derivative financial liabilities | **5,875** | **3,737** | **–** | **–** | **–** | **9,612** |
| | **956,145** | **230,828** | **–** | **–** | **–** | **1,186,973** |
| **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 |

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.

### 40.5 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.

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## 40 FINANCIAL INSTRUMENTS (CONTINUED)

### 40.5 Fair values (continued)

#### (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).

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 |
| **2019** | | | | | | | | | | |
| **Financial assets** | | | | | | | | | | |
| Amortised costs | | | | | | | | | | |
| – Interest in an associate | – | – | – | – | – | 53,070 | – | 53,070 | 53,070 | 53,070 |
| – Amounts due from joint ventures | – | – | – | – | – | 583,075 | – | 583,075 | 583,075 | 583,075 |
| Financial asset at fair value through profit or loss | | | | | | | | | | |
| – Short term funds | 41 | – | – | 41 | – | – | – | – | 41 | 41 |
| | 41 | – | – | 41 | – | 636,145 | – | 636,145 | 636,186 | 636,186 |
| **Financial liabilities** | | | | | | | | | | |
| Other financial liabilities carried at amortised costs | | | | | | | | | | |
| – Borrowings | – | – | – | – | – | 11,339,065 | – | 11,339,065 | 11,339,065 | 11,326,461 |
| – Trade and other payables | – | – | – | – | – | 29,709 | – | 29,709 | 29,709 | 29,709 |
| Fair value through profit or loss | | | | | | | | | | |
| – Derivative financial liabilities | – | 57,681 | – | 57,681 | – | – | – | – | 57,681 | 57,681 |
| | – | 57,681 | – | 57,681 | – | 11,368,774 | – | 11,368,774 | 11,426,455 | 11,413,851 |



## 40 FINANCIAL INSTRUMENTS (CONTINUED)

### 40.5 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 |
| **2018** | | | | | | | | | | |
| **Financial assets** | | | | | | | | | | |
| Amortised costs | | | | | | | | | | |
| – Interest in an associate | – | – | – | – | – | 53,070 | – | 53,070 | 53,070 | 53,070 |
| – Amounts due from joint ventures | – | – | – | – | – | 564,274 | – | 564,274 | 564,274 | 564,274 |
| Financial asset at fair value through profit or loss | | | | | | | | | | |
| – Short term funds | 298,122 | – | – | 298,122 | – | – | – | – | 298,122 | 298,122 |
| Fair value through profit or loss | | | | | | | | | | |
| – Derivative financial assets | – | 20,126 | – | 20,126 | – | – | – | – | 20,126 | 20,126 |
| | 298,122 | 20,126 | – | 318,248 | – | 617,344 | – | 617,344 | 935,592 | 935,592 |
| **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 |
| Fair value through profit or loss | | | | | | | | | | |
| – 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 |

# NOTES TO THE FINANCIAL STATEMENTS
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## 40 FINANCIAL INSTRUMENTS (CONTINUED)

### 40.5 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 |
| **2019** | | | | | | | | | | |
| **Financial assets** | | | | | | | | | | |
| Financial asset at fair value through profit or loss | | | | | | | | | | |
| – Short term funds | 41 | – | – | 41 | – | – | – | – | 41 | 41 |
| Amortised costs | | | | | | | | | | |
| – Amounts due from subsidiaries | – | – | – | – | – | 232,853 | – | 232,853 | 232,853 | 232,853 |
| | 41 | – | – | 41 | – | 232,853 | – | 232,853 | 232,894 | 232,894 |
| **Financial liabilities** | | | | | | | | | | |
| Other financial liabilities carried at amortised costs | | | | | | | | | | |
| – Borrowings | – | – | – | – | – | 441,261 | – | 441,261 | 441,261 | 445,815 |
| Fair value through profit or loss | | | | | | | | | | |
| – Derivative financial liability | – | 9,364 | – | 9,364 | – | – | – | – | 9,364 | 9,364 |
| | – | 9,364 | – | 9,364 | – | 441,261 | – | 441,261 | 450,625 | 455,179 |



## 40 FINANCIAL INSTRUMENTS (CONTINUED)

### 40.5 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 receivables | | | | | | | | | | |
| – Amounts due from a subsidiary | – | – | – | – | – | 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 | 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 | – | 630,668 | 650,058 | 657,311 |

# NOTES TO THE FINANCIAL STATEMENTS
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## 40 FINANCIAL INSTRUMENTS (CONTINUED)

### 40.6 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 | Amortised costs RM'000 | Fair value through profit or loss RM'000 | Total RM'000 |
|---|---|---|---|
| **Group** | | | |
| **2019** | | | |
| Trade and other receivables, net of goods and services tax, non-refundable deposits and prepayments | 270,835 | – | 270,835 |
| Amount due from joint ventures | 583,635 | – | 583,635 |
| Interest in an associate | 53,070 | – | 53,070 |
| Short term funds | – | 41 | 41 |
| Deposits with financial institutions | 455,086 | – | 455,086 |
| Cash and bank balances | 1,121,758 | – | 1,121,758 |
| | 2,484,384 | 41 | 2,484,425 |

| Financial assets | Loans and receivables RM'000 | Fair value through profit or loss RM'000 | Total RM'000 |
|---|---|---|---|
| **Group** | | | |
| **2018** | | | |
| Derivative financial assets | – | 20,126 | 20,126 |
| Trade and other receivables, net of goods and services tax, non-refundable deposits and prepayments | 251,640 | – | 251,640 |
| Amount due from joint ventures | 564,381 | – | 564,381 |
| Interest in an associate | 53,070 | – | 53,070 |
| 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 |
| | 3,254,289 | 318,248 | 3,572,537 |



## 40 FINANCIAL INSTRUMENTS (CONTINUED)

### 40.6 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 | Amortised costs RM'000 | Fair value through profit or loss RM'000 | Total RM'000 |
|---|---|---|---|
| **Company** | | | |
| **2019** | | | |
| Trade and other receivables, net of goods and services tax, non-refundable deposits and prepayments | 174 | – | 174 |
| Amounts due from subsidiaries | 232,873 | – | 232,873 |
| Short term funds | – | 41 | 41 |
| Short term deposits | 235,797 | – | 235,797 |
| Cash and bank balances | 432,541 | – | 432,541 |
| | 901,385 | 41 | 901,426 |

| Financial assets | 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 |

# NOTES TO THE FINANCIAL STATEMENTS
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## 40 FINANCIAL INSTRUMENTS (CONTINUED)

### 40.6 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)

| Fianancial liabilities | Other financial liabilities at amortised costs RM'000 | Fair value through profit or loss RM'000 | Total RM'000 |
|---|---|---|---|
| **Group** | | | |
| **2019** | | | |
| Borrowings | **11,326,461** | **–** | **11,326,461** |
| Trade and other payables* | **1,012,940** | **–** | **1,012,940** |
| Derivative financial liabilities | **–** | **57,681** | **57,681** |
| | **12,339,401** | **57,681** | **12,397,082** |
| **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 liabilities | – | 19,390 | 19,390 |
| | 13,067,173 | 19,390 | 13,086,563 |
| **Company** | | | |
| **2019** | | | |
| Borrowings | **445,815** | **–** | **445,815** |
| Trade and other payables* | **1,216** | **–** | **1,216** |
| Amounts due to subsidiaries | **689,411** | **–** | **689,411** |
| Derivative financial liability | **–** | **9,364** | **9,364** |
| | **1,136,442** | **9,364** | **1,145,806** |
| **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 |
| | 1,013,081 | 19,390 | 1,032,471 |

* Excludes provisions and goods and services tax.



## 41 COMMITMENTS

### 41.1 Capital commitments

| | Group 2019 RM'000 | Group 2018 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 | **211,582** | 18,243 |
| Additions of investment properties | **2,009,568** | 322,695 |
| | **2,302,509** | 422,297 |

### 41.2 Operating lease commitments

#### *41.2.1 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 2019 RM'000 | Group 2018 RM'000 |
|---|---|---|
| Not later than one (1) year | **1,612** | 1,178 |
| Later than one (1) year and not later than five (5) years | **901** | 1,507 |
| | **2,513** | 2,685 |

#### *41.2.2 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 seventeen (17) 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 2019 RM'000 | Group 2018 RM'000 |
|---|---|---|
| Not later than one (1) year | **262,241** | 233,510 |
| Later than one (1) year and not later than five (5) years | **257,152** | 293,445 |
| Later than five (5) years | **121,433** | 36,996 |
| | **640,826** | 563,951 |

# NOTES TO THE FINANCIAL STATEMENTS
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## 42 SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

There was no significant event during the financial year.

## 43 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, golf course and amusement park |
| 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.



