



# ...UNLOCKING POTENTIAL

2018 Annual Report



## About Our Report

**WITH OVER FOUR DECADES OF ESTABLISHED LEADERSHIP AND PROVEN TRACK RECORD, OUR CONTINUING MISSION IS TO MEET THE EVER-EVOLVING PROPERTY NEEDS OF A DEVELOPING MALAYSIA, BUILD SUSTAINABLE COMMUNITIES AND A BRIGHTER FUTURE FOR EVERYONE. AND IN OUR EFFORTS, WE REMAIN COMMITTED TO CREATING LONG-TERM VALUE FOR ALL OUR STAKEHOLDERS.**

Since our listing in 2017, this is our first annual report for the Financial Year 2017/2018 (FY2018), prepared in accordance with the principles prescribed by the International Integrated Reporting Council. Embarking on a journey with integrated reporting (IR) has been an important decision for us, in terms of evolving with our paradigm of 'value creation'. With IR, our attempt will be to further build on our strategies, improve on our processes, and strengthen our capitals.

### PERIOD

The FY2018 report of Sime Darby Property Berhad (hereafter referred to as Sime Darby Property), covers the period 1 July 2017 until 30 June 2018 unless otherwise stated and it is published annually.

### SCOPE

The report covers Sime Darby Property's main activities, key business areas, subsidiaries as well as joint venture operations in Malaysia and abroad. The report also discusses our outlook, targets and objectives.

### FORMAT

In keeping with IR Principles, the report includes information on both financial and non-financial performance of Sime Darby Property, with clear articulation of various risks and opportunities, our mitigation strategies, and management approaches to value creation. The report has also been prepared in compliance with Bursa Malaysia Main Market Listing Requirements; Malaysian Financial Reporting Standards and Companies Act 2016 in Malaysia.

### THE SIX CAPITALS

In progressing towards our vision of building sustainable communities through sustainable property development, we are empowered by our six capitals (inputs) and encouraged by the effects on them i.e., value creation. Our business model on page 34 contextualises how the capitals are deployed, how we use our internal governance and systems, the strategies to manage externalities and key performance indicators (KPIs) towards measuring outcomes across the six capitals.

### STAKEHOLDER ENGAGEMENT & VALUE CREATION

We have applied the principles of Stakeholder Relationships and Materiality (see page 36 on our Stakeholder Engagement Plan) when determining our organisational 'FOCUS'. This means understanding and responding to the needs of our stakeholders and matters that are material and significantly impact our ability to create value. The key material matters, various risks and opportunities associated with them, our mitigation strategies and positive outcomes are outlined on page 39.

### SUSTAINABILITY

Sime Darby Property's ultimate objective is to create sustainable communities and to create value for our multiple stakeholders. All our efforts are channelled towards creating positive impact across the 3 Sustainability Sphere – People, Planet and Prosperity. Our sustainability commitments and achievements for the year under review are included in this report on page 164.

### FORWARD LOOKING STATEMENTS

This report may contain forward-looking statements on Sime Darby Property's future direction, topline strategies and potential opportunities for growth. However, such statements in relation to both financial and non-financial performance are not conclusive and the actual implementation and results may differ from our projections/expectations, depending on various risk factors, market uncertainties and possible deviation from our set path due to strategic interventions.



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## Rationale

Sime Darby Property has established itself as one of the leading property developers in Malaysia. With our listing on Bursa Malaysia last year, we are now moving into a new era which will enable us to pursue our aspirations with greater focus and agility, taking advantage of potential growth opportunities to maximise value for all our stakeholders. We will also focus on innovative solutions and strive to deliver excellence while building the capacity and skills of our employees.

Driven by a winning mindset coupled with a disciplined approach to operational excellence and cost optimisation, we will continue to accelerate performance and growth whilst building on our strengths for a sustainable future.

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## Corporate Book

### Contents

- Provides a comprehensive assessment of the Group's performance for the Financial Year 2018 and outlook for 2019.

### Regulations Complied

- Companies Act, 2016 in Malaysia.
- Bursa Malaysia Main Market Listing Requirements.



## CORE BUSINESS

- Property Development
- Property Investment
- Leisure & Hospitality
- Concession Arrangement

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Townships and  
Developments:

**23**

Land bank to be  
Developed:

**20,572**  
acres

Total Estimated  
Gross Development  
Value (GDV):

**RM89.3**  
billion

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# WHO WE ARE AND WHAT WE DO

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**Sime Darby Property has a  
45-year track record in  
developing residential,  
commercial, and industrial  
properties.**

**We are also present in the  
United Kingdom through the  
Battersea Power Station (BPS)  
project in London.**

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> We are Malaysia's biggest property developer in terms of land bank, with a balance developable area of 20,572 acres and a total estimated GDV of RM89.3 billion. We also have a footprint in the United Kingdom through the redevelopment of the iconic Battersea Power Station (BPS) project in London.

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> We have built to date 23 active townships and developments that are strategically located and connected to major highways and transportation hubs within key growth areas and economic corridors stretching from the central region of Klang Valley to Negeri Sembilan and Johor in the South.

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> We pride ourselves as a developer of sustainable communities with our earlier townships such as Taman Melawati and Subang Jaya, developed in the 1970s, as well as Bukit Jelutong, built in the 1990s. Our townships have matured and still remain sought-after addresses and vibrant population centres throughout the years.

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> The Company became a public listed entity on 30 November 2017, the beginning of a new era for Sime Darby Property. While it benefitted from being part of the country's biggest conglomerate, then Sime Darby Group, Sime Darby Property grew into a leading Malaysian developer that needed to transform and unlock its potential value for its stakeholders. As a recognised brand with an established track record, the largest land bank in Malaysia at the most strategic locations, and a wide product offering for all market segments, Sime Darby Property is ready to chart its own future.



## VISION

Leader in Building Sustainable Communities

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## MISSION

To Create a Place that Inspires,  
Connects and Lasts for  
Generations to come

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## CORE VALUES

**P**assion

**R**espect & Teamwork

**I**ntegrity & Accountability

**M**ake it happen

**E**ntrepreneurial spirit

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▶  **MARKET CAPITALISATION**  
RM **8.2** billion as at 30 June 2018

▶  **TOTAL ASSETS**  
RM **14.7** billion as at 30 June 2018

▶  **TOTAL EMPLOYEES**  
**1,584** as at 31 July 2018

▶  **PRESENCE IN**  
**5** countries



**MALAYSIA**



**SINGAPORE**



**VIETNAM**



**AUSTRALIA**



**UNITED KINGDOM**

# CORE BUSINESS SEGMENTS & SEGMENT HIGHLIGHTS

## > PROPERTY DEVELOPMENT

Sime Darby Property prides itself as a leading developer of landed and strata properties for residential, offices, retail and industrial developments. Our ongoing townships reflect our well known developments in Taman Melawati, Subang Jaya and Bukit Jelutong. Some of our recent developments include City of Elmina in Shah Alam, Serenia City in Sepang, Bandar Bukit Raja in Klang and Bandar Universiti Pagoh in Johor.

### ▶ Key Highlights in Malaysia

88.9 percent	92.4 percent	RM 2.3 billion
Contribution to Group Revenue	Contribution to Group PBIT	Net Sales Value and 3,045 units sold for the year

## > PROPERTY INVESTMENT

Under our Property Investment arm, we undertake leasing and property management services for assets in Malaysia, Singapore and United Kingdom which include apartments, corporate offices, and commercial and retail spaces.

We jointly developed Melawati Mall with CapitaLand Mall Asia, located in Taman Melawati which opened its doors on 26 July 2017.

### ▶ Key Highlights

1.5 percent	1.3 million sq.ft.	90 percent
Contribution to Group Revenue	Total Net Lettable Area	Average Occupancy Rate

## > LEISURE & HOSPITALITY

The Leisure and Hospitality arm of our business manages the hospitality and leisure assets which include a convention centre and three golf courses in Malaysia and serviced residences located in Singapore, Australia and Vietnam.

### ▶ Key Highlights in Malaysia

4.3 percent	Achieved over 80 percent
Contribution to Group Revenue	Customer Satisfaction Index

## > CONCESSION ARRANGEMENT

The Pagoh Education Hub (PEH) is an integrated hub for four reputable institutions of higher learning – Universiti Tun Hussein Onn Malaysia, International Islamic University Malaysia, Universiti Teknologi Malaysia and Politeknik Tun Syed Nasir. PEH is an important catalyst for the development of the 4,099 acres Bandar Universiti Pagoh township.

Under a concession arrangement, the Group is responsible for the design, development, financing, construction and completion of PEH and for its maintenance, post-completion, under a 20-year concession arrangement.

### ▶ Key Highlights

Over 7,000 students	4 institutions of higher learning
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**Property**

## Our Competitive Strengths

- Large Developable Land Bank in Strategic Locations
- Well Positioned to Benefit from Opportunities in Major Strategic Development Region such as Malaysia Vision Valley
- Established Track Record in Property Development
- Broad Product Offering
- Recognised Brand with Established Market Positioning
- An Experienced Board and Management Team

## Our Distinctive Developments

### TOWNSHIP DEVELOPMENT

City of Elmina,  
Shah Alam (Denai Alam,  
Elmina East, Elmina  
West and Bukit Subang)  
**(5,000 acres)**

Bukit Jelutong,  
Shah Alam  
**(2,205 acres)**

Bandar Bukit Raja, Klang  
**(4,333 acres)**

Serenia City,  
Sepang  
**(2,370 acres)**

Nilai Impian, Nilai  
**(1,809 acres)**

Planters Haven, Nilai  
**(250 acres)**

Putra Heights,  
Subang Jaya  
**(1,796 acres)**

Saujana Impian,  
Kajang  
**(600 acres)**

Bandar Ainsdale,  
Seremban  
**(562 acres)**

Taman Pasir Putih,  
Pasir Gudang  
**(356 acres)**

Bandar Universiti  
Pagoh, Muar  
**(4,099 acres)**

Ara Damansara,  
Petaling Jaya  
**(693 acres)**  
*Oasis Damansara  
Cantara Residences*

Taman Melawati,  
Ulu Klang  
**(880 acres)**  
*Serini*

### JOINT VENTURE DEVELOPMENTS

PJ Midtown  
**(6 acres)**

Radia, Bukit Jelutong  
**(12 acres)**

### SIGNATURE/NICHE DEVELOPMENT

ALYA,  
Kuala Lumpur  
**(360 acres)**  
*Senada*

USJ Heights,  
Subang Jaya  
**(375 acres)**

Chemara Hills,  
Seremban  
**(44 acres)**

### INTEGRATED DEVELOPMENT

KL East,  
Kuala Lumpur  
**(160 acres)**  
*Quarza Residence*

SJCC, Subang Jaya  
**(30 acres)**  
*Lot 15*

**NUMBER OF  
UNITS LAUNCHED:**  
**4,098**

**NUMBER OF UNITS SOLD:**  
**3,045**

**NET SALES VALUE:**  
**RM2,250 million**

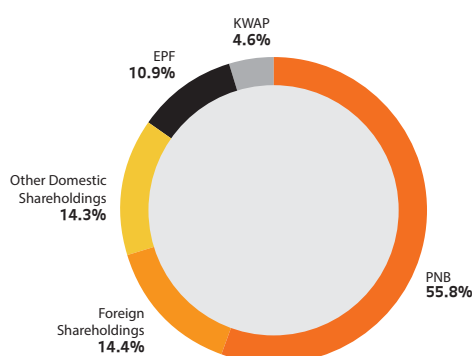
### SALES PERFORMANCE

Sales by Region (%)

- Selangor : 89.5
- Negeri Sembilan : 6.7
- Johor : 2.1
- Kuala Lumpur : 1.7

## Shareholding Structure

as at 30 August 2018



## Board of Directors

### CHAIRMAN

**Tan Sri Dr. Zeti Akhtar Aziz**

### GROUP MANAGING DIRECTOR

**Dato' Sri Amrin Awaluddin**

### BOARD MEMBERS

- **Datuk Tong Poh Keow**
- **Dato' Jaganath Derek Steven Sabapathy**
- **Tengku Datuk Seri Ahmad Shah Alhaj ibni Almarhum Sultan Salahuddin Abdul Aziz Shah Alhaj**
- **Dato' Johan Ariffin**
- **Datuk Dr. Mohd Daud Bakar**
- **Dato' Seri Ahmad Johan Mohammad Raslan**
- **Datin Norazah Mohamed Razali**
- **Encik Rizal Rickman Ramli**

### Note:

*Tan Sri Abdul Wahid Omar and Dato' Rohana Tan Sri Mahmood resigned from the board on 30 June 2018.*

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Go online to our website at:

**[www.simedarbyproperty.com](http://www.simedarbyproperty.com)**



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## ANNUAL GENERAL MEETING OF SIME DARBY PROPERTY

Grand Ballroom  
First Floor  
Sime Darby Convention Centre  
1A, Jalan Bukit Kiara 1  
60000 Kuala Lumpur  
Malaysia

Wednesday, 31 October 2018

10.00 a.m

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# SUSTAINABLE



Environmental responsibility is vital to Sime Darby Property's commitment to sustainable development. We track and monitor our impact on the environment through a combination of initiatives. From energy efficiency initiatives to flood and waste management, we strive to create world-class sustainable developments with a positive impact on society and the environment.







Elmina Valley





# Chairman's Message

2017 was a year of 'unlocking' the inherent potential of Sime Darby Property. With four decades of established track record in building sustainable communities, Sime Darby Property has now joined the ranks of listed companies on 30 November 2017. This milestone has marked a new beginning and a big step forward for us to optimise the potential and capacity of the Group, and above all, create value for our shareholders and stakeholders, with renewed focus on our core business.

Post listing, we have embarked on a transformation journey and I am pleased to report that we have been able to not only achieve our targets for the year, but have fulfilled our promise of stability and progress to our many stakeholders.

With the new leadership line up, helmed by Dato' Sri Amrin Awaluddin as the Group Managing Director, the Group has taken cognisance of the implications of the listing of Sime Darby Property on the Group's 5-Year

Strategic Blueprint and Value Creation plans. The rigorous review took into consideration the prevailing and prospective business environment as well as the evolving consumer preferences to define new growth milestones. These will help push us forward into "The Next Era" of growth, which is also the theme of our first Integrated Annual Report.

Mindful of the challenges and evolving economic demands, we have identified areas and issues that are and will be most material to our continued business success over the next 3-5 years. Based on our analysis of the wide ranging risks and opportunities associated with them, we have mapped out our response to the current and future challenges through our Strategic Blueprint and Value Creation plans. These have been duly factored into our new Business Model, framed in the context of our six capital inputs and value creation.



**DEAR SHAREHOLDERS,**

Sime Darby Property is now an independent entity with strong financial fundamentals, becoming more visible in our business of building sustainable communities and striving to the frontiers of property development. With our listing on 30 November 2017, our responsibility towards our stakeholders has grown multifold. We need to be more agile, more transparent, and more efficient as a business, delivering excellence at every stage of our growth journey. I am very optimistic about our future as a credible and reputable brand, focusing on innovative solutions and delivering positive financial and non-financial performance.

**Tan Sri Dr. Zeti Akhtar Aziz**



## Chairman's Message

### Financial Performance

In Financial Year 2017/2018 (FY2018), the Group has benefitted from the resilient demand for landed properties despite an overall soft property market. Consumer sentiments in the sector in Malaysia remain fragile and rising tensions over a global trade war are adding to a general sense of uncertainty.

The Group reported a total Profit After Tax and Non-Controlling Interests (PATAMI) of RM640.0 million, generated from the RM2.4 billion in revenue for FY2018. This is a 2.6 percent improvement over PATAMI in FY2017 despite recording a marginal decline in revenue of 9.9 percent from the previous year.

### Dividend

The Board recommends the payment of a second interim dividend of 3.0 sen per share. Combined with the first interim dividend of 2.0 sen, the full year dividend therefore amounts to 5.0 sen per share. This brings the total pay-out for the year under review to RM340.0 million. It represents a net dividend pay-out ratio of 53.1 percent and a dividend yield of 4.2 percent based on a share price of RM1.20 on 29 June 2018. This is a commendable achievement in a highly challenging operating environment given that the initial dividend payout target in our listing prospectus was that it would be not less than 20.0 percent, upon considering the financial requirements in the first year of listing.

Net dividend pay-out ratio  
**53.1** percent  
and dividend yield  
**4.2** percent  
based on share price of  
**RM1.20**

PATAMI  
**RM640.0**  
million

### Corporate Governance

With a reputable brand built over four decades, we continue to embrace principles of good governance in fulfilling our business objectives. We assume responsibility towards our shareholders and stakeholders in conducting our business with integrity, and creating positive economic, environmental and social impact. We also believe in setting new 'leadership by example' through our uncompromising work ethics and industry best practices.

During the year under review, we have not only assessed the quality or gaps in our executive leadership, but have also initiated the process of setting-up a high performing and effective Board. We have appointed senior and diverse industry leaders including Datuk Dr. Mohd Daud Bakar, Dato' Seri Ahmad Johan Mohammad Raslan, Datin Norazah Mohamed Razali and Encik Rizal Rickman Ramli, who bring a wealth of sectoral and

**30** percent  
of Sime Darby Property's Board  
positions are now held by  
high-potential women leaders

industry experience from previously working with leading global brands. They reinforce the existing expertise on the Board including Dato' Sri Amrin, Datuk Tong Poh Keow, Dato' Jaganath Derek Steven Sabapathy, YAM Tengku Datuk Seri Ahmad Shah Alhaj ibni Almarhum Sultan Salahuddin Abdul Aziz Shah Alhaj and Dato' Johan Ariffin.

The new Board composition speaks of diverse skill sets, backgrounds, technical expertise and domain experience, which will go a long way into strengthening our position in the marketplace.

I am also pleased to report that 30 percent of Sime Darby Property's Board positions are now held by high-potential women leaders, which will drive balanced perspectives and decision-making.

Under the new Board's direction, the Group Compliance Office (GCO) has completed a review of the Group Policies and Authorities (GPA) to ensure its alignment with the needs of the property operations. In addition, the Code of Business Conduct has been enhanced by building clarity into the document and simplifying it for the employees to understand. The process, led by the GCO, involved internal stakeholder engagement at various levels across the Company. The new Code, which will be rolled-out in the current financial year, is a positive outcome from inclusive efforts, and I am confident that it will be well-received by employees across the board.

### Risk Management and Internal Controls

The Board is fully committed to maintaining a robust risk management and internal control framework to support our business objectives. We are also cognisant of the fact that our business is exposed to a wide-range of challenges that is beyond our control.

It is therefore imperative for the Group to continuously review its risk management process as we now have a greater opportunity to focus on the risks that are specific to our core business. During the year, we took the opportunity to revisit the Risk Management Framework of the former Sime Darby Berhad and adapt it to Sime Darby Property's business agenda and aspirations. From this starting point, we will moving forward strengthen our risk framework and internal controls given the evolving industry landscape and highly dynamic business environment. Our ultimate objective would be to embed the process of identifying and managing key risks into all our operations towards creating long-term shareholder value.

## Sustainability

Sustainability continues to be an important agenda for the Group. Our early focus was on operational efficiency reinforced by our commitment to Corporate Social Responsibility (CSR). This approach has now been expanded to embed sustainability into our business model.

As a developer of large-scale projects and townships, Sime Darby Property aspires to be a positive force in developing townships with positive economic, social and environment impact on current and future generations. Therefore, our business practices and management approaches will aim to reflect the principles of the United Nations Global Compact.

Sime Darby Property is also the only Malaysian real estate company to be listed on Dow Jones Sustainability Emerging Market Index (DJSI), which means that we now have greater responsibility to closely monitor and carefully manage our Environmental, Social and Governance (ESG) impact. As a constituent for FTSE4Good Bursa Malaysia Index and FTSE4Good

ASEAN 5 Index for the period July 2018 – June 2019, we are currently working to address various ESG aspects material to our current and future business aspirations.

## Our People

Our commitment to human capital development has only grown, with us becoming an independent entity. The biggest challenge will be to drive the quality of our manpower, while building the capacity and skills of our current employees in keeping with rapid digitalisation and dynamic shifts in marketplace towards frontier technologies. We will continue to invest in upskilling and reskilling programmes, in addition to providing opportunities to high-potential employees to demonstrate their leadership and grow with the organisation. Succession planning is another key area, where we endeavour to create a pipeline of talent within the current system, to ensure the implementation of our growth strategies and plans are sustainable, with positive progress year on year.

I also take this opportunity to acknowledge and extend our sincere appreciation for the untiring efforts of our people in championing the demanding listing exercise, without compromising on business continuity and performance. There is a sense of excitement and a new impetus for growth amongst our employees as the Group achieved its independent status.

## The Next Era for Sime Darby Property

In creating value for all stakeholders, we need to take stock of where we are and continue to assess the priorities along our journey. This is extremely critical as we move towards

our new vision of emerging as a 'Leader in Building Sustainable Communities' and to achieve new frontiers in property development.

Following a comprehensive strategic review, the Group has developed a new five-year Strategic Blueprint with new strategic priorities and initiatives. Known as SHIFT20, it has been designed to maximise shareholder value by enhancing our organisational capability, driving innovation and excellence, and strengthening our fundamentals.

The Board will continue to provide its support for leading sustainable performance and generating positive returns for our shareholders.

## Acknowledgement

Finally, I would like to express my appreciation to our shareholders for the continued trust and support for the Group. I would also like to thank my colleagues on the Board for their efforts and contributions during the financial year.

A special mention to Tan Sri Abdul Wahid Omar and Dato' Rohana Tan Sri Mahmood, the former Non-Independent and Non-Executive Chairman and Senior Independent Director respectively, who left the Board on 30 June 2018. I thank them for their contributions to the Board. Finally, I would like to express my heartfelt appreciation to the Management team and all the employees for their unstinting commitment and performance.

**Tan Sri Dr. Zeti Akhtar Aziz**

Non-Independent Non-Executive  
Chairman



Sime Darby Property is now more robust, visible and productive than ever. With our renewed focus on operational excellence and cost efficiencies, we are confident that the Group is moving in the right direction to deliver optimum financial performance. With an established industry presence and proven track record, we remain steadfast, resilient and committed to creating value for our multiple stakeholders and partners.

Dato' Sri Amrin Awaluddin



## Group Managing Director's Review



▶ Moving in the right direction to deliver optimum financial performance

▶ With our focus on value creation, we are happy to report that we have been able to meet the expectations of not just our shareholders, but our multiple stakeholders

## DEAR SHAREHOLDERS,

2017 was a year of 'transformation' for Sime Darby Property, leading us to unlock the potential of our business, people, technology, processes, innovation and most importantly, the communities where we operate and whom we serve. Despite a huge wave of change, and externalities, we started our journey last year with a promise to deliver positive financial and non-financial performance. And with our focus on value creation, we are happy to report that for the year under review, we have been able to meet the expectations of not just our shareholders, but our multiple stakeholders.

## The Global and Local Environment

The property market continued to be challenging in Financial Year 2017/2018 (FY2018) as the global economic uncertainties and financial market volatility weighed on consumer sentiments. The ongoing trade disputes between the world's biggest economies continue to raise concerns, with potential impact on global economic growth.

Closer to home, the Malaysian economy remained strong with a stronger-than-expected growth of 5.9 percent in 2017. This year, the central bank expects the economy to grow by 5.0 percent, which will augur well for the property sector.

Early this year, we witnessed a watershed event with the conclusion of the 14th General Election in May 2018. The peaceful transition of power reinforced people's faith in our maturing country, awakening a sense of optimism towards future growth. The new government has also moved quickly with early measures to remove GST and the announcement of the impending National Housing Policy 2.0, which have also contributed to positive consumer sentiments.

## — The Year of Transformation

Since the listing of the Company on 30 November 2017, the Group embarked on an intensive journey to reinvent itself in the pursuit of excellence in Malaysia's property sector. As a stand-alone listed entity, we are now presented with new opportunities to strengthen our position. We are also encouraged by the new impetus organisation-wide, which is helping us to frame differentiated strategies and approaches to planning and achieving new growth. In the process, we have decided to focus on two key priority areas, which continue to be instrumental in catalysing our progress.

▶ Since the listing on 30 November 2017 the Group embarked on a journey to reinvent itself in the pursuit of excellence in Malaysia's property sector

▶ We are now presented with new opportunities to strengthen our position

▶ Selection as a constituent for FTSE4Good Bursa Malaysia Index and FTSE4Good ASEAN 5 Index for the period July 2018 – June 2019

▶ Listed on the Dow Jones Sustainability Emerging Market Index (DJSI) effective 13 September 2018 and is the only Malaysian real estate company in the DJSI

- **Transformation 1.0 – 1.5 Initiatives:**

We have moved from Phase I of our transformation journey to Phase II, with clear objectives, targets, and outcomes.

- **Value Creation Model:**

We have also revisited our Business Model to incorporate various aspects of 'Value Creation' in the context of our multiple stakeholders and to include both financial and non-financial metrics of performance.

In conducting our business profitably, we are committed to manage our Environmental, Social and Governance (ESG) impacts. Our responsibility towards meeting high standards in ESG practices has grown even more with our selection as a constituent for

FTSE4Good Bursa Malaysia Index and FTSE4Good ASEAN 5 Index for the period July 2018 – June 2019. Besides, we have already been listed on the Dow Jones Sustainability Emerging Market Index (DJSI) effective 13 September 2018. While we take pride in the fact that Sime Darby Property is the only Malaysian real estate company on DJSI, our efforts will be to set new benchmarks and set an example for the industry as we progress on our sustainability agenda.



*Please refer to the Sustainability Report section on pages 164 to 185 of the Annual Report for further information.*

▶ Largest property land owner with a total remaining developable area of **20,572 acres**

▶ Resilient financial position, with a net gearing of **18.0 percent**

▶ Developed some of the country's most well-planned townships such as **Taman Melawati, Subang Jaya and Bukit Jelutong**

## Drivers of Growth

Even in the midst of intensifying competitiveness, demand and supply gaps and the tightening fiscal policies, our efforts are focused on continuously rebalancing the Group's income by improving operational efficiencies and expanding into new growth areas. We were able to achieve positive results mainly due to three of our most fundamental growth drivers, which also build a compelling proposition for our investors.

- The first is our land bank. Sime Darby Property is the largest property land owner with a total remaining developable area of 20,572 acres, not including the additional 20,602 acres under the Options Agreements with our sister companies i.e., Sime Darby Plantation Berhad and Sime Darby Berhad. While we build on this natural capital, we believe in assuming greater responsibility by managing our land assets. We closely monitor our operations on the ground and minimise any and all negative impacts on the environment, the eco-systems and the communities surrounding our land bank.
- Second is our resilient financial position, with a net gearing of 18.0 percent which gives us the financial flexibility to plan our expansion at a faster rate, if and when required. In other words, we do not lose focus on retaining the value of our capital investments and accelerating income opportunities. We recognise that without financial capital, we will be unable to deploy other capitals for sustainable and planned growth. For instance, our emphasis on human capital and efforts to address material topics such as Occupational Safety and Health and Talent Development positively contribute to enhancing our productivity and the overall performance of our financial capital.
- The third is our intellectual capital, i.e., the strength of our brand, our four decades of experience, domain knowledge, our formidable network, all of which enhance our capacity to innovate and strengthen our brand equity and reputation. For instance, we have developed some of the country's most well-planned townships such as Taman Melawati, Subang Jaya and Bukit Jelutong, amongst others. These help reinforce our capabilities and the value we can deliver to the communities at large. It is also important to build our social capital and relationships along our value chain.

## Group Managing Director's Review

## Performance Highlights

The Group has delivered positive financial results for FY2018, with a total revenue of RM2,353.1 million and Profit after Tax and Non-controlling Interests (PATAMI) of RM640.0 million mainly due to improved operational efficiencies as well as cost containment measures.

With a 6.4 percent improvement in the core revenue from the previous financial year, Property Development remained the main contributor to the total Group revenue at 88.9 percent. Property Development also reported higher PBIT by 10.7 percent driven by higher sales and development activities from our flagship projects.

In both Property Investment and Leisure and Hospitality, we achieved significant gains from disposal of properties. For instance, the disposal of Malaysia Land Development Company Berhad (MLDC) contributed to the tune of RM39.6 million.

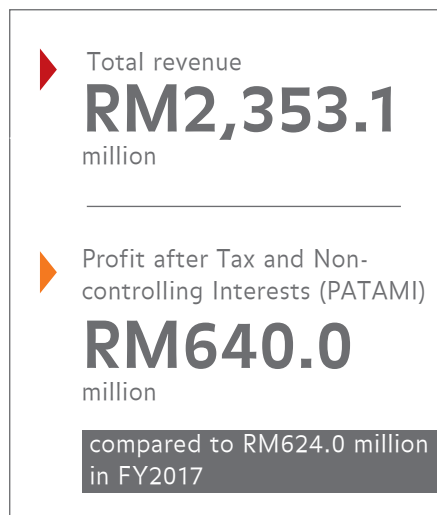


*Please refer to the Performance Review on pages 50 to 68 of the Annual Report for further information.*

## Key Divisional Highlights

### Property Development

- Leveraging on our core strength in township development, we focused on identifying development opportunities in areas located along the Guthrie Corridor Expressway. During the year, we planned new launches in Elmina, Denai Alam and Bandar Bukit Raja, with positive response for landed properties, despite a soft market overall.



- We have launched Serenia City, located in Selangor's southern growth corridor, which received an overwhelming response.
- In January 2018, we have announced our plans to reorganise the Commercial Assets of the Battersea Power Station building to Permodalan Nasional Berhad (PNB) and the Employees Provident Fund (EPF). PNB and the EPF have signed a Heads of Terms with Battersea Phase 2 Holding Company Limited to initiate preliminary negotiations for purchasing the Commercial Assets. This is a positive development in terms of our ability to monetise assets and improve cash flow, which in turn can be reinvested in future developments in Battersea.

### Property Investment

- On 26 July 2018, Melawati Mall celebrated its first-year anniversary. With an occupancy rate of 83 percent, it is on track to achieve 90 percent occupancy by the end of 2018. With a population catchment

of almost 800,000 people, the mall is fast becoming an important lifestyle destination for the township of Taman Melawati.

- In May 2018, the Group announced its partnership with Japan's Mitsui & Co. Ltd. and Mitsubishi Estate Co. Ltd. to develop and lease industrial facilities. The equal joint venture will develop the bespoke industrial park over 39 acres in Bandar Bukit Raja, a highly connected township in Klang.

### Leisure & Hospitality

- During the year, the Group has also taken steps towards divesting select non-core hospitality assets, which include Genting View Resort and Karri Valley in Australia.

### Concession Arrangement

- Prior to the listing, the Group had plans to dispose one of our strategic investment projects – Pagoh Education Hub (PEH). However, following a critical review by the Board during the year, PEH has been earmarked as a valuable investment, which will positively contribute to stable cash flows and income annually.
- The education hub now has more than 7,000 students and is a key catalyst for our Bandar Universiti Pagoh township, which enjoys great connectivity next to the North-South Highway.
- Our decision to retain PEH is also aligned with our strategy to extend our services to facilities management for recurring income generation.



*Please refer to the Operations Review on pages 69 to 91 of the Annual Report for further information.*

## Key Challenges, Opportunities and Strategies Moving Forward

Having joined Sime Darby Property in September 2017, my immediate priority was to ensure the success of the listing. As a major corporate exercise, it was a much eagerly anticipated event. The demerger of the Sime Darby Berhad conglomerate into three distinct companies was expected to give investors more choices and produce instant industry-leading corporations.

Although we may be now exposed to more direct risks, the successful listing brings with it many new opportunities for achieving organic growth. We are now more focused on our core business and operations in property development and secondly, we now have more clarity on our value proposition for the investing public.

As part of our planning exercise, during the year, we have carried out an independent review of our business strategies, developed at Group-level, to determine if they are still relevant and whether they had the right focus to accelerate our growth and strengthen our position as an independent listed entity. From the review, we have identified the following five strategic priorities –

1	Expanding development portfolio income and increasing gross development value	
2	Launching new growth areas	
3	Enhancing overall customer experience	
4	Achieving cost and operational efficiencies	
5	Elevating organisational effectiveness	

Our innovative Divergent Dwelling Design (D3) building methodology will revolutionise the affordable housing industry

These strategies will not only drive sustainable growth in the short, medium, and long-term, but will also help mitigate our top material issues such as product quality and people development.

- Product quality can have far reaching impact on our reputation, as well as our expansion plans. The ever-changing customer expectations in relation to timely delivery and quality products challenges us to continuously change our market approaches. Externally, due to price and market volatility, there is always a risk of increasing costs and diminishing margins in the short-term. But in the long-term, owing to our uncompromising stand on quality product, systems and solutions, we will see an incremental surge in our development portfolio income.

On balance, we will need to be mindful of our risks and aim to reduce our development cycle by optimising processes, enhancing our procurement strategy, implementing strategic sourcing and value engineering through improved design and planning. These in turn will help achieve new efficiencies and cost reduction in the long-run.

The Sustainability & Quality Management (SQM) Department champions product quality through various initiatives and innovative programmes. It actively engages with not just the industry standard setters such as the Construction Industry Development Board (CIDB), but also customers to set new benchmarks and change the paradigm of quality. For instance, our innovative Divergent Dwelling Design (D3) building methodology has and will revolutionise the affordable housing industry, where quality comes at a more economical price point. Similarly, our commitment of quality can be reinforced by our consistent performance on Quality Assessment System in Construction (QLASSIC), which has been above the national average for the past eight years. During the year under review, our average QLASSIC score reached a new high of 81 percent, closer to our target of 85 percent by 2020.



## Group Managing Director's Review

### ► Our People will be the forefront of all meaningful growth

- As one of our most valuable assets, People are and will be the forefront of all meaningful growth – both as drivers and beneficiaries. As a newly listed entity and with our renewed focus on our vision and mission, we need robust people and change management framework. The key challenges that we have been facing are related to Occupational Safety and Health; diversity; upskilling and reskilling to build competencies and capacity; employee and community well-being and of course, people productivity for positive performance. Our long-term strategy is to pre-empt potential issues that could impact our people and communities, and launch targeted programmes for tangible social impact.

During the year, we have recruited new talents in key positions, especially for the senior leadership team as well as at the operational levels. Our multi-pronged approach was to strengthen our manpower for business continuity; infusion of new skills and expertise to meet the demands in our niche areas such as integrated development, succession planning and organic growth.

While focusing on economic returns, our emphasis is also on developing our human capital. Last year, we have brought on board the new Chief People Officer to make the organisation more inclusive, by shifting top-down strategies into bottom-up approaches, and promoting the overall employee welfare and growth. A major part of this agenda is also to support upskilling and reskilling of our people for both internal and external talent mobility. During the year under review, we have not only deployed high-potential candidates across internal divisions for cross-pollination of ideas and skills, but have also provided them exposure to international best practices through six to twelve-month secondments and attachments in our flagship projects such as Battersea in the UK.



*Please refer to the Strategic Review section on pages 28 to 49 of the Annual Report for further information.*



“Our mid-term business strategies (SHIFT) are supported by 20 specific initiatives, which are owned and implemented by staff across departments, giving them an opportunity to demonstrate their learning capacity as well as their leadership potential, which are critical to drive the company towards new growth. With SHIFT20, our efforts over the next five years will be to transform the company into a leader in building sustainable communities.

## 2019 and Beyond

- Although the overall property market remains soft, there are pockets of demand for reasonably priced products in good and well-connected locations, especially for landed properties. We see an opportunity for the Group to increase profitability from its core property development business by reviewing existing plans. There is also room to improve contributions from the integrated development segment through improved project prioritisation. We are also seriously looking at enhancing our business model for a sustainable leisure management services business.
- Considering the lukewarm mainstream property development market, we understand the need to explore and expand to new areas for growth. For instance, we see great potential in the development of industrial property. The growth of online commerce, a resilient domestic economy as well as government initiatives such as the Digital Free Trade Zone, are supporting demand for industrial properties. Our partnership with Japan's Mitsui to develop a managed industrial park in Bandar Bukit Raja in Klang has set the stage for us to explore more of such opportunities to cater to the increasing demand in this space. What will work to our advantage is our vast land bank in strategic locations. Bandar Bukit Raja for example is in strategic proximity to the country's biggest port and the Kuala Lumpur International Airport and can offer seamless competitive advantages to potential industrial developments.
- Technology is and will continue to shape the future of our business. It is already having a huge impact on the way customers behave, make decisions, and interact with businesses. It is also influencing customer expectations of quality and services. In the years to come, we will invest in building our technological capabilities, mainly to drive innovation and improve customer experience.

▶ We see an opportunity for the Group to increase profitability from its core property development business by reviewing existing plans

▶ Technology will continue to shape the future of our business

## Acknowledgements

They say that when you stand alone, you realise what you have in you. Our journey so far as an independent listed entity has been one of self-discovery, and a great amount of motivation to achieve new growth. I am proud to acknowledge the unfaltering role of our people – employees, customers, suppliers, regulatory authorities and our shareholders – in helping us move confidently as a single, solid company well-positioned to emerge as the 'Leader in Building Sustainable Communities'.