## 43 SEGMENTAL INFORMATION (CONTINUED)

| 2019 | Property development RM'000 | Property investment RM'000 | Hospitality & leisure RM'000 | Other operations RM'000 | Elimination RM'000 | Total RM'000 |
|---|---|---|---|---|---|---|
| **Revenue** | | | | | | |
| External | 1,634,582 | 354,960 | 198,017 | 9,955 | – | 2,197,514 |
| Inter-segment | (3,592) | 4,260 | 615 | 152,503 | (153,786) | – |
| Total revenue | 1,630,990 | 359,220 | 198,632 | 162,458 | (153,786) | 2,197,514 |
| **Results** | | | | | | |
| Segment operating profit | 612,986 | 207,877 | 22,624 | 6,864 | – | 850,351 |
| Fair value gain on investment properties | – | 93,356 | – | – | – | 93,356 |
| Share of result of an associate | 2,005 | – | – | – | – | 2,005 |
| Share of results of joint ventures | 50,824 | 63,365 | (11,015) | – | – | 103,174 |
| Segment results | 665,815 | 364,598 | 11,609 | 6,864 | – | 1,048,886 |

Included in the Group's share of results of joint ventures is an impairment loss on the completed development properties in Singapore of RM42,784,000 (2018: RM79,700,000).

| 2019 | Property development RM'000 | Property investment RM'000 | Hospitality & leisure RM'000 | Other operations RM'000 | Total RM'000 |
|---|---|---|---|---|---|
| **Assets** | | | | | |
| Operating assets | 11,973,819 | 14,143,517 | 821,103 | 9,573 | 26,948,012 |
| Investment in an associate | 99,313 | – | – | – | 99,313 |
| Interests in joint ventures | 2,763,057 | 1,615,644 | 633,418 | – | 5,012,119 |
| Segment assets | 14,836,189 | 15,759,161 | 1,454,521 | 9,573 | 32,059,444 |
| **Liabilities** | | | | | |
| Segment liabilities | 1,133,718 | 232,336 | 27,950 | 2,324 | 1,396,328 |
| **Other information** | | | | | |
| Capital expenditure | 7,469 | 585,661 | 45,681 | 27 | 638,838 |
| Depreciation and amortisation | 6,687 | 10,105 | 24,004 | 50 | 40,846 |
| Non-cash items other than depreciation and amortisation | 26,232 | (92,712) | 439 | 21 | (66,020) |

# NOTES TO THE FINANCIAL STATEMENTS
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## 43 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 | 2,141,272 | 326,214 | 190,023 | 11,236 | – | 2,668,745 |
| Inter-segment | 95,944 | 3,018 | 968 | 130,103 | (230,033) | – |
| Total revenue | 2,237,216 | 329,232 | 190,991 | 141,339 | (230,033) | 2,668,745 |
| **Results** | | | | | | |
| Segment operating profit | 571,349 | 195,060 | 28,533 | 8,717 | – | 803,659 |
| Fair value gain on investment properties | – | 160,695 | – | – | – | 160,695 |
| Share of result of an associate | 3,193 | – | – | – | – | 3,193 |
| Share of results of joint ventures | (66,651) | 39,062 | (6,286) | – | – | (33,875) |
| Segment results | 507,891 | 394,817 | 22,247 | 8,717 | – | 933,672 |

| 2018 | Property development RM'000 | Property investment RM'000 | Hospitality & leisure RM'000 | Other operations RM'000 | Total RM'000 |
|---|---|---|---|---|---|
| **Assets** | | | | | |
| Operating assets | 11,323,722 | 13,299,471 | 828,144 | 10,181 | 25,461,518 |
| Investment in an associate | 97,308 | – | – | – | 97,308 |
| Interests in joint ventures | 2,964,597 | 1,439,078 | 547,966 | – | 4,951,641 |
| Segment assets | 14,385,627 | 14,738,549 | 1,376,110 | 10,181 | 30,510,467 |
| **Liabilities** | | | | | |
| Segment liabilities | 1,056,337 | 176,327 | 39,007 | 2,300 | 1,273,971 |
| **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) | (168,951) | (98) | 235 | (178,226) |



## 43 SEGMENTAL INFORMATION (CONTINUED)

Reconciliation of reportable segment revenue, profit or loss, assets and liabilities to the Group's corresponding amounts are as follows:

| | Group | |
|---|---|---|
| | 2019 RM'000 | 2018 RM'000 |
| **Profit or loss** | | |
| Segment results | **1,048,886** | 933,672 |
| Interest income | **68,936** | 52,440 |
| Net foreign currency translation (loss)/gain on: | | |
| – foreign currency denominated borrowings | **(53,073)** | 34,800 |
| – foreign currency denominated deposits | **21,211** | (5,305) |
| Profit before taxation | **1,085,960** | 1,015,607 |
| Taxation | **(425,530)** | (237,493) |
| Profit for the financial year | **660,430** | 778,114 |
| **Assets** | | |
| Segment assets | **32,059,444** | 30,510,467 |
| Unallocated corporate assets | **659,758** | 2,208,571 |
| Total assets | **32,719,202** | 32,719,038 |
| **Liabilities** | | |
| Segment liabilities | **1,396,328** | 1,273,971 |
| Unallocated corporate liabilities | **12,329,291** | 12,968,869 |
| Total liabilities | **13,725,619** | 14,242,840 |

# NOTES TO THE FINANCIAL STATEMENTS
– 30 JUNE 2019

## 43 SEGMENTAL INFORMATION (CONTINUED)

**Geographical segments**

The Group's major businesses operate in the following principal geographical areas:

| | |
|---|---|
| Malaysia | Development of residential, commercial and industrial properties.<br>Investments in shopping mall, office building and other properties.<br>Management and operation of hotels, resorts, golf course and amusement park.<br>Project and building management services, landscape services and other operations. |
| Singapore | Development of residential and commercial properties.<br>Investments in retail, hotel and office building. |
| PRC | Development of residential and commercial properties.<br>Investments in shopping mall, hotel and office building. |

| | Malaysia | Singapore | PRC | Total |
|---|---|---|---|---|
| | RM'000 | RM'000 | RM'000 | RM'000 |
| **2019** | | | | |
| Revenue from external customers by location of customers | **1,614,055** | **51,641** | **531,818** | **2,197,514** |
| Segment operating profit | **639,409** | **24,226** | **280,072** | **943,707** |
| Non-current assets^ | **9,842,288** | **14,264,748** | **640,050** | **24,747,086** |
| **2018** | | | | |
| Revenue from external customers by location of customers | 1,902,715 | 569,450 | 196,580 | 2,668,745 |
| Operating profit | 665,476 | 185,933 | 112,945 | 964,354 |
| Non-current assets^ | 10,168,416 | 12,983,996 | 522,492 | 23,674,904 |

^ Excluding derivative financial assets, 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.



## 44 LIST OF SUBSIDIARIES, ASSOCIATE AND JOINT VENTURES

The subsidiaries, associate and joint ventures incorporated in Malaysia except otherwise stated, are as follows:

| | Effective Group Interest | | |
|---|---|---|---|
| Name of Company | 2019 % | 2018 % | 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** | 100.0 | Provision of treasury services |
| IOIPG Capital Sdn. Bhd. | **100.0** | 100.0 | Provision of treasury management services |
| IOI Business Hotel Sdn. Bhd. | **100.0** | – | Hotels and hospitality 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 |
| 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** | 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 | Provision of 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 |

# NOTES TO THE FINANCIAL STATEMENTS
– 30 JUNE 2019

## 44 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 2019 % | Effective Group Interest 2018 % | Principal Activities |
|---|---|---|---|
| **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 |
| 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 |
| 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 |



44 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 2019 % | Effective Group Interest 2018 % | Principal Activities |
|---|---|---|---|
| **Subsidiaries of IOI City Holdings Sdn. Bhd.** | | | |
| IOI City Hotel Sdn. Bhd. | **100.0** | 100.0 | Provision of 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 |
| **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 for the construction of real estate |
| 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 |

# NOTES TO THE FINANCIAL STATEMENTS
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## 44 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 2019 % | Effective Group Interest 2018 % | Principal Activities |
|---|---|---|---|
| **Subsidiary of Property Village Berhad** | | | |
| Baycrest Sdn. Bhd. | **99.9** | 99.9 | General contractor |
| **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 provision of 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 |
| IOI (Xiamen) 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 |
| **Subsidiary 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 |



## 44 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 2019 % | Effective Group Interest 2018 % | Principal Activities |
|---|---|---|---|
| **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.# | **32.0** | 32.0 | Property development and operation of oil palm estate |
| **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 Market Supervision Commission of Xiamen Municipality, the company's name has been struck-off from the register with effect from 5 June 2019.
*** The subsidiary is not required by their local laws to appoint statutory auditors.
^ The subsidiary is in the midst of striking off from the register with The Accounting and Corporate Regulatory Authority ("ACRA") of Singapore.