On behalf of the Management team, we would like to thank Tan Sri Abdul Wahid Omar for his leadership over 10 months, his guidance and positive contributions towards the successful listing of the Company. In the same breath, we express our gratitude to the Board of Directors and shareholders for their confidence and support in us to take on the responsibility of building our brand equity. We also commend the efforts of our colleagues in the senior leadership team and fellow colleagues across the Group, who have left no stone unturned in meeting the set objectives and overcoming many challenges during the financial year. While we congratulate every contributing member across the organisation for a well-served year, we look forward to a more rewarding and sustainable future for Sime Darby Property.

**Dato' Sri Amrin Awaluddin**

Group Managing Director



## Group Chief Financial Officer's Statement

**DATUK TONG POH KEOW**  
Group Chief Financial Officer



In its first year of listing, Sime Darby Property has stamped its mark as a premier property developer with a strong track record of developing landed to strata properties.

Notwithstanding the market challenges and the internal restructuring following from the Sime Darby Berhad Pure Play exercise, the Group has delivered a commendable set of results in its core business of property development. The resilience of the Group, amid the soft property market, is backed by the strategic location of our land bank as evidenced by the strong demand in our flagship townships coupled with our strong branding as a Developer of vibrant and sustainable communities. We are confident that the Group is well-positioned to set new benchmarks in business, as well as to deliver strong financial and non-financial performance, in the years to come.

### DEAR STAKEHOLDERS,

**W**e have delivered a resilient result for the financial year (FY2018) amidst the challenges of volatile market conditions and our internal run for public listing. Our strong performance was evidenced by a healthy operating profit, earnings per share, and the overall gearing ratio. The Group embraced its listing status with a clear roadmap and strategy to unlock and create greater value for its stakeholders.

Our key operational highlights during the year under review include the following:

- An internal restructuring, which included acquisition of new land bank, increase in share capital, novation for strategic financing and operational improvements;
- An asset monetisation strategy, which helped to shift investment in under-performing investments and low-yielding and non-strategic land bank to value accretion assets;
- An effective cost management system, with appropriate measures to prudently manage the financing costs and costs of operations across the board; and
- A robust risk management framework and controls to ensure the Group's financial health and returns.

With a clear focus on performance, we have been able to report good results and effective solutions in all our business verticals. For one, Property Development continued to be the main contributor to the Group's total revenue at 88.9 percent. Under Property Investment, though the asset portfolio size shrunk, we made game-changing decisions to retain certain assets and extend our services for recurring income generation opportunities. Similarly, we also reorganised some of our international commercial assets and in the process, monetised the assets, improved cash flows and reinvested in future developments. In the Leisure and Hospitality segment, during the year, the Group has taken major steps to divest select non-core hospitality assets, which was a prudent move in terms of improving our overall financial position.



Please refer to the Performance Review for details on pages 50 to 68 of the Annual Report.

## Financial Position

As at end FY2018, the Group's gross gearing ratio was at 25.5 percent, which is a relatively moderate level, considering various contingency requirements such as the impact of a prolonged subdued property market and also the capacity to seize opportunity for good value enhancement acquisition. We have also achieved a net cash proceeds and gains on disposals, which amounted to RM773.9 million and RM405.5 million respectively. This is aligned to the Group's asset monetisation strategy and was also well timed to recycle the proceeds for the Group's operational requirements, particularly in a soft property market. Though the Group's total cash balance of RM749.4 million, was lower by RM379.8 million from the previous financial year, the overall Group's balance sheet remained on solid footing.

▶ A **5.2 percent** increase in **Total Assets** mainly due to higher inventories and joint ventures in spite of lower cash and cash equivalents

▶ A **35.6 percent** reduction in **Total Liabilities**, largely due to the capitalisation of intercompany loans, net of increase in borrowings

▶ A **51.3 percent** increase in **Total Equity** due to the capitalisation of intercompany loans

▶ We are positive that the Group's strategic capital management objective, which is to maintain a prudent net gearing level and optimise the capital structure can ensure a competitive cost of capital and maximise shareholders' value. In addition, the objective is also to put in place an efficient funding strategy, to ensure the Group continues to remain resilient in the extremely dynamic and volatile property market.

## Going Forward

As a listed entity, our efforts will be channelled towards balancing risk and return in all our development activities and towards achieving and maintaining a strong financial position. We will continue to leverage on our asset monetisation strategy to unlock the potential and value of current and future assets, in addition to building a strategic portfolio of investment properties to diversify as well as to build new streams of revenue or recurring income. In the long-term, all these steps will contribute additional value to our portfolio, with promising returns for our shareholders.

The Group is focusing on our five strategic priorities and the SHIFT20 initiatives which will be instrumental in reducing our development capital, generating proceeds from disposal of low-yielding assets, reduction in costs, and overall, higher returns on capital.

The long-term strategy of the Group is to ensure that the Group grows stronger, in terms of its brand value, as well as financial performance i.e. our commitment to generate strong and stable earnings consistently year-on-year and staying on course by optimising our resources to strengthen financial health.

The Company has on 26 February 2018 announced the proposed change of its financial year end to 31 December from 30 June currently. As such, the next financial year will be for a six-month period ending 31 December 2018, followed by the new financial year which will be from 1 January 2019 to 31 December 2019.

**Datuk Tong Poh Keow**

Group Chief Financial Officer



## 2018 Key Highlights

### BUSINESS HIGHLIGHTS



#### Sime Darby Property's Inclusion into FTSE4Good Index for 2018/2019

- ▶ FTSE4Good Bursa Malaysia Index
- ▶ FTSE4Good ASEAN 5 Index

Number of units sold  
**3,045 units**

#### Delivery of completed units in FY2018

**2,305** units mainly in Elmina, Taman Melawati, KL East and Putra Heights



#### Selected as Index Component of the Dow Jones Sustainability Indices for 2018/2019

- ▶ The only real estate company in Malaysia
- ▶ Member of Dow Jones Sustainability Emerging Markets Index



#### Strategic JV

- ▶ **50:50** with Mitsui Co. Ltd and Mitsubishi Electric

#### Sale of Industrial Components

- ▶ **50 acres** of industrial land sold to Vinda Group

- ▶ Large student population in Bandar Universiti Pagoh

**>7,000** students in Pagoh Education Hub

**4 institutions** of higher learning



**1st Year Anniversary**  
Melawati Mall 27 July 2018

▶ **83 percent** Occupancy Rate as at July 2018

▶ **8 million** Shoppers

### AWARDS AND ACHIEVEMENT



Top 3 Property Developers Awards



Gold Award Property Sector



Top Ranked Developers of the Year



13 High Classic Achievement Awards





## FINANCIAL HIGHLIGHTS

Revenue

**RM2,353.1** million

PATAMI

**RM640.0** million

Total Equity

**RM9,965.4** million

Net Assets per share attributable  
to Owners of the Company

**RM1.40**

Healthy Gross Debt-to-Equity ratio

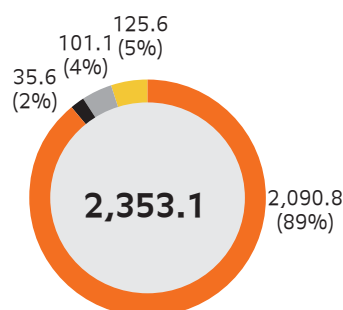
**25.5** percent

Net Sales Value

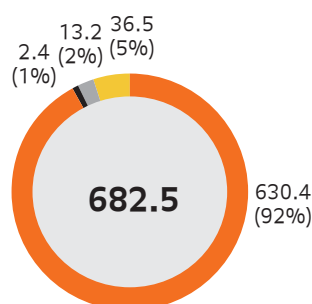
**RM2,250.0** million

## SEGMENTAL HIGHLIGHTS

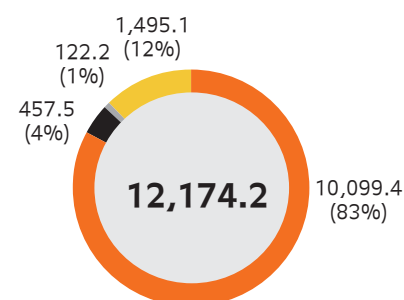
**Revenue** (RM'million)



**PBIT** (RM'million)



**Net Assets** (RM'million)



Property  
Development

Property  
Investment

Leisure &  
Hospitality

Concession  
Arrangement

Property Development  
recorded higher PBIT

**RM630.4** million

Property Investment  
registered PBIT of

**RM2.4** million

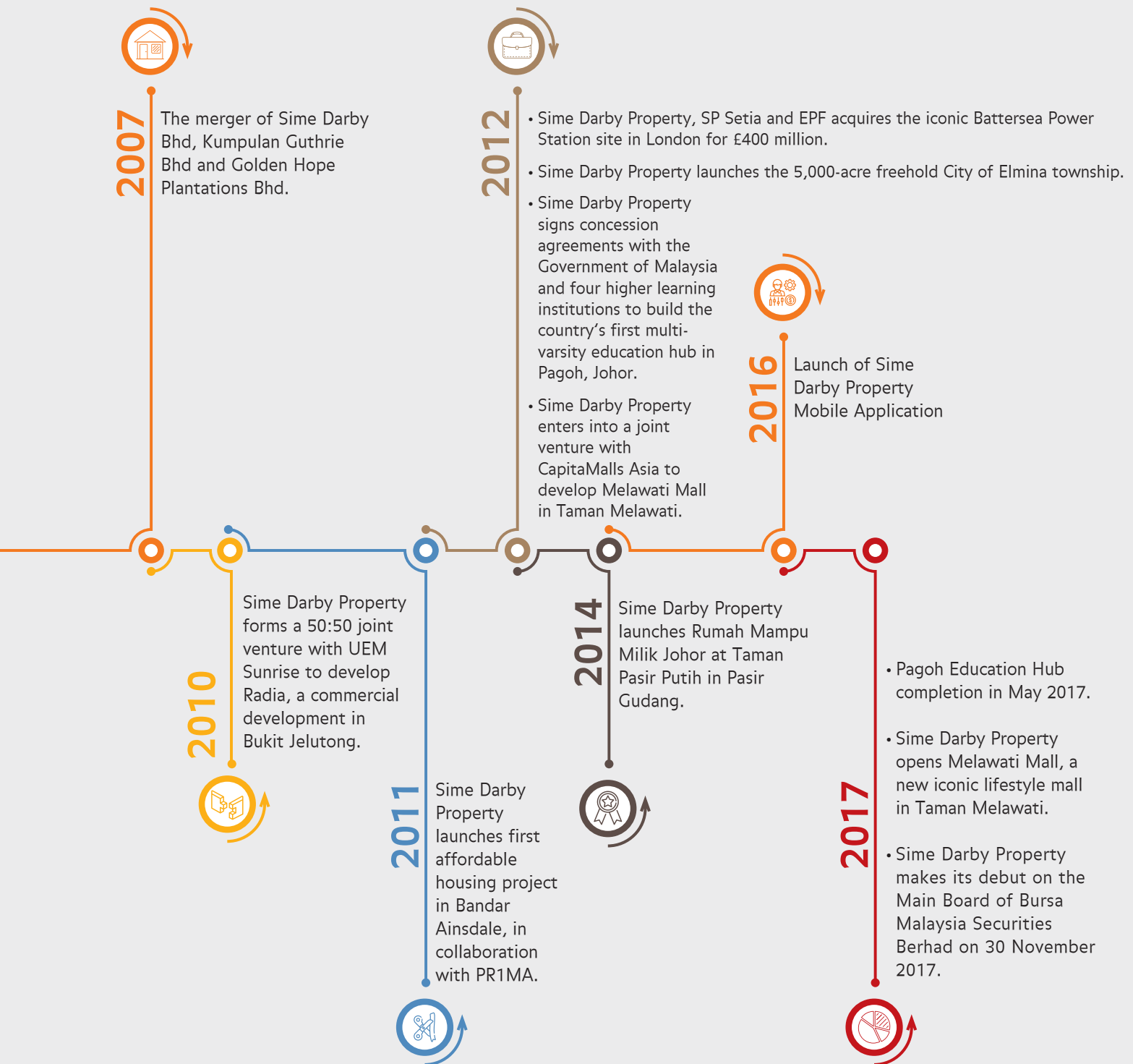
Leisure and Hospitality  
achieved PBIT of

**RM13.2** million

Concession Arrangement's  
PBIT rose sixfold

**RM36.5** million





# Group Corporate Structure (Operating Entities)

As at 30 August 2018



Property

## ▶ MALAYSIA: WHOLLY-OWNED SUBSIDIARIES

Golfhome Development Sdn Bhd  
 Golftek Development Sdn Bhd  
 Harvard Hotel (Jerei) Sdn Bhd  
 Impian Golf Resort Berhad  
 Ironwood Development Sdn Bhd  
 Kuala Lumpur Golf & Country Club Berhad  
 MVV Holdings Sdn Bhd  
 Sime Darby Ainsdale Development Sdn Bhd  
 Sime Darby Ampar Tenang Sdn Bhd  
 Sime Darby Ara Damansara Development Sdn Bhd  
 Sime Darby Augsburg (M) Sdn Bhd  
 Sime Darby Builders Sdn Bhd  
 Sime Darby Chemara Sdn Berhad  
 Sime Darby Elmina Development Sdn Bhd  
 Sime Darby Johor Development Sdn Bhd  
 Sime Darby KLGCC Development Sdn Bhd  
 Sime Darby Kulai Development Sdn Bhd  
 Sime Darby Landscaping Sdn Bhd  
 Sime Darby Lukut Development Sdn Bhd  
 Sime Darby Melawati Development Sdn Bhd  
 Sime Darby Pagoh Development Sdn Bhd  
 Sime Darby Paralimni Sdn Bhd  
 Sime Darby Properties (Sabah) Sdn Bhd  
 Sime Darby Properties (Selangor) Sdn Bhd  
 Sime Darby Properties Realty Sdn Bhd  
 Sime Darby Property (Bukit Selarong) Sdn Bhd  
 Sime Darby Property (Bukit Tunku) Sdn Bhd  
 Sime Darby Property (Lembah Acob) Sdn Bhd  
 Sime Darby Property (Nilai) Sdn Bhd  
 Sime Darby Property (Subang) Sdn Bhd  
 Sime Darby Property (Sungai Kapar) Sdn Bhd  
 Sime Darby Property (USJ) Sdn Bhd  
 Sime Darby Property (Utara) Sdn Bhd  
 Sime Darby Property Holdings Sdn Bhd  
 Sime Darby Property Management Sdn Bhd  
 Sime Darby Serenia Development Sdn Bhd  
 Sime Darby Sungai Kantan Development Sdn Bhd  
 Sime Darby Urus Harta Sdn Bhd  
 Sime Darby USJ Development Sdn Bhd  
 Sime Wood Industries Sdn Bhd  
 Stableford Development Sdn Bhd  
 Syarikat Perumahan Guthrie Sdn Bhd

## ▶ MALAYSIA: NON-WHOLLY OWNED SUBSIDIARIES

Harvard Golf Resort (Jerei) Berhad  
 Sime Darby Brunsfield Holding Sdn Bhd Group  
 Sime Darby Nilai Utama Sdn Bhd  
 Sime Darby Property Selatan Sdn Bhd Group

## ▶ MALAYSIA: JOINT VENTURES

PJ Midtown Development Sdn Bhd  
 Sime Darby CapitaLand (Melawati Mall) Sdn Bhd  
 Sime Darby MIT Development Sdn Bhd Group  
 Sime Darby Sunrise Development Sdn Bhd

## ▶ FOREIGN: WHOLLY-OWNED SUBSIDIARIES

Darby Park (Management) Pte Ltd Group  
 Sime Darby London Limited  
 Sime Darby Property (Hong Kong) Limited  
 Sime Darby Property Singapore Limited Group  
 Sime Darby Property (Vietnam) Pte Ltd Group

## ▶ FOREIGN: JOINT VENTURES

Battersea Power Station Development Company Limited Group  
 Battersea Power Station Estates Limited  
 Battersea Project Holding Company Limited Group

**Note:** For the full list of entities, please refer pages 297 to 303, Note 46 List of Subsidiaries, Joint Ventures and Associates

# Corporate Information

## Board of Directors

- ▶ **Tan Sri Dr. Zeti Akhtar Aziz**  
(Non-Independent Non-Executive Chairman)
- ▶ **Dato' Sri Amrin Awaluddin**  
(Group Managing Director)
- ▶ **Datuk Tong Poh Keow**  
(Executive Director/  
Group Chief Financial Officer)
- ▶ **Dato' Jaganath Derek Steven Sabapathy**  
(Senior Independent Non-Executive Director)
- ▶ **Tengku Datuk Seri Ahmad Shah Alhaj ibni Almarhum Sultan Salahuddin Abdul Aziz Shah Alhaj**  
(Independent Non-Executive Director)
- ▶ **Dato' Johan Ariffin**  
(Independent Non-Executive Director)
- ▶ **Datuk Dr. Mohd Daud Bakar**  
(Non-Independent Non-Executive Director)
- ▶ **Dato' Seri Ahmad Johan Mohammad Raslan**  
(Independent Non-Executive Director)
- ▶ **Datin Norazah Mohamed Razali**  
(Independent Non-Executive Director)
- ▶ **Encik Rizal Rickman Ramli**  
(Non-Independent Non-Executive Director)

## Group Managing Director

**Dato' Sri Amrin Awaluddin**

## Secretary

**Moriambi Mohd** (MAICSA 7031470)

## Registered Office

Level 10, Block G  
No. 2, Jalan PJU 1A/7A  
Ara Damansara, PJU 1A  
47301 Petaling Jaya  
Selangor Darul Ehsan  
Malaysia

Tel : +603 7849 5000  
Fax : +603 7849 5688  
E-mail : [property.communications@sime-darbyproperty.com](mailto:property.communications@sime-darbyproperty.com)  
Website : <https://www.sime-darbyproperty.com>

## Share Registrar

**Tricor Investor & Issuing House Services Sdn Bhd**  
(Company No. 11324-H)

**Office:**  
Unit 32-01, Level 32, Tower A  
Vertical Business Suite  
Avenue 3, Bangsar South  
No. 8, Jalan Kerinchi  
59200 Kuala Lumpur  
Wilayah Persekutuan  
Malaysia

Tel : +603 2783 9299  
Fax : +603 2783 9222  
E-mail : [is.enquiry@my.tricorglobal.com](mailto:is.enquiry@my.tricorglobal.com)

## Customer Service Centre:

Unit G-3, Ground Floor  
Vertical Podium  
Avenue 3, Bangsar South  
No. 8, Jalan Kerinchi  
59200 Kuala Lumpur  
Wilayah Persekutuan  
Malaysia

## Auditors

**PricewaterhouseCoopers PLT**  
(LLP0014401-LCA & AF1146)

Level 10, 1 Sentral  
Jalan Rakyat  
Kuala Lumpur Sentral  
P.O. Box 10192  
50706 Kuala Lumpur  
Malaysia

Tel : +603 2173 1188  
Fax : +603 2173 1288

## Form of Legal Entity

Incorporated on 15 September 1973 as a private company limited by shares under the Companies Act, 1965 and deemed registered under the Companies Act, 2016.

Converted into a public company limited by shares on 2 October 2003.

## Stock Exchange Listing

Listed on the Main Market of Bursa Malaysia Securities Berhad since 30 November 2017

Stock Code : 5288  
Stock Name : SIMEPROP

## Place of Incorporation and Domicile

Malaysia





Battersea Power Station



# INNOVATIVE



The development now underway at Battersea Power Station (BPS) has transformed this iconic industrial monument into a modern masterpiece with innovative and groundbreaking spaces.

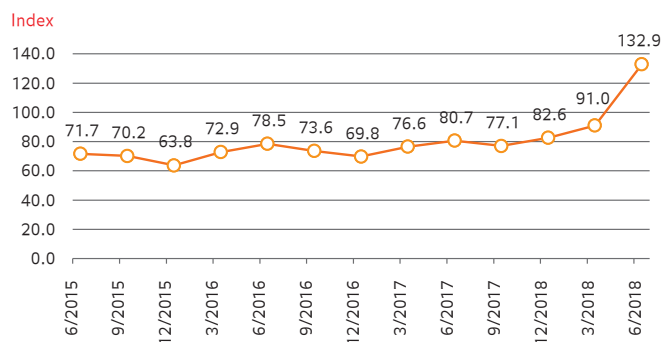
Our Divergent Dwelling Design (D3) building methodology is expected to revolutionise affordable homes by delivering quality homes within a shorter timeframe. Our game-changing Sime Darby Property Mobile App allows us to engage with a new market of young professionals digitally.





The consumer sentiment index (CSI) soared to a 21-year high of 132.9 points in 2Q2018 (2Q2017: 80.7 points), surpassing the 100-point optimism threshold. The current household finances are in better shape. Even in terms of employment, there is a positive trend on hiring and rising income rates. This has augured well for our property business, with positive market and consumer sentiments.

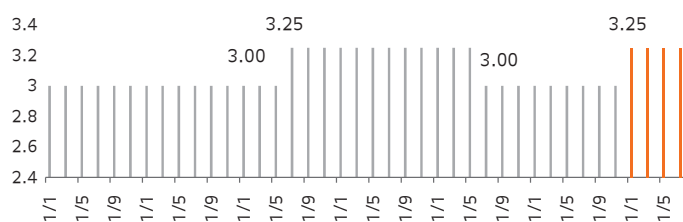
### Consumer Sentiment Index (CSI)



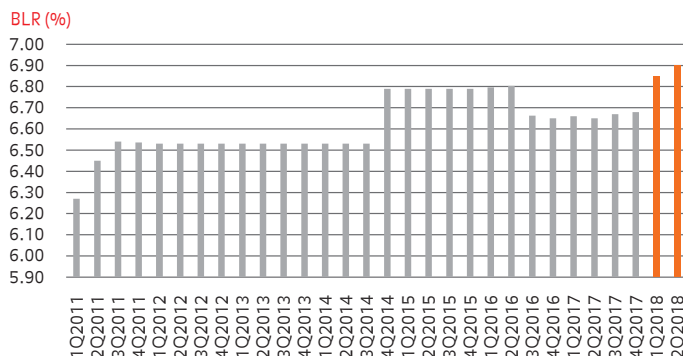
**Source:** Bank Negara Malaysia

**Source:** Bank Negara Malaysia

### Overnight Policy Rate



**Source:** Bloomberg & Bank Negara Malaysia

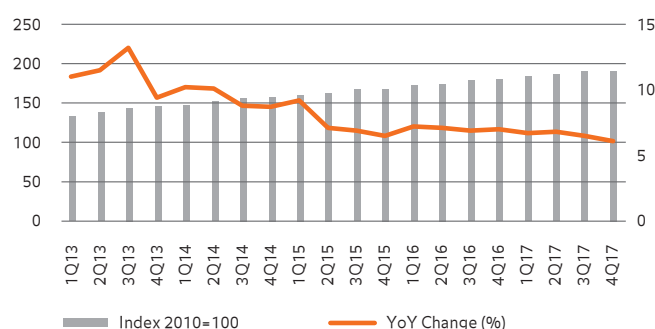
Base Rate

## Residential Market Sub-Sector

The Malaysian House Price Index (MHPI) sustained its moderating trend. As at 4Q2017, the MHPI stood at 190.5 points (at base year 2010), up by 6.1 percent on an annual basis. The annual rate of increase for MHPI has been decelerating since 4Q2013, due to various cooling measures to curb excessive increase of house prices.

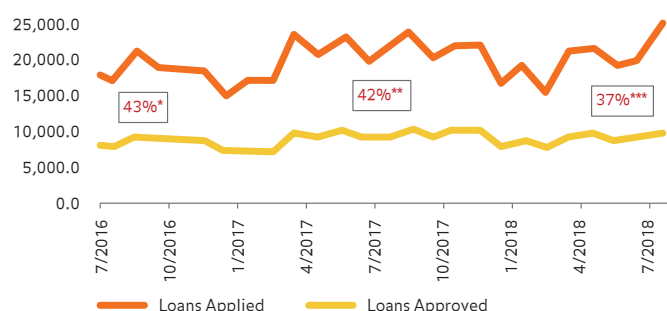
Source: National Property Information Centre (NAPIC)

Malaysian House Price Index (MHPI)



The value of residential loan applications is up by 14 percent YoY from RM21,218.3 million in July 2017 to RM24,291.4 million in July 2018. However, approval rates declined from 42 percent in July 2017 to 37 percent in July 2018.

Residential Properties Loan Approval



Source: Bank Negara Malaysia

Note: \*Loan approval rate for May 2016

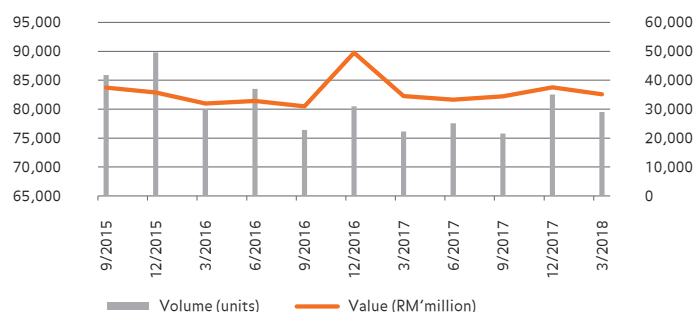
\*\*Loan approval rate for May 2017

\*\*\*Loan approval rate for May 2018

In 1Q2018, Malaysia recorded a total of 79,504 property transactions worth RM35,173 million, up by 4 percent in volume and 2 percent in value against 1Q2017 (76,148 units worth RM34,523 million).

Source: National Property Information Centre (NAPIC)

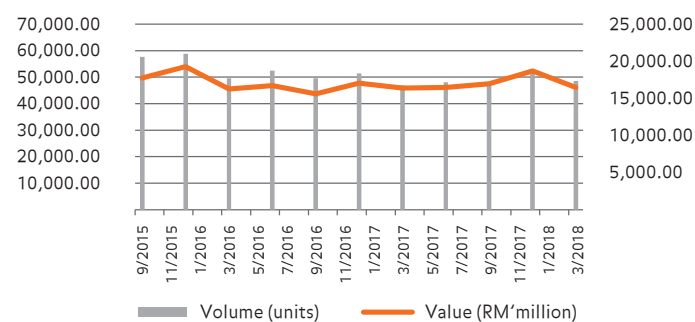
Property Transactions



Malaysia's residential sub-sector continued to lead the overall market, with 61 percent (48,572 units) contribution in transaction volume and 47 percent (RM16,480 million) contribution in value.

Source: National Property Information Centre (NAPIC)

Residential Transactions



The number of new residential units launched in Klang Valley declined to 1,180 houses in 1Q2018, compared to 4,271 houses launched in 4Q2017, a significant decrease of 72 percent quarter on quarter (QoQ). The sales rate of new launches was recorded at 51 percent (600 houses sold) in 1Q2018, another significant decrease of 76 percent (in terms of the number of houses sold) QoQ, compared to 58 percent (2,498 houses sold) in 4Q2017.



## Market Review and Outlook

The current slowdown in sales is expected to continue in the short-term as many buyers adopt a wait-and-see approach. There will be short term under-supply of “affordable” housing in the Klang Valley as the proportion of new launches, in terms of pricing, although decreasing, is still skewed towards houses priced above RM500,000 (64 percent of new launches). Developers are expected to experience lower margins in 2018 as they will likely find it challenging to pass higher costs onto the buyers via higher selling prices when market sentiment is low.

On a positive note, the recent echo of improving sentiments coupled with strong growth momentum of the economy and rebound of oil price among others, show that there is a window of opportunity for recovery in the property market, including the high-end segment. Malaysia is expected to return to the radar of investors after the market stabilises with more clarity in the policies of the newly elected Government.

**Source:** National Property Information Centre (NAPIC), Knight Frank & Jones Lang Wootton

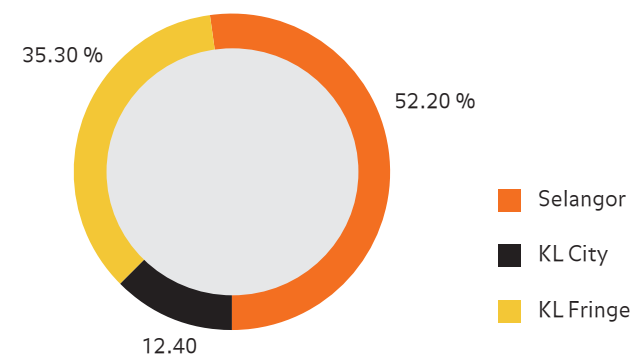
## Commercial Market sub-sector

### RETAIL

The Malaysia Retail Association has revised upwards its full year growth forecast from 4.7 percent to 5.3 percent. The Government’s decision to zero rate the 6 percent Goods and Services Tax (GST) from 1st June augurs well for the retail industry. The 3-month tax holiday pending the implementation of the Sales and Services Tax (SST) on 1st September was expected to increase demand for goods and services. The SST, on the other hand, may spur spending with lower prices for necessity goods.

**Source:** Knight Frank

Existing Cumulative Supply of Retail Space  
(Net Lettable Area sq ft) 1H2018



As at 1Q2018, Malaysia’s retail sub-sector recorded a slight decrease in occupancy from 81.5 percent in 1Q2017 to 80.2 percent in 1Q2018. The Klang Valley’s supply of retail centres expanded to 74.207 million sq. ft. reflecting a marginal QoQ growth of 0.4 percent and the total future supply of retail space increased (QoQ 0.9 percent) to 45.657 million sq. ft. as at 1Q2018 of which 33 percent of the current supply to be completed by 2020. The average occupancy rate, however, increased marginally to 78.0 percent from 77.3 percent in 4Q2017 and average market rents and market prices were generally stable as short-term market prospects remained lacklustre.

For the remaining of 2018, retail sales growth is expected to be sustained as consumer sentiment improves with higher purchasing power. More consumers are turning to online shopping for greater choices, bargains and convenience evident from rapid growth in the e-commerce segment. New retailing trend in the Klang Valley shows potential for co-clothing spaces (similar concept as co-working space), E-concept stores (cashless transactions) and Automated Eateries (restaurant with high-tech mobile ordering system).

**Source:** National Property Information Centre (NAPIC), Knight Frank & Jones Lang Wootton

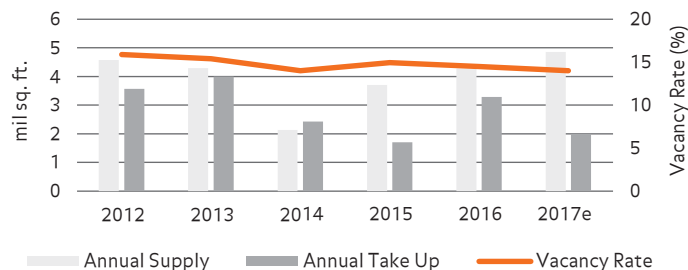
### OFFICE

The cumulative supply of purpose-built office space in 1H2018 for both Kuala Lumpur and Selangor was recorded at circa 101.3 million sq. ft.

**Note:** Data for the full year of 2017 is based on estimation

**Source:** CBRE WTW Research

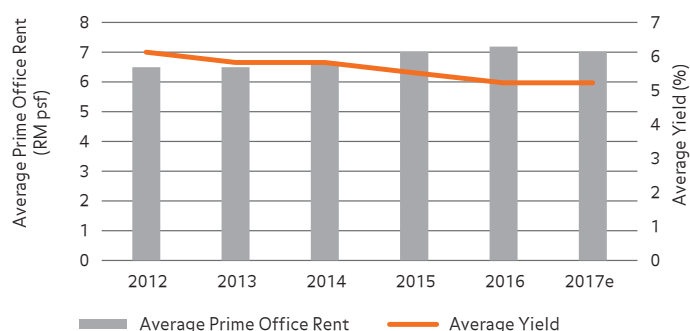
Annual Supply of Office Space in Klang Valley



As for the decentralised office locations in KL Fringe, the overall occupancy rate remained resilient at 83.8 percent in 1H2018 (2H2017: 83.9 percent). The overall occupancy rate for the Selangor office market also remained flat at 79.2 percent in 1H2018 (2H2017: 79.5 percent).

The average rentals for KL City and Selangor declined to RM7.16 per sq. ft. (2H2017: RM7.20 per sq. ft.) and RM4.20 per sq. ft. (2H2017: RM4.22 per sq. ft.) respectively. However, in KL Fringe, the average achieved rental rate remained resilient at RM5.72 per sq. ft. supported by sustained demand from foreign companies and expansion by co-working operators.

Average Prime Office Rent and Yield







**Note:** Data for the full year of 2017 is based on estimation  
**Source:** CBRE WTW Research

**High Potential Sectors:** With the crude oil price looking to stabilise, there appears to be some returning interest from the oil & gas (O&G) and its related sectors. Leasing enquiries for this sector as well as from multinationals in other services industries exploring the KL market, have picked up. With rising demand for flexible co-working space catering to the growing millennial workforce that comprises a mixture of freelancers, start-ups, small and medium size enterprises (SMEs) and MNCs, 2018 will see active enquiries and leasing activities from co-working operators exploring new set-up or expansion.

## Key Regulatory Developments in 2018

No	Regulation	Description
1	Government maintains stamp duty rates for property above RM1 million in 2018	From 1 January 2018, the government will not raise the stamp duty rate from 3 percent to 4 percent on the instruments of transfer (Form 14A) for properties worth over RM1 million, as announced in Budget 2017 held in October 2016.
3	Property managers will now be regulated under BOVAEP	Amendments to the Valuers, Appraisers, Estate Agents and Property Managers Act 1981 were passed on 17 October 2017 and gazetted on 2 January 2018. Property managers are now required to register themselves with the Board of Valuers, Appraisers, Estate Agents and Property Managers (BOVAEP). Previously known as the Board of Valuers, Appraisers and Estate Agents Malaysia (BOVAEA), BOVAEP, launched on 11 January 2018, is a joint effort between the Ministries of Urban Wellbeing, and Housing and Local Government under the National Blue Ocean Strategy and is under the purview of the Ministry of Finance.
4	Strict regulation will apply for new and existing building structures by PAM	The Malaysian Institute of Architects or Pertubuhan Arkitek Malaysia (PAM) stated that all new and existing building structures will to be strictly regulated. The Uniform Building By-Laws (UBBL) of 1984 signify that new buildings and existing buildings which will undergo "relevant alterations" require a submission of plans for approvals before works commence and adherence to structural requirements is mandatory. Existing buildings beyond five storeys, which exceed 10 years old, must also be inspected by a Structural Engineer.