# NOTES TO THE FINANCIAL STATEMENTS
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## 45 FINANCIAL IMPACTS ON TRANSITION TO MFRS FRAMEWORK AND CHANGES IN COMPARATIVES

The financial statements of the Group and of the Company for the financial year ended 30 June 2019 are the first sets of the financial statements prepared in accordance with MFRSs. In the previous financial years, the financial statements of the Group and of the Company were prepared in accordance with Financial Reporting Standards ("FRSs") in Malaysia.

### 45.1 MFRS 1 'First time adoption of MFRS'

The Group has applied the following mandatory exceptions as required by MFRS 1:

*(i) Estimates*

MFRS estimates as at transition date are consistent with the estimation as at the date made in conformity with Financial Reporting Standard (FRS).

*(ii) Classification and measurement of financial assets*

For financial assets that exist at the beginning of the first MFRS reporting period, at 1 July 2018, an assessment was performed as to whether a financial assets meets the condition to be classified and measured as financial assets measured at amortised cost or financial asset measured at fair value through other comprehensive income in accordance with MFRS 9 on the basis of the facts and circumstances that exist at the beginning of the first MFRS reporting period.

*(iii) Impairment of financial assets*

Impairment requirements in MFRS 9 are applied retrospectively for debt instruments measured at amortised cost. The requirements are applied using reasonable and supportable information that is available without undue cost or effort to determine the credit risk at the initial recognition of financial instrument and compare that to the credit risk at the beginning of the first MFRS reporting period, at 1 July 2018, to determine if there has been a significant increase in credit risk.

In conjunction to the adoption of the MFRS 1 'First-time adoption of MFRS', the Group has elected the following exemptions as permitted by MFRS 1 in the first set of MFRS financial statement.

*(i) Business combinations*

The Group has elected to apply MFRS 3 "Business Combinations" prospectively from the date of transition. Business combinations that occurred prior to that date have not been restated. In addition, the Group has also applied MFRS 127 "Consolidated Financial Statements" on the same date as MFRS 3. This election does not have any impact on the financial results of the Group.

*(ii) Cumulative translation differences*

The Group has elected to reset the exchange reserves as at 1 July 2017 to zero and transfer the exchange reserves to retained earnings permissible under MFRS 1.

*(iii) Investment property – deemed cost exemption*

The Group has reassessed the current accounting policies and adopted the accounting policy to measure the Group's investment properties under construction where the fair value cannot be reliably determined at cost. The Group has also elected to use the previous fair value as deemed cost under MFRS. Accordingly, the carrying amounts of these investment properties under construction as at 1 July 2017 have not been restated.

*(iv) Revenue*

The Group and the Company have elected to apply the following practical expedients under MFRS 15:

- No restatement of completed contracts that begin and end within the same annual reporting period;
- No restatement for completed contracts as at transition date;
- The use of transaction price at the date contract was completed contracts in the comparative period with variable consideration;
- No restatement of contract modifications that occurred before transition date; and
- No disclosure is required on the amount of the transaction price allocated to the remaining performance obligations and an explanation of when the Group and the Company expects to recognise the amount as revenue for all reporting presented before the first MFRS reporting period, at 1 July 2018.



## 45 FINANCIAL IMPACTS ON TRANSITION TO MFRS FRAMEWORK AND CHANGES IN COMPARATIVES (CONTINUED)

### 45.1 MFRS 1 'First-time adoption of MFRS' (continued)

*(v) Borrowing cost*

The Group elected to apply the optional exemption to apply requirements of MFRS 123 from the date of transition to MFRSs. Hence, the Group did not restate the borrowing costs component that was capitalised in the carrying amounts of land held for property development and property development costs under the previous FRS 123 'Borrowing Costs'.

*(vi) First-time application of MFRS 9*

The Group and the Company elected the short-term exemption on first-time application of MFRS 9 in accordance with MFRS 1. The comparative information in the Group's and the Company's first MFRS financial statements in respect of items within the scope of MFRS 9 are accounted for based on the requirements of FRS 139 'Financial Instruments: Recognition and Measurement'. Accordingly, the comparative information in the Group's and the Company's first MFRS financial statements in respect of these items have not been restated to comply with the requirements of MFRS 9.

*(vii) Assets and liabilities of subsidiaries*

The assets and liabilities of subsidiaries which had adopted the MFRS Framework or International Financial Reporting Standard ("IFRS") earlier than the Group shall remain at the same carrying amounts as in the financial statements of these subsidiaries, after adjusting for consolidation adjustments.

Other than the mandatory exceptions and exemption options disclosed above, there are no other significant impact arising from the application of MFRS 1.

### 45.2 MFRS 15 'Revenue from contracts with customers'

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.

The Group has adopted MFRS 15 using the full retrospective method and the key affected areas as a result of adopting this standard on the property development activities of the Group are as follows:

*45.2.1 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. Under FRS regime, the Group accounts for 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 stand-alone selling prices. If these are not directly observable, they are estimated based on expected cost plus margin.

*45.2.2 Cost incurred in securing a contract*

Under FRS regime, the Group expensed off all costs incurred to secure the contract, such as sales commissions and agency fees as these costs do not qualify for recognition as an asset under any of the other FRS 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.

# NOTES TO THE FINANCIAL STATEMENTS
– 30 JUNE 2019

## 45 FINANCIAL IMPACTS ON TRANSITION TO MFRS FRAMEWORK AND CHANGES IN COMPARATIVES (CONTINUED)

### 45.2 MFRS 15 'Revenue from contracts with customers' (continued)

The Group has adopted MFRS 15 using the full retrospective method and the key affected areas as a result of adopting this standard on the property development activities of the Group are as follows: (continued)

#### *45.2.3 Contract assets and contract liabilities*

Under FRS regime, the Group classified accrued billing and stakeholder sum in respect of property development activities as trade and other receivables. The progress billing in respect of property development activities as trade and other payables. Under MFRS 15, the excess of cumulative revenue earned over the billings to date and stakeholder sum are classified as contract assets, since unconditional rights to consideration have yet to be established. The excess of the billings to date over the cumulative revenue earned is classified as contract liabilities.

#### *45.2.4 Presentation and disclosure*

The notes to the financial statements for the financial year ended 30 June 2019 will be expanded to include additional disclosure on significant judgements and accounting estimates made. 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 cashflows.

### 45.3 Reclassification

The Group has separated the realised and unrealised foreign currency translation differences in relation to the foreign currency denominated borrowings and deposits from the respective other operating income and expenses to provide more relevant information to the users of the financial statements.

The MFRS framework is effective for the Group and the Company from 1 July 2018 and the date of transition to the MFRS framework for the purpose of preparation of MFRS compliant financial statements is 1 July 2017. In preparing the opening statements of financial position as at 1 July 2017, the Group adjusted amounts reported previously in the financial statements prepared in accordance with FRSs. The financial impacts arising from the transition from FRSs to MFRSs and changes in certain comparative amounts to conform with the current year financial statements presentation for the Group is set out as follows:

**(a) Impact to equity**

| Group | 30 June 2018 RM'000 | 1 July 2017 RM'000 |
|---|---|---|
| Equity as reported under FRS framework | 18,476,804 | 18,488,576 |
| **(Less)/Add:** | | |
| Effects on adoption of MFRS 1<br>– fair value as deemed cost (Note 45.1) | (4,094) | – |
| Effects on adoption of MFRS 15<br>– translation differences (Note 45.1) | (47) | 808 |
| Effects on adoption of MFRS 15<br>– impact from additional performance obligations identified (Note 45.2) | 37,989 | 24,694 |
| Effects on adoption of MFRS 15<br>– capitalisation of cost to obtain a contract (Note 45.2) | (26,558) | 38,568 |
| Deferred tax arising from MFRS transitioning adjustments (Note 45.2) | (7,896) | (33,791) |
| | (606) | 30,279 |
| | 18,476,198 | 18,518,855 |

Effect from adoption of MFRS 15 as at 30 June 2018 is a result of opening balance adjustment as at 1 July 2017 and cumulative year ended 30 June 2018.