# Trends and Growth Opportunities for the Group






Group-Level Megatrends	Trend Description
<p><b>Growing Digitalisation and Industrialisation</b></p> 	<p>The e-commerce logistics market in Asia Pacific is estimated to grow at a compounded annual growth rate of 12 percent until 2021, with warehousing &amp; distribution, and transportation making up the majority of the market. This is on the back of rapid transformation of the local and global economy, enhanced by improved automation, machine-to-machine and human-to-machine interaction, enabled by integrated systems and end-to-end digitalisation.</p> <p>Initiatives such as the Digital Free Trade Zone (DFTZ) will continue to be an extension of growth for Malaysia's industrial property market, which is expected to facilitate USD65 billion of traded goods and create 60,000 jobs by 2025.</p> <p>With the growing digitalisation trends, consumers are increasingly participating in digital platforms to gather information, compare housing options and ultimately, make purchase decisions.</p>
<p><b>Changes in Supply-Demand Fundamentals</b></p> 	<p>Bank Negara Malaysia has highlighted the mismatch between the profiles of new housing supply and demands by households, citing that the maximum price of affordable homes are estimated to be only RM282,000 given the median household income. Housing affordability remains a key focus for the Government as it targets to build 1 million affordable homes by 2028 and provide tax incentives to property developers who focus on affordability.</p>
<p><b>Enhanced Accessibility, Mobility and Connectivity of Public Transportation System</b></p> 	<p>Approximately 76 percent of the total Malaysian population live in urban areas as of 2018, with a 2 percent annual increase towards 2020, making it amongst the more urbanised countries in the region in demographic terms, after Japan, the Republic of Korea, Singapore, and Taiwan, China. As a result, connectivity via development of infrastructure and transportation hubs within and outside of the Klang Valley remains a key priority for state and federal authorities in support of rapid urbanisation and migration.</p>
<p><b>Accelerating Economic Growth in Greater Klang Valley and Negeri Sembilan</b></p> 	<p>The Golden Triangle, Putrajaya, Cyberjaya and KL International Airport are focal points that have contributed to the growth in the outer Klang Valley and Negeri Sembilan region, which is expected to continue to create jobs, attract new industries and catalyse commercial activity. Selangor remains the main national economic driver, contributing 23 percent of the national GDP and is expected to hover around its current growth rate of 7 percent. Negeri Sembilan, on the other hand, is expected to grow not only its manufacturing sector but also other areas of its economy e.g. tourism sector.</p>

Sime Darby Property's Response	Link to Strategic Priorities and Key Initiatives
<ul style="list-style-type: none"> <li>Expand product offerings in industrial asset classes such as Industrial Business Parks and Built-to-Suit Industrial facilities to cater for an increased need for logistics hubs and medium-high tech industrial facilities of: <ul style="list-style-type: none"> <li><b>Klang Valley</b> (<i>Bandar Bukit Raja and Serenia City</i>)</li> <li><b>Negeri Sembilan</b> (<i>Nilai Impian</i>)</li> <li><b>Johor</b> (<i>Bandar Universiti Pagoh</i>)</li> </ul> </li> <li>Leverage on the expertise and network of international industrial players via strategic partnerships, e.g., Sime Darby Property-Mitsui &amp; Co joint venture in Bandar Bukit Raja to develop a 39-acre industrial site.</li> <li>Increase usage of digital platforms to enhance the end-to-end customer experience across all our customer touchpoints.</li> </ul>	<ul style="list-style-type: none"> <li><b>7 SETTING UP NEW BUSINESS SEGMENT FOR INDUSTRIAL AND LOGISTICS DEVELOPMENT</b></li> <li><b>18 EXECUTING THE OPTIMAL STRATEGIC AND CATALYTIC PARTNERSHIP MODEL</b></li> <li><b>11 ROLLING-OUT ONLINE COMMUNITY MARKETPLACE AND DIGITAL INNOVATION</b></li> </ul>
<ul style="list-style-type: none"> <li>Expand residential offerings across a wider range of price points, in support of state and federal initiatives to address existing issues surrounding housing affordability. Recent affordable residential launches include: <ul style="list-style-type: none"> <li><b>Seruling and Serunai</b> apartments in Bandar Bukit Raja</li> <li><b>Harmoni 1</b> apartments in Putra Heights</li> </ul> </li> <li>Launch <i>Inspirasiku</i> microsite that provides easy access to the inventory list of Rumah Selangorku developments to enhance customers' experience in the affordable housing segment.</li> <li>Adopt Divergent Dwelling Design (D3) – an innovative building methodology to develop quality and affordable D3 Sustainable Homes addressing communities' need for affordable housing solutions.</li> </ul>	<ul style="list-style-type: none"> <li><b>9 LAUNCHING PROFITABLE AFFORDABLE HOUSING BUSINESS</b></li> <li><b>10 DRIVING MORE SALES AND IMPROVING END-TO-END CUSTOMER JOURNEY</b> (refer to page 164 of Sustainability Report)</li> </ul>
<ul style="list-style-type: none"> <li>Leverage on existing and planned connectivity of key townships (below) to major expressways. <ul style="list-style-type: none"> <li><b>Elmina East and West</b> <ul style="list-style-type: none"> <li>&gt; Guthrie Corridor Expressway</li> <li>&gt; Damansara-Shah Alam Elevated Expressway</li> </ul> </li> <li><b>Bandar Bukit Raja</b> <ul style="list-style-type: none"> <li>&gt; Shapadu Expressway</li> <li>&gt; West Coast Expressway</li> </ul> </li> <li><b>Serenia City</b> <ul style="list-style-type: none"> <li>&gt; ELITE Expressway</li> <li>&gt; Maju Expressway</li> </ul> </li> <li>&gt; <b>Malaysia Vision Valley</b> <ul style="list-style-type: none"> <li>&gt; Nilai-Labu-Enstek Expressway</li> <li>&gt; North South Expressway</li> </ul> </li> </ul> </li> <li>Actively engage with relevant authorities to ensure the seamless integration of projects (below) to dedicated public transportation hubs. <ul style="list-style-type: none"> <li><b>Quarza, KL East</b> <ul style="list-style-type: none"> <li>&gt; Gombak LRT</li> <li>&gt; Rapid KL Bus Terminal</li> </ul> </li> <li><b>Lot 15, SJCC</b> <ul style="list-style-type: none"> <li>&gt; Subang Jaya LRT</li> <li>&gt; Subang Jaya KTM Station</li> </ul> </li> <li><b>Cantara, Ara Damansara</b> <ul style="list-style-type: none"> <li>&gt; Ara Damansara LRT</li> </ul> </li> <li><b>Putra Residence, Putra Heights</b> <ul style="list-style-type: none"> <li>&gt; Subang Alam LRT</li> </ul> </li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li><b>1 PRIORITISING PROJECTS &amp; IMPROVING PROFITABILITY FOR TOWNSHIP DEVELOPMENT</b></li> <li><b>2 STRENGTHENING CAPABILITIES &amp; INCOME CONTRIBUTION FROM INTEGRATED DEVELOPMENT</b></li> </ul>
<ul style="list-style-type: none"> <li>Develop the land bank along the Guthrie Corridor, totalling more than 10,000 acres, as a growth corridor. The development, which spans from Bukit Jelutong to Lagong, is expected to house total residential units of more than 40,000 units with further growth in the industrial and commercial segments.</li> <li>Implement the Malaysia Vision Valley (MVV) blueprint, positioning it as a regional hub for business, innovation and talent via a Comprehensive Development Plan (CDP), in collaboration with multiple stakeholders.</li> </ul>	<ul style="list-style-type: none"> <li><b>1 PRIORITISING PROJECTS &amp; IMPROVING PROFITABILITY FOR TOWNSHIP DEVELOPMENT</b></li> <li><b>6 LAUNCHING MALAYSIA VISION VALLEY (MVV)</b></li> </ul>



# Our Value Creating Business Model

Our business model has been designed to respond to the most critical and material aspects of our business and stakeholders, to reinforce the Group's vision to be the Leader in building sustainable communities. This marked a new chapter for long term value creation since the listing of Sime Darby Property, as we leverage the experiences and skills of our people to deliver quality homes for our customers.

KEY INPUTS Our Critical Capitals	KEY DRIVERS OR COMPETITIVE ADVANTAGES Our Main Activities
 <p><b>MANUFACTURED CAPITAL</b></p> <p>Owns 20,572 acres of freehold land bank and physical assets in strategic locations and good connectivity</p> <p><b>23</b> active townships, integrated and niche developments  <b>1.3 million sq ft</b> of total net lettable area  <b>6</b> hospitality and leisure assets</p> <p><i>Please refer pages 69 to 91 for Operations Review</i></p>	<p><b>ACTIVE LAND BANK MANAGEMENT</b></p> <p>A rigorous approach to expand the role as master developer, enhance the value of existing townships and execute strategic land disposals and acquisitions</p> <p><b>TOWNSHIP &amp; INTEGRATED DEVELOPMENT</b></p> <p>Effectively conceptualise and plan property development projects which meets the demand and high quality standards of buyers</p>
 <p><b>FINANCIAL CAPITAL</b></p> <p>Prudent in protecting the Group's financial position through optimal liquidity management and efficient capital structure</p> <p><b>Net Assets: RM10.0 billion</b>  <b>Gross Gearing Ratio: 25.5 percent</b></p> <p><i>Please refer pages 50 to 68 for Performance Review</i></p>	<p><b>ROBUST CAPITAL MANAGEMENT</b></p> <p>To deliver sustainable net profit, rewarding distribution to shareholders while maintaining efficient cash and capital management</p> <p><b>STRONG FINANCIAL DISCIPLINE</b></p> <p>Improve the effectiveness to deliver quality and profitable performance through constant review of product feasibility, sales performance and inventory management</p>
 <p><b>HUMAN CAPITAL</b></p> <p><b>1,584</b> skilled and motivated employees across <b>5</b> countries, led by an experienced <b>Executive Leadership</b> team</p> <p><i>Please refer pages 108 to 115 for Executive Leadership and pages 164 to 185 Sustainability Report</i></p>	<p><b>SUSTAINABLE TALENT &amp; PERFORMANCE MANAGEMENT</b></p> <p>Focused on effective people management to groom talent and optimise work strength across all operations</p>
 <p><b>SOCIAL CAPITAL</b></p> <p>Maintains <b>strong and effective</b> relationships with key stakeholders namely shareholders, customers, local authorities, communities and suppliers</p> <p><i>Please refer pages 28 to 91 for Management Discussion &amp; Analysis</i></p>	<p><b>EFFECTIVE GOVERNANCE &amp; STAKEHOLDER MANAGEMENT</b></p> <p>Periodic enhancement on our Policies &amp; Operating Procedures to meet compliance requirements and expectations of stakeholders particularly strategic partners, shareholders and regulatory bodies</p>
 <p><b>NATURAL CAPITAL</b></p> <p>Embed <b>Sustainability</b> in our value chain to manage natural resources i.e. land, water and energy in order to minimise environmental harm</p> <p><i>Please refer pages 164 to 185 for Sustainability Report</i></p>	<p><b>CORPORATE SUSTAINABILITY MODEL</b></p> <p>Strengthen efforts on governance of the sustainability practices across the value chain through implementation of SUSDEX and sustainability strategies</p>
 <p><b>INTELLECTUAL CAPITAL</b></p> <p><b>40 years of track record</b> with strong brand, market experience and formidable network with partners</p> <p><i>Please refer pages 28 to 91 for Management Discussion &amp; Analysis</i></p>	<p><b>PRODUCT &amp; DIGITAL INNOVATION</b></p> <p>Enhance overall brand equity and customer experience through a healthy pipeline of innovation projects which can be commercialised successfully</p>

Underpinned by

Our Values and Cultures: **PRIME**  
Passion, Respect and teamwork, Integrity and accountability, Make it happen, Entrepreneurial spirit

**SIME DARBY  
PROPERTY'S  
BUSINESS SEGMENT**



Property  
Development  
Leisure &  
Hospitality



Property  
Investment  
Concession  
Arrangement

**MARKET  
TRENDS**

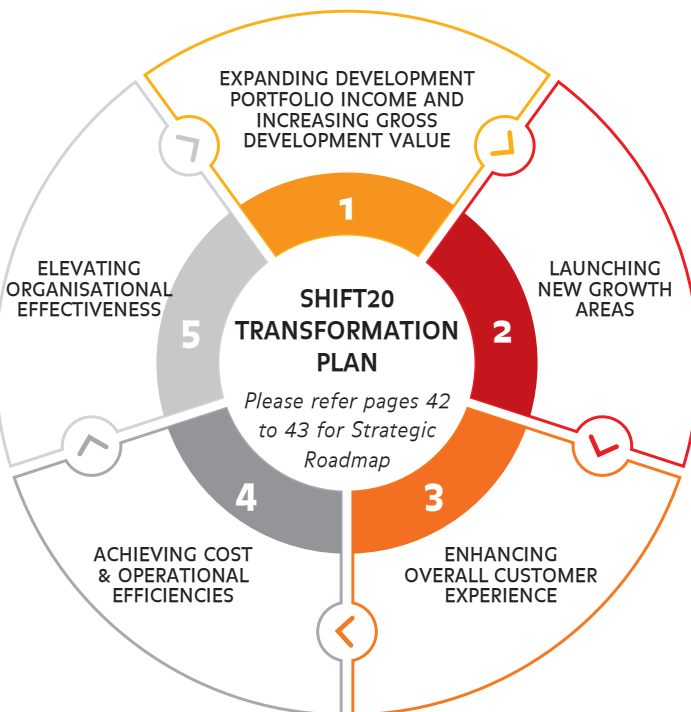
- Digitalisation and Industrialisation
- Increased Economic Growth
- Changes in Supply-Demand Fundamentals
- Enhanced Accessibility and Connectivity

**MATERIAL RISKS**

Market	Development Strategy
Competition	Business Ventures
Talent Management	Project Execution
Environmental, Safety & Health	Regulatory & Compliance
Cybersecurity	Utilities Supply

Please refer pages 44 to 49 for Key Risks and Mitigation

**5 STRATEGIC PRIORITIES**  
Our Strategic Roadmap



**OUR OUTCOMES**  
Our Value Creation



**MANUFACTURED CAPITAL**

- **16** projects successfully completed, total delivery of 2,305 completed units in FY2018
- **35** ongoing projects, total 8,574 units with expected completion of up to FY2020

Please refer pages 69 to 91 for Operations Review



**FINANCIAL CAPITAL**

- **RM9,734.6 m** shareholders' funds
- **53.1 percent** dividend payout
- **4.2 percent** dividend yield

Please refer pages 50 to 68 for Performance Review



**HUMAN CAPITAL**

- **30 percent** of the Board positions held by women
- **90** days maternity leave, longer paternity leave and staggered working hours for expectant mothers

Please refer pages 164 to 185 for Sustainability Report



**SOCIAL CAPITAL**

- **18** organisations supported through donations and >150 volunteer hours contributed
- **>1,100** meals provided to communities in need

Please refer pages 164 to 185 for Sustainability Report



**NATURAL CAPITAL**

- **2.0 percent** reduction in overall carbon intensity
- Awarded for Sustainable Development

Please refer pages 164 to 185 for Sustainability Report



**INTELLECTUAL CAPITAL**

- Listed on FTSE4Good Indices and Dow Jones Sustainability Index for 2018/19

Please refer pages 28 to 91 for Management Discussion & Analysis



Supported by strong  
governance and effective  
Board leadership



**Robust Corporate  
Governance  
Framework**

We are committed to the highest standards of governance and constantly review our framework to align with stakeholders' best interest

Please refer pages 118 to 136 for Corporate Governance Overview Statement



# Stakeholder Engagement

Stakeholders	How We Engage	Their Expectations	How We Address Their Expectations
<b>INVESTMENT COMMUNITY</b>  <i>(Unitholders, Sell-side research team, Buy-side analysts, Equity and Fixed Income Investors)</i>	<ol style="list-style-type: none"> <li>1) Strategic and effective engagement with the investment community via face-to-face and/or virtual communication</li> <li>2) Sime Darby Property participates in 5–8 investor conferences annually and conducts 4 quarterly investor briefings, which allow the investors to have direct access to the senior management team</li> </ol> <p>Other communication methods include the following channels:</p> <ol style="list-style-type: none"> <li>a. IR Corporate Website</li> <li>b. Presentations</li> <li>c. One-on-one meetings</li> <li>d. Site visit to property sites</li> <li>e. Email communication</li> </ol>	<ol style="list-style-type: none"> <li>1) Consistent financial and operational performance on a yearly basis</li> <li>2) Good governance and risk management framework</li> <li>3) Disciplined growth strategy with clear emphasis on long-term, sustainable shareholders' returns</li> <li>4) Incremental transparency level and disclosure of financial information for better understanding of company's strategies as well as its accurate valuation.</li> </ol>	<ol style="list-style-type: none"> <li>1) Organise quarterly presentation and earning calls for results announcement and updates on key projects</li> <li>2) Communicate clear strategic direction, goals &amp; outcomes, broad risk exposures as well as performance targets of the management via:               <ol style="list-style-type: none"> <li>a. One-on-one meetings, large group virtual meetings and calls</li> <li>b. Conferences</li> <li>c. Non-deal roadshows</li> <li>d. Annual reports</li> </ol> </li> <li>3) Allow direct access to the Board members and Senior Management via annual general meetings</li> <li>4) Organise operational site visits for investors</li> </ol>
<b>MEDIA</b> 	<p>Consistent engagement with the media community via the following multiple channels, but not limited to:</p> <ol style="list-style-type: none"> <li>1) Press releases/statements</li> <li>2) Networking sessions</li> <li>3) Media briefings</li> <li>4) Press conferences</li> <li>5) Interviews</li> <li>6) Township/project visits</li> </ol>	<ol style="list-style-type: none"> <li>1) Timely, accurate and transparent update on company performance and financials</li> <li>2) Real time updates on financial or material developments</li> <li>3) Insights on the market and industry</li> <li>4) Updates on business strategies</li> </ol>	<ol style="list-style-type: none"> <li>1) Organise biannual press conferences with Senior Management on financial results</li> <li>2) Share regular updates on operational developments, including information on various launches, sales campaigns etc.</li> <li>3) Relay information on business strategies, market insights and outlook</li> <li>4) Ensure timeliness, accuracy and transparency in all media materials such as briefing notes, fact sheets, press releases, FAQ sheets, statements etc.</li> </ol>

Stakeholders	How We Engage	Their Expectations	How We Address Their Expectations
<b>EXISTING AND POTENTIAL CUSTOMERS</b> 	Regular engagement with customers across multiple touchpoints	<ol style="list-style-type: none"> <li>1) A fulfilling experience across the searching, buying and owning stages, reflecting value, convenience and trust for the developer</li> <li>2) Regular engagement opportunities for both individuals and communities</li> </ol>	<ol style="list-style-type: none"> <li>1) Promote our Customer First philosophy and create a culture of prioritising customers</li> <li>2) Introduce and encourage use of all available engagement channels</li> <li>3) Respond to all customer related queries and concerns</li> </ol>
<b>EMPLOYEES</b>  <i>(Including Board of Directors)</i>	Consistent employee engagement via the following initiatives but not limited to: <ol style="list-style-type: none"> <li>1) Internal team meetings</li> <li>2) Annual individual performance review</li> <li>3) Personal and professional development through learning &amp; development programmes</li> <li>4) Focus group discussions</li> <li>5) Quarterly townhalls</li> <li>6) Lunch talk sessions</li> <li>7) Employee engagement surveys</li> <li>8) Volunteering opportunities</li> <li>9) Internal digital platform and corporate collaterals</li> </ol>	<ol style="list-style-type: none"> <li>1) Updates on business strategies and operational performance</li> <li>2) Identify clear career opportunities and development within the company</li> <li>3) Fair and competitive remuneration practices</li> <li>4) Knowledge and skills enhancement</li> <li>5) Clear communication channels</li> <li>6) Balance between work and life</li> <li>7) Safe and conducive working environment</li> <li>8) Effective talent &amp; welfare management to achieve personal career aspirations</li> </ol>	<ol style="list-style-type: none"> <li>1) Update regularly using internal channels e.g Sharepoint, internal email blast, Yammer</li> <li>2) Establish effective Talent Management Framework</li> <li>3) Conduct benchmarking exercise with market practices to remain competitive as required</li> <li>4) Continuously provide training programmes and project assignments that align with business goals to allow skills enhancement</li> <li>5) Conduct employee engagement sessions such as Quarterly Townhalls, Festive Events and Teh Tarik Sessions with Senior Management</li> <li>6) Promote work-life balance via Staggered Working Hours, 90 Days Maternity Leave, option to leave 1.5 hours earlier for expecting employees, 1 Week Paternity Leave, Lunch sharing session, Festive Events, Volunteer Initiatives etc.</li> </ol>



## Stakeholder Engagement

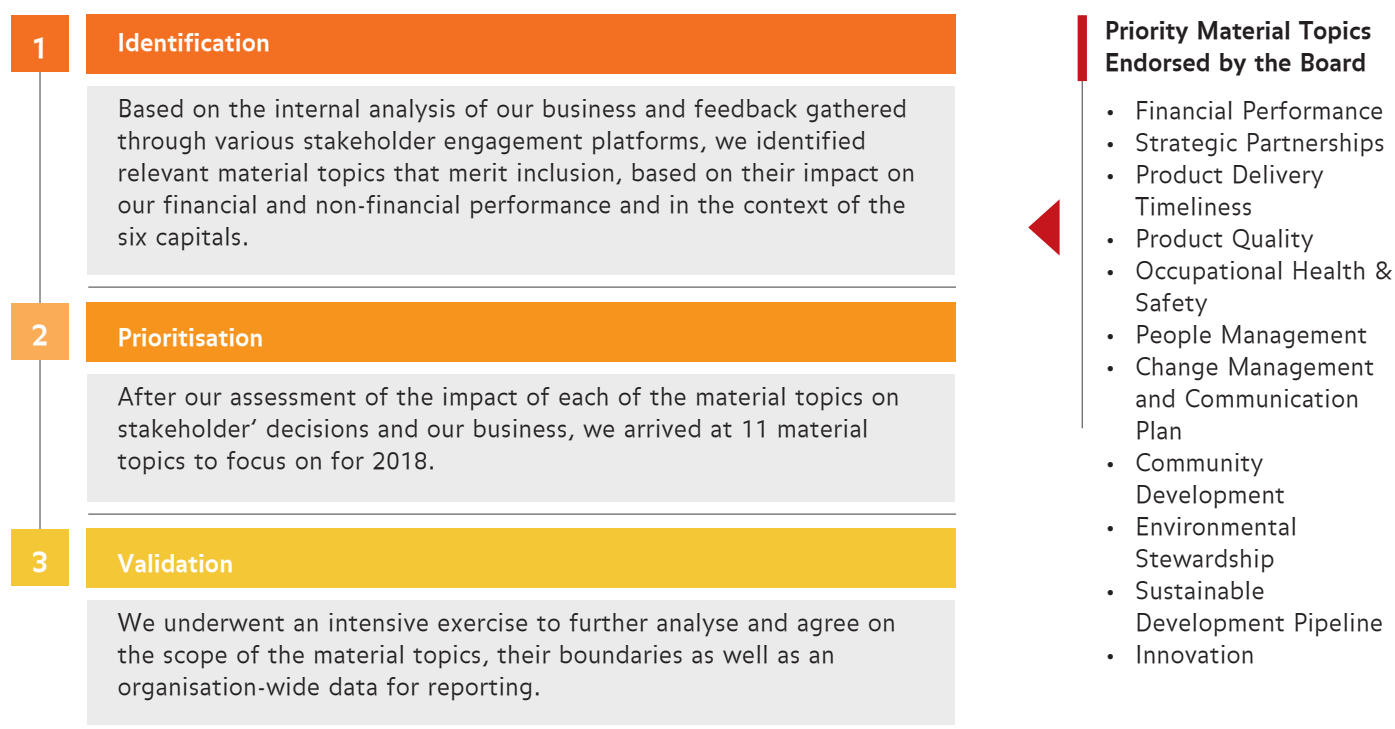
Stakeholders	How We Engage	Their Expectations	How We Address Their Expectations
<b>REGULATORS AND INDUSTRY AFFILIATIONS</b> 	<ol style="list-style-type: none"> <li>1) Active engagement with regulators and authorities who directly impact our industry and sectors</li> <li>2) Proactive participation in industry forums, advisory groups and standard-setting bodies and government consultation initiatives</li> </ol>	<ol style="list-style-type: none"> <li>1) Compliance to rules and regulations, with the Group keeping them abreast of various requirements</li> <li>2) Share, contribute and co-create industry best practices or new policies and regulations</li> </ol>	<ol style="list-style-type: none"> <li>1) Ensure full compliance to the applicable rules and requirements</li> <li>2) Engage with all stakeholders, with honesty, integrity and openness</li> </ol>
<b>SUPPLIERS/ CONTRACTORS/ STRATEGIC PARTNERS</b> 	<ol style="list-style-type: none"> <li>1) Regular relationship building/networking sessions</li> <li>2) Vendor Development workshops for vendors and third parties</li> </ol>	<ol style="list-style-type: none"> <li>1) Fair treatment</li> <li>2) Professional and transparent Group-wide procurement processes</li> <li>3) Safe and conducive construction sites</li> </ol>	<ol style="list-style-type: none"> <li>1) Implement the vendor development programme and provide full disclosure of the procurement policies on corporate website</li> <li>2) Mandate a Letter of Declaration by all vendors committing to adhere to Sime Darby Property's Code of Business Conduct</li> <li>3) Mandate all suppliers, contractors and sub-contractors to provide details of their Occupational, Health &amp; Safety (OHS) management plans in keeping with the Group's Standard Operating Procedures on OHS</li> </ol>

# Our Capitals, Material Matters & Value Creation

## Our Approach to Materiality

The key to operating as a resilient and profitable business is to establish key priorities year-on-year, with a clear set of targets or KPIs, contributing to the overall organisational performance and long-term value creation for both the business and stakeholders.

The material matters in this report were identified through a structured process involving the Group Managing Director, Group Chief Financial Officer and the Senior Management. Their key deliberations during the year under review included Sime Darby Property's business model, our operations in the context of six capitals deployed towards value creation for the organisation and its many stakeholders. The process also included the key steps of identification, prioritisation and validation.



## Our Capitals, Material Matters & Value Creation

Financial Capital	Manufactured Capital	Human Capital
Capital investments and income from property development assure seamless flow of financial capital for developing our business as well as to support strategic deployment of other capitals	Business infrastructure, including our land bank, physical assets and technology, our flagship products, and physical assets that help us to conduct business profitably and sustainably	Human capital development efforts, including our investments in acquiring, strengthening and growing our talent, knowledge, and skill base that improves our competitive edge
<b>Material Matter/s:</b> <ul style="list-style-type: none"> <li>Financial Performance</li> <li>Strategic Partnerships</li> </ul>	<b>Material Matter/s:</b> <ul style="list-style-type: none"> <li>Product Delivery Timeliness</li> <li>Product Quality</li> </ul>	<b>Material Matter/s:</b> <ul style="list-style-type: none"> <li>Occupational Health &amp; Safety</li> <li>People Management</li> <li>Change Management and Communication Plan</li> </ul>
<b>Risks and Opportunities:</b> <ul style="list-style-type: none"> <li>Intensifying competitiveness in the sector coupled with high property supply resulted in slower house price growth</li> <li>The tightening financial requirements and rising operating costs continued to constrain our ability to increase profit margins and create higher shareholders' return</li> <li>Need for strategic partnerships/joint ventures to maximise returns/leverage on partner expertise</li> </ul>	<b>Risks and Opportunities:</b> <ul style="list-style-type: none"> <li>Ever changing customer expectations in relation to time and quality of product delivery influenced our market approaches</li> <li>Market volatility that puts cost pressures and reducing margins, which in turn increases pressure to product quality at less price</li> <li>Challenge in identifying the right product and price-point to address the gap between market demand and supply</li> </ul>	<b>Risks and Opportunities:</b> <ul style="list-style-type: none"> <li>Dynamic and disruptive marketplace continued to drive the need for our people to develop new skills and competencies</li> <li>Technological disruptions influenced expectations of quality and service</li> <li>Hazards at workplace and compromised labour practices remained an area for close monitoring</li> <li>Listing of Sime Darby Property as a new pure-play creating a need to promote and cascade the company's new direction</li> </ul>
<b>Mitigation Strategies:</b> <ul style="list-style-type: none"> <li>Focussed on re-balancing the Company's income by enhancing our operational efficiencies and expanding into new growth areas to overcome the volatility of the property sector</li> <li>Focussed on executing an optimal strategic and catalytic partnership model</li> </ul>	<b>Mitigation Strategies:</b> <ul style="list-style-type: none"> <li>Focussed on improving end-to-end customer experience by improving service standards and building and delivering defect-free products through using quality management tools such as QCLASSIC</li> <li>Focussed on improving speed to market and shortening end-to-end development cycle</li> </ul>	<b>Mitigation Strategies:</b> <ul style="list-style-type: none"> <li>Focussed on effective performance management, robust talent management &amp; development framework, optimising workforce strength and inclusive employee engagement platforms to motivate performance and deliver positive employee experience</li> <li>Enforced ESH Compliance controls such as GPA A.9, ESH Management Systems, Safety &amp; Health Management Plan etc</li> </ul>
<b>Our Key Strategic Priorities in 2018:</b> <ul style="list-style-type: none"> <li>Expand Development Portfolio Income</li> <li>Launch New Growth Areas</li> </ul>	<b>Our Key Strategic Priorities in 2018:</b> <ul style="list-style-type: none"> <li>Expand development portfolio income</li> <li>Enhance Overall Customer Experience</li> <li>Achieve Cost &amp; Operational Efficiencies</li> </ul>	<b>Our Key Strategic Priorities in 2018:</b> <ul style="list-style-type: none"> <li>Elevate Organisational Effectiveness</li> <li>Achieve Cost &amp; Operational Efficiencies</li> </ul>
<b>How do we measure value creation?</b> <ul style="list-style-type: none"> <li>Dividends to Shareholders; Taxes to the Government; Payments to our Supply Chain Partners; Wages and Benefits to Employees; Investments in economic, environmental and social programmes for creating sustainable communities</li> </ul>	<b>How do we measure value creation?</b> <ul style="list-style-type: none"> <li>Sellable high-quality products delivered to the market</li> <li>Innovative Products and Solutions</li> <li>Service Excellence</li> <li>Product Quality &amp; Appreciation</li> <li>Socio-Economic Growth</li> <li>Customer Satisfaction</li> </ul>	<b>How do we measure value creation?</b> <ul style="list-style-type: none"> <li>Succession Pipeline</li> <li>Talent Mobility and Growth</li> <li>Diversity for Development</li> <li>Future-Proof Talent</li> </ul>

Social Capital	Natural Capital	Intellectual Capital
Relationships and partnerships with our wide network of stakeholders, including customers, employees, regulators and policy makers, community members, media, supply chain etc	The 21,000 acres of land bank strategically located in growth corridors, with high connectivity that continues to support our current and future growth plans, both in terms of expanding our footprint and strengthening our presence in all our focus markets, while minimising environmental harm	Strong brand, market experience, domain knowledge, our formidable network and intellectual property, all of which enhance our capacity to innovate and strengthen our brand equity and reputation
<b>Material Matter/s:</b> <ul style="list-style-type: none"> <li>Community Development</li> </ul>	<b>Material Matter/s:</b> <ul style="list-style-type: none"> <li>Environmental Stewardship</li> <li>Sustainable Development Pipeline</li> </ul>	<b>Material Matter/s:</b> <ul style="list-style-type: none"> <li>Innovation</li> </ul>
<b>Risks and Opportunities:</b> <ul style="list-style-type: none"> <li>Unresponsive and dissatisfied stakeholders due to lack of information, and inconsistent communication pose a threat to our reputation and business</li> <li>Changes in political and regulatory landscapes often affect the pace of our project delivery and increase cost of compliance</li> </ul>	<b>Risks and Opportunities:</b> <ul style="list-style-type: none"> <li>Negative impacts on the environment and the eco-systems due to our operations and supply chain activities need to be monitored to minimise and manage them effectively</li> <li>Focus on biodiversity and environmental preservation to enhance the value of townships</li> <li>Water scarcity in high risk areas can potentially affect the development of new townships</li> </ul>	<b>Risks and Opportunities:</b> <ul style="list-style-type: none"> <li>Constant change in business landscape and technological disruptions and rising population of millennials require the Group to respond innovatively</li> <li>Digitalisation has lowered the barrier of entry, making it easier for new entrants to disrupt incumbents</li> </ul>
<b>Mitigation Strategies:</b> <ul style="list-style-type: none"> <li>Focussed on enhancing our Policies and Operating Procedures to meet compliance requirements, while monitoring the regulatory development in the areas where we operate</li> <li>Delivered affordable homes within the price range of RM200,000 to RM400,000 per unit</li> </ul>	<b>Mitigation Strategies:</b> <ul style="list-style-type: none"> <li>Implemented an active land bank management approach which includes strategic land sales and acquisition</li> <li>Focussed on monitoring operational eco-efficiency (i.e., water, waste, carbon emissions), while achieving internal reduction targets</li> <li>Introduced specific targets on the planting of endangered, rare and threatened (ERT) tree species within our townships</li> </ul>	<b>Mitigation Strategies:</b> <ul style="list-style-type: none"> <li>Focussed on healthy development pipeline of innovation projects which can be commercialised successfully</li> <li>Partnered with external parties and engage in brainstorming sessions to resolve problems and achieve the desired innovation portfolio mix</li> </ul>
<b>Our Key Strategic Priorities in 2018:</b> <ul style="list-style-type: none"> <li>Elevate Organisational Effectiveness</li> </ul>	<b>Our Key Strategic Priorities in 2018:</b> <ul style="list-style-type: none"> <li>Expand Development Portfolio Income</li> <li>Launch New Growth Areas</li> </ul>	<b>Our Key Strategic Priorities in 2018:</b> <ul style="list-style-type: none"> <li>Enhance Overall Customer Experience</li> </ul>
<b>How do we measure value creation?</b> <ul style="list-style-type: none"> <li>Value partnerships</li> <li>Positive social impact</li> </ul>	<b>How do we measure value creation?</b> <ul style="list-style-type: none"> <li>Sustainable land bank management</li> <li>Acquisition of new land for development</li> <li>Sale of non-strategic land bank</li> <li>Efficient Management of Natural Resources</li> </ul>	<b>How do we measure value creation?</b> <ul style="list-style-type: none"> <li>High brand value</li> <li>Global presence and footprint</li> <li>Quality and innovative end-to-end product chain</li> </ul>



# Our Strategic Road Map

Our **SHIFT20 Transformation Plan** comprises 20 initiatives which we have identified based on 5 Strategic Priorities to transform the company over the next five years in ensuring continuous business growth, improving financial strength and executing a change culture to elevate our company to the next level.

The SHIFT20 Transformation Plan focuses on:

- Maximising **S**takeholder Value
- Enhancing and Developing **H**uman Capital and Capabilities
- Driving **I**nnovation and Operational Excellence
- Strengthening **F**undamentals and Business Focus
- Organisational **T**ransformation towards Sustainable Growth
- By executing **20** Strategic Initiatives to Achieve Our Goals

## SHIFT20 Transformation Plan and 5 Strategic Priorities

### PRIORITY 1: Expanding Development Portfolio Income and Increasing Gross Development Value

Enhance our internal capabilities and develop a strong pipeline of high quality properties with an emphasis on lifestyle services and community-based living

### PRIORITY 2: Launching New Growth Areas

Growth expansion of new business segments particularly property investment portfolio and industrial and logistics development

### PRIORITY 3: Enhancing Overall Customer Experience

Meet our customers' needs by providing innovative products and value-added services founded on data-driven customer insights and improve end-to-end customer experience

### PRIORITY 4: Achieving Cost & Operational Efficiencies

Strengthen our overhead and direct cost management with a focus to improve productivity whilst improving our project management and delivery capabilities

### PRIORITY 5: Elevating Organisational Effectiveness

Enhance our People Management Framework and capabilities which include rolling-out a strong culture and change management plan

### SHIFT 20 INITIATIVES

- 1 Prioritising Projects and Improving Profitability for Township Development
- 2 Strengthening Capabilities and Income Contribution from Integrated Development
- 3 Enhancing Cash Flow and Ensuring Timely Execution of Battersea Development
- 4 Implementing Active Land Bank Management
- 5 Reducing Unsold Stocks

- 6 Launching Malaysia Vision Valley (MVV)
- 7 Setting Up New Business Segment for Industrial And Logistics Development
- 8 Improving Property Investment Profitability
- 9 Launching Profitable Affordable Housing Business

- 10 Driving More Sales and Improving End-To-End Customer Journey
- 11 Rolling-Out Online Community Marketplace and Digital Innovation

- 12 Reducing Direct Cost and Improving Gross Profit Margin
- 13 Strengthening Overhead Cost Management
- 14 Enhancing Business Model for Leisure Business
- 15 Improving Speed to Market and Shortening End-To-End Development Cycle
- 16 Implementing Tactical Initiatives to Strengthen Quality, Safety and Operations

- 17 Enhancing Project Management Governance and Competency
- 18 Executing the Optimal Strategic and Catalytic Partnership Model
- 19 Strengthening Company-Wide People Management Framework
- 20 Executing Change Management and Communication Plan

## 2018 KEY HIGHLIGHTS

- Selected as an index constituent for FTSE4Good Bursa Malaysia Index, FTSE4Good ASEAN 5 Index and Dow Jones Sustainability Emerging Market Index for 2018/19
- Delivered 2,305 completed units mainly at Elmina, Taman Melawati, KL East and Putra Heights
- Sold 3,045 units, an improvement of 72.4 percent from 2017
- Recorded total share of profit of RM94.3 million from Battersea Power Station Project
- Divested non-strategic land and low-yielding assets i.e. 85 acres of New Lunderston, Genting View Resort in Pahang, Malaysia and Karri Valley Resort in Western Australia

## PRIORITIES FOR 2019



- Prioritise growth of high performing townships to extract the highest value from our land bank
- Enhance the skillsets and competencies of development team
- Expedite the disposal of non-strategic land bank outside key development focus, targeting ~1,700 acres and low yielding, non-core assets in Australia, Singapore and Vietnam
- Complete the proposed divestment of Phase 2's commercial assets at Battersea
- Execute sustainable management of natural resources and focus on reduction in carbon intensity
- Clear action plan to reduce inventory for completed and ongoing developments by reviewing campaign strategies as well as pricing and positioning of product offerings

- Successfully conducted proactive engagements with both Federal and State Governments to review the masterplan of Malaysia Vision Valley (MVV)
- Entered into 50:50 strategic partnership with Mitsui Co. Ltd and Mitsubishi Electric develop Built-To-Suit industrial facilities at 39 acres of land in Bandar Bukit Raja
- Strategic decision to retain Pagoh Education Hub as core business segment given its stable profit and cash contribution
- Launched 1,700 units of affordable housing i.e. Rumah Selangorku project in Putra Heights

- Embark on the first phase of MVV development
- Establish a new segment for Industrial & Logistics development, with a focus on Bandar Bukit Raja, Serenia City and Elmina
- Explore expansion plans to increase recurring income portfolio via opportunistic acquisition of high-yielding assets
- Focus on low to mid-range housing projects from below RM300,000 to RM800,000



- Recorded Customer Satisfaction Index (CSI) score of 76 percent in 2018, an improvement by 2 percent from 2017
- Revamped Subang Jaya Sales Gallery for Lot 15 project launch to maximise customers' end-to-end experience

- Improve Customer Satisfaction Index by 5 percent
- Enhance data-driven customer insights to increase sales
- Develop and roll-out crowdsourcing digital platform



- Rolled out Transformation 1.0 and 1.5 as part of the Group's transformation journey with strong focus on execution and value creation
- Reduced total direct costs by 5.8 percent in 2018 driven by strict review on cost efficiency
- Negotiated pricing of key materials with suppliers as part of the strategic sourcing exercise
- Implemented No-Gift Policy across the Group to ensure highest standard of professional integrity

- Drive cost reduction initiatives to enhance profitability
- Roll-out enhanced leisure management business model
- Shorten the development cycle for both township and integrated projects



- Strengthened Executive Leadership Team with 13 key leadership positions
- Enhanced family benefits through the introduction of flexible working hours for all employees, longer maternity leave to 90 days and paternity leave to 7 days

- Improve project management governance
- Formulate and execute optimal strategic partnership model
- Roll-out strong culture and change management
- Strengthen talent and performance management framework and capabilities



## Key Risks and Mitigation

“The ability of an organisation to be resilient and sustainable also depends on its robust risk management framework.”