## 45 FINANCIAL IMPACTS ON TRANSITION TO MFRS FRAMEWORK AND CHANGES IN COMPARATIVES (CONTINUED)

**(b) Impact on consolidated statement of financial position**

| Group | Previously stated under FRS framework RM'000 | Effects on adoption of MFRS framework RM'000 | Restated under MFRS framework RM'000 |
|---|---|---|---|
| **1 July 2017** | | | |
| **ASSETS** | | | |
| **Non-current assets** | | | |
| Property, plant and equipment | 1,137,912 | – | 1,137,912 |
| Prepaid lease payments | 62,758 | – | 62,758 |
| Land held for property development | 4,560,892 | – | 4,560,892 |
| Investment properties | 12,804,095 | – | 12,804,095 |
| Goodwill on consolidation | 11,472 | – | 11,472 |
| Investment in an associate | 94,115 | – | 94,115 |
| Interests in joint ventures (Note 45.2) | 5,126,081 | (507) | 5,125,574 |
| Derivative financial assets | 4,551 | – | 4,551 |
| Deferred tax assets (Note 45.2) | 106,454 | 287 | 106,741 |
| | 23,908,330 | (220) | 23,908,110 |
| **Current assets** | | | |
| Property development costs (Note 45.2) | 4,014,666 | 17,976 | 4,032,642 |
| Inventories | 1,835,521 | – | 1,835,521 |
| Trade and other receivables (Note 45.2) | 1,395,573 | (749,793) | 645,780 |
| Contract assets (Note 45.2) | – | 728,990 | 728,990 |
| Current tax assets | 91,090 | – | 91,090 |
| 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 |
| | 9,719,412 | (2,827) | 9,716,585 |
| **TOTAL ASSETS** | 33,627,742 | (3,047) | 33,624,695 |

# NOTES TO THE FINANCIAL STATEMENTS
– 30 JUNE 2019

## 45 FINANCIAL IMPACTS ON TRANSITION TO MFRS FRAMEWORK AND CHANGES IN COMPARATIVES (CONTINUED)

### (b) Impact on consolidated statement of financial position (continued)

| Group (continued) | Previously stated under FRS framework RM'000 | Effects on adoption of MFRS framework RM'000 | Restated under MFRS framework RM'000 |
|---|---|---|---|
| **1 July 2017 (continued)** | | | |
| **EQUITY AND LIABILITIES** | | | |
| **Equity attributable to owners of the parent** | | | |
| Share capital | 18,514,233 | – | 18,514,233 |
| Reserves (Note 45.1, 45.2) | 1,277,997 | (1,264,878) | 13,119 |
| Retained earnings (Note 45.1, 45.2) | 6,875,883 | 1,295,117 | 8,171,000 |
| Reorganisation debit balance | (8,440,152) | – | (8,440,152) |
| | 18,227,961 | 30,239 | 18,258,200 |
| Non-controlling interests | 260,615 | 40 | 260,655 |
| **Total equity** | 18,488,576 | 30,279 | 18,518,855 |
| **LIABILITIES** | | | |
| **Non-current liabilities** | | | |
| Borrowings | 4,790,513 | – | 4,790,513 |
| Amounts due to non-controlling interests | 17,671 | – | 17,671 |
| Trade and other payables | 25,760 | – | 25,760 |
| Deferred tax liabilities (Note 45.2) | 1,021,915 | 34,740 | 1,056,655 |
| | 5,855,859 | 34,740 | 5,890,599 |
| **Current liabilities** | | | |
| Borrowings | 7,703,993 | – | 7,703,993 |
| Derivative financial liabilities | 9,448 | – | 9,448 |
| Trade and other payables (Note 45.2) | 1,483,199 | (230,575) | 1,252,624 |
| Contract liabilities (Note 45.2) | – | 162,509 | 162,509 |
| Current tax liabilities | 86,667 | – | 86,667 |
| | 9,283,307 | (68,066) | 9,215,241 |
| **Total liabilities** | 15,139,166 | (33,326) | 15,105,840 |
| **TOTAL EQUITY AND LIABILITIES** | 33,627,742 | (3,047) | 33,624,695 |



## 45 FINANCIAL IMPACTS ON TRANSITION TO MFRS FRAMEWORK AND CHANGES IN COMPARATIVES (CONTINUED)

### (b) Impact on consolidated statement of financial position (continued)

| Group | Previously stated under FRS framework RM'000 | Effects on adoption of MFRS framework RM'000 | Restated under MFRS framework RM'000 |
|---|---|---|---|
| **30 June 2018** | | | |
| **ASSETS** | | | |
| **Non-current assets** | | | |
| Property, plant and equipment | 1,167,505 | – | 1,167,505 |
| Prepaid lease payments | 58,394 | – | 58,394 |
| Land held for property development | 4,508,568 | – | 4,508,568 |
| Investment properties (Note 45.1) | 12,895,582 | (4,094) | 12,891,488 |
| Goodwill on consolidation | 11,472 | – | 11,472 |
| Investment in an associate | 97,308 | – | 97,308 |
| Interests in joint ventures (Note 45.2) | 4,951,803 | (162) | 4,951,641 |
| Derivative financial assets | 13,597 | – | 13,597 |
| Deferred tax assets (Note 45.2) | 144,537 | 1,433 | 145,970 |
| | 23,848,766 | (2,823) | 23,845,943 |
| **Current assets** | | | |
| Property development costs (Note 45.2) | 3,434,348 | 33,452 | 3,467,800 |
| Inventories | 2,106,832 | – | 2,106,832 |
| Derivative financial assets | 6,529 | – | 6,529 |
| Trade and other receivables (Note 45.2) | 574,037 | (293,874) | 280,163 |
| Contract assets (Note 45.2) | – | 286,331 | 286,331 |
| Amount due from a joint venture | 107 | – | 107 |
| Current tax assets | 42,013 | – | 42,013 |
| 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 |
| | 8,847,186 | 25,909 | 8,873,095 |
| **TOTAL ASSETS** | 32,695,952 | 23,086 | 32,719,038 |

# NOTES TO THE FINANCIAL STATEMENTS
– 30 JUNE 2019

## 45 FINANCIAL IMPACTS ON TRANSITION TO MFRS FRAMEWORK AND CHANGES IN COMPARATIVES (CONTINUED)

### (b) Impact on consolidated statement of financial position (continued)

| Group (continued) | Previously stated under FRS framework RM'000 | Effects on adoption of MFRS framework RM'000 | Restated under MFRS framework RM'000 |
|---|---|---|---|
| **30 June 2018 (continued)** | | | |
| **EQUITY AND LIABILITIES** | | | |
| **Equity attributable to owners of the parent** | | | |
| Share capital | 18,514,233 | – | 18,514,233 |
| Reserves (Note 45.1, 45.2) | 905,139 | (1,265,733) | (360,594) |
| Retained earnings (Note 45.1, 45.2) | 7,330,986 | 1,265,122 | 8,596,108 |
| Reorganisation debit balance | (8,440,152) | – | (8,440,152) |
| | 18,310,206 | (611) | 18,309,595 |
| Non-controlling interests (Note 45.2) | 166,598 | 5 | 166,603 |
| **Total equity** | 18,476,804 | (606) | 18,476,198 |
| **LIABILITIES** | | | |
| **Non-current liabilities** | | | |
| Borrowings | 9,573,746 | – | 9,573,746 |
| Derivative financial liabilities | 12,032 | – | 12,032 |
| Amount due to non-controlling interest | 9,934 | – | 9,934 |
| Trade and other payables | 40,395 | – | 40,395 |
| Deferred tax liabilities (Note 45.1, 45.2) | 806,356 | 9,277 | 815,633 |
| | 10,442,463 | 9,277 | 10,451,740 |
| **Current liabilities** | | | |
| Borrowings | 2,379,320 | – | 2,379,320 |
| Derivative financial liabilities | 7,358 | – | 7,358 |
| Trade and other payables (Note 45.2) | 1,209,227 | (98,369) | 1,110,858 |
| Contract liabilities (Note 45.2) | – | 112,784 | 112,784 |
| Current tax liabilities | 180,780 | – | 180,780 |
| | 3,776,685 | 14,415 | 3,791,100 |
| **Total liabilities** | 14,219,148 | 23,692 | 14,242,840 |
| **TOTAL EQUITY AND LIABILITIES** | 32,695,952 | 23,086 | 32,719,038 |



## 45 FINANCIAL IMPACTS ON TRANSITION TO MFRS FRAMEWORK AND CHANGES IN COMPARATIVES (CONTINUED)

### (c) Impact on consolidated statement of profit or loss

| Group | Previously stated under FRS framework RM'000 | Effects on adoption of MFRS framework RM'000 | Reclassification RM'000 | Restated under MFRS framework RM'000 |
|---|---|---|---|---|
| **30 June 2018** | | | | |
| Revenue (Note 45.2) | 2,792,610 | (123,865) | – | 2,668,745 |
| Cost of sales (Note 45.2) | (1,571,130) | (14,527) | – | (1,585,657) |
| Gross profit | 1,221,480 | (138,392) | – | 1,083,088 |
| Other operating income (Note 45.1, 45.2) | 259,541 | 20,937 | (42,195) | 238,283 |
| Marketing and selling expenses (Note 45.2) | (112,806) | 59,711 | – | (53,095) |
| Administration expenses | (189,310) | – | – | (189,310) |
| Other operating expenses (Note 45.2) | (128,786) | 1,474 | 12,700 | (114,612) |
| Operating profit | 1,050,119 | (56,270) | (29,495) | 964,354 |
| Share of results of an associate | 3,193 | – | – | 3,193 |
| Share of results of joint ventures (Note 45.2) | (34,220) | 345 | – | (33,875) |
| Profit before interest and taxation | 1,019,092 | (55,925) | (29,495) | 933,672 |
| Interest income | 52,440 | – | – | 52,440 |
| Net foreign currency translation gain/(loss) on: | | | | |
| – foreign currency denominated borrowings | – | – | 34,800 | 34,800 |
| – foreign currency denominated deposits | – | – | (5,305) | (5,305) |
| Profit before taxation | 1,071,532 | (55,925) | – | 1,015,607 |
| Taxation (Note 45.1, 45.2) | (263,388) | 25,895 | – | (237,493) |
| Profit for the financial year | 808,144 | (30,030) | – | 778,114 |
| Profit attributable to: | | | | |
| Owners of the parent (Note 45.1, 45.2) | 783,631 | (29,995) | – | 753,636 |
| Non-controlling interests (Note 45.2) | 24,513 | (35) | – | 24,478 |
| | 808,144 | (30,030) | – | 778,114 |
| Earnings per ordinary share attributable to owners of the parent | | | | |
| Basic earnings per share (sen) | 14.23 | | | 13.69 |
| Diluted earnings per share (sen) | 14.23 | | | 13.69 |