At Sime Darby Property, we recognise the importance of identifying and managing real and potential risks to our business and operations, affecting our financial and non-financial performance in the long-term. We take an integrated approach at Group-level by aligning our risk appetite with our Group’s overarching strategies and embedding the process within our business operations. Our internal systems and processes then help to monitor and respond to multiple and cross-enterprise risks, reducing potential losses and improving the overall efficiencies.



Our risk management process covers all areas of our operations, which include but are not limited to strategy, governance, human capital performance and operations. While some of the risks may be internal and inherent to the Group, others exist largely due to externalities such as political and regulatory changes, technology disruptions etc. The principal risk factors are identified, assessed and evaluated according to the risk management governance approach detailed in our Statement of Risk Management and Internal Control.

The ongoing monitoring and review of risks and challenges is conducted at various levels of our operations, mainly using a bottom-up approach, where identification, assessment and mitigation of various risks is being undertaken at business-unit and functional levels. Such a decentralised approach to monitoring and managing risks also supports seamless implementation of key operational strategies, creating long-term value.

For the financial year under review, we have identified 10 key risks that had impacted the Group’s business.

The table below shares details of key risks, and their impact on our business performance and the relevant mitigation plans or strategies implemented during the year under review.








Key Risk Areas	Risk Evaluated	Impact on Value	Stakeholders Affected	Strategy	Measures Taken
STRATEGIC	<b>1. MARKET RISK</b> Macro-economic factors, including subdued property market hinders our ability to sustain the business, manage our liquidity requirements and ensure our growth strategy and financial targets are achieved	<b>Diminishing Financial Capital due to:</b> <ul style="list-style-type: none"> <li>✓ Poor Group performance and returns;</li> <li>✓ Unsold stocks;</li> <li>✓ Prolonged deferment or delayed launches;</li> <li>✓ Insufficient operational cash flow to fund projects; and</li> <li>✓ Tight capital market to raise funds.</li> </ul>	<ul style="list-style-type: none"> <li>✓ Investors/ Lenders</li> <li>✓ Customers</li> <li>✓ Employees</li> <li>✓ Suppliers/ Business Partners</li> </ul>	<b>Expanding Development Portfolio Income.</b> <b>Launching New Growth Areas.</b> <b>Enhancing Overall Customer Experience.</b> To enhance brand value, improve execution of market intelligence (including looking at gaps in the market) and continue to foster a culture of innovation.	<ul style="list-style-type: none"> <li>✓ Closely monitored performance across core business units, including cash requirements and availability of funding facilities;</li> <li>✓ Offered products to meet market demands;</li> <li>✓ Gathered market intelligence on competitors’ product and service offerings;</li> <li>✓ Launched sales campaigns, with attractive packages for new and unsold stocks to reduce stock holding; and</li> <li>✓ Created an affordable housing design and packages.</li> </ul>
	<b>Capital Inputs</b> 				

Key Risk Areas	Risk Evaluated	Impact on Value	Stakeholders Affected	Strategy	Measures Taken
STRATEGIC	<b>2. DEVELOPMENT STRATEGY</b>  Inaccurate development strategy resulting in ineffective development portfolio and low demand products delivered to the market (portfolio, product, price and timing to market).  <b>Capital Inputs</b> 	<b>Diminishing Financial Capital due to:</b>  ✓ Poor take-up rate of products and as a result higher holding cost;  ✓ Low profit margin or losses incurred on products; and  ✓ Loss of market share.	✓ Investors/ Lenders  ✓ Customers  ✓ Employees  ✓ Suppliers/ Business Partners	<b>Expanding Development Portfolio Income.</b>  <b>Launching New Growth Areas.</b>  <b>Achieving Cost &amp; Operational Efficiencies.</b>  To improve execution by focusing on the right products at the right price and to explore new growth areas.	✓ Devised a 5-year implementation Blueprint;  ✓ Commissioned market research and built a business case for each product developed and launched;  ✓ Introduced a 'check and balance' approach to aligning and implanting strategies along the product supply chain;  ✓ Improved product development cycle to significantly reduce time to market; and  ✓ Embarked and up-scaled Industrial and Logistics Development as well as launched profitable Open Market Affordable Housing as one of the new growth areas for the business.
	<b>3. COMPETITION</b>  Business model being disrupted by new and/or current entrant through either new innovation (products and services) or technology advancement.  <b>Capital Inputs</b> 	<b>Diminishing Financial Capital due to:</b>  ✓ Loss of market share; and  ✓ Lower than expected performance and returns.	✓ Investors/ Lenders  ✓ Employees  ✓ Suppliers/ Business Partners	<b>Launching New Growth Areas.</b>  <b>Achieving Cost &amp; Operational Efficiencies.</b>  To manage costs, improve quality and deliver products on time.	✓ Maintained market-watch to monitor existing and new industry entrants;  ✓ Launched innovative products and/or processes and/or systems; and  ✓ Tracked technology developments in the property sector for due consideration.







## Key Risks and Mitigation

Key Risk Areas	Risk Evaluated	Impact on Value	Stakeholders Affected	Strategy	Measures Taken
STRATEGIC	<b>4. BUSINESS VENTURES</b>  Misaligned interest, lower than expected returns and conflicts with JV Partners.	<b>Diminishing Financial Capital, Compromised Intellectual Capital, and Deteriorating Human Capital due to:</b> <ul style="list-style-type: none"> <li>✓ Lower returns than expected;</li> <li>✓ Additional capital requirements to sustain JV businesses;</li> <li>✓ Potential litigations arising from disputes; and</li> <li>✓ Potential reputational damage.</li> </ul>	<ul style="list-style-type: none"> <li>✓ Investors/ Lenders</li> <li>✓ Business Partners</li> <li>✓ Employees</li> </ul>	<b>Elevating Organisational Effectiveness.</b>  To forge partnerships that will develop a portfolio of more vibrant and yielding townships and/ or developments.	<ul style="list-style-type: none"> <li>✓ Conducted due diligence exercise prior to formalising partnerships;</li> <li>✓ Planned investments in keeping with the risk appetite and approval criteria set-out by the Group governance framework;</li> <li>✓ Closely monitored the performance of the JVs through periodic reports and by nominating a representative of the Group in the JV Company; and</li> <li>✓ Improved the governance of JVs.</li> </ul>
	<b>5. TALENT AND RESOURCE MANAGEMENT</b>  Inability to attract and retain competent talents to execute strategies for sustainable growth.	<b>Deteriorating Human Capital due to:</b> <ul style="list-style-type: none"> <li>✓ Lack of skills and competencies needed to implement Group strategies and deliver the expected performance;</li> <li>✓ Misaligned performance measurements; and</li> <li>✓ Loss of key talents.</li> </ul>	<ul style="list-style-type: none"> <li>✓ Employees</li> </ul>	<b>Elevating Organisational Effectiveness.</b>  To continuously improve coaching capabilities necessary to build a high-performance culture.	<ul style="list-style-type: none"> <li>✓ Ensured remuneration packages as per the industry norms;</li> <li>✓ Initiated succession planning;</li> <li>✓ Accelerated efforts to continuously improve performance management system;</li> <li>✓ Reviewed competency gaps; and</li> <li>✓ Reviewed 'young talent' retention acquisition and retention strategies.</li> </ul>

Key Risk Areas	Risk Evaluated	Impact on Value	Stakeholders Affected	Strategy	Measures Taken
OPERATIONAL	<b>6. PROJECT DEVELOPMENT &amp; EXECUTION</b>  Development projects not delivered on time and within the quality or with returns as expected.  <b>Capital Inputs</b>   	<b>Diminishing Financial Capital and Compromised Intellectual Capital due to:</b>  ✓ Additional cost of rectification, overruns and/or LAD;  ✓ Poor product quality and delayed product handovers; and  ✓ Potential legal action from customers.	✓ Investors/ Lenders  ✓ Customers  ✓ Employees  ✓ Suppliers/ Business Partners	<b>Achieving Cost &amp; Operational Efficiencies.</b>  To manage costs, improve quality and deliver products on time.	✓ Enlisted a pool of competent and skilful suppliers and contractors to support project requirements, based on a prequalified and preapproved set of criteria;  ✓ Dedicated project teams to monitor project performance;  ✓ Conducted quality inspection at various stages of construction; and  ✓ Executed steps to improve project management, cost control and procurement process.
	<b>7. ENVIRONMENTAL, SAFETY &amp; HEALTH</b>  Major safety, health and/or environmental breach occurring at workplace.  <b>Capital Inputs</b>    	<b>Diminishing Financial Capital; Compromised Intellectual Capital and Loss of Human Capital:</b>  ✓ Loss of productivity and performance as a result of potential accidents, injuries and casualties;  ✓ Significant penalties/ disruptive stop-work orders imposed by authorities; and  ✓ Potential environmental harm and cost of managing damages from possible litigations and community complaints.	✓ Customers  ✓ Community  ✓ Employees  ✓ Suppliers/ Business Partners  ✓ NGOs	<b>Achieving Cost &amp; Operational Efficiencies.</b>  <b>Elevating Organisational Effectiveness.</b>  To build skillsets and competencies in project management, construction management and environmental, safety & health standards.	✓ Institutionalised comprehensive environmental, safety & health policies and procedures;  ✓ Conducted regular trainings, dialogues and road shows to raise awareness and reduce ESH risks;  ✓ Embedded ESH criteria in contractual documents and development project plans;  ✓ Planned participation in ESH surprise and scheduled audits, including regulator's inspections and related reporting; and  ✓ Continued engagement and communication with key stakeholders such as customers, legislators, regulators, local communities and NGOs.

## Key Risks and Mitigation

Key Risk Areas	Risk Evaluated	Impact on Value	Stakeholders Affected	Strategy	Measures Taken
OPERATIONAL	<b>8. UTILITIES SUPPLY</b> Inability to secure utilities supplies (water & electricity) for future projects in growing townships and/or new townships due to shortage of such supply in the market.  <b>Capital Inputs</b> 	<b>Compromised Manufactured Capital and Diminishing Financial Capital due to:</b> <ul style="list-style-type: none"> <li>✓ Inability to meet strategic development and growth targets;</li> <li>✓ Inability to meet financial targets; and</li> <li>✓ Loss of market share.</li> </ul>	<ul style="list-style-type: none"> <li>✓ Investors/ Lenders</li> <li>✓ Authorities</li> <li>✓ Customers</li> <li>✓ Suppliers/ Business Partners</li> </ul>	<b>Elevating Organisational Effectiveness.</b> To deliver projects as planned, with seamless implementation support from critical authorities and suppliers.	<ul style="list-style-type: none"> <li>✓ Maintained continuous engagement with authorities and utility suppliers at various stages of the development;</li> <li>✓ Worked in full compliance with utility suppliers' requirements; and</li> <li>✓ Signed an Integrated Water Supply Agreement with utility suppliers.</li> </ul>
	<b>9. CYBERSECURITY</b> Infrastructure and system failure or breaches arising from cyber-attacks, potentially crippling core systems and controls.  <b>Capital Inputs</b> 	<b>Compromised Manufactured and Intellectual Capitals and Diminishing Financial Capital due to:</b> <ul style="list-style-type: none"> <li>✓ Business disruptions;</li> <li>✓ Loss of valuable business data; and</li> <li>✓ Summons/ penalty by authorities and/ or legal action by 3rd parties.</li> </ul>	<ul style="list-style-type: none"> <li>✓ Investors/ Lenders</li> <li>✓ Customers</li> <li>✓ Employees</li> <li>✓ Suppliers/ Business Partners</li> <li>✓ Authorities</li> </ul>	<b>Achieving Cost &amp; Operational Efficiencies.</b> To manage costs, improve quality and deliver products on time.	<ul style="list-style-type: none"> <li>✓ Deployed various infrastructure security protection solutions, Intrusion Prevention System, and talent to manage Internet/Web Security;</li> <li>✓ Conducted Annual Security Posture Assessment (SPA);</li> <li>✓ Utilised Patch Management tool to ensure computers security patches are up-to-date; and</li> <li>✓ Implemented Advanced Persistent Threat (APT) solution to detect and prevent advanced targeted attacks.</li> </ul>

Key Risk Areas	Risk Evaluated	Impact on Value	Stakeholders Affected	Strategy	Measures Taken
COMPLIANCE	<b>10. REGULATORY, COMPLIANCE AND LITIGATION</b>  Non-compliance with local, international laws and regulations and contractual obligations: <ul style="list-style-type: none"> <li>• Due to complex and large volume of legislations;</li> <li>• Lack of awareness of existing and new legislation; and</li> <li>• Human error.</li> </ul>	<b>Compromised Financial and Intellectual Capitals due to:</b>  ✓ Non-compliance costs arising from penalties, summons and/or imprisonment;  ✓ Failure to meet contractual obligations and potential litigations; and  ✓ Additional costs of compliance.	✓ Authorities ✓ Employees ✓ Customers ✓ Supplier/ Business Partners	<b>Elevating Organisational Effectiveness.</b>  To deliver projects as planned, with seamless implementation support from critical authorities and suppliers.	✓ Instilled a culture of compliance in the organisation, with complementing internal processes, external legal support to operational teams when required;  ✓ Maintained a close-watch on the prevalent and emerging regulatory requirements;  ✓ Organised regular formal and informal education and training on compliance;  ✓ Appointed dedicated project teams to manage specific local regulations; and  ✓ Defined an escalation matrix and a stringent monitoring, resolution and reporting mechanism to manage material breaches.
	<b>Capital Inputs</b>  				



# Group Financial Review

## Resilient Financial Deliverables in the First Year as a Publicly Listed Company

The financial year ended 30 June 2018 (FY2018) has been both an exciting and challenging year for the Company which has transformed from a wholly-owned subsidiary of the former Sime Darby Berhad conglomerate to a listed company on the Main Market of Bursa Securities on 30 November 2017. The Company embraced its listing status with a clear roadmap and strategy to unlock and create greater value for its stakeholders.

## Corporate Restructuring Prior to the Listing

Prior to the listing, in preparation of the stand-alone status, the Group undertook an internal restructuring which includes, amongst others:

- (i) Purchase of approximately 1,880 acres of land within the Malaysia Vision Valley development region (referred to as “MVV land”), to increase the Group’s land bank in a strategic key growth area;
- (ii) Enlarged the Total Ordinary Share Capital of the Company from RM1.0 billion to RM6.8 billion via the issuance of 4,395,343,077 new ordinary shares at an issue price of RM1 each in-lieu of settlement of outstanding amounts owing to the Sime Darby Berhad Group and, the redemption of 1,405,496,300 Redeemable Preference Shares and capitalisation of 1,405,496,300 new ordinary shares at an issue price of RM1 each;
- (iii) Novation of the RM4.5 billion iMTN Programme from Sime Darby Berhad, as a strategic financing option which could be used to meet the future financing requirements of the Group; and
- (iv) Entered into Options Agreements with Sime Darby Berhad and Sime Darby Plantation Berhad for approximately 8,796 acres and 11,806 acres respectively which will strengthen the Group’s distinctive position of having the largest property development land bank in strategic locations.

## Key Financial Drivers

On the backdrop of a soft property landscape attributed to weak consumer sentiment amid uncertainty in economic growth and downside risk, three key drivers have been set as crucial in ensuring the long-term sustainability of the Group.

<b>Strategic balance sheet management</b>	<p>We remain careful and prudent in protecting the Group's balance sheet by enhancing the liquidity profile as well as maintaining healthy capital positions. The Group strategises towards achieving a sustainable financial strength to build the capacity for the Group to embark on its growth strategy. As such, several measures were implemented this year, amongst others, the following:</p> <ul style="list-style-type: none"> <li>• Embark as a pure play with a moderate Gross Debt-to-Equity ratio of 22.2 percent;</li> <li>• Unlock value of non-performing assets and investments;</li> <li>• Utilise cash proceeds to acquire assets within high growth regions; and</li> <li>• Diligent capital and cash management.</li> </ul>
<b>Strong financial discipline</b>	<p>Our effectiveness to deliver quality performance lies in strong financial discipline. Mandates were heavily concentrated on the following:</p> <ul style="list-style-type: none"> <li>• Review on project feasibility and returns with Product Development, Operations and Marketing &amp; Sales Departments;</li> <li>• Monitoring of Housing Development Accounts and sweeping of cash balances to ensure no idle cash position;</li> <li>• Monitoring movements of inventory level; and</li> <li>• Rationalising inter-company balances for funding efficiency.</li> </ul>
<b>High compliance with accounting standards and efficient financial systems</b>	<p>Being one of the largest Property Developer in the country, we work towards setting good governance and high standards of compliance with regulatory bodies.</p> <ul style="list-style-type: none"> <li>• The Group has early adopted MFRS 15 Revenue from Contracts with Customers in the previous financial year; and</li> <li>• An end-to-end review is being conducted on the Group's financial reporting system to improve efficiency and analytics.</li> </ul>

## Financial Performance

We are pleased to report that the Group has delivered a set of resilient financial results for FY2018. The Group achieved total Revenue of RM2,353.1 million and Profit after Tax and Non-Controlling Interests (PATAMI) of RM640.0 million.

KEY ACHIEVEMENTS IN FY2018			
Strong <b>Revenue of RM2,353.1 million</b>	<b>Net Earnings of RM640.0 million</b> , against RM624.0 million in FY2017	<b>Dividend payout ratio of 53.1 percent</b> , equivalent to a <b>dividend yield of 4.2 percent</b>	Healthy <b>gross debt to equity of 0.26 times</b> on the back of a larger Total Equity of <b>RM9,965.4 million</b>

## Return on Average Shareholders' Funds (ROASF)

In tandem with the improved earnings and the higher Shareholders' Funds (RM9,734.6 million in FY2018 against RM6,323.2 million in FY2017), the Group's ROASF declined from 10.7 percent to 8.0 percent.

Similarly, basic earnings per share reduced from 16.5 sen in FY2017 to 11.1 sen in FY2018 as a result of the additional 2,895,343,077 new ordinary shares issued for settlement of outstanding amounts owing to the Sime Darby Berhad Group.

## Group Financial Review

### Asset Monetisation

During the financial year, the Group continued its Asset Monetisation exercise, which is in line with the Group's effort to actively manage our vast land bank of approximately 21,000 acres across Malaysia. The asset monetisation strategy is one of the key initiatives of the Group to:

- Unlock value and to reinvest into new property development projects in key growth areas such as the MVV Development Project in Negeri Sembilan; and
- Building a strategic portfolio of Investment Properties such as industrial estates to diversify and build a source of recurring income stream.

The asset monetisation strategy targets to shift investment in under-performing property assets and non-strategic land bank to value accretion assets.

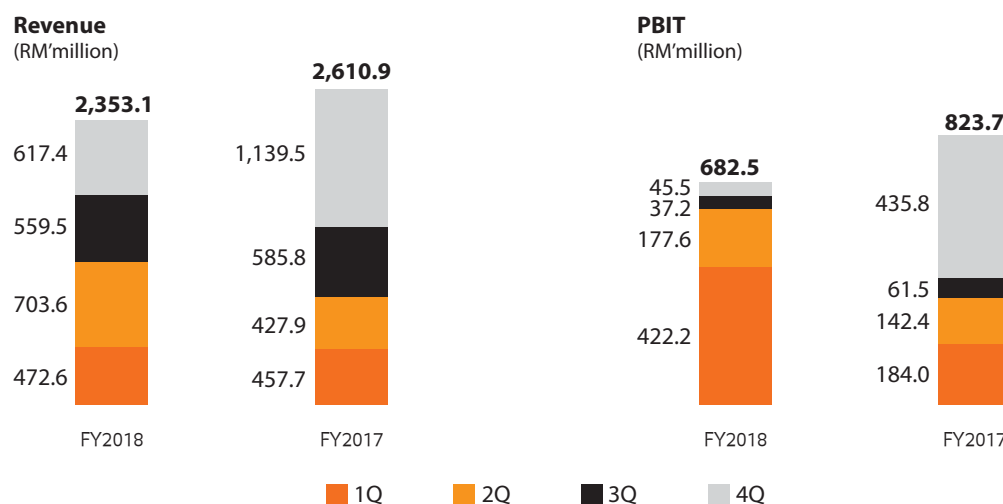
Major One-off Disposals (RM'million)	2018		2017	
	Proceeds	Gain	Proceeds	Gain
<b>Disposal of Investments</b>				
• Malaysia Land Development Company Berhad (MLDC)	60.0	39.6	–	–
• Seriemas Development Sdn Bhd	625.0	278.2	–	–
• Sime Darby Property (Alexandra) Private Limited	–	–	249.2	130.4
	685.0	317.8	249.2	130.4
<b>Disposal of Land</b>				
• New Lunderston Estate	85.5	84.4	–	–
• Glengowrie Estate	3.4	3.3	420.7	411.0
• Denai Alam (DASH)	–	–	62.5	57.8
	88.9	87.7	483.2	468.8
<b>TOTAL</b>	<b>773.9</b>	<b>405.5</b>	<b>732.4</b>	<b>599.2</b>

In September 2017, the Group completed the disposal of its 100 percent equity interest in MLDC and the entire 40 percent equity interest in Seriemas Development Sdn Bhd to PNB Development Sdn Bhd.

In line with the strategy of active land bank management, the Group had on 22 December 2017, disposed a piece of freehold land of approximately 297.5 acres in New Lunderston Estate, Semenyih to PNB Development Sdn Bhd.

Moving forward, the Group will continue with its Asset Monetisation strategy, with the tactical review around asset and land bank management, with the objective to optimise asset returns.

## Segmental Analysis



Group revenue in FY2018, at RM2,353.1 million was lower by 9.9 percent YoY, as a result of lower contribution from all segments except Concession Arrangement. Group's Profit before Interest and Tax (PBIT) at RM682.5 million was lower by 17.1 percent YoY despite the commendable improvements achieved by Property Development and Concession Arrangement segments amid the lackluster property market in Malaysia.

Both reported Revenue and PBIT in FY2018 were lower YoY compared to previous year's results which were supported by larger strategic land divestments. As illustrated in the table below, if the contributions from asset monetisation are excluded, the Group's operational revenue and PBIT during the year under review would be higher by 6.4 percent and 23.4 percent, respectively. This reflects the Group's focus on improving its core operational performance.

Group Revenue (RM'million)	FY2018	FY2017	Group PBIT (RM'million)	FY2018	FY2017
Reported revenue	2,353.1	2,610.9	Reported PBIT	682.5	823.7
Land sales	(88.9)	(483.2)	Disposal gains	(405.5)	(599.2)
Revenue excluding land sales	2,264.2	2,127.7	PBIT excluding disposal gains	277.0	224.5



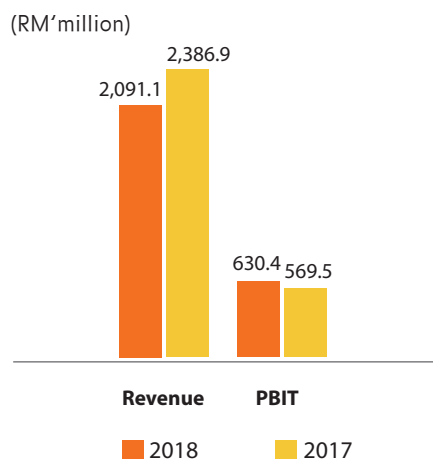
## Group Financial Review

### PROPERTY DEVELOPMENT

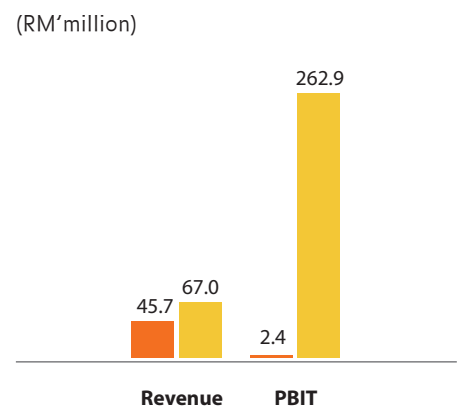
Property Development continued to be the main contributor to Total Group Revenue at 88.9 percent. The decline in Property Development revenue by 12.4 percent, as compared to the previous year's revenue was largely attributable to revenue from land disposals i.e., the sale of approximately 802 acres of freehold land in Glengowrie Estate, Hulu Langat for RM420.7 million and compulsory land acquisition for Damansara-Shah Alam Elevated Expressway (DASH) of RM62.5 million. If these major land transactions are excluded, FY2018 revenue from Property Development segment would amount to RM2,002.2 million against FY2017 revenue of RM1,903.7 million, reflecting an improvement in core revenue of 5.2 percent.

Property Development recorded higher PBIT by 10.7 percent, driven by higher sales and development activities at flagship developments namely Elmina West, Elmina East, Serenia City and Bukit Jelutong townships, Cantara Residences and Serini Melawati. In addition, Serenity Cove in Australia contributed a profit of RM56.1 million from reversal of write down of inventories and sale of plots of residential land.

Excluding disposal gains of RM365.9 million in FY2018 as compared to RM468.8 million in the previous year, the strong operational PBIT growth of 162.7 percent is a testament of the Group's continuous commitment to achieve operational efficiency.



In the United Kingdom, the Group's 40.0 percent venture in Battersea Power Station Development Project (BPS) has shown tremendous progress since its inception in 2012. BPS has successfully completed the Phase 1 Circus West Project comprising 867 units of apartments, and handed over 534 units and 321 units in 2018 and 2017 respectively. There are remaining 12 units of high-end penthouses of which active marketing activities are on-going. As at 30 June 2018, the Group has recognised a total share of profit of RM233.8 million; with RM94.3 million recognised in FY2018 and RM139.5 million in FY2017.

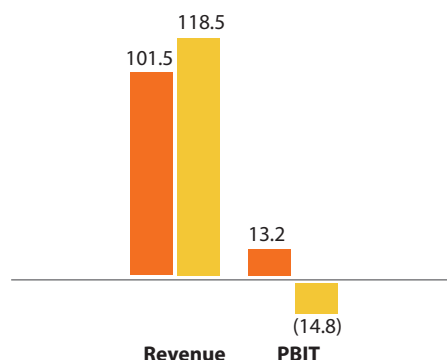


### PROPERTY INVESTMENT

The revenue contribution from the Property Investment segment declined by 31.8 percent. The lower revenue from Property Investment was mainly due to a smaller asset portfolio size as a result of the asset monetisation strategy to dispose underperforming assets over the past two years.

Property Investment registered PBIT of RM2.4 million as compared to RM262.9 million in FY2017 which was largely supported by a gain on disposal of Sime Darby Property (Alexandra) in Singapore of RM130.4 million and the share of profit of RM135.4 million arising from the disposal of a property by Sime Darby Real Estate Investment Trust 1.

(RM'million)

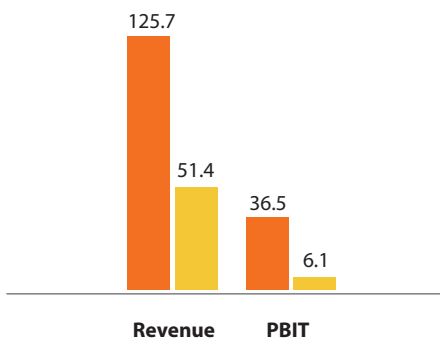


## LEISURE AND HOSPITALITY

Revenue from the Leisure and Hospitality segment declined by 14.3 percent. The lower revenue was caused by weaker performance in international assets namely Darby Park Singapore and Darby Park Vietnam and, including from both Sime Darby Convention Centre and TPC in Kuala Lumpur, Malaysia. The West Course of TPC KL was closed in October 2017 and reopened in September 2018 for upgrading and maintenance of the golf course.

Leisure and Hospitality achieved a contribution of RM13.2 million compared to the previous year's loss of RM14.8 million. The higher achievement was mainly due to the gain on disposal of MLDC of RM39.6 million, whilst last year's PBIT included the reversal of an impairment of property, plant and equipment of RM16.7 million.

(RM'million)



## CONCESSION ARRANGEMENT

The Concession Arrangement is in relation to the Concession Agreements for the construction of four institutions of higher education, (refer to Note 27 (a) of the financial statements on page 261 for more details). The investment, via the provision of facilities management services, is aligned with the Group's strategy to grow recurring income and build a stable cash flow for the next 19 years.

In FY2018, the Concession Arrangement segment contributed approximately 5.3 percent to Group Revenue and Group PBIT respectively. The strong revenue growth of 144.5 percent was led by the supply of teaching equipment and facility management. The revenue from teaching equipment will be fully recognised by the end of 2019 whilst the facility and asset management services will be over the concession period of 20 years, from the date of completion of the construction of PEH in May 2017. PBIT jumped almost sixfold from RM6.1 million to RM36.5 million in FY2018.

The Group has also recognised deemed accretion of interest income of RM92.6 million in FY2018 in relation to Availability Charges which will be received over a period of 20 years.

## FINANCE COSTS

Finance costs increased by RM23.5 million to RM75.9 million, net of the interest capitalised. The higher finance costs was mainly due to cessation of interest capitalisation for the development of the Concession Arrangement amounting to RM20.8 million in the previous year, as the qualifying assets were ready for their intended use in May 2017. Total finance costs for the Concession Arrangement for the financial year was RM61.6 million as compared to RM62.3 million in the previous year.

The Group's weighted average cost of borrowings, including for PEH was 5.5 percent per annum.

## TAXATION

The Group's effective tax rate was low at 6.9 percent against the Malaysian corporate tax rate of 24.0 percent. This was primarily due to non-taxable gains on disposals of subsidiaries and an associate of RM317.8 million and overprovision of tax in prior years. Excluding those items, the effective tax rate of the Group was 22.7 percent.

## Group Financial Review

## Group Financial Position

## Total Assets



RM14,750.0 MILLION

As at 30 June 2018, the Group's total assets grew to RM14,750.0 million, an increase of 5.2 percent from RM14,018.0 million in FY2017 largely due to the following:

## (a) Higher Inventories

Total inventories increased 16.8 percent to RM6,779.5 million in FY2018 from RM5,806.7 million in FY2017. The increase was largely due to the following:

- **Land held for property development (Non-Current):** Increased by RM638.6 million to RM1,865.8 million as the result of the acquisition of approximately 1,880 acres of land in MVV for RM689.6 million
- **Completed inventories (Current):** Increased by RM36.2 million to RM835.5 million, largely comprising the unsold units from East Residences at Alya and The Glades at Putra Heights
- **Property development costs (Current):** Higher property development costs at RM4,076.7 million as compared to RM3,777.9 million was mainly due to the increased activities at the respective townships namely Bandar Bukit Raja, Serenia City, Elmina East and Elmina West. Approximately 60.4 percent of the total property development costs i.e. RM2,462.7 million consist of costs incurred on developments yet to launch.

## (b) Joint Ventures

The Group's interest in Joint Ventures rose by RM256.0 million (13.0 percent) mainly due to additional equity injection into the BPS joint venture during the year of RM271.9 million.



Refer to the Group Financial Position on pages 204 to 205 and the Notes to the Financial Statements on pages 247 to 280 for more details.

## Total Liabilities



RM4,784.6 MILLION

The Group's total liabilities reduced by RM2,645.6 million (35.6 percent) to RM4,784.6 million in FY2018 largely due to the capitalisation of intercompany loans of RM2,895.3 million during the financial year under review, partially offsetted by an increase in total borrowings of RM478.1 million.

The Group's total liabilities reduced by

**RM2,645.6 million**

to RM4,784.6 million in FY2018

## Total Equity



Total equity increased from RM6,587.9 million to RM9,965.4 million in FY2018. This was mainly attributable to the enlarged ordinary share capital from RM1,000.0 million to RM6,800.8 million by way of:

Redemption of the entire

**1,405,496,300**

redeemable preference shares held by Sime Darby Berhad and capitalisation of 1,405,496,300 new ordinary shares

Capitalisation of the contribution from Sime Darby Berhad of

**RM1,500.0 million**

Capitalisation of amount due to Sime Darby Berhad of

**RM2,895.3 million**

## Capital and Liquidity Management

The Group's capital management objective is to maintain a prudent net gearing level and optimise the capital structure to ensure a competitive cost of capital and maximise shareholders' value. Implementation of an optimal capital structure includes balancing between debt and equity, and putting in place appropriate dividend and financing policies that influence the level of debt and equity. Management of debt includes managing the overall borrowing costs and maturity profile of the borrowings.

The Group operates a centralised treasury operation to optimise the deployment of financial resources and minimise the financing costs of its business operations. The Group uses the gearing ratio to assess the appropriateness of its debt level.

(RM'million)	FY2018	FY2017
Total Borrowings	2,542.4	2,064.3
Cash and bank balances (including cash under Housing Development Accounts)	749.4	1,129.2
Total Equity	9,965.4	6,587.9
Gross Gearing Ratio (%)	25.5	31.3
Net Gearing Ratio (%)	18.0	14.2

Total borrowings of the Group at RM2,542.4 million, are wholly Ringgit borrowings as the Group's assets and operations are principally located in Malaysia. The additional borrowings of about RM478.1 million was mainly used to finance the new land acquisition for property development and the higher volume of development activities in the key townships.

Net cash of the Group, including cash held under Housing Development accounts (HDA) decreased to RM749.4 million from RM1,129.2 million in the previous year.

The Group's gross gearing ratio of 25.5 percent, as at 30 June 2018 is a relatively moderate level, considering various contingency requirements, such as the need to ramp up its development activities, the impact of a prolonged subdued property market and the capacity to seize acquisition opportunities, if and when available.

### DEBT REPAYMENT PROFILE

(RM'million)	Short Term	< 1 year	1 to 2 years	2 to 5 years	> 5 years
<b>FY2018</b>	<b>170.1</b>	<b>325.7</b>	<b>505.6</b>	<b>761.2</b>	<b>779.7</b>
Percentage by time buckets (%)	6.7	12.8	19.9	29.9	30.7
<b>FY2017</b>	–	274.9	503.9	532.2	753.3
Percentage by time buckets (%)	–	13.3	24.4	25.8	36.5

The composition of the Total Group Borrowings between current and non-current were largely in the ratio of 20.0 percent versus 80.0 percent. The Group's debt repayment profile has a well spread tenure to reduce the concentration and refinancing risks. The increase in

short-term borrowings raised during the financial year was part of the Group's strategy to provide for flexibility to draw on borrowings upon requirement and to repay from available cash from operations in order to reduce borrowing costs.



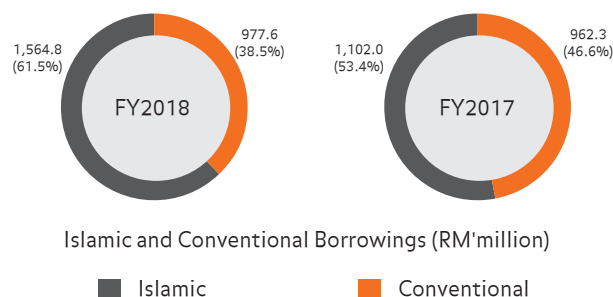
## Group Financial Review

The Group continues to support Islamic financing. Borrowings raised in accordance with Islamic principles amounted to RM1,564.8 million or 61.5 percent of the Group's total borrowings.

Conventional debt as a percentage of Total Assets of the Group amounted to 6.6 percent which is well below the threshold of 33.0 percent set by the Securities Commission to meet the criteria of a Shariah-compliant counter on Bursa Malaysia.

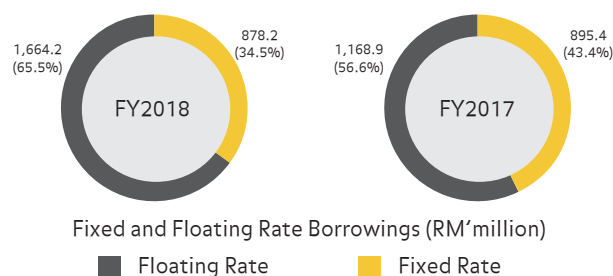
The composition of fixed rate borrowings over total borrowings of 34.5 percent in FY2018, had reduced from last year's 43.4 percent.

The higher percentage of floating rate loans has risen primarily from the additional borrowings of RM478.1 million for specific project funding. The Group believes its current mix of fixed rate to floating rate loans is balanced considering the interest rate sensitivity and given the moderate economic outlook.



Islamic and Conventional Borrowings (RM'million)

■ Islamic ■ Conventional



Fixed and Floating Rate Borrowings (RM'million)

■ Floating Rate ■ Fixed Rate

### FUNDING STRATEGY

Capital management also involves putting in place an efficient funding strategy which is crucial in view of the Group's reading of the Malaysian economy and the property sector, which will continue to remain challenging in the near-term. As part of the strategy to ensure that the Group is equipped with the flexibility to drive its various growth initiatives, the Group has made available financing facilities, which are summarised below:

(RM'million)	Facility Limit	Facility Limit Available
Bank Borrowings	3,072	889
ICP/IMTN Programme	4,500	4,500
Total	7,572	5,389

The Islamic Medium Term Note (IMTN) Programme of RM4,500 million and an Islamic Commercial Paper (ICP)/IMTN Programme of RM500 million with a combined limit of RM4,500 million (the "Programme") was novated from Sime Darby Berhad to Sime Darby Property Berhad pursuant to the Sime Darby Berhad Pure Play exercise. The Programme provides the Group with a funding platform to access long-term funding to meet its growth and expansion requirements. The status of the Programme has changed from "rated" to "unrated" following the novation.

## Group Cash Flow

(RM'million)	FY2018	FY2017
Operating cash flow	(595.9)	371.7
Investing cash flow	(434.5)	(506.7)
Proceeds from disposals, net of transaction costs	746.8	241.3
Dividend received	6.7	251.0
Net finance cost paid	(115.4)	(202.6)
Dividends paid	(210.7)	(50.0)
Net borrowings raised/ (repaid)	235.6	(278.3)
Proceeds from issuance of shares	–	364.6
Foreign exchange differences	(12.4)	32.1
Net Cash Flow	(379.8)	223.1

The Group's total cash balance of RM749.4 million as at 30 June 2018 was lower by RM379.8 million as compared to the cash balance of RM1,129.2 million as at 30 June 2017.

The net cash out flow was a result of negative Operating Cash Flow of RM595.9 million for FY2018 attributable to the cash utilised to purchase the MVV land and for working capital purposes, mainly on property development cost incurred for projects in various townships, particularly on construction costs.

The Group's negative investing cash flow of RM434.5 million in FY2018 was largely incurred for equity injection of RM271.9 million for the BPS Project and RM130.0 million for the construction of investment properties i.e. the construction of KL Gallery Mall in Taman Melawati.

The net borrowings raised have increased by RM235.6 million and was primarily to finance the net settlement of the amounts owing to the Sime Darby Berhad Group and for working capital.

### Proceeds from disposals



**RM746.8 MILLION**

## Quarterly Performance

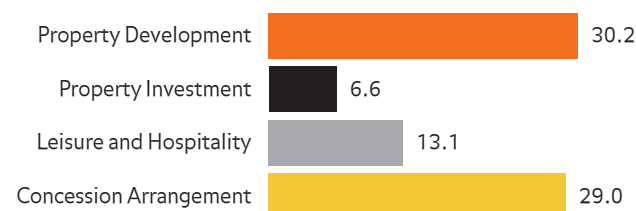
(RM thousand)	1QFY18 30 Sep 17	2QFY18 31 Dec 17	3QFY18 31 Mar 18	4QFY18 30 Jun 18	FY2018 Total
<b>Revenue</b>	472,612	703,625	559,502	617,365	<b>2,353,104</b>
Operating profit	18,815	153,397	52,336	50,768	<b>275,316</b>
Other gains/(losses)	318,772	(2,808)	1,947	(265)	<b>317,646</b>
Share of results from JVs & associates	84,578	27,058	(17,096)	(4,986)	<b>89,554</b>
<b>Profit before interest and tax (PBIT)</b>	<b>422,165</b>	<b>177,647</b>	<b>37,187</b>	<b>45,517</b>	<b>682,516</b>
<b>Profit before tax</b>	<b>428,173</b>	<b>183,402</b>	<b>42,998</b>	<b>73,809</b>	<b>728,382</b>
<b>Profit after tax</b>	<b>425,624</b>	<b>138,384</b>	<b>28,716</b>	<b>91,562</b>	<b>684,286</b>
<b>Profit attributable to owners of the Company</b>	<b>421,693</b>	<b>138,076</b>	<b>33,669</b>	<b>46,570</b>	<b>640,008</b>

- The **earnings of 1QFY18** included the gains from strategic disposals of equity interests in Seriemas Development Sdn Bhd and Malaysia Land Development Company Berhad of **RM317.8 million**.
- The earnings of 1QFY18 and 2QFY18 included the share of profit from **Battersea Power Station Project** of RM86.8 million and RM25.3 million, respectively.

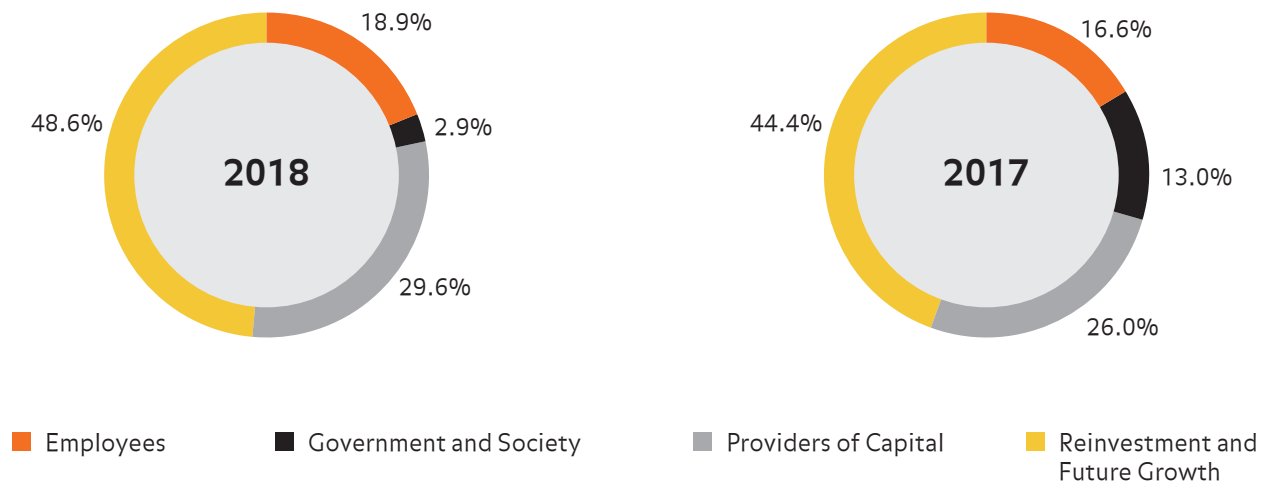
(RM thousand)	1QFY18 30 Sep 17	2QFY18 31 Dec 17	3QFY18 31 Mar 18	4QFY18 30 Jun 18	FY2018 Total
<b>SEGMENT RESULTS</b>					
<b>Revenue</b>					
Property Development	424,293	640,826	522,017	503,670	<b>2,090,806</b>
Property Investment	11,758	11,491	4,345	7,963	<b>35,557</b>
Leisure and Hospitality	27,723	24,683	24,309	24,376	<b>101,091</b>
Concession Arrangement	8,838	26,625	8,831	81,356	<b>125,650</b>
<b>Total</b>	<b>472,612</b>	<b>703,625</b>	<b>559,502</b>	<b>617,365</b>	<b>2,353,104</b>
<b>PBIT</b>					
Property Development	393,371	189,335	28,828	18,903	<b>630,437</b>
Property Investment	(7,023)	(3,507)	5,954	6,927	<b>2,351</b>
Leisure and Hospitality	33,951	(8,883)	1,851	(13,690)	<b>13,229</b>
Concession Arrangement	1,866	702	554	33,377	<b>36,499</b>
<b>Total</b>	<b>422,165</b>	<b>177,647</b>	<b>37,187</b>	<b>45,517</b>	<b>682,516</b>

### PBIT MARGIN

(%)



## Statement of Value Added



The Statement of Value Added illustrates how Sime Darby Property's performance supports its ability to deliver financial value to its stakeholders.

### VALUE ADDED

(RM thousand)	2018	2017
Total Turnover	2,353,104	2,610,852
Direct and Indirect Costs	(1,785,349)	(1,764,007)
<b>Value Added from Operations</b>	<b>567,755</b>	<b>846,845</b>
Other Operating Income	35,854	35,124
Other Gains	317,646	104,569
Share of Results of Joint Ventures	88,349	278,952
Share of Results of Associates	1,205	39,701
Finance Income	121,773	117,517
<b>Total Value Added</b>	<b>1,132,582</b>	<b>1,422,708</b>

### VALUE DISTRIBUTED

(RM thousand)	2018	2017
<b>Employees</b>	213,536	237,174
<b>Government and Society</b> (Corporate Taxation and CSR Expenses)	32,496	184,729
<b>Providers of Capital</b>		
Dividends	136,017	50,000
Finance Costs	155,485	234,395
Non-controlling Interests	44,278	85,072
	335,780	369,467
<b>Reinvestment and Future Growth</b> (Retained profits, Depreciation and Amortisation)	550,770	631,338
<b>Total Value Distributed</b>	<b>1,132,582</b>	<b>1,422,708</b>

## 5-Year Financial Summary

(RM thousand)	2018	2017	2016	2015	2014
<b>FINANCIAL RESULTS</b>					
Revenue	2,353,104	2,610,852	3,371,089	3,624,264	2,629,849
Profit before interest and tax (PBIT)	682,516	823,747	1,203,323	931,422	419,414
Profit before tax (PBT)	728,382	888,830	1,220,269	865,574	284,898
Profit after tax	684,286	709,101	954,758	688,220	383,893
Non-controlling interests	(44,278)	(85,072)	(81,533)	(68,391)	(26,353)
<b>Profit attributable to owners of the Company (PATAMI)</b>	<b>640,008</b>	<b>624,029</b>	<b>873,225</b>	<b>619,829</b>	<b>357,540</b>
<b>FINANCIAL POSITION</b>					
Share capital	6,800,839	2,405,496	1,010,409	1,004,741	1,001,696
Share premium and contribution from immediate holding company	–	1,500,000	2,530,493	1,969,323	1,667,919
Reserves	2,933,748	2,417,681	1,792,955	1,295,797	814,192
<b>Shareholders' Funds</b>	<b>9,734,587</b>	<b>6,323,177</b>	<b>5,333,857</b>	<b>4,269,861</b>	<b>3,483,807</b>
Non-controlling interests	230,837	264,724	174,510	105,741	39,519
<b>TOTAL EQUITY</b>	<b>9,965,424</b>	<b>6,587,901</b>	<b>5,508,367</b>	<b>4,375,602</b>	<b>3,523,326</b>
Property, plant and equipment	735,159	825,333	846,083	851,770	815,656
Investment properties	605,961	474,221	331,754	491,807	588,173
Inventories	6,779,463	5,806,663	5,607,700	4,540,317	3,703,787
Joint ventures	2,223,949	1,967,983	1,408,539	929,100	590,699
Other non-current assets	2,130,691	2,123,925	2,644,861	1,863,331	1,449,837
Cash (including cash in Housing Development Accounts)	749,395	1,129,154	906,010	806,215	737,741
Other current assets	1,525,360	1,331,624	1,208,025	1,719,519	1,092,993
Assets held for sale	–	359,125	–	133,710	138,262
<b>Total Assets</b>	<b>14,749,978</b>	<b>14,018,028</b>	<b>12,952,972</b>	<b>11,335,769</b>	<b>9,117,148</b>
Borrowings	2,542,352	2,064,281	2,140,692	1,734,509	1,201,182
Non-current liabilities (excl. borrowings)	429,590	2,808,124	3,030,483	3,107,363	2,869,209
Current liabilities (excl. borrowings)	1,812,612	2,552,727	2,273,430	2,034,886	1,439,271
Liabilities associated with assets held for sale	–	4,995	–	83,409	84,160
<b>Total Liabilities</b>	<b>4,784,554</b>	<b>7,430,127</b>	<b>7,444,605</b>	<b>6,960,167</b>	<b>5,593,822</b>
<b>NET ASSETS</b>	<b>9,965,424</b>	<b>6,587,901</b>	<b>5,508,367</b>	<b>4,375,602</b>	<b>3,523,326</b>
<b>FINANCIAL RATIOS (%)</b>					
PBT margin	31.0	34.0	36.2	23.9	10.8
PATAMI margin	27.2	23.9	25.9	17.1	13.6
Return on Average Shareholders' Funds (ROASF)	8.0	10.7	18.2	16.0	9.8
Gross gearing ratio	25.5	31.3	38.9	39.6	34.1
Net gearing ratio	18.0	14.2	22.4	21.2	13.2
<b>SHARE INFORMATION</b>					
Basic earnings per share (sen)	11.1	16.5	26.9	22.1	17.1
Net dividend per share (sen)	5.0	5.0	25.0	20.0	20.0
Net assets per share attributable to owners of the Company (RM)	1.4	6.3	5.3	4.3	3.5
Share price (RM)	1.2	–	–	–	–



## Key Performance Metrics

Our financial and operating metrics are aligned to our six capital inputs and outcomes – **Financial, Manufactured, Human, Social, Natural and Intellectual**. The key metrics for the Financial Period ending 31 December 2018 below allow us to assess our effectiveness in achieving our strategic objectives and in creating sustainable value for our stakeholders.



Financial

### DIVIDEND PAYOUT

- ▶ **Objective:** To deliver sustainable value to our shareholders via dividend contribution

More than **20%**

**FY2018:** Achieved 53.1% payout



Financial

### UNBILLED SALES

- ▶ **Objective:** To strengthen our unbilled sales base for future sales recognition

**RM2.2** billion

**FY2018:** Achieved RM2.0 billion



Manufactured

### CUSTOMER SATISFACTION INDEX

- ▶ **Objective:** To deliver the highest standards of value and service to our customers

**5%**

Increase from FY2018

**FY2018:** 2% increase from FY2017



Natural

### CARBON INTENSITY

- ▶ **Objective:** To actively monitor and reduce our carbon emissions

**2.5%**

Reduction from 2016 Baseline

**FY2018:** Reduction of 2.0% from 2016 Baseline



Social

### LOSS TIME INJURY FREQUENCY RATE

- ▶ **Objective:** To promote well-being and safety of all at our operations

**10%**

Reduction from FY2018

**FY2018:** Reduction of 39% from FY2017



Human

### FEMALE REPRESENTATION

- ▶ **Objective:** To support the leadership development of our female employees and promote greater gender diversity

Maintain **30%**  
and above

**FY2018:** 43% representation across the Group and 30% in the Board



Intellectual

### RECOGNISED ON ESG INDICES

- ▶ **Objective:** To uphold our recognition and commitment for corporate sustainability leadership in the Emerging Markets

Remain as a constituent of a  
**key global sustainability index**

**FY2018:** Constituent of FTSE4Good Indices and Dow Jones Sustainability Index

## Financial Calendar

For the Financial Year ended 30 June 2018

### ANNOUNCEMENT OF UNAUDITED CONSOLIDATED RESULTS

- ▶ **1st Quarter**  
ended 30 September 2017 : 16 November 2017
- ▶ **2nd Quarter**  
ended 31 December 2017 : 26 February 2018
- ▶ **3rd Quarter**  
ended 31 March 2018 : 24 May 2018
- ▶ **4th Quarter**  
ended 30 June 2018 : 28 August 2018

### DIVIDENDS

#### ▶ First Interim Single Tier Dividend of 2.0 sen Per Ordinary Share

Announcement of the Notice of Entitlement and Payment	: 26 February 2018
Date of Entitlement	: 16 April 2018
Date of Payment	: 26 April 2018

#### ▶ Second Interim Single Tier Dividend of 3.0 sen Per Ordinary Share

Announcement of the Notice of Entitlement and Payment	: 28 August 2018
Date of Entitlement	: 28 September 2018
Date of Payment	: 26 October 2018

### ▶ 45<sup>th</sup> ANNUAL GENERAL MEETING

- ▶ **Notice Date** : 2 October 2018
- ▶ **Meeting Date** : 31 October 2018

# Investor Information

## Investor Relations (IR)

The Group's Investor Relations Department plays a crucial role in engaging and disseminating information on the Group's strategies, performance and ongoing key developments to existing shareholders and the investing community at large. The team conducts regular dialogues and discussions with fund managers, financial analysts, shareholders and media across Malaysia and the neighboring countries.

In Sime Darby Property, the Group Managing Director, Dato' Sri Amrin Awaluddin and Executive Director/Group Chief Financial Officer, Datuk Tong Poh Keow spearhead the Investor Relations programme, supported by the Investor Relations team and Senior Management members. Senior Management members include Dato' Wan Hashimi Albakri (Chief Operating Officer of Township Developments), Encik Quek Cham Hong (Chief Operating Officer of Integrated Developments), Encik Mohammad Fairuz Mohd Radi (Chief Transformation Officer) and Encik Gerard Yuen Yun Wei (Chief Marketing & Sales Officer).

The Sime Darby Property Board and Senior Management are regularly apprised, through the Investor Relations Quarterly Reports, the feedback from investor engagement sessions and the reports from the analysts and fund managers.

### FY2018 INVESTOR RELATIONS CALENDAR

An active Investor Relations annual calendar and periodic communication is a key prerequisite to establishing a transparent and sustainable engagement channel with investors, analysts and shareholders. This is especially important for the Company, in its first year of listing, to provide more guidance, information and visibility to the shareholders.



### COMMUNICATION CHANNELS

#### Analyst Briefings

Sime Darby Property holds analyst briefings for its quarterly results announcements at the Sime Darby Convention Centre. Webcast sessions are available to both local and foreign participants. Presentation materials and financial statements are provided during the briefings and can be easily downloaded from the website.

#### Investor Relations Website Information

The IR team maintains the IR section of the corporate website at [www.simedarbyproperty.com/investor-relations](http://www.simedarbyproperty.com/investor-relations) in a timely and accurate manner. It is the key online repository for providing up-to-date and historical investor-related information to enable investors to make sound investment decisions. The IR team can also be reached at [investorrelations@simedarbyproperty.com](mailto:investorrelations@simedarbyproperty.com)

#### Meetings, Roadshows & Conferences

Investor meetings are the key to effective stakeholder engagement as this direct channel of communication provides an opportunity for the investment community to gain a better understanding of the businesses and growth direction of the Group. Meetings are consistently held at our Head Office in Ara Damansara or during investor conferences and roadshows in Singapore, Hong Kong and London.

## Investor Information

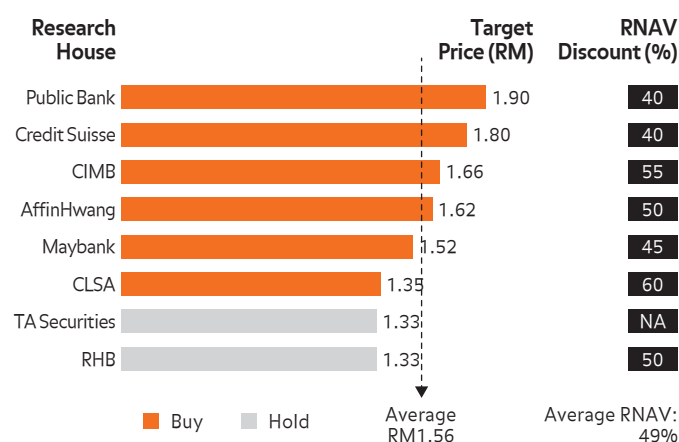
## SIGNIFICANT EVENTS

2017	Event (Pre-Listing)
July	Invest Malaysia Kuala Lumpur
September	1. CLSA Investors' Forum Hong Kong 2. Management Roadshow in KL
October	Management Roadshow in Singapore and HK
November	Management Roadshow in KL, Singapore and HK

2018	Event (Post-Listing)
January	1. CIMB Annual Malaysia Day KL 2. Credit Suisse ASEAN Conference Singapore 3. Maybank Invest Malaysia KL
March	Management Roadshow in London
June	1. Citi ASEAN Conference Singapore 2. Citi Asia Pacific Property Conference HK

## BROAD RESEARCH COVERAGE

Since the listing of the Company on 30 November 2017, Sime Darby Property is covered by 8 local and foreign research houses and brokerages. As at 4 September 2018, the Group garnered 75 percent Buy Recommendations and 25 percent Hold Recommendations, with an average Target Price of RM1.56 and average Revalued Net Asset Value (RNAV) discount of 49 percent. The summary of the research analysts' rating recommendation and target price is detailed below.



## SUMMARY OF INVESTOR INTEREST

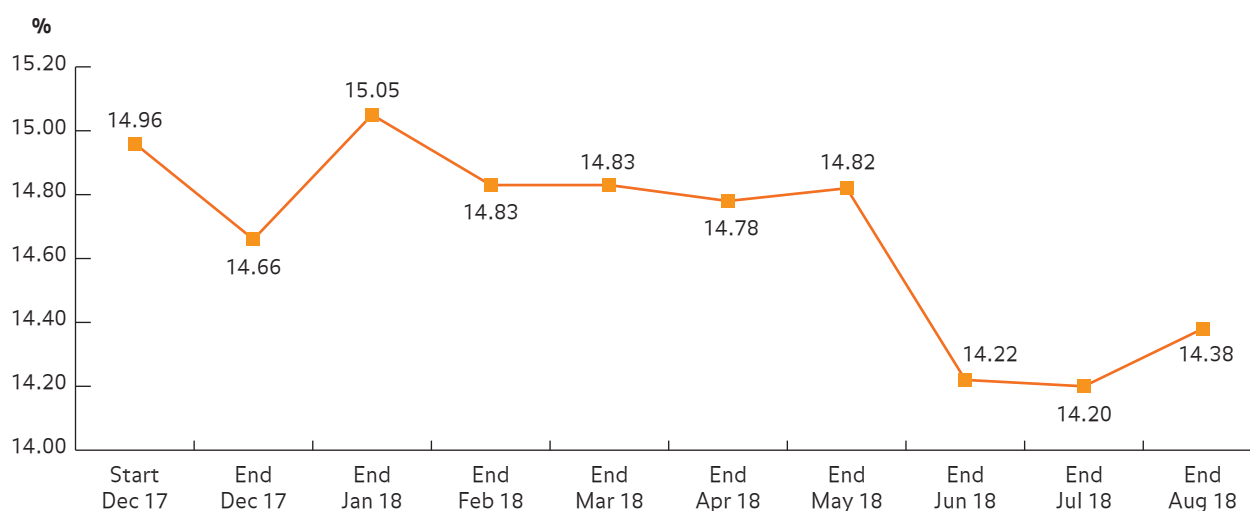
Our engagements have equipped us with greater appreciation of the investors' focus areas, as tabulated below, which in turn help to guide the Group's long term growth priorities.

Focus Area	Sime Darby Property's Response
<b>Value creation</b>	<ul style="list-style-type: none"> <li>The largest property developer by land bank size in Malaysia, owning more than 20,000 acres</li> <li>The Group's ability and commitment to create sustainable values</li> <li>Through the new 5 Year Strategic Blueprint, management has strategic focus to actively unlock the value of its vast land bank</li> <li>The Group is expanding its core development profitability</li> </ul>
<b>Financial performance</b>	<ul style="list-style-type: none"> <li>The Group's financial performance had been largely supported by exceptional items</li> <li>Management had since better articulated the Group's asset monetisation strategy, a journey which we embarked starting back in 2013</li> <li>This is a proactive stance to unlock asset value and refresh asset portfolio</li> <li>The Group is reallocating cash to higher value and revenue generating assets</li> <li>Core operational performance in 2018 have improved steadily as a result of the continued efforts to optimise operational efficiencies</li> </ul>

Focus Area	Sime Darby Property's Response
<b>Capital management and dividend policy</b>	<ul style="list-style-type: none"> <li>The Group has an effective capital management strategy which is crucial to the Group's commitment to deliver long-term shareholders value</li> <li>Rationale of our decision to maintain strong capital levels in preparation of upcoming large property projects in Negeri Sembilan and Johor</li> <li>The Group is cognisant of rewarding all shareholders with consistent dividend payouts. Against a challenging backdrop, we successfully achieved a dividend payout ratio of 53.1 percent and dividend yield of 4.2 percent</li> </ul>
<b>Overseas exposure</b>	<ul style="list-style-type: none"> <li>The Group's investment in Battersea Power Station, London in 2012 marked its first significant foray in property development outside of Malaysia</li> <li>The Group's exposure in London proved to be a challenging one, given the economic and political headwinds in recent times such as Brexit, softening London property market and depreciation of the Malaysian Ringgit</li> <li>Nevertheless, the Group's active involvement in Battersea on all fronts reflects our continuous commitment in ensuring the success of the project</li> <li>Moving forward, we are optimistic on exploring other international venture by leveraging on our presence in London</li> </ul>
<b>Board and Management leadership</b>	<ul style="list-style-type: none"> <li>Strong Board with broad expertise on the industry, regulations and governance</li> <li>Management has a track record of deep experience and strong competency</li> <li>The Group takes serious consideration and evaluation to determine the best leadership lineup with the right skillsets and experience to take us to greater heights</li> </ul>

## MONTHLY FOREIGN SHAREHOLDINGS

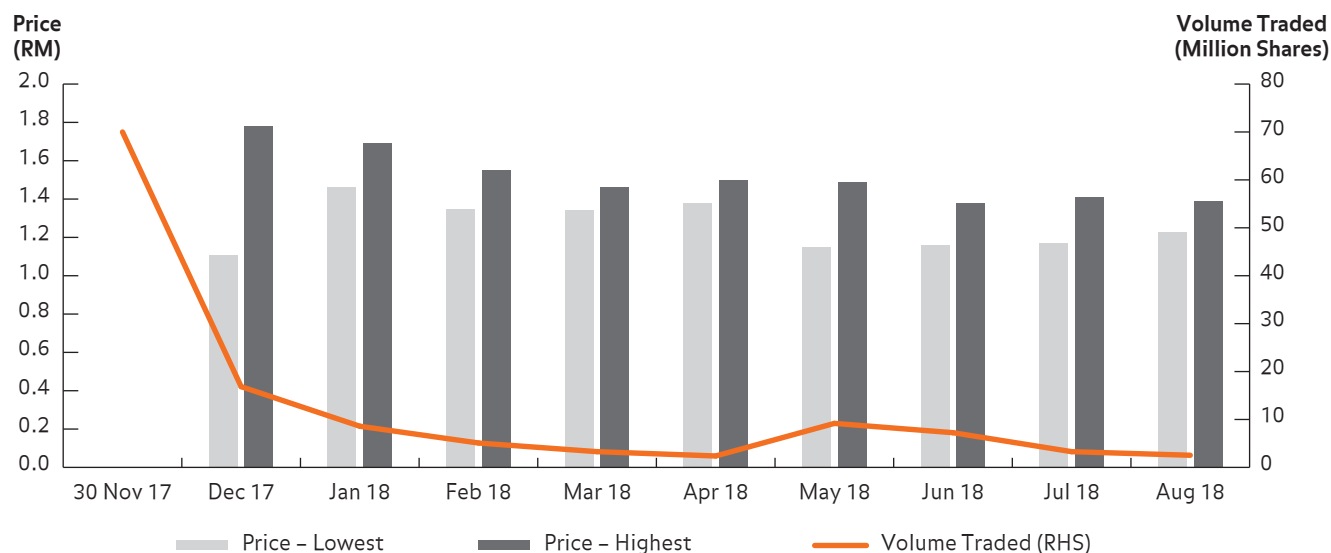
Foreign shareholdings continue to be within the range of 14 percent – 15 percent





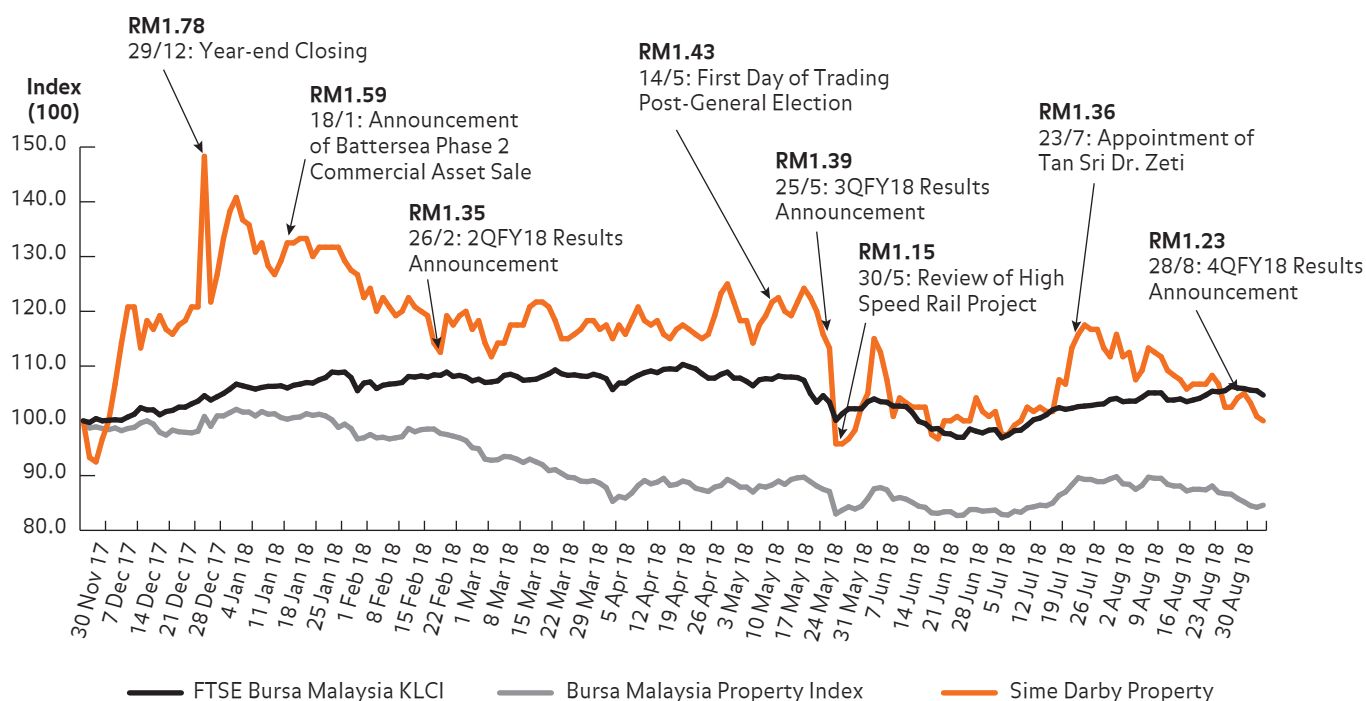
## Investor Information

### Share Price Movements



Price – Highest (RM)	1.78	1.69	1.55	1.46	1.50	1.49	1.38	1.41	1.39
Price – Lowest (RM)	1.11	1.46	1.35	1.34	1.38	1.15	1.16	1.17	1.23
Volume Traded (Million Shares)	16.85	8.59	5.09	3.28	2.38	9.18	7.24	3.28	2.53

### Share Price Performance





# Property Development



Our remaining land bank, totalling 20,572 acres, is in various strategic locations mainly in the Klang Valley, Negeri Sembilan and Johor. Within our existing 23 active townships integrated and niche developments, there is 12,147 acres of land bank, with a combined estimated GDV of RM80.9 billion. These are strong income generating portfolios, with a pipeline of projects contributing to our earnings over the next 15 to 20 years. The remaining 8,425 acres of land bank, has a potential GDV of RM8.4 billion. This includes areas like Kota Elmina, Lagong and land within the Malaysia Vision Valley, which are reserved for future developments.

► **20,572** acres  
total remaining developable  
area

total estimated GDV  
► **RM 89.3** billion



## Property Development

▶ Remaining developable land area within existing developments

**12,147** acres

■ Township, 98%

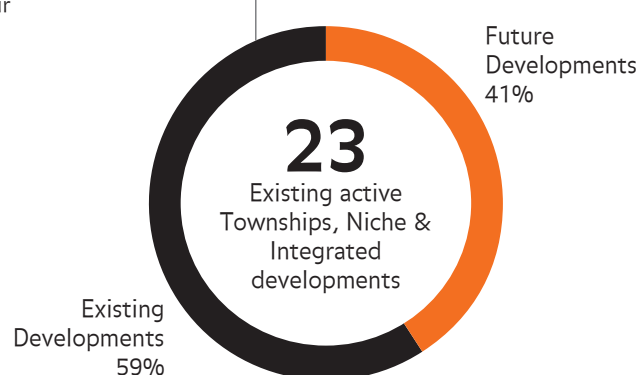
- City of Elmina: Elmina East
- City of Elmina: Elmina West
- City of Elmina: Denai Alam & Bukit Subang
- Bandar Bukit Raja 2 & 3
- Bandar Bukit Raja 1
- Serenia City
- Putra Heights
- Ara Damansara
- Bukit Jelutong
- Saujana Impian
- Taman Melawati
- Nilai Impian 2
- Nilai Impian 1
- Bandar Ainsdale
- Planters' Haven
- Bandar Universiti Pagoh
- Taman Pasir Putih

■ Niche & Integrated, 2%

- ALYA Kuala Lumpur
- Chemara Hills
- USJ Heights
- SJ 7
- SJCC
- KL East

▶ Remaining developable land area for future developments

**8,425** acres

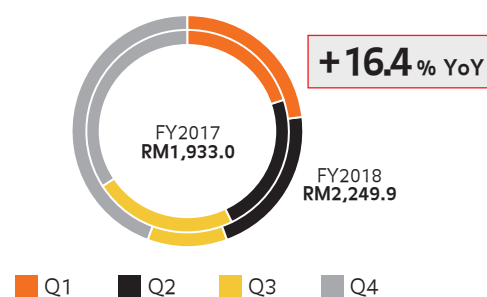


### DELIVERING VALUE

#### Revenue (RM'million)



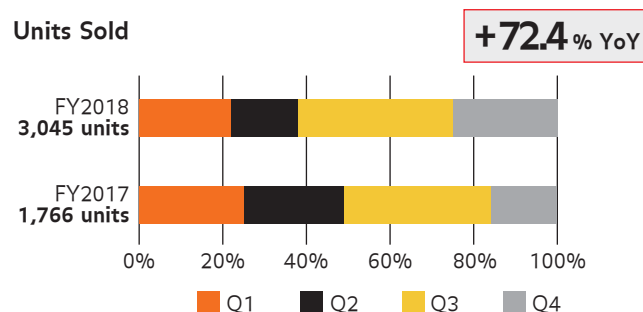
#### Net Sales Value (RM'million)



#### PBIT (RM'million)



#### Units Sold





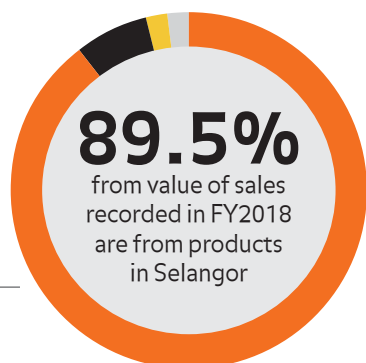
Sime Darby Property has to date built 23 active townships, niche and integrated developments which are located mainly at strategic locations around the Klang Valley, Negeri Sembilan and Johor. In the UK, as part of a Malaysian consortium, Sime Darby Property is the developer of the iconic Battersea Power Station project in central London.

The property development segment continues to be the key driver in both revenue and segmental PBIT of the Group. The property development segment registered a 12.4 percent annual decline in revenue as the previous year's revenue was largely attributable to major land transactions and compulsory land acquisition. The segment's PBIT was recorded higher at RM630.4 million for the financial year ended 30 June 2018 driven by higher sales and development activities at current major ongoing township developments.