# NOTES TO THE FINANCIAL STATEMENTS
– 30 JUNE 2019

## 45 FINANCIAL IMPACTS ON TRANSITION TO MFRS FRAMEWORK AND CHANGES IN COMPARATIVES (CONTINUED)

### (d) Impact on consolidated statement of comprehensive income

| Group | Previously stated under FRS framework RM'000 | Effects on adoption of MFRS framework RM'000 | Restated under MFRS framework RM'000 |
|---|---|---|---|
| **30 June 2018** | | | |
| Profit for the financial year | 808,144 | (30,030) | 778,114 |
| Other comprehensive income/(loss) that may be reclassified subsequently to profit or loss, net of tax | | | |
| Exchange differences on translation of foreign operations, net of tax (Note 45.2) | (394,543) | (855) | (395,398) |
| Net change in cash flow hedge | 19,030 | – | 19,030 |
| Other comprehensive loss for the financial year, net of tax | (375,513) | (855) | (376,368) |
| Total comprehensive income/(loss) for the financial year, net of tax | 432,631 | (30,885) | 401,746 |
| Total comprehensive income attributable to: | | | |
| Owner of the parent (Note 45.1, 45.2) | 412,310 | (30,850) | 381,460 |
| Non-controlling interests (Note 45.2) | 20,321 | (35) | 20,286 |
| | 432,631 | (30,885) | 401,746 |



## 45 FINANCIAL IMPACTS ON TRANSITION TO MFRS FRAMEWORK AND CHANGES IN COMPARATIVES (CONTINUED)

### (e) Impact on consolidated statement of cash flows

| Group | Previously stated under FRS framework RM'000 | Effects on adoption of MFRS framework RM'000 | Restated under MFRS framework RM'000 |
|---|---|---|---|
| **30 June 2018** | | | |
| Profit before taxation (Note 45.1, 45.2) | 1,071,532 | (55,925) | 1,015,607 |
| Adjustment for non-cash items (Note 45.1, 45.2) | (185,199) | 3,749 | (181,450) |
| | 886,333 | (52,176) | 834,157 |
| Changes in working capital (Note 45.1, 45.2) | 1,003,217 | 52,176 | 1,055,393 |
| Cash generated from operations | 1,889,550 | – | 1,889,550 |
| Tax paid | (360,165) | – | (360,165) |
| Tax refunded | 1,935 | – | 1,935 |
| Net cash from operating activities | 1,531,320 | – | 1,531,320 |
| Net cash used in investing activities | (357,138) | – | (357,138) |
| Net cash used in financing activities | (810,447) | – | (810,447) |
| Net increase in cash and cash equivalents | 363,735 | – | 363,735 |
| Cash and cash equivalents at beginning of financial year | 2,376,233 | – | 2,376,233 |
| Effect of exchange rate changes | (56,648) | – | (56,648) |
| Cash and cash equivalents at end of financial year | 2,683,320 | – | 2,683,320 |

## 46 AUTHORISATION FOR ISSUE

The financial statements of the Group and of the Company for the financial year ended 30 June 2019 were authorised for issue by the Board of Directors on 17 September 2019.

# 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 178 to 301 have been drawn up in accordance with Malaysian Financial Reporting Standards, International 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 2019 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:

**LEE YEOW SENG**
Director

**LEE YOKE HAR**
Director

Putrajaya
17 September 2019

# 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 178 to 301 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 17 September 2019 )

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. 1035807 A)

### 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 2019, and of their financial performance and their cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International 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 2019 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 178 to 301.

**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.

# INDEPENDENT AUDITORS' REPORT

## TO THE MEMBERS OF IOI PROPERTIES GROUP BERHAD (CONTINUED)

(Incorporated in Malaysia)
(Company No. 1035807 A)

### 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**<br><br>Total revenue recognised for the Group on sale of development properties amounted to RM1,634.6 million for financial year ended 30 June 2019, of which RM943.1 million relates to ongoing projects.<br><br>The Group recognises revenue from ongoing property development projects in the 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 project.<br><br>Given the nature of property development projects, we focused on this area as significant estimates and judgements are required in:<br><br>• Determining the extent of property development costs accruals to reflect work performed up to the reporting date;<br>• Determining the estimated total property development costs to completion; and<br>• Determining the common costs allocation to the project phases from the total budgeted common costs attributable to the respective property development projects.<br><br>*Refer to Note 5.1 (Significant Accounting Estimates and Judgements – Revenue and Cost Recognition from Property Development Activities), Note 6.19 (Significant Accounting Policies – Revenue Recognition), Note 7 (Revenue) and Note 24 (Property Development Costs)* | We have performed the following procedures:<br><br>• Reviewed the terms and conditions of the major sales transactions to determine that revenue recognised conforms with the Group policies and the requirements of MFRS 15 "Revenue from contracts with customers";<br>• Tested the key controls in respect of the budgeting process of total property development costs;<br>• Tested controls over monitoring of costs incurred for work performed to date;<br>• 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;<br>• Assessed sample 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;<br>• Evaluated variances between actual costs incurred and budgeted property development costs to assess whether total estimated costs to completion have been properly updated;<br>• Assessed the reasonableness of allocation of total budgeted common costs to the project phases by comparing the budget to the approved master layout plan;<br>• Tested samples of actual sales of development properties to signed sales and purchase agreements;<br>• 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<br>• 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.<br><br>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 completed investment properties**<br><br>As at 30 June 2019, the Group's completed investment properties, which are carried at fair value, amounted to RM4,283.6 million.<br><br>The valuations of the Group's completed investment properties were performed by independent external valuers.<br><br>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 appropriate valuation methodologies and estimating the underlying assumptions to be applied.<br><br>*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**<br><br>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.<br><br>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.<br><br>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.<br><br>**Valuation methodologies**<br><br>We noted that the valuations of the Group's completed investment properties were primarily based on Investment Method and Comparison Method.<br><br>We carried out the following procedures to assess the inputs underpinning the valuation of the properties:<br><br>• 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;<br>• Benchmarked the term yield, reversion yield and allowance for void used by the valuers to comparable properties; and<br>• 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.<br><br>We have also assessed the sensitivity analysis prepared by management on the yields and price per square foot underpinning the valuation, where applicable.<br><br>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 (CONTINUED)

(Incorporated in Malaysia)
(Company No. 1035807 A)

### 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 2019 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 Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

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.

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.



### REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

**Auditors' responsibilities for the audit of the financial statements (continued)**

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.

### 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 44 to the financial statements.

### OTHER MATTERS

1. As stated in Note 3 to the financial statements, IOI Properties Group Berhad adopted Malaysian Financial Reporting Standards on 1 July 2018 with a transition date of 1 July 2017. These standards were applied retrospectively by the Directors to the comparative information in these financial statements, including the statements of financial position of the Group and of the Company as at 30 June 2018 and 1 July 2017, 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 ended 30 June 2018 and related disclosures. We were not engaged to report on the restated comparative information and it is unaudited. Our responsibilities as part of our audit of the financial statements of the Group and of the Company for the year ended 30 June 2019, in these circumstances, included obtaining sufficient appropriate audit evidence that the opening balances as at 1 July 2018 do not contain misstatements that materially affect the financial position as at 30 June 2019 and financial performance and cash flows for the year then ended.

2. 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
17 September 2019

# GROUP'S MATERIAL PROPERTIES

## DEVELOPMENT PROPERTIES

| Location | Tenure | Remaining Land Area (Acres) | Usage | Year of Acquisition | Carrying Amount as at 30 June 2019 RM'000 |
|---|---|---|---|---|---|
| **MALAYSIA** | | | | | |
| **Klang Valley** | | | | | |
| IOI Resort City, Putrajaya<br>Various parcels of land in Dengkil, Sepang<br>Selangor Darul Ehsan | Freehold and leasehold expiring between 2019 to 2113 | 376 | On-going mix development and future development land | 1990, 1994 and 2016 | 2,018,530 |
| Bandar Puteri Bangi<br>Various parcels of land in Beranang<br>Mukim of Ulu Langat<br>Selangor Darul Ehsan | Freehold | 213 | On-going mix development | 2013 | 635,329 |
| Bandar Puteri, Puchong<br>Various parcels of land in Puchong, Petaling<br>Selangor Darul Ehsan | Freehold | 151 | On-going mix development | 1990 | 359,925 |
| 16 Sierra, Puchong South<br>Various parcels of land in Dengkil, Sepang<br>Selangor Darul Ehsan | Leasehold expiring 2091 | 184 | On-going mix development and future development land | 2001 and 2002 | 317,796 |
| Warisan Puteri, Sepang<br>Various parcels of land in Mukim of Dengkil<br>Dengkil, Sepang<br>Selangor Darul Ehsan | Freehold | 111 | On-going mix development | 2012 | 293,827 |
| Bandar Puchong Jaya, Puchong<br>Various parcels of land in Puchong Jaya<br>Petaling<br>Selangor Darul Ehsan | Freehold | 8 | On-going mix development | 1989 and 1990 | 176,488 |
| BC Industrial Park, Banting<br>Various parcels of land in Daerah Kuala Langat,<br>Selangor Darul Ehsan | Freehold | 323 | Future development land | 2017 | 147,585 |
| **Negeri Sembilan Darul Khusus** | | | | | |
| Bandar IOI, Bahau<br>Various parcels of land in Mukim of Rompin, Jempol<br>Negeri Sembilan Darul Khusus | Freehold | 781 | On-going mix development and future development land | 1990 and 2014 | 168,937 |

## DEVELOPMENT PROPERTIES (CONTINUED)

| Location | Tenure | Remaining Land Area (Acres) | Usage | Year of Acquisition | Carrying Amount as at 30 June 2019 RM'000 |
|---|---|---|---|---|---|
| **Johor Darul Takzim** | | | | | |
| Bandar Putra Kulai<br>Various parcels of land in Senai Kulai, Johor Bahru<br>Johor Darul Takzim | Freehold | 3,526 | On-going mix development and future development land | 1988 and 2012 | 308,953 |
| i-Synergy<br>Various parcels of land in Senai, Kulai<br>Johor Bahru<br>Johor Darul Takzim | Freehold | 482 | On-going commercial development | 2015 | 241,029 |
| Various parcels of land in Mukim Sungai Segamat<br>Mukim Pagoh, District of Segamat<br>Johor Darul Takzim | Freehold | 1,254 | Future development land | 2014 | 228,174 |
| Various parcels of land in Mukim of Pulai<br>Johor Darul Takzim | Freehold | 16 | Future development land | 2013 | 194,420 |
| Various parcels of land in Plentong<br>Johor Darul Takzim | Freehold | 10 | On-going mix development | 2011 | 186,873 |
| Various parcels of land in Nusa Jaya, Johor<br>Johor Darul Takzim | Leasehold expiring 2137 | 7 | Future development land | 2013 | 159,813 |
| Taman Kempas Utama<br>Various parcels of land in Tebrau<br>Johor Bahru<br>Johor Darul Takzim | Freehold | 40 | On-going mix development | 2006 | 191,447 |
| A parcel of land<br>Kulai Jaya<br>Johor Darul Takzim | Freehold | 404 | Future development land | 2014 | 146,713 |
| **OVERSEAS** | | | | | |
| **The People's Republic of China** | | | | | |
| IOI Palm International Parkhouse<br>Xiang An District,<br>13-15 Xiang An New Town,<br>Xiamen, Fujian Province | Leasehold expiring 2087 | 6 | On-going mix development | 2017 | 1,604,349 |
| IOI Palm City<br>Jimei Main Road<br>Jimei New Town<br>Zone 11-12, Jimei District<br>Xiamen, Fujian Province | Leasehold expiring 2082 | 13 | On-going mix development | 2012 | 440,412 |

# GROUP'S MATERIAL PROPERTIES

## INVESTMENT PROPERTIES

| Location | Tenure | Net Lettable Area ('000 sq. ft.) (Approximately) | Usage | Age of Building (Years) | Carrying Amount as at 30 June 2019 RM'000 |
|---|---|---|---|---|---|
| **RETAIL** | | | | | |
| IOI City Mall<br>Lebuh IRC<br>IOI Resort City<br>Putrajaya | Freehold | 1,473 | 4-storey shopping mall together with car park | 4 | 1,693,808^ |
| IOI City Mall (Phase 2)<br>Lebuh IRC<br>IOI Resort City<br>Putrajaya | Freehold | * | 6-storey shopping mall together with car park | * | 210,876 |
| IOI Mall<br>Bandar Puchong Jaya<br>Puchong<br>Selangor Darul Ehsan | Freehold | 614 | 3-storey shopping mall together with car park | 22 | 397,000 |
| IOI Mall (new wing)<br>Bandar Puchong Jaya<br>Puchong<br>Selangor Darul Ehsan | Freehold | 254 | 4-storey shopping mall together with car park | 10 | 215,000 |
| **PURPOSE-BUILT OFFICE BUILDING** | | | | | |
| Central Boulevard<br>within Marina Bay area,<br>Opposite Telok Ayer Market,<br>Singapore | 99 years leasehold | * | Integrated mixed development including office towers and retail podium | * | 8,735,301 |
| IOI City Tower 1 and<br>IOI City Tower 2<br>Lebuh IRC<br>IOI Resort City<br>Putrajaya | Freehold | 968 | 2 blocks of purpose-built office building | 4 | 408,000 |
| Puchong Financial Corporate Centre ("PFCC")<br>Tower 1 and 2<br>Bandar Puteri<br>Puchong<br>Selangor Darul Ehsan | Freehold | 379 | 2 blocks of purpose-built office building together with two levels of basement car park | 10 | 153,000 |
| PFCC<br>Tower 4 and 5<br>Bandar Puteri<br>Puchong<br>Selangor Darul Ehsan | Freehold | 508 | 2 blocks of purpose-built office building together with three levels of basement car park | 5 | 235,000 |



## INVESTMENT PROPERTIES (CONTINUED)

| Location | Tenure | Net Lettable Area ('000 sq. ft.) (Approximately) | Usage | Age of Building (Years) | Carrying Amount as at 30 June 2019 RM'000 |
|---|---|---|---|---|---|
| Conezion<br>IOI Resort City<br>Putrajaya | Freehold | 925 | Stratified shop and office lots with car park | 2 | 320,000 |
| One IOI Square and<br>Two IOI Square<br>IOI Resort City<br>Putrajaya | Freehold | 434 | 2 blocks of purpose-built office building together with two levels of basement car park | 16 | 197,000 |
| **OTHERS** | | | | | |
| IOI Palm City Development<br>Xinglin Bay Road and<br>Jimei Main Road<br>Jimei New Town Zone 11-12<br>Jimei District, Xiamen<br>Fujian province<br>The People's Republic of China | 40 to 50 years leasehold | * | Integrated mixed development including shopping mall and purpose-built office building | * | 547,603 |
| Part of Lot 7<br>within Mukim Of Dengkil<br>District of Sepang<br>Selangor Darul Ehsan | Freehold | – | A parcel of commercial land | N/A | 417,000 |
| Bungalow (Beverly Row)<br>IOI Resort City<br>62505<br>Putrajaya | Freehold | 268 | 37 units of residential bungalow | 14-22 | 130,000 |

* The investment properties are currently under construction.

^ Included purpose-built carpark which classified as property, plant and equipment with carrying amount of RM273,808,000.

# GROUP'S MATERIAL PROPERTIES

## HOSPITALITY AND LEISURE PROPERTIES

| Location | Tenure | Land Area (Acres) | Built-up Area ('000 sq. ft.) | Usage | Age of Building (Years) | Carrying Amount as at 30 June 2019 RM'000 |
|---|---|---|---|---|---|---|
| **MALAYSIA** | | | | | | |
| **Selangor Darul Ehsan** | | | | | | |
| Le Méridien Putrajaya<br>Lebuh IRC<br>IOI Resort City<br>Putrajaya | Freehold | 37 (part of) | 326 | 353-room hotel | 3 | 196,522 |
| IOI Palm Garden Golf Club<br>IOI Resort City<br>Putrajaya | Freehold | 146 | 171 | 18-hole golf course and club house | 7 | 199,167 |
| Putrajaya Marriott Hotel<br>IOI Resort City<br>Putrajaya | Freehold | 16 (part of) | 1,521 | 488-room hotel | 16 | 157,079 |
| Four Points by Sheraton Puchong<br>Bandar Puteri<br>Puchong<br>Selangor Darul Ehsan | Freehold | 8 (part of) | 242 | 249-room hotel | 4 | 107,461 |
| Palm Garden Hotel<br>IOI Resort City<br>Putrajaya | Freehold | 3 | 140 | 151-room hotel | 26 | 48,981 |
| **OVERSEAS** | | | | | | |
| **The People's Republic of China** | | | | | | |
| Sheraton Grand<br>Jimei District<br>Xiamen, Fujian Province | 40 years leasehold | 7 (part of) | * | 370-room hotel | * | 95,952 |

* The hotel is currently under construction.