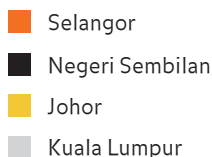
## Review of Performance

Sime Darby Property has been involved in the property development business for over 40 years with a strong track record of delivering landed to strata properties covering residential, commercial and industrial developments. We pride ourselves in being an established Malaysian developer of townships where generations of families live in safe environments and vibrant communities emerge and thrive. We offer a broad product spectrum from affordable to luxury homes, office buildings, retail malls and industrial business parks. This allows us to capture various market segments, which are differentiated based on affordability, lifestyle preferences as well as business needs.

## Launches and Operational Progress for the Year



- Selangor, **89.5%**
- Negeri Sembilan, **6.7%**
- Johor, **2.1%**
- Kuala Lumpur, **1.7%**



- Sime Darby Property held a steady number of new product launches throughout FY2018, recording a Net Sales Value of RM2,249.9 million on the back of 3,045 units sold. From the total, 89.5 percent of sales are recorded for our products located within Selangor, where our launches are mainly concentrated.
- In terms of operational progress of the segment, a total of 16 projects were successfully completed over the course of the year, with a total of 2,305 units.
- As at end of FY2018, the property development segment has a total of 35 ongoing projects, totalling 8,574 units valued at RM5,419 million, with expected completion of up to FY2020.
- Other projects in the pipeline up to FY2019 are expected to provide significant earnings visibility for the Group, with an estimated GDV of RM4,500 million.

## Property Development

Our new launches saw strong take-up rates, reflecting high demand for residential and commercial products by Sime Darby Property.

- 1 **Serenia Amani**, the first residential development in Serenia City, was officially launched on 31 March 2018. The residential development spans across 25 acres and comprises 302 units of double-storey linked homes. We offered the first phase of 126 units, slated for completion by April 2020. Eager purchasers, who came a day before the official launch, **booked all the units in just one hour.**
- 2 Sime Darby Property has also launched **Orkid** on March 2018 in Nilai Impian, a 10.07-acre freehold development comprising 132 units of double-storey linked homes. A total of **76 percent units were taken up on the launch day.**
- 3 The launch of the first 120 units of **Ferrea** double-storey linked homes in Denai Alam achieved a 63 percent take-up rate, while Liana at Elmina Gardens, comprising 72 units of double-storey super linked homes attained a 40 percent take-up during the weekend of both product launches.
- 4 The launch of **Elmina Green Phase 1** double-storey terraced houses, recorded a take-up rate of 70 percent out of a total of 187 units over weekend launch. Elmina Green Phase 1 is scheduled for completion in October 2019.
- 5 The **Semanea Hills** super linked homes in Denai Alam recorded a 90 percent take-up rate, while 73 percent of the semi-detached units were sold within one week. The Semanea Hills development has a GDV of RM170 million.
- 6 **Azira** in Bandar Bukit Raja received positive response from the public with over **70 percent take-up rate within a weekend.** The development comprises 111 units of double-storey linked homes with completion slated for January 2020.
- 7 **3 Avenue** in Bandar Bukit Raja, a development of double-storey shop lots and double-storey semi-detached commercial units, **attained an 80 percent take-up rate within a week of its launch.**



## PRODUCT LAUNCHES

### FOR FINANCIAL YEAR 2018



Launch : **29 June 2018**  
Phase : **ELMINA GREEN 1 (EG1B)**  
Township : **ELMINA WEST**  
GDV (RM'million) : **160.2**



Launch : **09 June 2018**  
Phase : **3 AVENUE (BRCL4)**  
Township : **BANDAR BUKIT RAJA**  
GDV (RM'million) : **62.1**



Launch : **07 May 2018**  
Phase : **SEMANEA HILLS (BS2/H1B)**  
Township : **DENAI ALAM**  
GDV (RM'million) : **109.5**



Launch : **27 April 2018**  
Phase : **SEMANEA HILLS (BS2/H1A)**  
Township : **DENAI ALAM**  
GDV (RM'million) : **82.7**



Launch : **14 April 2018**  
Phase : **ATHIRA (R5)**  
Township : **BANDAR BUKIT RAJA 2**  
GDV (RM'million) : **141.7**



Launch : **01 April 2018**  
Phase : **SERENIA AMANI (A2-2)**  
Township : **SERENIA CITY**  
GDV (RM'million) : **102.0**



Launch : **30 March 2018**  
Phase : **SERENIA AMANI (A2-1)**  
Township : **SERENIA CITY**  
GDV (RM'million) : **72.0**



Launch : **22 March 2018**  
Phase : **ORKID (NU3A3)**  
Township : **NILAI UTAMA**  
GDV (RM'million) : **67.6**



Launch : **20 January 2018**  
Phase : **AZIRA (R4)**  
Township : **BANDAR BUKIT RAJA 2**  
GDV (RM'million) : **83.6**



Launch : **17 January 2018**  
Phase : **SARJANA PROMENADE (C8-1)**  
Township : **BANDAR UNIVERSITI PAGOH**  
GDV (RM'million) : **33.1**



Launch : **22 December 2017**  
Phase : **LANAN NADINA (G3A)**  
Township : **ELMINA EAST**  
GDV (RM'million) : **28.2**



Launch : **23 November 2017**  
Phase : **FERREA (BS2/J1)**  
Township : **DENAI ALAM**  
GDV (RM'million) : **196.7**

## Property Development



Launch : **16 November 2017**  
Phase : **LIANA (G3C)**  
Township : **ELMINA EAST**  
GDV (RM'million) : **101.7**



Launch : **16 November 2017**  
Phase : **LOT 15**  
Township : **SJCC**  
GDV (RM'million) : **280.7**



Launch : **27 October 2017**  
Phase : **REDUP (BA4A)**  
Township : **BANDAR AINSDALE**  
GDV (RM'million) : **32.2**



Launch : **26 October 2017**  
Phase : **PUTRA RESIDENCE (RETAIL)**  
Township : **PUTRA HEIGHTS**  
GDV (RM'million) : **6.7**



Launch : **20 October 2017**  
Phase : **CASTILLA 2 (PH 5)**  
Township : **CHEMARA HILLS**  
GDV (RM'million) : **53.4**



Launch : **19 October 2017**  
Phase : **TARA (H5)**  
Township : **BUKIT JELUTONG**  
GDV (RM'million) : **32.8**



Launch : **12 October 2017**  
Phase : **ELMINA GREEN 1 (EG1A)**  
Township : **ELMINA WEST**  
GDV (RM'million) : **143.5**



Launch : **12 August 2017**  
Phase : **RUMAH SELANGOR KU (HARMONI)**  
Township : **PUTRA HEIGHTS**  
GDV (RM'million) : **355.0**



Launch : **21 July 2017**  
Phase : **CASIRA 2 (R10B)**  
Township : **BANDAR BUKIT RAJA 2**  
GDV (RM'million) : **90.8**



Launch : **01 July 2017**  
Phase : **SENADA (TOWER B)**  
Township : **ALYA KUALA LUMPUR**  
GDV (RM'million) : **166.9**

## Updates on Major Projects in Our Property Development Segment



The 5,000 acres City of Elmina is a cluster of townships located along the Guthrie Corridor Expressway (GCE). The project is part of the Selangor Vision City, where the entire Guthrie Corridor is set to be the growth centre and catalyst within the Greater KL and the Klang Valley. The development consists of Denai Alam (1,000 acres), Bukit Subang (250 acres), Elmina East (1,089 acres) and Elmina West (2,661 acres).

Total Area	: 5,000 acres	11 on-going phases with	907 units launched in FY18	7 launches
Estimated remaining GDV	: RM18,823 million	GDV of RM1,369 million	with GDV of RM1,096 million	in FY19



Bandar Bukit Raja comprises of Bandar Bukit Raja 1 (1,513 acres) and Bandar Bukit Raja 2 & 3 (2,820 acres) launched in 2002 and 2016 respectively. It is accessible via Jalan Meru, New Klang Valley Expressway (NKVE) and New North Klang Straits Bypass. The West Coast Expressway (WCE) which is currently under construction will act as the road transport backbone of Bandar Bukit Raja township upon completion.

Total Area	: 4,333 acres	9 on-going phases with	418 units launched in FY18	8 launches
Estimated remaining GDV	: RM12,640 million	GDV of RM885 million	with GDV of RM378 million	in FY19



The 2,370-acre Serenia City is located within close proximity to the Kuala Lumpur International Airport (KLIA) and KLIA2, the Federal Government's administrative centre in Putrajaya and Malaysia's IT hub in Cyberjaya. It will have its own interchange to the ELITE Highway, further enhancing connectivity to and from Serenia City on top of ready connections to the North-South Expressway (NSE), and the Maju Expressway (MEX) Highway. It is also situated near the Salak Tinggi ERL station.

Total Area	: 2,370 acres	2 on-going phases with	302 units launched in FY18	7 launches
Estimated remaining GDV	: RM8,784 million	GDV of RM227 million	with GDV of RM174 million	in FY19



ALYA Kuala Lumpur development which encompasses TPC Kuala Lumpur, one of Malaysia's premier golf and country clubs, is located within a 360-acre natural setting and reflects urban living amidst natural surroundings in Bukit Kiara, Kuala Lumpur, 8km from the heart of the city centre. ALYA Kuala Lumpur represents our maiden involvement in the premium, branded lifestyle segment comprising 9 development parcels of 62 acres flanked by affluent neighbourhoods.

Total Area	: 360 acres	1 on-going phases with	170 units launched in FY18	1 launches
Estimated remaining GDV	: RM7,147 million	GDV of RM941 million	with GDV of RM167 million	in FY19



Located within 15 minutes of the Kuala Lumpur City Centre and 800m from the Gombak LRT Station, KL East was launched in 2011 as an urban integrated residential, lifestyle and commercial enclave with the Klang Gates Quartz Ridge as its natural backdrop. More than 50% of the development comprises green open spaces, including the KL East Eco Park which spans 53 acres. All buildings within this development are Green Building Index (GBI) rated. It is connected by various highways such as the Ampang-KL Elevated Highway (AKLEH), Duta-Hulu Klang (DUKE), Middle Ring Road 2 (MRR2), Karak Expressway, and will also benefit from the upcoming Setiawangsa Pantai Expressway (SPE).

Total Area	: 160 acres	1 on-going phases with
Estimated remaining GDV	: RM2,234 million	GDV of RM756 million



NILAI (IMPIAN)

Nilai Impian comprises of Nilai Impian 1 (1,263 acres) and Nilai Impian 2 (546 acres) which were launched in 1997 and 2014 respectively. Nilai Impian is strategically situated at the fringe of Greater Kuala Lumpur and is the gateway to the Southern Klang Valley growth corridor. Located within a 30km radius from major hubs such as KLIA, Putrajaya and KL City Centre, on a site with direct frontage to one of the country's busiest and most prominent expressway, the North-South Expressway, there is considerable growth potential in Nilai Impian.

Total Area	: 1,809 acres	2 on-going phases with	132 units launched in FY18	1 launches
Estimated remaining GDV	: RM4,051 million	GDV of RM143 million	with GDV of RM68 million	in FY19



Bandar Universiti Pagoh (BUP) is Malaysia's first township that is seamlessly integrated with a higher education hub, the Pagoh Education Hub (PEH). Spanning 4,099 acres, it is strategically located in the Muar District, Johor, off the Pagoh Interchange which is the mid-point between Kuala Lumpur and Singapore. PEH is also the country's first multi-varsity education hub, housing four institutes of higher learning. It is a key catalyst for BUP with more than 10,000 students when it is fully occupied. Currently, there are already more than 7,000 students in PEH.

Total Area	: 4,099 acres	2 on-going phases with	35 units launched in FY18	10 launches
Estimated remaining GDV	: RM5,503 million	GDV of RM146 million	with GDV of RM33 million	in FY19



Property Development

Malaysia Vision Valley

Malaysia Vision Valley (MVV) is a state-led, private sector-driven development which spans across 379,100 acres of land to deliver economic impact to the country. This will be delivered by bringing in investments, creating jobs and business opportunities. The development is part of Rancangan Fizikal Negara, where it has been identified as one of the 17 Promoted Development Zones to be given priority at the national level. It is also part of the Rancangan Struktur Negeri, aimed at positioning the Seremban and Port Dickson districts as part of Greater Kuala Lumpur.

The first phase spans over a 30-year development period covering 27,000 acres. Sime Darby Property currently owns 3,187 acres within the MVV and has the option to acquire another 8,796 acres from Sime Darby Bhd within five years from the date of its listing. Seven (7) heartbeat projects have been identified with development themes based on existing ecosystems that have been established organically.

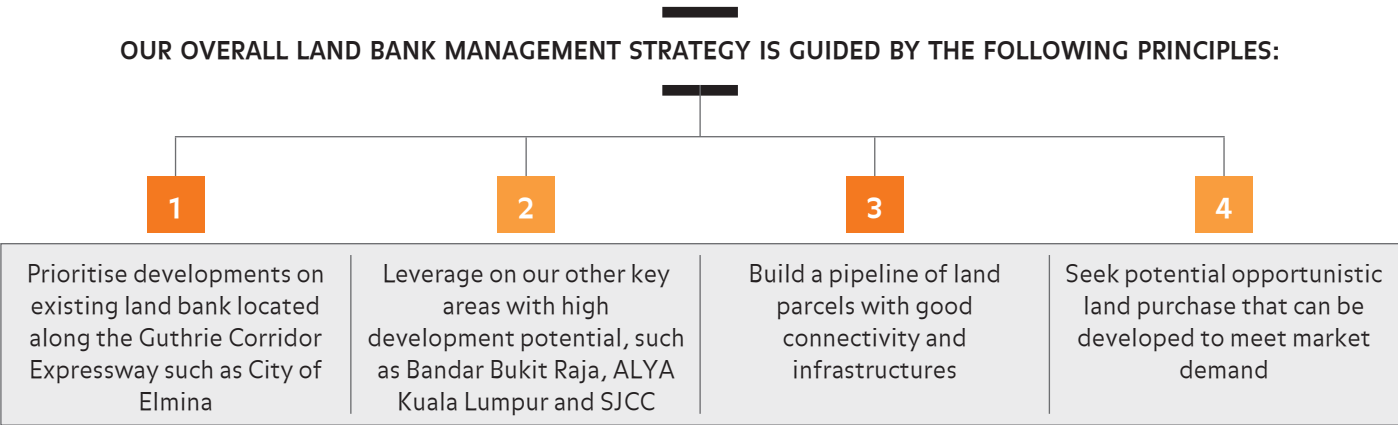
As the leading private entity in this development, we have been intensifying our engagement with the State and Federal Governments to ensure alignment with their development focus. Our next step is to discuss matters relating to economic affairs, incentives and transportation infrastructures. The construction of the new Nilai-Labu-Enstek (NLE) expressway has already started to provide better access to the heartbeat projects.

Sime Darby Property is currently in talks with several investors, with the immediate development being a high-tech industrial park in Labu as the first heartbeat project to be activated, due to its accessibility via the North-South Expressway (NSE), KTM railway and the NLE road. We are working on a 15-year development plan to generate catalytic projects that will build critical mass and create jobs, leveraging on common infrastructure projects committed by the Government, whilst still ensuring flexibility to respond to market and investor requirements. We are continuously seeking reputable partners for the development of these projects.

Active Land Bank Management

Sime Darby Property currently owns approximately 20,572 acres of remaining developable land bank and have an additional access to:

- 8,796 acres of land bank via the Malaysia Vision Valley (MVV) Option Agreements
- 11,806 acres of land bank under the Land Option Agreements signed with Sime Darby Plantation.



## WE PRACTICE A THREE-PRONGED APPROACH TO MAXIMISE RETURNS ON OUR SIZABLE LAND BANKS.



This year, we announced our plans to monetise non-strategic assets involving our land in Kedah and Sabah as they do not come under our key development focus. This will allow us to reallocate resources to future developments in key growth areas in the central region.

## United Kingdom

**The Battersea Power Station (BPS) project** is a 42-acre project that will continue to generate long term interest and remain a key investment option in London.

BPS continues to make excellent progress for residential sales and commercial leasing. In Circus West (Phase 1), nearly all of the homes have been handed over to purchasers. Today, over 1,000 residents reside at the location and a number of new restaurants and cafes have opened, turning it into a new riverside destination for London which is now accessible via the MBNA Thames Clippers River Bus Service.

A total of 92 percent of residential units have been sold in the Power Station (Phase 2) project. Accommodating 253 new homes, the location will be transformed into a historic visitor attraction with a 6-acre Power Station Park, over 100 new shops, 35,000 sq ft of street food market, over 500,000 sq ft of office space, a cinema and an event space with standing room for 2,000 people.

Apple's new London campus will occupy six floors of office space in the central Boiler House of the Power Station. Apple is set to be the largest commercial tenant accounting about 50 percent of the commercial space in Phase 2. Opening in 2021, over 1,400 Apple employees will relocate from locations around London to BPS.

The Electric Boulevard (Phase 3) will connect local communities to the Power Station, creating a new shopping destination for London. This phase will provide

over 1,000 new homes and 50 new shops, restaurants and cafes. There will also be a 160-room hotel, a community hub and health centre.

In January 2018, Permodalan Nasional Berhad (PNB) and the Employees Provident Fund (EPF) signed a Heads of Terms with Battersea Phase 2 Holding Company Limited to initiate preliminary negotiations to purchase commercial





## Property Development



assets within the Power Station building. The final purchase price is subject to further due diligence and once finalised, it will enable the project to reallocate capital to other areas of the development.

Battersea Power Station and Peabody entered into a strategic partnership in February 2018, to deliver 386 affordable homes at Phase 4a of the development, ranging from studio flats to 4-bedroom family homes. A new NHS healthcare centre, central garden with play area will be available along with business incubator work space and retail units to support local enterprises.

The development will benefit from the 3km extension of the Northern Line underground, due to open in late 2020, to a new Zone 1 station at BPS.

There has been a shift of behaviours in home ownership among millennials in many parts of the world, including Malaysia. The decision to buy a property is highly attributed to affordability which is heavily influenced by the increasing cost of living as well as poor spending and saving habits. A study by the Asian Institute of Finance (AIF) revealed that there is an unprecedented debt accumulation amongst Malaysia's millennials.

This age group currently makes up the largest market segment (26 percent or 8.4 million people) in Malaysia. Affordable housing continues to be the Malaysian property market focus and expectations of a special housing loan scheme for first home buyers in the low to middle income group may improve sentiments further.

### Industry Landscape and Challenges

The property market continues to be relatively cautious in 2018, with added pressure from the mixed views on the direction of the market. The overhang of completed unsold units in the residential segment may have intensified over the years while the Malaysian House Price Index reflected a sustained moderating trend, with the annual growth rate decelerating since the end of 2013 due to the various cooling measures implemented.

### Initiatives Adopted in FY2018

At Sime Darby Property, we believe in conducting continuous research to better understand the emerging challenges and opportunities as well as the 'science' behind ideal homes. This equips us with rich customer insights, taking us beyond home structures, to apply technology for creating innovative dream homes. And as a result, we are able to achieve significant impact in terms of wastage reduction, minimised construction time without sacrificing quality and even allowing our customers to have a say in the design of their homes.



## **A Transformation in Building Homes**

We closely monitor the ever-changing lifestyle and housing preferences of our discerning home buyers. The findings are then translated into new solutions, and applied when designing our products and choosing building practices to meet customer expectations.

For instance, at the product design stage, several innovative concepts are considered, including the use of open space planning, modular dimensions, kitchen as the heart of the home, seamless indoor-outdoor relationship and lifetime home innovation, amongst others.

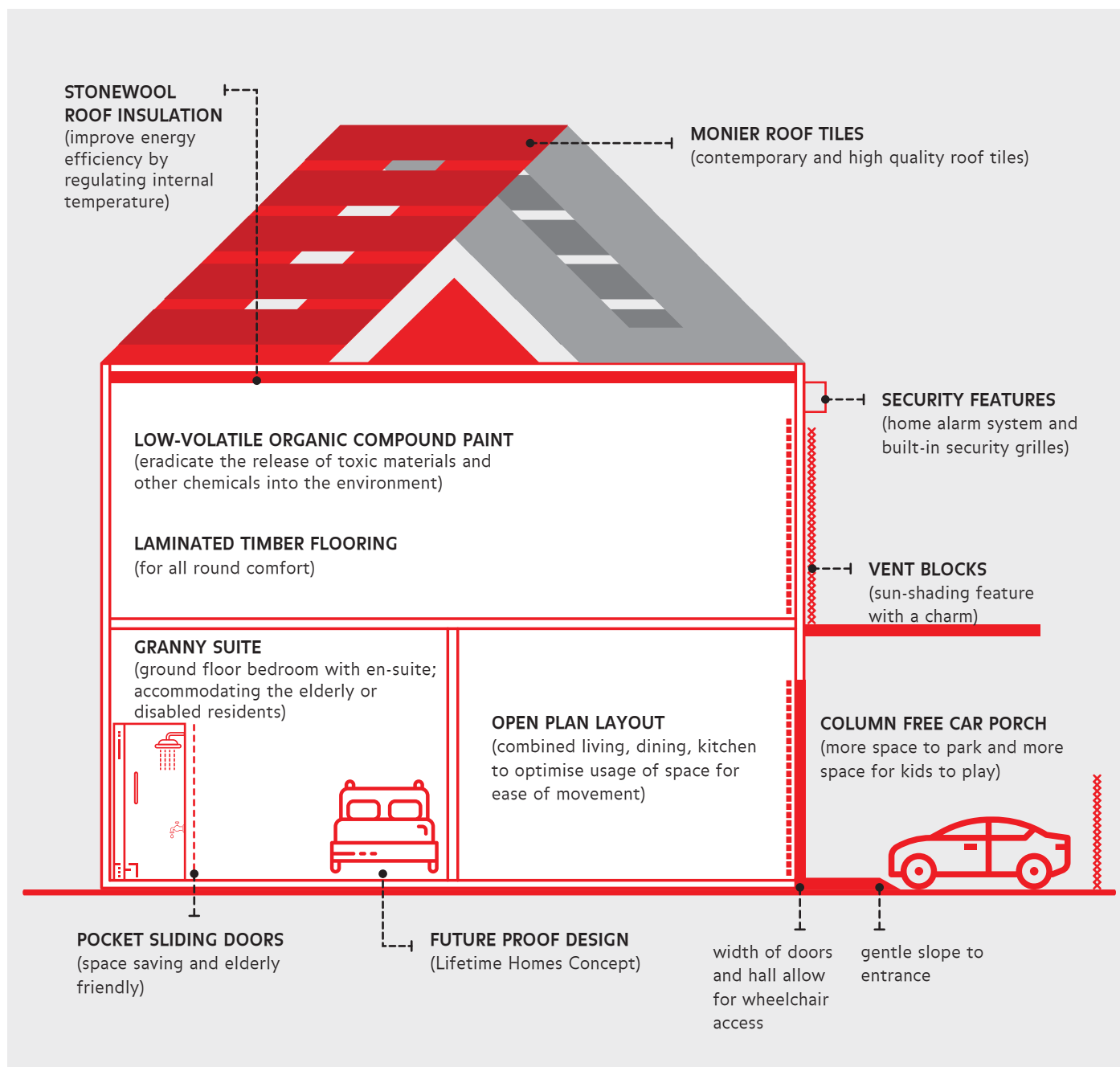
The idea for lifetime home innovation was inspired by a concept initially developed by Joseph Rowntree Foundation and Habinteg Housing Association in 1991. The concept supports universal design, which incorporates features that enhance accessibility for multiple generations and needs. The lifetime home innovation not only adds to customer convenience, but provides solutions that are cost-effective and adaptable for long-term needs.

During the year, Sime Darby Property collaborated with the Building Sector Energy Efficiency Project (BSEEP) to incorporate energy-efficient designs within the City of Elmina.

## Property Development

### Our Design Practices in 2018

- Fusing the old and the new through “Spirit of Plantation Life”
- This concept is implemented through our products within the City of Elmina





### D3 SUSTAINABLE HOMES

Sime Darby Property takes pride in its latest innovation – the Divergent Dwelling Design (D3) building methodology, which is expected to revolutionise affordable homes. After years of research by Construction Research Institute of Malaysia (CREAM) and G&A Architects, Sime Darby Property invested further to make D3 commercially viable.

The D3 building methodology features simple assembly. Prefabricated building components such as toilet pods, floor slabs, columns and beams and concrete wall panels facilitate easy plug-in and plug-out application, ensuring accuracy, fast assembly at site and lower labour dependency. Finally, it has an adaptable layout which provides the flexibility for occupants to modify their units according to different needs at different times.

We are planning to deploy the D3 concept to develop the D3 Sustainable Homes, Harmoni 1 in Elmina West, City of Elmina, consisting of 562 apartments, sized between 900 square feet and 1,000 square feet.

The success of the D3 Sustainable Home concept will help Sime Darby Property to progressively cater to the affordable housing needs of the nation. It also supports our commitment and greater responsibility to deliver innovative products for sustainable communities.



### Industrialised Building Systems

In 2017, the government announced that the use of Industrialised Building Systems (IBS) in construction will be made compulsory for all private real estate developers over a three-year transition period, for projects exceeding RM50 million to enhance construction time, quality and cost.

Sime Darby Property has, in several of its developments, already used IBS standards to reduce wastage, save construction time, and minimise environmental harm of any kind, while maintaining good quality. Some of the IBS components include precast slabs, precast walls and metal roof trusses.

IBS has been implemented in our developments since 2013. These include Davina 2 in Nilai Impian; Suci in Bandar Ainsdale; Elmina Valley 1, Tiana in Elmina East; and Rumah Selangorku (RSKU) in Elmina West.

## Property Development

### Built-To-Suit Industrial Development

Sime Darby Property further harnessed the growing demand for logistics and warehouse facilities by embarking on Built-To-Suit (BTS) facilities, where we develop industrial lots according to customers' design. Our tenants are able to customise specifics, such as floor loading capacity, optimum number of loading bays, and even height clearance – with added design features to ensure the efficient manoeuvring of vehicles.

This is part and parcel of our latest partnership with Japan's Mitsui & Co., Ltd. and Mitsubishi Estate Co., Ltd., to develop a 39-acre industrial site in Bandar Bukit Raja, with a GDV of RM530 million. This will be a Built-To-Suit model of industrial facilities comprising warehouses and logistic facilities, where each site will be tailored to suit the operational needs of our business tenants.

Initial studies have shown that the project will have the ability to accommodate 6 potential industrial tenants, with a total of 1.5 million sq ft, each taking up 132,000 sq ft to 536,000 sq ft per tenant.

Gross Development Value (GDV)

**RM530 million**

Able to accommodate  
**6 potential**  
industrial tenants

### Engaging Customers for Better Solutions

We believe we have a responsibility towards our customers and their expectations, and so we constantly create platforms to engage and understand them better. When we connect with them and their needs, we are able to create their dream homes. During the year, we have launched various awareness campaigns on affordable housing, innovative housing solutions and our community projects.

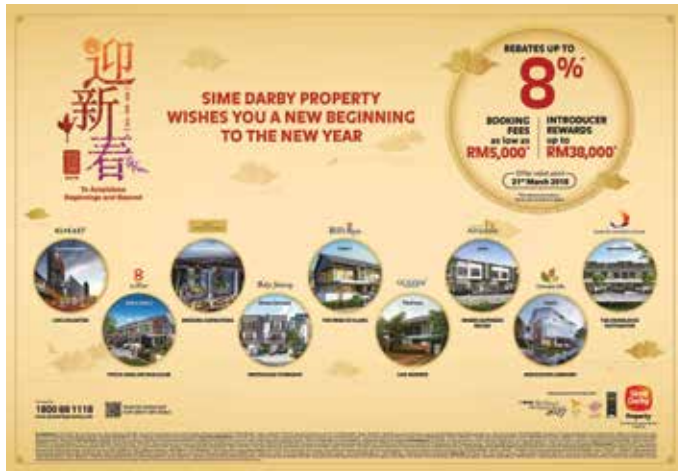
#### INSPIRASIKU

We launched a brand new Inspirasiku microsite ([www.simedarbyproperty.com/inspirasiku](http://www.simedarbyproperty.com/inspirasiku)), which provides access to a systematic and extensive inventory of Sime Darby Property's Rumah Selangorku (RSKU) developments. Potential purchasers can not only browse through a range of our products, but can choose a property that best suits their budget and lifestyle needs.



Sime Darby Property's Rumah Selangorku (RSKU) developments include Seruling and Serunai apartments in Bandar Bukit Raja, Klang, offering 3-bedroom 900 sq ft or 1,000 sq ft units. Another housing development is Harmoni 1 at Putra Heights, offering 800 sq ft or 1,000 sq ft units with 3 bedrooms. These homes have been developed with high standards quality and best design concepts, debunking the misconception that affordable houses are of poor quality. Inspirasiku reinforces Sime Darby Property's commitment to make people's dreams and ambitions a reality through affordable housing solutions.





### FESTIVE CAMPAIGNS

Festive community celebrations provide an opportunity to bond with our customers, as well as giving them the joy of owning a dream home by introducing special rebates and promotional offers.

During Chinese New Year, our promotional theme was 'Ying Xin Chun' – which means to welcome the new spring and new beginnings with open arms. We offered customers a rebate of up to 8 percent; easy home ownership options such as booking fees from as low as RM5,000; and "refer & earn" programme, with rewards of up to RM38,000 for introducing buyers.

The special promotion covered over 1,500 residential units across various townships, such as Bukit Jelutong, City of Elmina, Ara Damansara, ALYA KL, Bandar Bukit Raja, KL East, Melawati, Putra Heights, and Saujana Impian, as well as those outside the Klang Valley, such as Bandar Universiti Pagoh, Bandar Ainsdale, Chemara Hills, Nilai Impian and Planters' Haven.

### 3RD MOUNTAIN BIKE (MTB) JAMBOREE

Keeping to our belief of building active communities, Sime Darby Property organised the third installation of our City of Elmina Mountain Bike (MTB) Jamboree in December 2017.

Through this initiative, we inspire healthy lifestyles and promote vibrant community living. We bring people together creatively in places and spaces where they can socialise, have fun, enrich each other's lives and just be happy.



True to form, the MTB Jamboree received an overwhelming response from the public, with more than 1,000 enthusiastic participants from different countries, including Malaysia, Philippines, South Africa, Denmark, the Netherlands and British Indian Ocean Territory.

### Strategies Moving Forward

Notwithstanding the uncertainties in the property market, the Property Development segment is focussed on improving our core execution while preparing for new growth areas. It is determined to meet the constantly evolving market needs by delivering the right products at the right price and ensuring operational efficiency from product design to hand over stage. As part of our continuous improvements, the segment is transforming its build-and-sell model towards customer-driven service-based developments.

We believe that innovation fuels our value chain – from product offerings, marketing and promotional campaigns to our events and activities that benefit our communities including potential and existing customers.

Moving forward, our focus is set to cater for a "Better Housing" model that makes our property solutions more inclusive, catering to the needs of the increasing number of senior/aged households, financially restricted first-time buyers, as well as consumers challenged by the tightening financial lending standards. This is in keeping with the national inclusive development agenda, where citizens, irrespective of their socio-economic status, are able to afford a home.

Our contributions will go a long way towards building sustainable communities, expanding our product solutions to niche customer segments, building resilience against a cyclical operating environment, and meaningfully contributing to our future profitability.

# Property Investment



The Property Investment segment of Sime Darby Property comprises retail, office and industrial assets which are located within Klang Valley and Singapore. These assets have a total net lettable area (NLA) of about 1.3 million sq ft.

No of Assets Owned

► **9 properties**

Total NLA

► **1,321,728** sq ft

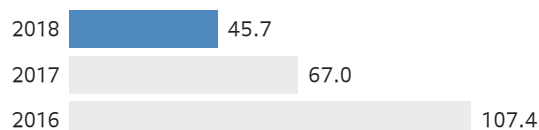
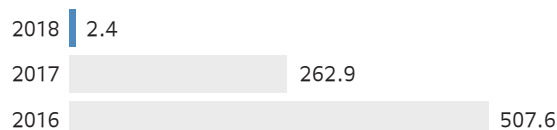
Occupancy

► **90%**  
Office & Industrial Buildings

Total Value

► **RM 1,388** million



**Revenue (RM'million)****PBIT (RM'million)**

The assets that are located in Klang Valley include Wisma Zuellig, Wisma MRT (previously known as Wisma Guthrie) and Sime Darby Pavilion, whereas Oasis Square (Block F & G) and Melawati Mall are held under our joint venture entities, Sime Darby Brunsfield and CapitalLand Malls Asia, respectively. The remaining assets located in Singapore are owned through a 25 percent stake of an associate company of the Group.

In FY2018, the Property Investment segment delivered RM45.7 million in revenue, a decline of 31.8 percent compared to RM67.0 million in the previous year and it recorded PBIT of RM2.4 million compared with RM262.9 million in FY2017. The lower revenue was mainly due to a smaller asset portfolio size as a result of asset monetisation strategy to dispose underperforming assets over the past two years. Meanwhile, it's weaker PBIT against last year's result as FY2017 included a gain on disposal of Sime Darby Property (Alexandra) in Singapore of RM130.4 million and the share of profit from the disposal of a property by Sime Darby Real Estate Investment Trust 1.

As at 30 June 2018, the average combined occupancy rate of the office and industrial assets owned by the Group stood at 90 percent. Most of these assets have locked-in long-term tenancies, underpinning the stability of the revenue stream for the segment.

## Industry Landscape and Challenges

During the year, office market in Kuala Lumpur and Selangor remained flat amidst the lacklustre outlook, partly due to the impending supply causing increased pressure on occupancy and rental rates. Existing tenants, particularly large space occupiers are seeking cheaper alternatives to relocate to newer, better quality office space with competitive rental packages.

In Malaysia, the accelerated introductory phase of co-working space is gaining traction as more millennials prefer working independently. It is also contributed by the growing shift in working culture that asserts flexibility driven by the growing small and medium enterprises (SMEs), freelancers as well as start-ups. Members of the co-working space have the advantage of not being tied-up to lock-in periods and large deposit payments, making the entire process more economical and affordable. While some asset owners might be benefitting from the long-term lease commitment by the co-working space operators, others would be further beaten by the heightened competition from the alternative leasing model, coupled with the new supply of office spaces coming on stream.

The Klang Valley retail market, on the other hand continues to be competitive as the cumulative supply as at the first half of 2018 stands at 57.5 million sq ft. According to Knight Frank, retail space per capita analysed at c. 7 sq ft per person is one of the highest in Malaysia. The year in review saw many asset owners and retail operators embark on asset enhancement initiatives to keep up with consumers' expectations in terms of retail experience to continue attracting shoppers and tenants alike.

Evident from the rapid growth in the e-commerce segment, online shopping continues to be the preference due to convenience, more choices and bargains. Aside from hypermarket operators such as Tesco, leading consumer goods companies such as, Nestle and Unilever are embracing e-commerce to improve sales. Many retail operators are seen reinventing and repositioning their malls to include more experiential and F&B tenants in order to remain competitive amid the rising popularity of online shopping.

## Property Investment

### Initiatives Adopted in FY2018

Despite the competitive and overall weak office market, the Group's office assets achieved healthy occupancy rates due to good location as well as continued lease secured from single anchor tenants - particularly Wisma Zuellig and Wisma MRT in addition to Oasis Square Block G, which is currently occupied as our Corporate Headquarters.

Through our initiative of asset rationalisation and capital re-employment to yield-accretive assets, the Group had successfully disposed 160, Dundee Street in the UK for £9.6 million in February 2018. The year also marked the expiry of the Master Lease for Wisma Sime Darby in Kuala Lumpur, where the asset is no longer managed by the Group.

We have worked closely with our tenant for Wisma Zuellig, in efforts to embrace alternative uses of an office space due to its central location. Built in 1991, it is located within the limited commercial area of Section 13 Petaling Jaya, which started out as an industrial area in the 1960s and 1970s. The area has now transformed into a mixed-use development enclave through an organic urban renewal course.

In a collaborative effort with our tenant, ReGen Rehabilitation International Sdn Bhd, a partnership between Khazanah Nasional Berhad and Select Medical USA, we have successfully completed Wisma Zuellig Asset Enhancement Initiative (AEI) on February 2018. This initiative proves our capability in asset management and value creation, which improves the asset life cycle through upgrading and restoration works to enhance marketability.

BEFORE AEI



AFTER AEI





## Melawati Mall

Our partnership with CapitaLand Malls Asia began with an announcement in 2012 of our joint effort to build a shopping mall on a prime commercial land in Taman Melawati. The Melawati Mall opened its doors on 26 July 2017. Against the challenging landscape of the Klang Valley retail sector, Melawati Mall is anticipated to attract customers from the underserved surrounding areas, with its strong brand tenants that meets mass market demand.

Due to its unique location and design, Melawati Mall serves as the new landmark in the Taman Melawati township. The design encapsulates vertical voids at strategic locations in the façade to allow natural daylight into the mall, providing shoppers with a connection to the surroundings. Melawati Mall is accessible via the Middle Ring Road 2 or a 15-minute bus ride from the Taman Melawati, Wangsa Maju and Sri Rampai Light Rail Transit stations.

The eight-storey mall with 250 shops, comprising key tenants across a net lettable area of 620,000 sq ft is positioned as a lifestyle hub for the greater Melawati area. Melawati Mall is a certified Green Building Index (GBI) building, with rainwater harvesting system, energy-efficient lighting, air cooling systems and other environment-friendly features.

## KL East Gallery

KL East Gallery is Sime Darby Property Berhad's first 100 percent-owned retail mall development, scheduled to open in the last quarter of 2019. The retail mall is strategically located at KL East, the eastern part of Kuala Lumpur (approximately 13km from Kuala Lumpur city centre) with excellent connectivity via Middle Ring Road (MRR2), Duta-Hulu Klang Expressway (DUKE) and Ampang-KL Elevated Highway (AKLEH). It is also located within close



proximity to TAR College, International Islamic University Malaysia (IIUM) and Universiti Kuala Lumpur British Malaysian Institute (UniKL BMI).

KL East Gallery will be a key catalyst development in the context of the overall mixed development of Quarza. As part of an integrated Transit Adjacent Development (TAD) in the KL East area, the mall will be positioned as a boutique lifestyle retail mall that will serve the surrounding upmarket neighbourhood of middle to middle-upper income brackets by providing a convenient shopping experience in terms of lifestyle and entertainment.

## Industrial

In May 2018, the Group announced its partnership with Japan's Mitsui & Co. Ltd. and Mitsubishi Estate Co. Ltd. to develop and lease industrial facilities. The proposed 39-acre development will be located at Bandar Bukit Raja township, a highly connected industrial and residential developments in Klang. The joint-venture project is estimated to have a Gross Development Value of approximately RM530 million, which consists built-to-suit industrial facilities for warehousing and logistics. As one of the joint partners of this project, Sime Darby Property's role lies in offering the strategic land and building industrial facilities with tailored features to suit operational requirements of potential business tenants.

The partnership is also perfectly aligned with the Group's active land management strategy with the objective of unlocking the value of our substantial land assets through direct development, strategic partnerships and joint-ventures or strategic monetisation. Secondly, this catalytic venture in the industrial logistics development will provide us with the competitive advantage to grow our recurring income, act as a key driver in spurring socio economic developments in our townships as well as increasing the values and demands of Sime Darby Property's residential products.



# Leisure & Hospitality



The Group's Leisure and Hospitality assets comprise six properties in Malaysia and serviced apartments in Singapore, Australia and Vietnam. In Malaysia, the Group owns and manages the prestigious award-winning golf club known as the Tournament Players Club (TPC) Kuala Lumpur, a five-storey multi-purpose convention and business centre named Sime Darby Convention Centre (SDCC) and the 18-hole golf and country club, Impian Golf and Country Club (IGCC) located in Kajang. On the regional front, the hospitality assets currently owned by the Group are Darby Park Serviced Residence in Vung Tau, Vietnam, Darby Park Executive Suites in Singapore and Darby Park Margaret River in Australia.

- Types of Properties
- Golf Club
  - Convention & Business Centre
  - Serviced Residence

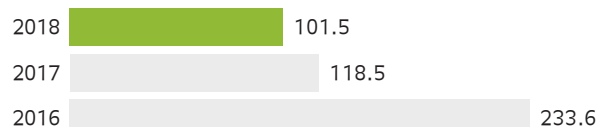
- Presence on regional front
- Vietnam
  - Singapore
  - Australia

## No. of Leisure Assets Owned



# 6 properties

## Revenue (RM'million)



## PBIT (RM'million)



As part of the Group's asset monetisation strategy to unlock value and realise cash from underperforming and low-yielding assets, all three overseas assets have been earmarked for disposals. These proposed disposals are underway and are targeted to complete by the end of 2019. Through the Group's strategic review on its portfolio to improve key operating assets, two non-core hospitality assets namely Genting View Resort and Karri Valley were successfully divested by March 2018.

During the year under review, The Leisure and Hospitality segment registered a revenue of RM101.5 million, a decline of 14.3 percent as compared to FY2017. The decline in performance was primarily contributed by weaker performance in international assets. The Malaysian assets continue to show great quality of services as they recorded high average Customer Satisfaction Index score of 84.7 percent, above its internal target of 82 percent.

## Initiatives Adopted in FY2018

TPC Kuala Lumpur's championship West Course was closed in October 2017 for upgrading on all 18-holes and is expected to re-open in the fourth quarter of 2018. Below are some of the works undertaken during the year:

- The greens were resurfaced with Tifeagle Bermuda grass
- Fairways as well as tee boxes were resurfaced with Celebration Bermuda grass, which is an enhancement from the old Paspalum grass
- Practice areas are being extended and length added at selected holes
- Bunker and fairway modification works are also being carried out, alongside reworking of selected green contours

To encourage women participation and families to utilise the club, TPC Kuala Lumpur has introduced several new initiatives namely the Let's Get Fit workout programme, Junior Golf Pass, Tiny Torpedos swimming classes for infants and the Running Plan. New facilities include an enhanced Baby Room, Car Wash and Valet service, while Mamanda Restaurant, a provider of fine Malay cuisine has replaced China Treasures Restaurant. The club has also launched an on-going plastic-free campaign in its effort to help preserve the environment.

The Leisure segment of the Group carries out continuous improvements to remain attractive and competitive.

- Impian Golf and Country Club upgraded its facilities and carried out refurbishment works of two of its function rooms, increasing capacity to 80 and 100 guests respectively. The improved facilities are expected to generate greater returns moving forward.
- The Sime Darby Convention Centre (SDCC) continues to maintain its reputation as one of the most sought-after venues for F&B and events in the Klang Valley. SDCC's festive-themed activities and year-round promotions continued to spur the growth of its customer base.



# Concession Arrangement



Bandar Universiti Pagoh, a 4,099-acre township, is strategically located in the Muar District, Johor, off the Pagoh Interchange. The township is located only 15 minutes away from Pagoh town and about half hour drive to Muar town. This is the first township in Malaysia to be seamlessly integrated with a higher education hub comprising four reputable public institutions set in a super campus equipped with shared facilities. The township aims to be a world-class education hub with quality residential offerings, vibrant retail options and progressive business environment. The education hub is an important catalyst within Bandar Universiti Pagoh.



Major Higher Educational  
Institutions

4

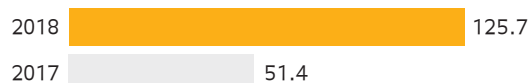


Current student population

> 7,000 students



## Revenue (RM'million)



## PBIT (RM'million)



## Pagoh Education Hub (PEH)

This thriving education hub, comprises four reputable institutions of higher learning – Universiti Tun Hussein Onn Malaysia, Universiti Islam Antarabangsa Malaysia, Universiti Teknologi Malaysia and Politeknik Tun Syed Nasir - all of which offer tertiary courses.

The education hub welcomed its first batch of over 5,000 students in October 2017, and have now increased to more than 7,000 students. It covers an area of approximately 506 acres and boasts features and amenities such as pedestrian-friendly area with restricted vehicle access, covered walkways, a centralised parking area and shuttle bus services.

The shared facilities within PEH presently include a library, convention centre, multipurpose hall, modern sports complex including a swimming and diving pool, a data centre as well as a guest house complex.



## Concession Arrangement over a period of 20 years

Sime Darby Property entered into four Concession Agreements on 7 November 2012, via its 60 percent owned subsidiary, Sime Darby Property Selatan and its subsidiaries, to undertake the construction works for the Government of Malaysia and the four institutions over a period of three years, together with the supply of teaching equipment. In addition, Sime Darby Property Selatan and its subsidiaries are responsible for providing asset management services which includes maintaining the facilities and infrastructure of the campuses for a period of 20 years. The project was developed under the concept of "Build-Lease-Maintain-Transfer". Through efficient project management and construction works, PEH was successfully completed on 16 November 2016 with Certificates of Acceptance from the four institutions on 2 May 2017.

During the financial year under review, the segment's total revenue grew significantly from RM51.4 million in FY2017 to RM125.7 million, whilst PBIT leaped sixfold to RM36.5 million. The strong performance was largely contributed by the supply of teaching equipment and maintenance services.

## Moving Forward

PEH has been earmarked as a valuable investment under the Concession Arrangement segment following a critical review by the Board in May 2018.

- The investment is expected to contribute consistent profitability and stable cash flows arising from consistent revenue contribution and availability charges.
- This strategic decision to retain PEH as a core business segment is aligned with the Group's strategy to build facilities management services for recurring income.

The Group is optimistic on the long-term potential of PEH as a key catalyst to spur the socio-economic growth of Bandar Universiti Pagoh through its unique advantage as a fully integrated education hub. A strategic master planning is currently underway to expand PEH by offering recreational and social spaces for residents and communities to create a vibrant and liveable township.

- In line with the key strategic pillar of the Group to expand the asset portfolio for recurring income. The Group is also concentrating on developing a Managed Industrial Business Park measuring approximately 238 acres as a key potential to tap into the growing demand for high-technology industrial facilities given its strategic positioning along North-South Highways and its proximity to Johor Port and Singapore.





Serenia City





# RESOURCE



To maximise returns on our sizeable land banks, we will prioritise the growth of high-performing townships, accelerate developments through partnerships and strategically monetise land outside our development focus.

Our commitment to the development of our people remains ongoing through upskilling and reskilling programmes. We continuously engage with employees to better meet their needs as well as identify new talents and develop future leaders for the organisation.







# Board of Directors



**Seated from left to right:**

Tan Sri Dr. Zeti Akhtar Aziz (Chairman), Datuk Tong Poh Keow (Executive Director/Group Chief Financial Officer),  
Dato' Sri Amrin Awaluddin (Group Managing Director)

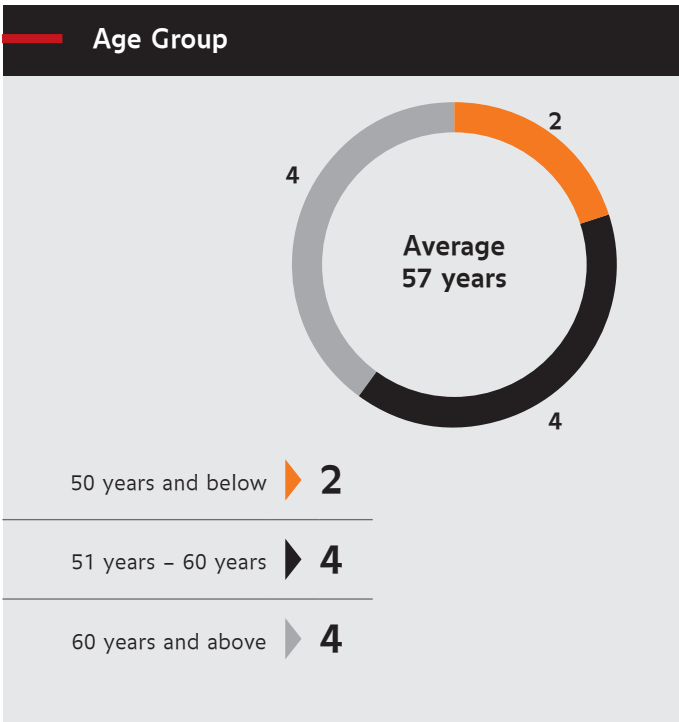
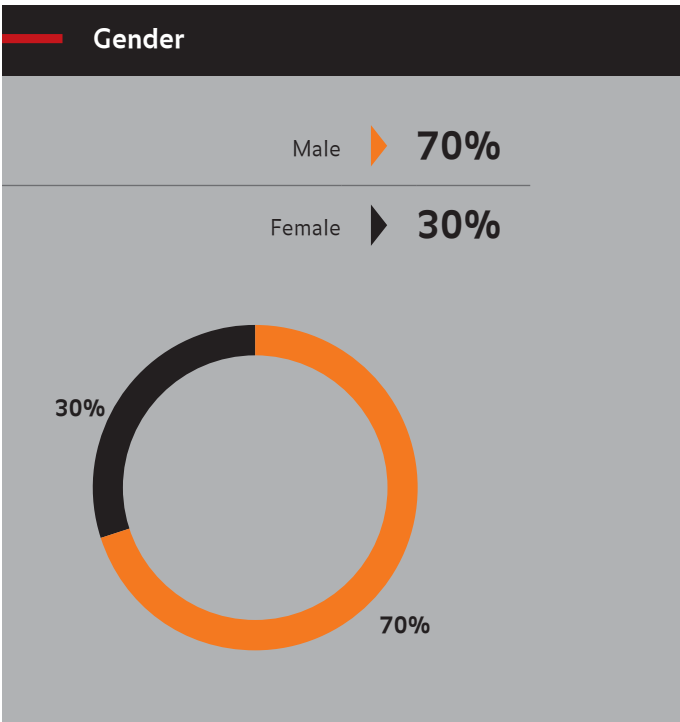
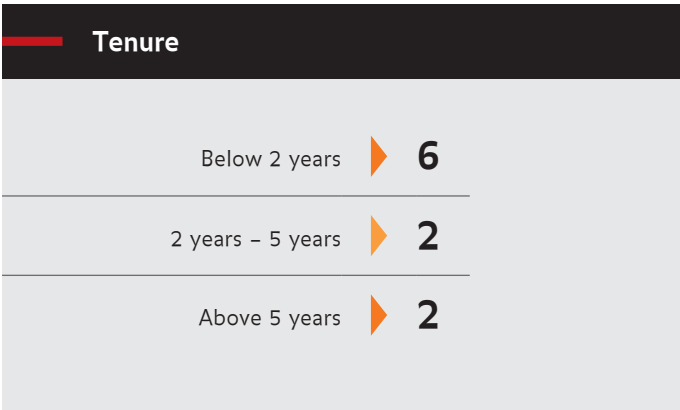
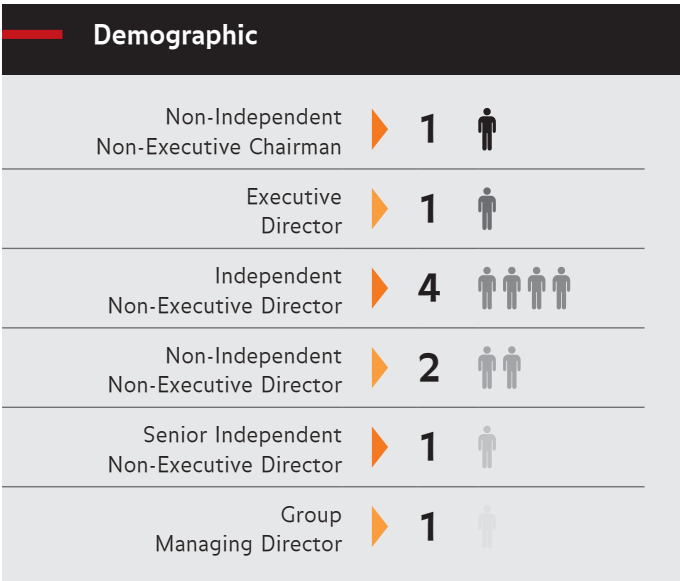
**Standing from left to right:**

Tengku Datuk Seri Ahmad Shah Alhaj ibni Almarhum Sultan Salahuddin Abdul Aziz Shah Alhaj,  
Datin Norazah Mohamed Razali, Datuk Dr. Mohd Daud Bakar, Encik Rizal Rickman Ramli,  
Dato' Jaganath Derek Steven Sabapathy, Dato' Johan Ariffin, Dato' Seri Ahmad Johan Mohammad Raslan





# Board Composition



# Board of Directors' Profile



01

**TAN SRI DR. ZETI AKHTAR AZIZ**  
Non-Independent Non-Executive Chairman

**Malaysian/71/Female**

**Date of Appointment:** 23 July 2018

## **Length of Tenure as Director (as at 31 August 2018)**

- 1 month

## **Membership of Board Committees**

- None

## **Academic Qualification(s)**

- Ph.D., University of Pennsylvania, specialising in Monetary and International Economics
- Bachelor of Science Degree in Economics, University of Malaya

## **Present Directorship(s)**

### Other Listed Entity

- Nil

### Other Public Companies

- Group Chairman, Permodalan Nasional Berhad
- Director, Amanah Saham Nasional Berhad

## **Present Appointment(s)**

- Member in the Council of Eminent Persons
- Trustee, Yayasan Pelaburan Bumiputra

## **Past Relevant Experience**

- 2000-2016 – Governor of Bank Negara Malaysia (BNM)
- 1998 – Acting Governor of BNM
- Deputy Manager of Economics Department, BNM
- Economic Analyst, South-East Asia Central Bank Training & Research Centre

## **Declaration:**

- She does not have any conflict of interest or any family relationship with any other Director and/or major shareholders of the Company except being the Group Chairman of Permodalan Nasional Berhad (PNB) and Director of PNB Group of Companies.
- She has not been convicted for any offences within the past five (5) years nor has she been imposed of any public sanction or penalty by any relevant regulatory bodies during the financial year 2018.

## Board of Directors' Profile



02

### DATO' SRI AMRIN AWALUDDIN

Group Managing Director

Malaysian/52/Male

**Date of Appointment:** 12 July 2017 (as Director) / 24 August 2017 (as Group Managing Director)

#### Length of Tenure as Director (as at 31 August 2018)

- 1 year 1 month

#### Membership of Board Committees

- Board Tender Committee

#### Academic Qualification(s)

- Master of Business Administration (Finance), University of Hull, United Kingdom
- Bachelor of Business Administration (Hons), Acadia University, Canada

#### Professional Qualification/Membership(s)

- Member of the Chartered Institute of Management Accountants, United Kingdom (CIMA)
- Member of the Malaysian Institute of Accountants (MIA)

#### Present Directorship(s)

##### Other Listed Entity

- Director, Taliworks Corporation Berhad

##### Other Public Companies

- Director, Sime Darby Property Berhad Group
- Director, CIMB Bank Berhad

#### Present Appointment(s)

- Deputy President, Kuala Lumpur Business Club

#### Past Relevant Experience

- 2017 – Non-Executive Director, Media Prima Berhad
- 2009-2017 – Group Managing Director, Media Prima Berhad
- 2008-2009 – Chief Executive Officer (CEO), Sistem Televisyen Malaysia Berhad (TV3) (STMB)
- 2006-2008 – CEO, Natseven TV Sdn Bhd (ntv7)
- 2003-2006 – Group Chief Financial Officer (CFO), Media Prima Berhad
- 2001-2003 – CFO, STMB
- 2001 – Chief Operation Officer, Putra Capital Berhad
- 1999-2000 – Head (Corporate Finance), Malaysian Resources Corporation Berhad
- 1996-1999 – Senior General Manager, Renong Berhad
- 1990-1996 – Manager (Structured and Project Finance Division), Amanah Merchant Bank Berhad
- 1990 – Officer, Development and Commercial Bank Berhad
- 1989 – Money Market Dealer, BBMB Discount House Berhad

#### Declaration:

- He does not have any conflict of interest or any family relationship with any other Director and/or major shareholders of the Company.
- He has not been convicted for any offences within the past five (5) years nor has he been imposed of any public sanction or penalty by any relevant regulatory bodies during the financial year 2018.



03

### DATUK TONG POH KEOW

Executive Director/Group Chief Financial Officer

**Malaysian/63/Female**

**Date of Appointment:** 23 November 2015 (as Director)/  
30 November 2017 (as Executive Director/Group Chief Financial Officer)

#### Length of Tenure as Director (as at 31 August 2018)

- 2 years 9 months

#### Membership of Board Committees

- None

#### Academic Qualification(s)

- Diploma in Commerce, Kolej Tunku Abdul Rahman
- Examination of the Institute of Chartered Secretaries and Administrators, United Kingdom

#### Professional Qualification/Membership(s)

- Fellow of the Association of Chartered Certified Accountants, United Kingdom (FCCA)
- Member of the Malaysian Institute of Accountants (MIA)

#### Present Directorship(s)

##### Other Listed Entity

- Nil

##### Other Public Company

- Director, Sime Darby Property Berhad Group

#### Present Appointment(s)

- Member of the Malaysian Accounting Standards Board

#### Past Relevant Experience

- 2008-2017 – Group Chief Financial Officer, Sime Darby Berhad
- 2007 – Chief Financial Officer (CFO), Sime Darby Plantation Berhad
- 1985-2007 – Held various positions in Kumpulan Guthrie Berhad and last position held was CFO
- 1983-1985 – Accountant and Assistant Company Secretary, Highlands & Lowlands Berhad
- 1981-1983 – Accountant and Company Secretary, Shapadu Holding Sdn Bhd
- 1978-1981 – Held various positions in Siva, Heng & Monteiro

#### Declaration:

- She does not have any conflict of interest or any family relationship with any other Director and/or major shareholders of the Company.
- She has not been convicted for any offences within the past five (5) years nor has she been imposed of any public sanction or penalty by any relevant regulatory bodies during the financial year 2018.



## Board of Directors' Profile



04

### DATO' JAGANATH DEREK STEVEN SABAPATHY

Senior Independent Non-Executive Director

Malaysian/61/Male

Date of Appointment: 28 March 2014

#### Length of Tenure as Director (as at 31 August 2018)

- 4 years 5 months

#### Membership of Board Committees

- Risk Management Committee (Chairman)
- Governance and Audit Committee
- Board Tender Committee

#### Academic Qualification(s)

- Master of Arts in Corporate Finance and International Trade, Edinburgh University, United Kingdom

#### Present Directorship(s)

##### Other Listed Entity

- Director, Microlink Solutions Berhad

##### Other Public Company

- Nil

#### Present Appointment(s)

- Founder and Chief Executive Officer, Tribeca Real Estate Asset Management Sdn Bhd
- Director, Ho Hup Ventures (KK) Sdn Bhd and Golden Wave Sdn Bhd, subsidiary and associate of Ho Hup Construction Company Berhad

#### Past Relevant Experience

- 1999-2013 – Chief Executive Officer/Director, Bandar Raya Developments Berhad
- 1997-1999 – Managing Director, Prime Utilities Berhad
- 1997-1999 – Managing Director, Indah Water Konsortium Sdn Bhd
- 1995-1997 – Director, Austral Lao Power Co. Ltd
- 1994-1995 – Executive Director, Benta Plantation Berhad
- 1984-1994 – Held various positions in KPMG Peat Marwick
- 1981-1984 – Chartered Accountant, Price Waterhouse London, United Kingdom

#### Declaration:

- He does not have any conflict of interest or any family relationship with any other Director and/or major shareholders of the Company.
- He has not been convicted for any offences within the past five (5) years nor has he been imposed of any public sanction or penalty by any relevant regulatory bodies during the financial year 2018.



05

**TENGKU DATUK SERI AHMAD SHAH ALHAJ IBNI ALMARHUM  
SULTAN SALAHUDDIN ABDUL AZIZ SHAH ALHAJ**

Independent Non-Executive Director

**Malaysian/63/Male**

**Date of Appointment:** 31 December 2010

**Length of Tenure as Director (as at 31 August 2018)**

- 7 years 8 months

**Membership of Board Committees**

- Board Tender Committee (Chairman)
- Risk Management Committee

**Academic Qualification(s)**

- Diploma in Business Administration, Universiti Teknologi MARA

**Present Directorship(s)**

Other Listed Entities

- Chairman, Global Oriental Berhad
- Chairman, DutaLand Berhad
- Director, Mycron Steel Berhad

Other Public Company

- Nil

**Present Appointment(s)**

- Chairman, Titas Holding Sdn Bhd, Titas Realty Sdn Bhd, Tas Global Sdn Bhd
- Board of Trustees, Cancer Research Malaysia

**Past Relevant Experience**

- 2008-2010 – Member (Supervisory Committee and Audit Committee – Property Division), Sime Darby Berhad
- 2005-2014 – Director, Melewar Industrial Group Berhad
- 1987-2013 – Non-Executive Chairman, Sime Darby Medical Centre Subang Jaya Sdn Bhd
- 1987-2007 – Director, Tractors Malaysia Holdings Berhad
- 1983-1987 – Director, Sime UEP Properties Berhad
- 1978-2000 – Director, TTDI Development Sdn Bhd and various listed and private companies
- 1974-1981 – Broker, Charles Bradburne (1930) Sdn Bhd

**Declaration:**

- He does not have any conflict of interest or any family relationship with any other Director and/or major shareholders of the Company.
- He has not been convicted for any offences within the past five (5) years nor has he been imposed of any public sanction or penalty by any relevant regulatory bodies during the financial year 2018.

## Board of Directors' Profile



06

### DATO' JOHAN ARIFFIN

Independent Non-Executive Director

Malaysian/59/Male

Date of Appointment: 31 December 2010

#### Length of Tenure as Director (as at 31 August 2018)

- 7 years 8 months

#### Membership of Board Committees

- Nomination and Remuneration Committee
- Risk Management Committee

#### Academic Qualification(s)

- Master in Business Administration (Marketing), University of Miami, USA
- Bachelor of Arts (Economics), Indiana University, USA

#### Present Directorship(s)

##### Other Listed Entity

- Nil

##### Other Public Company

- Director, Pelaburan Hartanah Nasional Berhad

#### Present Appointment(s)

- Chairman, Mitraland Group of Companies
- Trustee of The Merdeka Heritage Trust
- Founding Shareholder and Managing Director, Cosmopolitan Ventures Sdn Bhd
- Chairman, Maybank (Cambodia) Plc
- Chairman of Battersea Project Holding Company Limited

#### Past Relevant Experience

- 2009-2018 – Director, Malayan Banking Berhad Group
- 2005-2018 – National Council Member, Real Estate Housing Developers Association
- 2005-2009 – Managing Director, TTDI Development Sdn Bhd
- 2002-2005 – Executive Director, TTDI Development Sdn Bhd
- 1999-2002 – Senior General Manager, Property Division, Pengurusan Danaharta Nasional Berhad
- 1997-1999 – Chief Executive Officer, Idris Hydraulic Properties Sdn Bhd
- 1995-1997 – Director (Property Division), Wembley Industries Holdings Bhd
- 1988-1990 – Group General Manager, Farlim Group (Malaysia) Bhd
- 1985-1988 – Senior Finance & Marketing Manager, PGK Sdn Bhd
- 1981-1985 – Manager (Real Estate Division), Citibank NA

#### Declaration:

- He does not have any conflict of interest or any family relationship with any other Director and/or major shareholders of the Company.
- He has not been convicted for any offences within the past five (5) years nor has he been imposed of any public sanction or penalty by any relevant regulatory bodies during the financial year 2018.





07

**DATUK DR. MOHD DAUD BAKAR**  
Non-Independent Non-Executive Director

**Malaysian/54/Male**

**Date of Appointment:** 12 July 2017

**Length of Tenure as Director (as at 31 August 2018)**

- 1 year 1 month

**Membership of Board Committees**

- Nomination and Remuneration Committee
- Risk Management Committee

**Academic Qualification(s)**

- Doctor of Philosophy in Islamic Legal Theory, University of St. Andrews, Scotland
- Bachelor of Jurisprudence (External), University of Malaya
- Bachelor of Shari'ah (Hons), University of Kuwait, Kuwait

**Present Directorship(s)**

Other Listed Entity

- Nil

Other Public Company

- Nil

**Present Appointment(s)**

- Founder and Executive Chairman, Amanie Group
- Member, Investment Committee of Permodalan Nasional Berhad (PNB)
- Chairman, the Shariah Advisory Council of Bank Negara Malaysia, the Securities Commission, Labuan Financial Services Authority and First Abu Dhabi Bank

- Shariah board member for various financial institutions, including the National Bank of Oman, Amundi Asset Management (France), Bank of London and Middle East (London), BNP Paribas (Bahrain), Dow Jones Islamic Market Index (New York)
- Third Chair Professor (Islamic Banking and Finance), Yayasan Tun Ismail Mohamed Ali Berdaftar (YTI) PNB at Faculty of Economics and Muamalat, Universiti Sains Islam Malaysia
- Editor-in-Chief for Malaysian Business Magazine

**Past Relevant Experience**

- 2016-2017 – Director, Sime Darby Berhad
- 2005-2012 – Shariah Board Member, the Accounting and Auditing Organisation for Islamic Financial Institutions of Bahrain
- 1989-2005 – Held various positions in International Islamic University Malaysia

**Declaration:**

- He does not have any conflict of interest or any family relationship with any other Director and/or major shareholders of the Company except being a Nominee Director of PNB.
- He has not been convicted for any offences within the past five (5) years nor has he been imposed of any public sanction or penalty by any relevant regulatory bodies during the financial year 2018.



## Board of Directors' Profile



08

### DATO' SERI AHMAD JOHAN MOHAMMAD RASLAN

Independent Non-Executive Director

Malaysian/59/Male

Date of Appointment: 12 July 2017

#### Length of Tenure as Director (as at 31 August 2018)

- 1 year 1 month

#### Membership of Board Committees

- Governance and Audit Committee (Chairman)
- Nomination and Remuneration Committee
- Board Tender Committee

#### Academic Qualification(s)

- Bachelor of Economics (Hons) in Economics and Accountancy, University of Hull, United Kingdom

#### Professional Qualification/Membership(s)

- Fellow of the Institute of Chartered Accountants, England and Wales (ICAEW)
- Member of the Malaysian Institute of Certified Public Accountants (MICPA)
- Member of the Malaysian Institute of Accountants (MIA)

#### Present Directorship(s)

##### Other Listed Entity

- Director, Eco World International Berhad

##### Other Public Companies

- Nil

#### Present Appointment(s)

- Member, Faculty of the Financial Institutions Directors Education (FIDE) Programme
- Board Member, Institute of Corporate Directors Malaysia

#### Past Relevant Experience

- 2014-2017 – Non-Executive Director, AMMB Holdings Berhad
- 2010-2012 – Board Member (*appointed by the Minister of Finance*), Kumpulan Wang Persaraan (Diperbadankan)
- 2009-2012 – Member, the Financial Stability Executive Committee, Bank Negara Malaysia
- 2005-2012 – Board Member and Audit Committee Chairman (*appointed by the Federal Territories Minister*), Putrajaya Corporation
- 2004-2012 – Member, the International Advisory Panel of the Labuan Financial Services Authority
- 2003-2009 – Chairman (*appointed by the Minister of Finance*), the Financial Reporting Foundation
- 1992-2012 – Held various positions in PricewaterhouseCoopers Malaysia and retired as Executive Chairman
- 1990-1992 – Senior Manager, Price Waterhouse London, United Kingdom
- 1981-1990 – Chartered Accountant, Robson Rhodes, United Kingdom

#### Declaration:

- He does not have any conflict of interest or any family relationship with any other Director and/or major shareholders of the Company.
- He has not been convicted for any offences within the past five (5) years nor has he been imposed of any public sanction or penalty by any relevant regulatory bodies during the financial year 2018.



09

## DATIN NORAZAH MOHAMED RAZALI

Independent Non-Executive Director

**Malaysian/48/Female**

**Date of Appointment:** 12 July 2017

### Length of Tenure as Director (as at 31 August 2018)

- 1 year 1 month

### Membership of Board Committees

- Nomination and Remuneration Committee (Chairman)
- Governance and Audit Committee

### Academic Qualification(s)

- Master of Business Administration in Management, Imperial College Business School, University of London, United Kingdom
- Bachelor of Laws (Hons) International Islamic University Malaysia
- Diploma in Management, Imperial College, London, United Kingdom

### Professional Qualification/Membership(s)

- Advocate and Solicitor of the High Court of Malaya
- Admitted to the Malaysian Bar

### Present Directorship(s)

#### Other Listed Entity

- Nil

#### Other Public Company

- Nil

### Present Appointment(s)

- Senior Advisor, The Boston Consulting Group

### Past Relevant Experience

- 2000-2017 – Held various positions in The Boston Consulting Group, including Partner and Managing Director
- 1998-2000 – Consultant, Booz Allen & Hamilton, Singapore
- 1994-1997 – Solicitor, Sidek, Teoh, Wong & Dennis

### Declaration:

- She does not have any conflict of interest or any family relationship with any other Director and/or major shareholders of the Company.
- She has not been convicted for any offences within the past five (5) years nor has she been imposed of any public sanction or penalty by any relevant regulatory bodies during the financial year 2018.

## Board of Directors' Profile



10

### ENCIK RIZAL RICKMAN RAMLI

Non-Independent Non-Executive Director

Malaysian/40/Male

Date of Appointment: 5 April 2018

#### Length of Tenure as Director (as at 31 August 2018)

- 4 months

#### Membership of Board Committees

- Risk Management Committee
- Board Tender Committee

#### Academic Qualification(s)

- Master of Business Administration, Kellogg School of Management, Northwestern University, USA
- Bachelor of Arts, Economics (Hons), University of Chicago, USA

#### Present Directorship(s)

##### Other Listed Entity

- Director, Velesto Energy Berhad (formerly known as UMW Oil & Gas Corporation Berhad)

##### Other Public Companies

- Director, Perlaburan Hartanah Nasional Berhad
- Director, MIDF Property Berhad

#### Present Appointment(s)

- Executive Vice President, Property/Real Estate, Permodalan Nasional Berhad
- Chairman of Regulatory & Government Affairs Working Committee, Malaysian Gas Association
- Mentor with Endeavor Malaysia

#### Past Relevant Experience

- August 2001-February 2018 – Country Managing Partner, The Boston Consulting Group

#### Declaration:

- He does not have any conflict of interest or any family relationship with any other Director and/or major shareholders of the Company except being a Nominee Director of Permodalan Nasional Berhad.
- He has not been convicted for any offences within the past five (5) years nor has he been imposed of any public sanction or penalty by any relevant regulatory bodies during the financial year 2018.



11

## MORIAMI MOHD

Group Secretary

Malaysian/45/Female

Date of Appointment: 18 March 2005

### Professional Qualification/Membership(s)

- Fellow of the Malaysian Institute of Chartered Secretaries and Administrators (MAICSA)

### Skills and Experience

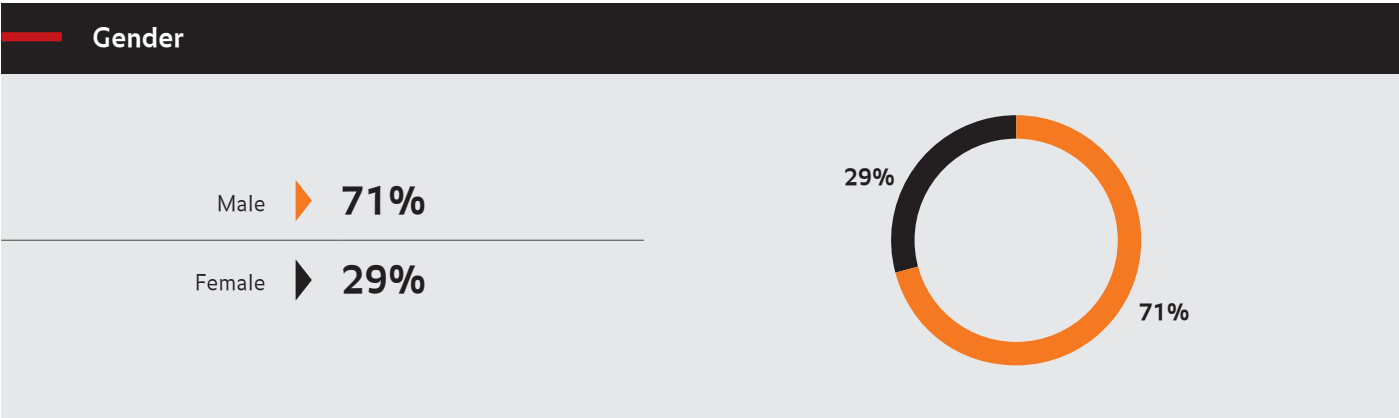
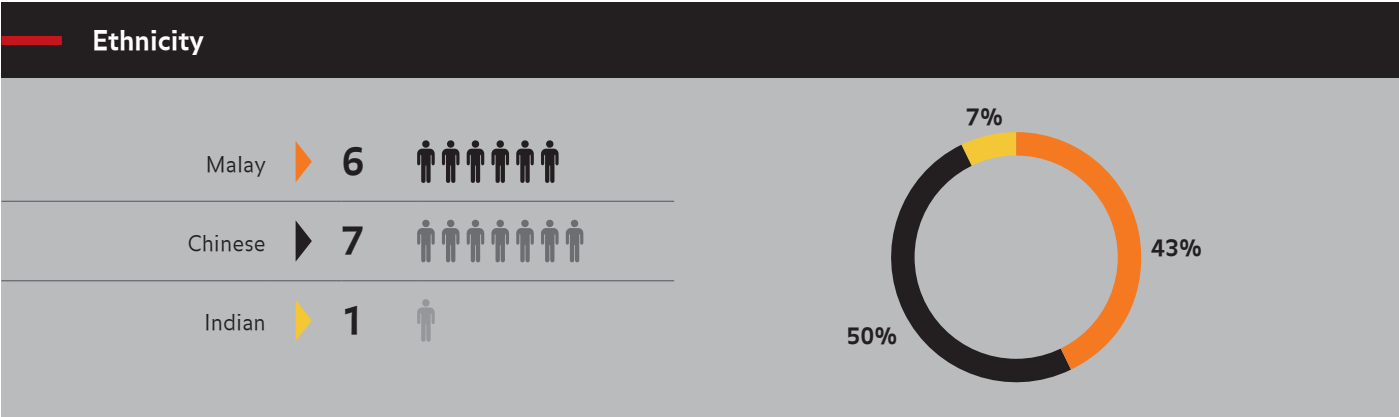
- She has more than 20 years working experience in corporate secretarial practice and advisory works, which include various corporate exercises such as mergers, acquisitions, joint ventures and listing. She is responsible for the overall corporate secretarial functions of Sime Darby Property Berhad Group.