# SHAREHOLDERS' INFORMATION

## AS AT 30 AUGUST 2019

| | | |
|---|---|---|
| Type of shares | : | Ordinary shares |
| Voting rights | : | One vote per shareholder on a show of hands<br>One vote per ordinary share on a poll |
| Number of shareholders | : | 23,747 |

## ANALYSIS OF SHAREHOLDINGS

| Size of holdings | No. of holders | Total holdings | % |
|---|---|---|---|
| 1 - 99 | 1,400 | 42,832 | * |
| 100 - 1,000 | 5,872 | 3,421,798 | 0.06 |
| 1,001 - 10,000 | 12,197 | 48,047,177 | 0.87 |
| 10,001 - 100,000 | 3,662 | 99,189,104 | 1.80 |
| 100,001 - 275,307,267 | 612 | 1,786,469,291 | 32.45 |
| 275,307,268 and above | 4 | 3,568,975,173 | 64.82 |
| **Total** | **23,747** | **5,506,145,375** | **100.00** |

* Negligible

## 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 | 1,321,886,041 | 24.01 |
| 3. | Vertical Capacity Sdn Bhd | 564,950,900 | 10.26 |
| 4. | Citigroup Nominees (Tempatan) Sdn Bhd<br>*Employees Provident Fund Board* | 351,963,832 | 6.39 |
| 5. | AmanahRaya Trustees Berhad<br>*Amanah Saham Bumiputera* | 247,163,985 | 4.50 |
| 6. | RHB Nominees (Tempatan) Sdn Bhd<br>*Exempt Authorised Nominee for RHB Securities Singapore Pte Ltd* | 115,357,000 | 2.10 |
| 7. | AnnHow Holdings Sdn Bhd | 102,338,400 | 1.86 |
| 8. | AMSEC Nominees (Tempatan) Sdn Bhd<br>*Pledged Securities Account – Ambank Islamic Berhad for Vertical Capacity Sdn Bhd* | 87,808,100 | 1.59 |
| 9. | The estate of late Tan Sri Dato' Lee Shin Cheng | 56,314,700 | 1.02 |
| 10. | HLB Nominees (Tempatan) Sdn Bhd<br>*Pledged Securities Account for Vertical Capacity Sdn Bhd* | 52,247,700 | 0.95 |
| 11. | HSBC Nominees (Tempatan) Sdn Bhd<br>*Pledged Securities Account for Vertical Capacity Sdn Bhd* | 43,290,700 | 0.79 |
| 12. | Lai Ming Chun @ Lai Poh Lin | 40,000,000 | 0.73 |
| 13. | AmanahRaya Trustees Berhad<br>*Amanah Saham Malaysia* | 39,088,950 | 0.71 |

# SHAREHOLDERS' INFORMATION
## AS AT 30 AUGUST 2019

### LIST OF TOP 30 SHAREHOLDERS (CONTINUED)
(without aggregating securities from different securities accounts belonging to the same person)

| | Name | No. of shares held | % |
|---|---|---|---|
| 14. | AmanahRaya Trustees Berhad<br>*Amanah Saham Malaysia 2 – Wawasan* | 39,000,000 | 0.71 |
| 15. | Citigroup Nominees (Asing) Sdn Bhd<br>*Exempt Authorised Nominee for UBS AG Singapore* | 32,166,431 | 0.58 |
| 16. | HSBC Nominees (Asing) Sdn Bhd<br>*Exempt Authorised Nominee for Morgan Stanley & Co. LLC* | 29,984,200 | 0.54 |
| 17. | HSBC Nominees (Asing) Sdn Bhd<br>*JPMCB NA for Vanguard Total International Stock Index Fund* | 29,973,995 | 0.54 |
| 18. | Amanahraya Trustees Berhad<br>*Amanah Saham Malaysia 3* | 29,895,200 | 0.54 |
| 19. | HSBC Nominees (Asing) Sdn Bhd<br>*JPMCB NA for Vanguard Emerging Markets Stock Index Fund* | 29,565,320 | 0.54 |
| 20. | Citigroup Nominees (Tempatan) Sdn Bhd<br>*Employees Provident Fund Board* | 26,224,600 | 0.48 |
| 21. | CGS-CIMB Nominees (Tempatan) Sdn Bhd<br>*Pledged Securities Account for Rickoh Holdings Sdn Bhd* | 26,119,999 | 0.47 |
| 22. | Cartaban Nominees (Tempatan) Sdn Bhd<br>*PAMB for Prulink Equity Fund* | 24,760,728 | 0.45 |
| 23. | HLB Nominees (Tempatan) Sdn Bhd<br>*Pledged Securities Account for Datuk Dr Tan Kim Heung* | 20,480,700 | 0.37 |
| 24. | CIMSEC Nominees (Tempatan) Sdn Bhd<br>*CIMB for Lai Ming Chun @ Lai Poh Lin* | 20,024,000 | 0.36 |
| 25. | CIMB Group Nominees (Tempatan) Sdn Bhd<br>*Yayasan Hasanah* | 19,934,400 | 0.36 |
| 26. | Citigroup Nominees (Tempatan) Sdn Bhd<br>*Great Eastern Life Assurance (Malaysia) Berhad* | 19,383,756 | 0.35 |
| 27. | Chan Cha Lin | 16,780,800 | 0.30 |
| 28. | Permodalan Nasional Berhad | 16,436,612 | 0.30 |
| 29. | Pertubuhan Keselamatan Sosial | 15,824,100 | 0.29 |
| 30. | Citigroup Nominees (Asing) Sdn Bhd<br>*UBS AG* | 15,667,635 | 0.29 |
| | **Total** | **4,764,807,184** | **86.54** |



### SUBSTANTIAL SHAREHOLDERS
(Based on the Register of Substantial Shareholders as at 30 August 2019)

| | No. of ordinary shares held | | | |
|---|---|---|---|---|
| Name of substantial shareholders | Direct | % | Indirect | % |
| The estate of late Tan Sri Dato' Lee Shin Cheng | 171,669,700 | 3.12 | 3,407,767,141* | 61.89 |
| Dato' Lee Yeow Chor | 6,837,500 | 0.12 | 3,400,829,641** | 61.76 |
| Lee Yeow Seng | 100,000 | ^ | 3,400,829,641** | 61.76 |
| Vertical Capacity Sdn Bhd | 3,400,829,641 | 61.76 | – | – |
| Employees Provident Fund Board | 392,438,532 | 7.13 | – | – |

**Notes:**

* Deemed interested by virtue of his interest in Vertical Capacity Sdn Bhd ("VC"), and shares held by his sons, Dato' Lee Yeow Chor and Lee Yeow Seng pursuant to Section 8 of the Companies Act 2016 (the "Act").

** Deemed interested by virtue of his interest in VC pursuant to Section 8 of the Act.

^ Negligible

# NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN THAT** the Seventh Annual General Meeting ("**Seventh 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, 6 November 2019 at 10:00 am for the following purposes:

## AGENDA

1 To receive the Audited Financial Statements for the financial year ended 30 June 2019 and the Reports of the Directors and Auditors thereon.

2 To re-elect the following Directors retiring by rotation pursuant to Article 87 of the Company's Constitution:

(i) Datuk Tan Kim Leong **Resolution 1**
(ii) Lee Yeow Seng **Resolution 2**

3 To consider and if thought fit, to pass the following Ordinary Resolution:

"THAT the payment of Directors' fees (inclusive of Board Committees' fees) of RM1,190,000 for the financial year ending 30 June 2020 payable quarterly in arrears after each month of completed service of the Directors during the financial year be and is hereby approved." **Resolution 3**

4 To approve the payment of Directors' benefits (other than Directors' fees) of up to RM300,000 for the period from 6 November 2019 until the next Annual General Meeting. **Resolution 4**

5 To re-appoint Messrs PricewaterhouseCoopers PLT, the retiring Auditors for the financial year ending 30 June 2020 and to authorise the Audit Committee to fix their remuneration. **Resolution 5**

6 As special business, to consider and if thought fit, to pass the following Ordinary/Special Resolution(s):

6.1 **Ordinary Resolution**
**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 6**

6.2 **Ordinary Resolution**
**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 Malaysia**") 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 Malaysia;

6.2 **Ordinary Resolution (continued)**
**Proposed Renewal of Existing Share Buy-Back Authority (continued)**

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 Malaysia or any other relevant authorities." **Resolution 7**

6.3 **Ordinary Resolution**
**Proposed Gratuity Payment to Former Executive Chairman of the Company**

"THAT approval be and is hereby given for the Company to pay a gratuity amounting to RM17.732 million to the late Tan Sri Dato' Lee Shin Cheng in recognition of his 44 years of service and contribution to IOI Properties Group.

AND THAT authority be and is hereby given to the Directors of the Company to take all such actions as they may consider necessary to give full effect to this resolution." **Resolution 8**

6.4 **Special Resolution**
**Proposed Amendments to the Constitution of the Company**

"THAT approval be and is hereby given to alter or amend the whole of the existing Constitution of the Company by the replacement thereof with a new Constitution of the Company as set out in Part B of the Circular to Shareholders dated 7 October 2019 with immediate effect AND THAT the Directors and Company Secretary of the Company be and are hereby authorised to do all acts and things and take all such steps as may be considered necessary to give full effect to the foregoing." **Special Resolution**

7 To transact any other business of which due notice shall have been given.

By Order of the Board,

**Chee Ban Tuck** (MIA 24078)
**Chang Mei Yee** (MAICSA 7064078)
Joint Secretaries

Putrajaya
7 October 2019

# NOTICE OF ANNUAL GENERAL MEETING

## Notes

1 Items 1 to 6.3 above are proposed as ordinary resolutions except item 6.4 as special resolution. For any of the ordinary resolutions listed above to be passed at the Seventh AGM, more than half the votes cast must be in favour of the resolutions, while for special resolution, at least three quarters of the votes cast required to be in favour.

Voting on all resolutions to be proposed at the Seventh 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 Sdn Bhd, **Level 6, Symphony House, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan** not less than 48 hours before the time for holding the Seventh 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 **25 October 2019** shall be eligible to attend the Seventh 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 Seventh AGM (including any adjournment thereof).

11 **Audited Financial Statements for the financial year ended 30 June 2019**

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 2019 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 2019 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, PricewaterhouseCoopers PLT ("**PwC**"), questions relevant to audit matters, including the Auditors' Report.

12 **Re-election of Directors**

Datuk Tan Kim Leong and Lee Yeow Seng, who 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 Seventh 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 Director who is 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.

Detailed profile of each Director, including their career history, competencies and experience can be found from pages 130 to 136 of the 2019 Annual Report.

13 **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 (inclusive of Board Committees' fees) for FY2020 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 insurance coverage. 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 **Re-appointment of auditors**

The Company's Auditors must offer themselves for re-appointment at each AGM at which Audited Financial Statements are presented. The performance and effectiveness of Auditors have been evaluated by the Audit Committee, which included an assessment of the Auditors' independence and objectivity, which has recommended to the Board that PwC be re-appointed and its remuneration be determined by the Audit Committee. The representatives of PwC will be present at the Seventh 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 6 is to seek a renewal of the general mandate which was approved at the Sixth AGM of the Company held on 31 October 2018 and which will lapse at the conclusion of the forthcoming Seventh AGM to be held on 6 November 2019.

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 Resolution 6, 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 Sixth 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.

# NOTICE OF ANNUAL GENERAL MEETING

15 **Explanatory Notes on Special Businesses (continued)**

**(ii) Proposed Renewal of Existing Share Buy-Back Authority**

Ordinary Resolution 7 is to seek a renewal of the authority granted at the Sixth AGM of the Company held on 31 October 2018 and which will lapse at the conclusion of the forthcoming Seventh AGM to be held on 6 November 2019. 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. 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 purchase any ordinary shares during FY2019.

Please refer to explanatory information in Part A of the Circular to Shareholders dated 7 October 2019.

**(iii) Proposed Gratuity Payment to the Former Executive Chairman of the Company**

The late Tan Sri Dato' Lee Chin Cheng had indicated his intention to retire from his office as the Executive Chairman of the Company effective from 3 June 2019. The retirement of the former Executive Chairman was announced to Bursa Malaysia and the staff of the Group on 31 May 2019.

The late Tan Sri Dato' Lee was appointed to the Board of Directors (the "Board") of IOI Properties Berhad ("IOIP"), a 99.9%-owned subsidiary of the Company on 24 December 1975. IOIP is the property arm of IOI Corporation Berhad ("IOIC") prior to the internal reorganisation to demerge IOI Properties Group from the IOIC Group and listing of IOIPG on the Main Market of Bursa Malaysia on 15 January 2014.

The proposed gratuity was in recognition of the late Tan Sri Dato' Lee's commitment, dedication and contribution to IOI Properties Group, and as a gesture of appreciation for the late Tan Sri Dato' Lee's 44 years of service with the Group. The proposed gratuity payment of RM17.732 million is computed at 1 month for every year of service (i.e. 44 years) in the Group, based on his last drawn monthly salary of RM403,000, which is a one-off payment from the Company which, if approved by shareholders, will be paid in cash funded entirely from the internally generated funds of IOI Properties Group in early November 2019. The approval of the shareholders of the Company at the Seventh AGM is required for the proposed gratuity pursuant to Section 230(1) of the Act.

Upon the Board's (excluded the interested Directors) recommendation on the proposed gratuity subsequent to the issuance of the financial statements, the estate of late Tan Sri Dato' Lee has decided to voluntarily waive his bonus entitlement for FY2019.

**(iv) Proposed Amendments to the Constitution of the Company**

The proposed amendments to the existing Memorandum & Articles of Association (Constitution) of the Company ("**Proposed Amendments**") are made mainly for the following purposes:

(a) To streamline and ensure compliance with the relevant provisions of the Act and Main Market Listing Requirements of Bursa Malaysia; and

(b) To provide clarity and consistency throughout in order to facilitate and further enhance practicality and administrative efficiency.

Under Section 36 of the Act, amendments to the Constitution can be made if duly passed by a Special Resolution. In view of the substantial amount of the proposed amendments to the Constitution, the Board proposed that the existing Constitution be amended by the Company in its entirety by the replacement thereof with a new Constitution which incorporated all the Proposed Amendments as set out in Part B of the Circular to Shareholders dated 7 October 2019. In view of the above, the shareholders' approval is sought for the Proposed Amendments.

The Proposed Amendments shall take effect once the Special Resolution has been passed by a majority of not less than seventy-five per centum (75%) of such shareholders who are entitled to vote and do vote in person or by proxy at the Seventh AGM.



# 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 Seventh 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:

- Datuk Tan Kim Leong
- Lee Yeow Seng

The profiles of the above-named Directors are set out in the section entitled "Profile of Directors" on pages 130 and 132 of the 2019 Annual Report.

Their shareholdings in the Company and its related corporations are set out in the section entitled "Statement of Directors' Interests" on page 166 of the 2019 Annual Report.

**IOI PROPERTIES GROUP BERHAD** (Company Registration No. 1035807-A)
(Incorporated in Malaysia)

# PROXY FORM

IOI PROPERTIES

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 Seventh Annual General Meeting **("Seventh 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, 6 November 2019** 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" For | First Proxy "A" Against | Second Proxy "B" For | Second Proxy "B" Against |
|---|---|---|---|---|---|---|
| 1. | To re-elect Datuk Tan Kim Leong as a Director | Ordinary Resolution 1 | | | | |
| 2. | To re-elect Lee Yeow Seng as a Director | Ordinary Resolution 2 | | | | |
| 3. | To approve Directors' Fees (inclusive of Board Committees' fees) for the financial year ending 30 June 2020 payable quarterly in arrears | Ordinary Resolution 3 | | | | |
| 4. | To approve the payment of Directors' benefits for the period from 6 November 2019 until the next Annual General Meeting | Ordinary Resolution 4 | | | | |
| 5. | To re-appoint Messrs PricewaterhouseCoopers PLT as Auditors and to authorise the Audit Committee to fix their remuneration | Ordinary Resolution 5 | | | | |
| 6. | To authorise the Directors to allot and issue shares pursuant to Section 76 of the Companies Act 2016 | Ordinary Resolution 6 | | | | |
| 7. | To approve the proposed renewal of existing share buy-back authority | Ordinary Resolution 7 | | | | |
| 8. | To approve the proposed gratuity payment to the former Executive Chairman | Ordinary Resolution 8 | | | | |
| 9. | To approve the proposed amendments to the Constitution of the Company | Special Resolution | | | | |

Dated this _____ day of _____ 2019

* *Delete if inapplicable.*

_____
Signature of Shareholder/Common Seal

**Notes:**

1 Items 1 to 8 above are proposed as ordinary resolutions except item 9 as special resolution. For any of the ordinary resolutions listed above to be passed at the Seventh AGM, more than half the votes cast must be in favour of the resolutions, while for special resolution, at least three quarters of the votes cast required to be in favour.

Voting on all resolutions to be proposed at the Seventh 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 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 Sdn Bhd, **Level 6, Symphony House, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan,** not less than 48 hours before the time for holding the Seventh 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.

9 Only shareholder whose names appear in the Record of Depositors and Register of Members as at **25 October 2019** shall be eligible to attend the Seventh 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 Seventh AGM (including any adjournment thereof).

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**The Administration and Polling Agent**

**IOI PROPERTIES GROUP BERHAD**
Boardroom Corporate Services Sdn Bhd
Level 6, Symphony House
Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya
Selangor Darul Ehsan

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(1035807-A)

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