### Past Relevant Experience

- 2004-2007 – Joined Kumpulan Guthrie Berhad Group in year 2004 and last held position was Group Secretary of Kumpulan Guthrie Berhad, Highlands & Lowlands Berhad and Guthrie Ropel Berhad
- 2000-2004 – Appointed as Assistant Company Secretary of Malaysia Airports Holdings Berhad (MAHB) in year 2000. Subsequently appointed as Company Secretary of MAHB in year 2001
- 1995-2000 – Held various secretarial positions in Securities Services (Holdings) Sdn Bhd



# Executive Leadership Composition



# Executive Leadership Profile



01

**DATO' SRI AMRIN AWALUDDIN**  
Group Managing Director

**Malaysian/52/Male**

**Date Joined:** 12 July 2017 (as Director)/  
24 August 2017 (as Group Managing Director)

For details of Dato' Sri Amrin Awaluddin profile, please refer to page 98 of this Annual Report.



02

**DATUK TONG POH KEOW**  
Executive Director/Group Chief Financial Officer

**Malaysian/63/Female**

**Date Joined:** 23 November 2015 (as Director)/  
30 November 2017 (as Executive Director/Group Chief Financial Officer)

For details of Datuk Tong Poh Keow profile, please refer to page 99 of this Annual Report.

## Executive Leadership Profile



03

**DATO' WAN HASHIMI ALBAKRI BIN WAN AHMAD AMIN JAFFRI**

Chief Operating Officer – Township Development

**Malaysian/59/Male**

**Date Joined:** 1 October 2005

### Academic Qualification(s)

- Bachelor of Science in Civil Engineering, University of Kingston, United Kingdom

### Other Appointment(s)

- Chairman, Real Estate and Housing Developers Association (REHDA) Kuala Lumpur
- Exco Member Real Estate and Housing Developers' Association (REHDA) Malaysia (2018-2020)

### Past Relevant Experience

- 2018 – Chief Operating Officer, Township Development, Sime Darby Property Berhad
- 2008-2017 – Held various positions in Sime Darby Property and last position held was Chief Transformation Officer (CTO)
- 2005-2008 – Chief Executive Officer, Negara Properties (M) Berhad
- 1999-2005 – Held various positions in Putrajaya Homes Sdn Bhd and last position held was Chief Operating Officer
- 1996-1999 – Executive Director, Irat Management Services Sdn Bhd



04

**QUEK CHAM HONG**

Chief Operating Officer – Integrated

**Malaysian/57/Male**

**Date Joined:** 16 January 2018

### Academic Qualification(s)

- Bachelor of Science (Honours) in Housing, Building & Planning with major in Project Management and Building Economics, University of Science Malaysia

### Past Relevant Experience

- 2017 – Director, Southkey Megamall Sdn Bhd (Joint-Venture Company of Southkey City Sdn Bhd & IGB Corporation Berhad)
- 2010-2017 – Executive Director, Southkey Properties Sdn Bhd
- 2010 – Non-Independent & Non-Executive Director, Tropicana Corporation Berhad
- 2006-2010 – Executive Director, Tropicana Corporation Berhad
- 2002-2005 – Senior General Manager, Tropicana Corporation Berhad



05

**DATUK REDZA RAFIQ ABDUL RAZAK**  
Chief Executive Officer, Malaysia Vision Valley

**Malaysian/49/Male**

**Date Joined:** 16 May 2018

**Academic Qualification(s)**

- Honorary Doctorate (Economics) Universiti Malaysia Perlis
- Bachelor of Science (Hons) in Economics & Business, Hull University, United Kingdom

**Other Appointment(s)**

- Member of the Board of Governors, Universiti Sains Malaysia

**Past Relevant Experience**

- 2014-2018 – Chairman of the Facilitation Fund Committee for the Government's Bumiputera Agenda Steering Unit (TERAJU) in the Northern Region
- 2015-2018 – Deputy Chairman for the Collaborative research in Engineering, Science and Technology (CREST) Centre
- 2011-2018 – Member of the Management Council for Penang Skills Development Centre (PSDC)
- 2010-2018 – Chief Executive, Northern Corridor Implementation Authority
- 2015-2018 – Director of Kulim Technology Park Corporation (KTPC) – Director of National Institutes of Biotechnology Malaysia (NIBM)



06

**GERARD YUEN YUN WEI**  
Chief Marketing & Sales Officer

**Malaysian/51/Male**

**Date Joined:** 1 March 2018

**Academic Qualification(s)**

- Bachelor of Accounting, Canterbury University, Christchurch, New Zealand

**Professional Qualification/Membership(s)**

- Member of the New Zealand Institute of Chartered Accountants (NZICA)
- Certified Information System Auditor (CISA)

**Past Relevant Experience**

- 2017-2018 – Chief Sales Officer, Mah Sing Group
- 2012-2017 – Head, Marketing & Sales Property Division, Sunway Group
- 2008-2012 – General Manager and Head of IT, Sunway City
- 2004-2007 – General Manager and Head of IT, Sunway Group
- 1997-2004 – IT Manager/Senior Manager, Sunway Group



## Executive Leadership Profile



07

**CHOO SUIT MAE**

Group General Counsel

**Malaysian/57/Female**

**Date Joined:** 21 November 2017

**Academic Qualification(s)**

- LLM in Corporate and Commercial Law, King's College, University of London
- LLB, University of East Anglia, United Kingdom

**Professional Qualification/Membership(s)**

- Bar Council of Malaysia
- The Law Society of England and Wales
- Member of the Law Society of Hong Kong

**Past Relevant Experience**

- 2011-2017 – Group General Counsel, Sime Darby Holdings Berhad
- 2010-2011 – Head – Group Legal, Sime Darby Holdings Berhad
- 2007-2008 – VP I, Legal Mergers & Acquisition, Group Strategy and Business Development, Sime Darby Holdings Berhad
- 2007 – Group Head – Legal (Mergers & Acquisitions), Sime Darby Holdings Berhad
- 2006-2007 – Group Head – Legal (Mergers & Acquisitions), Kumpulan Sime Darby Berhad



08

**MOHAMMAD FAIRUZ MOHD RADI**

Chief Transformation Officer & Head of Group Managing Director's Office

**Malaysian/40/Male**

**Date Joined:** 1 December 2017

**Academic Qualification(s)**

- Master of Science in Technologies for Broadband Communication, University College London, London, UK
- Bachelor of Science in Electrical Engineering, Pennsylvania State University, Pennsylvania, USA

**Professional Qualification/Membership(s)**

- Member of the Institution of Electrical Engineers (IEE)

**Past Relevant Experience**

- 2017 – Head of Strategy, Community Financial Services, Maybank Berhad
- 2016-2017 – Head, Group Transaction Banking Channel and Infrastructure, Maybank Berhad
- 2014-2016 – Chief Strategy Officer, Head of CEO's Office and Regional IT Head, Maybank Investment Berhad (MIBB) and Maybank Kim Eng (MKE)
- 2010-2016 – Managing Director, Strategy and Transformation for Global Wholesale Banking and International Business, Maybank Berhad
- 2005-2010 – Manager, Business Strategy, Process Architect, System Integrator and Technology Consultant, Accenture Sdn Bhd



09

**AZLINA HAMZAH**  
Chief People Officer

**Malaysian/54/Female**

**Date Joined:** 1 April 2018

**Academic Qualification(s)**

- Master of Arts in Human Resources, George Washington University, Washington DC, USA
- Bachelor of Science in Economics, George Mason University, Fairfax, Virginia, USA

**Professional Qualification/Membership(s)**

- Certified Master Coach, Behavioral Coaching Institute, Los Angeles, California, USA
- Women's Directors Programme; NIEW and MINDA
- Member of the International Coaching Council (ICC)
- Member of the Omicron Delta Epsilon; International Honor Society in Economics

**Past Relevant Experience**

- 2013-2016 – Group Director Human Resources, Berjaya Corporation for Berjaya Hotels & Resorts
- 2008-2010 – Managing Consultant, Hay Group
- 2003-2008 – Senior Consultant, Client Relationship & Revenue Lead Director, Hewitt
- 2001-2002 – Head, Group Human Resources, Southern Bank Group
- 1999-2001 – HR Business Relationship – Corporates & Institutions (C&I), Treasury, Support, Standard Chartered Bank



10

**NG CHOON SENG**  
Head, Procurement

**Malaysian/55/Male**

**Date Joined:** 1 January 2017

**Academic Qualification(s)**

- Bachelor of Science in Civil Engineering, University of Arkansas, USA
- New Zealand Certificate in Quantity Surveying, Unitec/University of Auckland, New Zealand

**Past Relevant Experience**

- 2018 – Senior Vice President, Special Project & Battersea
- 2017 – Interim Chief Operating Officer, Sime Darby Property Berhad
- 2017 – Deputy Chief Operating Officer, Sime Darby Property Berhad
- 2014-2016 – Chief Operating Officer, Property Division, BRDB Developments Sdn Bhd (KL)
- 2013-2014 – Chief Operating Officer, T.S. Law Holding Sdn Bhd

## Executive Leadership Profile



11

**RAYMOND CHONG CHEE ON**

Senior General Manager, Development Services

**Malaysian/58/Male**

**Date Joined:** 2 June 1988

**Academic Qualification(s)**

- Bachelor of Urban and Regional Planning, Universiti Teknologi Malaysia, Kuala Lumpur

**Professional Qualification/Membership(s)**

- Associate Member of Harvard Business School Alumni Club of Malaysia
- Associate Member of IMD Business School

**Past Relevant Experience**

- 2015-2017 – Senior Vice President, Development Services, Sime Darby Property Berhad
- 2014-2015 – Head, Region 1, Sime Darby Property Berhad
- 2013-2014 – Head, Development Operations 1 – Property Development 1, Sime Darby Property Berhad (Secondment from Sime Darby Berhad)
- 2012-2013 – Acting Head, Development Operations 1, Sime Darby Property Berhad
- 2011-2012 – Head, Projects – SJCC/Taipan City, Sime Darby Property Berhad



12

**ARAVINDAN S/O K. DEVAPALAN**

Chief Assurance Officer

**Malaysian/45/Male**

**Date Joined:** 5 March 2018

**Academic Qualification(s)**

- Chartered Association of Certified Accountants (ACCA)

**Professional Qualification/Membership(s)**

- Fellow member of the Chartered Association of Certified Accountants (ACCA)
- Member of the Malaysian Institute of Accountants

**Past Relevant Experience**

- 2012-2017 – Chief Internal Auditor/Head of Group Internal Audit, Wah Seong Corporation Berhad
- 2012 – Audit Director, KPMG (Malaysia)
- 2005-2012 – Senior Manager, PricewaterhouseCoopers (Malaysia & Los Angeles)





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**TANG AI LEEN**

Chief Risk & Compliance Officer

**Malaysian/47/Female**

**Date Joined:** 24 November 2017

**Academic Qualification(s)**

- Master Degree in Forensic Accounting, University of Wollongong, Australia
- Bachelor in Accounting and Finance, Middlesex University London, UK

**Professional Qualification/Membership(s)**

- Member of the Malaysian Institute of Certified Public Accountant

**Past Relevant Experience**

- 2017 – Head of Compliance, Sime Darby Plantation Berhad
- 2012-2017 – Head, Group & Divisional Compliance, Sime Darby Holdings Berhad
- 2007-2012 – Associate Director, PricewaterhouseCoopers Advisory Sdn Bhd
- 2005-2007 – Senior Manager, KPMG Forensic, KPMG Australia
- 1994-2005 – Associate Director, KPMG Consulting Services Sdn Bhd



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**AHMAD SHAHRIMAN JOHARI**

Head, Corporate Communications

**Malaysian/43/Male**

**Date Joined:** 1 July 2017

**Academic Qualification(s)**

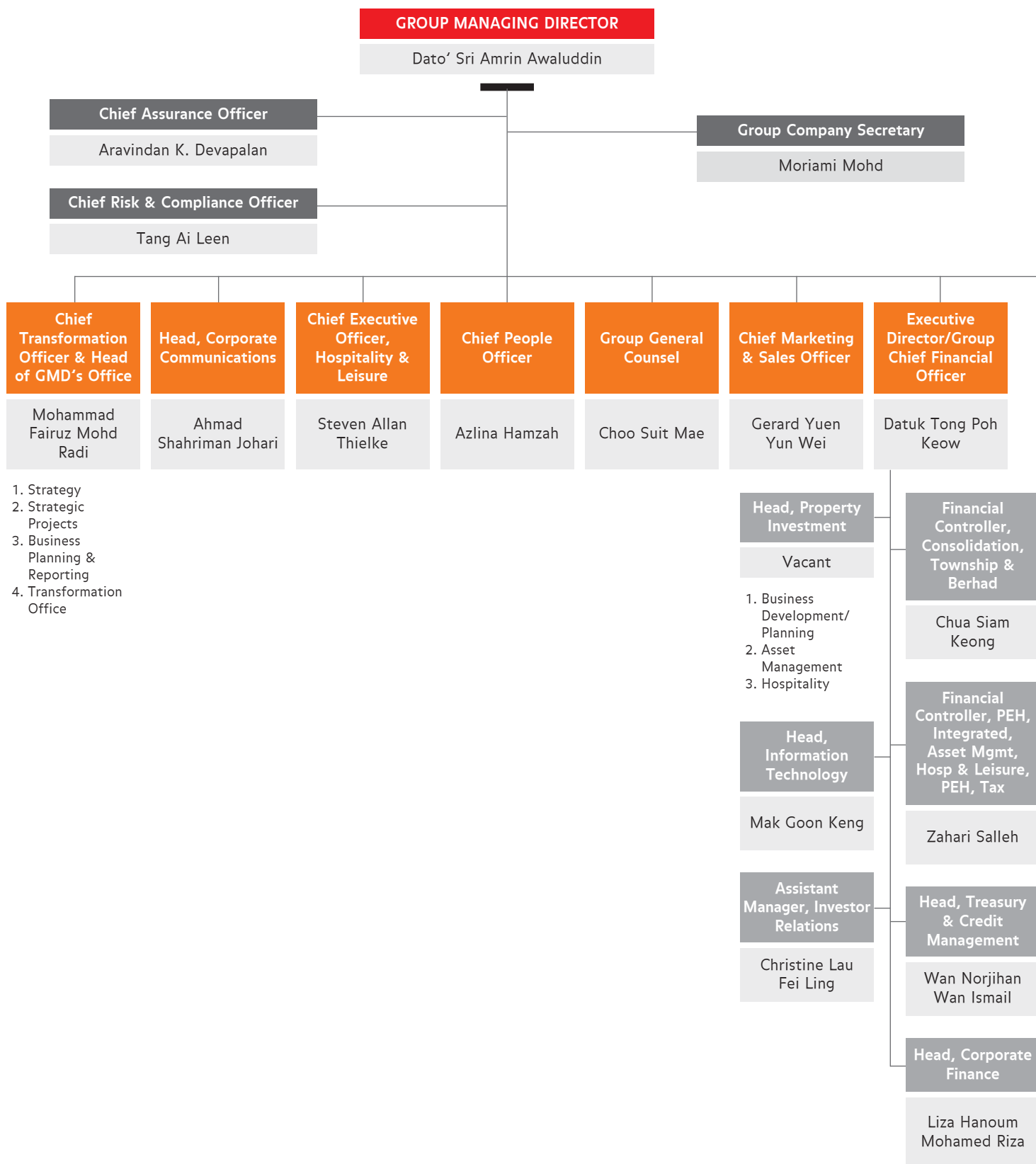
- Bachelor of Arts, Acadia University, Canada

**Past Relevant Experience**

- 2015-2017 – Head, Corporate Communications, Sime Darby Berhad
- 2014-2015 – Head, Public Relations, Sime Darby Berhad
- 2012-2014 – Head of External Communication, Sime Darby Berhad
- 2004-2011 – Chief News Editor, Business Times, New Straits Times
- 2002-2004 – Correspondent, Reuters News Agency

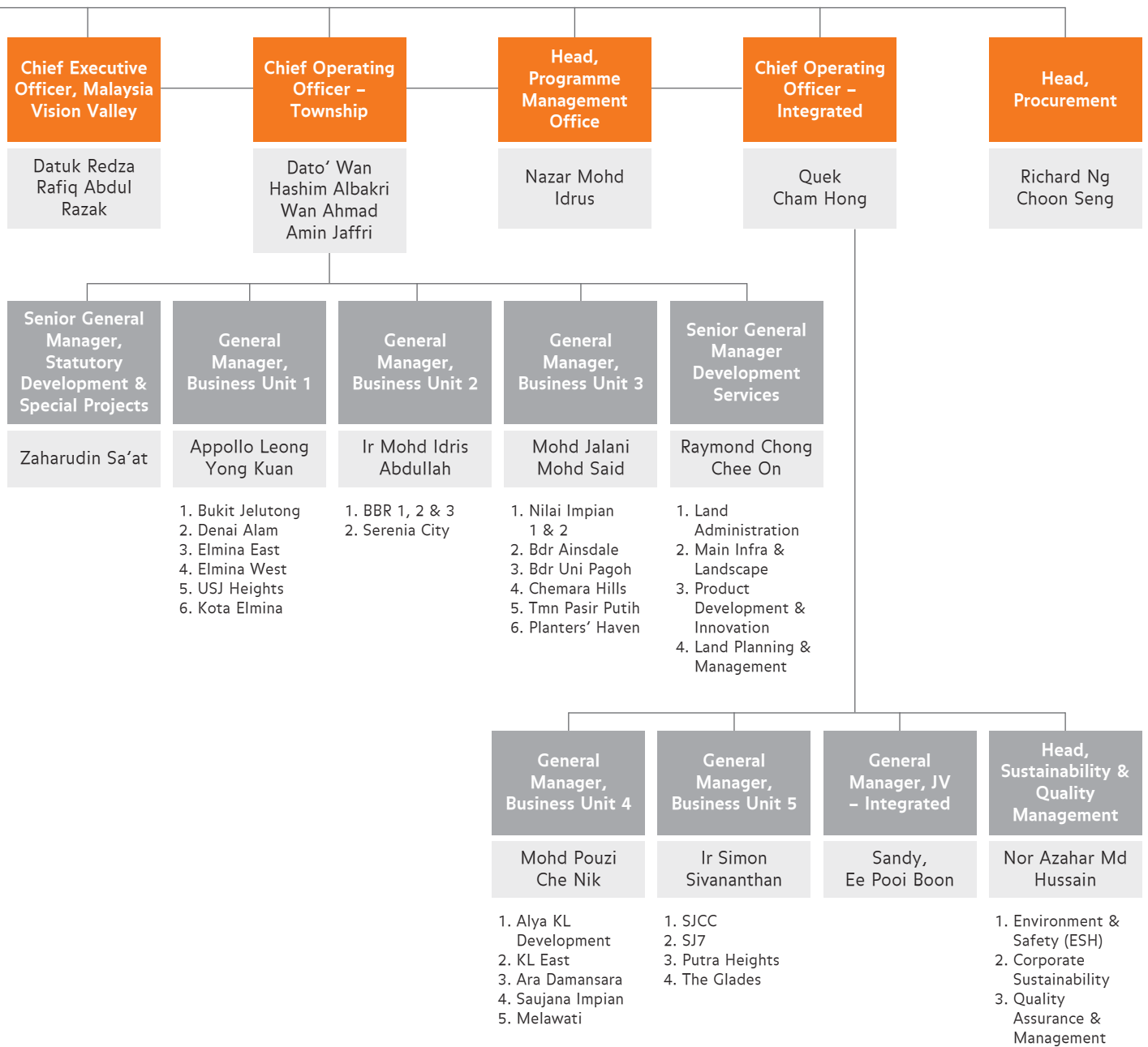


# Organisation Structure



Legend:





# Corporate Governance Overview Statement

## Background

The creation of pure-play business groups that would help to unlock maximum sustainable value of the Sime Darby Group was undertaken in the year 2017. Three (3) iconic stand-alone businesses were created, all of which would be pure-plays in the Plantation, Property, Trading and Logistics sectors.



Plantation



Property



Trading &amp; Logistics

The intention was to enable each business to pursue its distinct aspirations with greater focus and agility, taking advantage of potential growth opportunities to maximise value to all shareholders. The de-merger of the Sime Darby Group was completed on 30 November 2017 with the separate listing of three (3) pure-play entities as envisaged.

Simultaneous with the listing of the pure-play Property group, namely, Sime Darby Property Berhad (Sime Darby Property or the Company), a more dynamic and diversified Board was established together with Board Committees to assist the Board in the discharge of its statutory and fiduciary duties.

## Introduction

This Statement by the Board of Sime Darby Property provides shareholders and investors with an overview of Sime Darby Property's application of the three (3) key Principles of good corporate governance as set out by the Malaysian Code on Corporate Governance 2017 (MCCG). Sime Darby Property's application of each Practice under the three (3) Principles during the financial year ended 30 June 2018 is disclosed in the Sime Darby Property Corporate Governance Report (Corporate Governance Report) for the financial year ended 30 June 2018 (FY2018). The Corporate Governance Report is available on Sime Darby Property's corporate website at [www.simedarbyproperty.com](http://www.simedarbyproperty.com).

This Statement is to be read together with the Corporate Governance Report.

Sime Darby Property's corporate governance objectives include the promotion of integrity, transparency, accountability and responsibility, ensuring there are appropriate checks and balances between the Group and its companies and cultivating ethical business behaviour Group-wide.

The Board firmly believes that governance is not just about adherence to a set of recommendations. It is a way of doing business and the hallmark of everything the Company does.

## Principle A: Board Leadership and Effectiveness

### I) BOARD RESPONSIBILITIES

The Board acknowledges that its stewardship mandate means that it bears responsibility for the Company's long-term wealth creation, a commitment to develop and protect the interests of stakeholders and the creation of systems and structures to advance organisational goals. The Board's stewardship role also means that it provides the Company with effective leadership and is responsible collectively for formulating and meeting the Company's goals and objectives, strategic plans and key policies.

Fundamentally therefore, the Board is responsible for charting and driving the strategic business direction of the Group, the course of its business operations and its capacity for growth. In doing so, the Group's long term success in delivering sustainable value to stakeholders is ensured. In carrying out this responsibility, the Board provides thought leadership, expertise and advice in fine-tuning corporate strategies, in championing good governance and ethical practices and ensuring the effective execution of these strategies.

To this end, the Board, through the Governance and Audit Committee and Risk Management Committee, provides effective oversight of the Management's performance, robust monitoring of risk assessment and controls of the Group's business operations and compliance with legal and regulatory requirements. In this regard, the Board is responsible for identifying, establishing the nature and determining the extent of principal risks it is willing to take in achieving the Group's strategic objectives.

The primary responsibilities of the Board are disclosed in the Sime Darby Property's Board Charter which is available on Sime Darby Property's corporate website at



[www.simedarbyproperty.com](http://www.simedarbyproperty.com).

### II) ROLES OF THE CHAIRMAN, GROUP MANAGING DIRECTOR AND NON-EXECUTIVE DIRECTORS

The roles of the Non-Executive Chairman and the Group Managing Director are held by two (2) different individuals as separation is essential given that their role and responsibilities are distinct, have different expectations and serve different primary audiences. The Board practices a clear division of duties and responsibilities which are defined and documented. The clear hierarchical structure with its focused approach ensures an appropriate balance of power and authority in the Board and facilitates efficiency and robust decision making.

The Group Managing Director is principally responsible for the overall management of the Company. In managing the business of the Company on a day-to-day basis, the Group Managing Director is assisted by his management team.

The Group Managing Director is responsible for developing the business direction of the Company and ensuring that the business strategies and policies are effectively implemented in line with the Board's direction.

The Non-Executive Directors are independent of the Management. Whilst they provide strong and effective oversight over the Management, they do not participate in the day-to-day management of the Company. They do not also engage in any business dealing or other relationship with Sime Darby Property (other than in situations permitted by applicable regulations) in order that they remain truly independent of judgement and act in the best interests of the Group and its shareholders.

The Non-Executive Directors of Sime Darby Property are proactive in engaging with the Management and other relevant parties, such as the external and internal auditors, to ensure that concerns and related issues in respect of the management and business operations of the Group can be properly addressed. The Non-Executive Directors must ensure that they are satisfied with the integrity of financial information and that financial controls and system of risk management are robust and defensible.



## Corporate Governance Overview Statement

The Non-Executive Directors may, the cost of which is to be borne by the Company, procure independent professional advice on matters relating to the fulfilment of their roles and responsibilities.

The distinct key responsibilities of the Non-Executive Chairman, Group Managing Director and Non-Executive Directors are set out in the Board Charter as follows:



**Chairman**

The Chairman provides leadership to the Board and ensures its smooth functioning. The Chairman ensures that procedures are in place for the effective conduct of the Board's business during meetings of the Board. The Chairman presides at meetings of the Board. The Chairman leads the Board in setting the Group's key policies and direction, ensures that the Board fulfils its obligations under the Board Charter and instils good corporate governance practices.



**Group Managing Director**

The Group Managing Director assumes the overall responsibility for the execution of the Group's strategies in line with the Board's direction, oversees the operations of the Company and drives the Group's businesses and performance towards achieving the Group's vision and goals.



**Senior Independent Non-Executive Director**

The primary responsibilities of the Senior Independent Non-Executive Director include, acting as a sounding board for the Chairman, an intermediary for other Directors when necessary, and the point of contact for shareholders and other stakeholders to address concerns on issues that have failed to be resolved or which would not be appropriate to be communicated through the normal channels of the Chairman and/or Group Managing Director.



**Non-Executive Director**

Non-Executive Directors (both Independent and Non-Independent) monitor and supervise Management's conduct in running the business while bringing their external perspective and wisdom to bear on the decision making process.



Further descriptions on the duties/roles of the Board are available under the Corporate Governance section of Sime Darby Property's corporate website at [www.simedarbyproperty.com](http://www.simedarbyproperty.com).

### III) GROUP SECRETARY

The Group Secretary is qualified to act as company secretary under Section 235 of the Companies Act 2016.

The Group Secretary plays an important practical role in advising the Board on the Board's constitution, Board policies and procedures, governance and regulatory compliance matters. The Group Secretary is experienced, competent and knowledgeable on legislations, new guidelines and directives issued by regulatory authorities. She ensures that there is good information flow and provides comprehensive practical support to the Board and sound advice to Directors, both as individuals and collectively. In providing support to Non-Executive Directors, the Group Secretary focuses on maintaining the highest standards of probity and corporate governance. All Directors have unrestricted access to the advice and services of the Group Secretary to facilitate the discharge of their duties.

The Group Secretary ensures that deliberations of the Board and Board Committees are properly documented and recorded in an adequate and timely manner, including comments made by each Director, how they have voted and pertinent observations and reservations. The minutes of Board meetings are circulated to all Directors in advance (of the Board meetings) for their perusal and comments. The minutes are then tabled for confirmation at the subsequent Board meeting.

The profile of the Group Secretary, Puan Moriami Mohd, is set out on page 107 of this Annual Report.

#### IV) BOARD MEETINGS AND ACCESS TO INFORMATION

In the discharge of their duties, all Directors have direct access to the Senior Management and have unrestricted as well as immediate access to information relating to the Company's business affairs.

Prior to Board and Board Committees meetings, a formal and structured agenda together with a set of Board and Board Committees' papers containing information relevant to the matters to be deliberated at the meeting are forwarded to all Directors at least five (5) days before the relevant Board and Board Committees meetings. This is to enable Directors to have sufficient time to review, consider, and if necessary, obtain further information or research on the matters to be deliberated in order to be well prepared for the meetings.

The Board meets as often as necessary to fulfil its role, and the meeting dates are scheduled in advance (before the commencement of each financial year) to enable the Directors to plan ahead and ensure their full attendance at Board meetings. Directors are required to allocate sufficient time to perform their responsibilities effectively, including adequate time to prepare for Board meetings. The Board will also meet as and when necessary to consider and deliberate urgent proposals or matters that require the Board's expeditious review or consideration when required.

The Board is provided with a forward schedule and agenda of key items to consider and reserves full decision making powers on the following matters:

- Group strategy corporate plans and budgets
- Acquisitions and disposals and transactions exceeding authority limits
- Changes in the key policies and delegated authority limits of the Group.

The Board holds regular meetings of not less than five (5) times a year. The Board also meets as soon as the Group's quarterly and annual financial results are finalised in order to review and approve the results prior to announcement to Bursa Malaysia Securities Berhad (Bursa Malaysia).

At the quarterly Board meetings, the comprehensive management reports and updates on the Group's business performance are reviewed against their expected targets and against the industry. The Board also deliberates and assesses among others, the viability of business propositions and corporate proposals that are tabled for consideration. The Board is also apprised on pertinent issues raised and decisions made by the Nomination and Remuneration Committee, Governance and Audit Committee and Risk Management Committee.

During the Board meetings, the Board engages in robust deliberations of matters in the agenda.

Relevant members of the Senior Management attend Board meetings by invitation to report to the Board on matters pertinent to their respective areas of responsibility, to present new proposals or to brief on actions implemented pursuant to recommendations made by the Board.

The Board would be briefed by the Chairman of the Nomination and Remuneration Committee, Governance and Audit Committee and Risk Management Committee of salient views and recommendations of the respective Committees.

A Director is required to abstain from participating in the deliberation and decision of the Board on a matter which he/she is an interested party.

#### V) BOARD CHARTER

The Board Charter is a comprehensive reference document to Directors on matters relating to the Board and its processes. It sets out the Board's strategic intent and outlines the roles, powers and responsibilities that the Board specifically reserves for itself, and those which it delegates to Management and in so doing, also sets the tone of the various Board Committees.

The Board Charter serves as a constitution for the Board in upholding sound corporate governance standards and practices. The Board Charter also assists the Board in the assessment of its own performance and is subject to the provisions of the Companies Act 2016, the Constitution of Sime Darby Property, the Main Market Listing Requirements (MMLR) of Bursa Malaysia, the MCCG and any other applicable law or regulatory requirements.

## Corporate Governance Overview Statement

The Board Charter addresses the following pertinent matters:

- The purpose, review process and continuous education of the Board.
- The structure and composition of the Board.
- Authority of the Board, including the right to obtain advice, to have access to personnel of the Group and to convene meetings as required.
- The roles and responsibilities of the Board including the Board's oversight role and succession planning.
- The conduct of Board meetings.



The Board Charter is available on Sime Darby Property's corporate website at [www.simedarbyproperty.com](http://www.simedarbyproperty.com) under the Corporate Governance section.

### VI) BOARD COMPOSITION

The Board composition currently exceeds the minimum requirement of one-third (1/3) independent directors as stipulated in the MMLR of Bursa Malaysia. The Board comprises ten (10) Directors:



- Five (5) Independent Non-Executive Directors;
- Three (3) Non-Independent Non-Executive Directors including the Chairman; and
- Two (2) Executive Directors, who serve as the Group Managing Director and Group Chief Financial Officer, respectively.

The ten (10) members of the Board are persons of integrity and high calibre who have sound knowledge and understanding of the Group's business and provide a diversity and breadth in experience and expertise.

The Board is of the view that the size and composition of the Board remain adequate to provide it with diversity of views, facilitate effective decision making and a good balance of Executive, Independent and Non-Independent Directors.

The profile of each member of the Board is presented on pages 97 to 106 of this Annual Report.

### VII) BOARD BALANCE AND INDEPENDENCE

The MCCG requires a majority of the Board to comprise independent directors. During the financial year ended 30 June 2018, the Board had initially comprised a majority of Independent Directors which represented 55 percent of the Board. Out of the eleven (11) Directors, six (6) were Independent Non-Executive Directors.

However, on 30 June 2018, Tan Sri Dato' Sri Abdul Wahid Omar and Dato' Rohana Tan Sri Mahmood resigned as Non-Independent Non-Executive Director and Senior Independent Non-Executive Director respectively. The Board had, on 23 July 2018, approved the appointment of Tan Sri Dr. Zeti Akhtar Aziz as Non-Independent Non-Executive Director of Sime Darby Property. Following the said changes, the Board now comprises 50 percent Independent Directors.

The Board had, on 28 August 2018, approved the appointment of Dato' Jaganath Derek Steven Sabapathy as a Senior Independent Non-Executive Director in place of Dato' Rohana Tan Sri Mahmood.

The Board, through the Nomination and Remuneration Committee, is currently reviewing the selection of an additional Independent Non-Executive Director to be appointed to the Board. The Board strongly believes that a Board comprising a majority of Independent Directors allows for more effective oversight of the Management.

The Board is committed to ensuring diversity and inclusiveness in its composition based on the Board Composition Policy, having regard to the diversity in terms of skills, background, knowledge, international and industry experience, culture, independence, age, ethnicity, gender, and other factors which the Board thinks fit. The Board believes that not only will a truly diverse and inclusive Board leverage the differences in for example, perspective, industry experience, knowledge and skill, it will help the Group retain its competitive industry advantage.

The MCCG also calls for Boards to have at least 30 percent women directors. The Board currently has three (3) women Directors out of a total of ten (10) Directors. Although the Board has met this minimum requirement, the Board endeavours, going forward, to increase the representation of women on the Board.

The sourcing of and recruitment exercise to achieve the right diversity in the Board will be undertaken by the Nomination and Remuneration Committee. It will be a priority exercise on the Board's Corporate Governance agenda in the remaining year 2018 and the year 2019.

## VIII) TENURE OF INDEPENDENT DIRECTORS

During the FY2018, none of the Independent Directors had served on the Board for more than nine (9) years from the date of his/her appointment. In conformity with the MCCG, the Board Charter states that upon completion of the nine (9) years, an Independent Non-Executive Director may continue to serve on the Board as a Non-Independent Non-Executive Director. If the Board intends to retain an Independent Non-Executive Director beyond nine (9) years, it shall justify and seek annual shareholders' approval. If the Board continues to retain the Independent Non-Executive Director after the twelfth (12th) year, the Board is required to seek annual shareholders' approval through a two-tier voting process.

## IX) NOMINATION AND REMUNERATION COMMITTEE'S ROLE IN BOARD APPOINTMENT AND ASSESSMENT

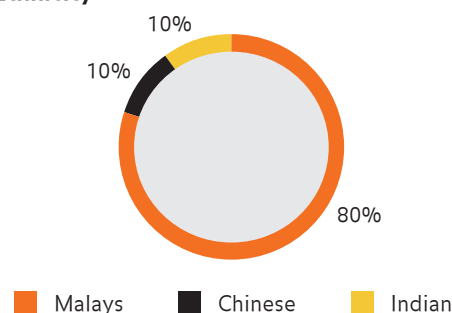
Prior to the Company's transformation into a pure-play business entity, potential candidates were identified and recommended for suitable appointments to the Board and Senior Management of the Company. This exercise was undertaken by Sime Darby Berhad together with an international search consultant.

The Board believes orderly succession will be achieved as a result of careful planning. While the majority of the current Board members have only been in place for approximately one (1) year, the composition of the Board will be reviewed from time to time to ensure the Board remains relevant and is able to contribute effectively.

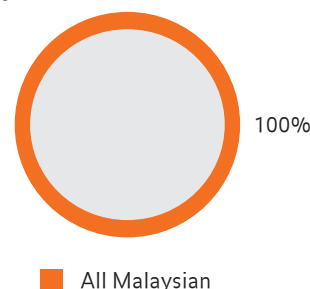
The Nomination and Remuneration Committee is responsible for assessing a potential candidate for a proposed directorship and submitting its recommendation thereafter to the Board for decision. The Nomination and Remuneration Committee considers the candidate's propriety and suitability for appointment based on the Board's composition and requirements.

The current Board's diversity is depicted in the following matrix:

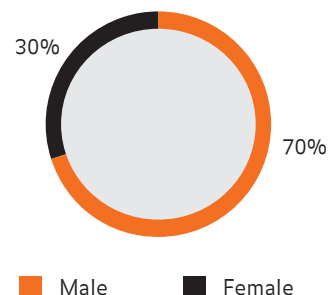
### a) Ethnicity



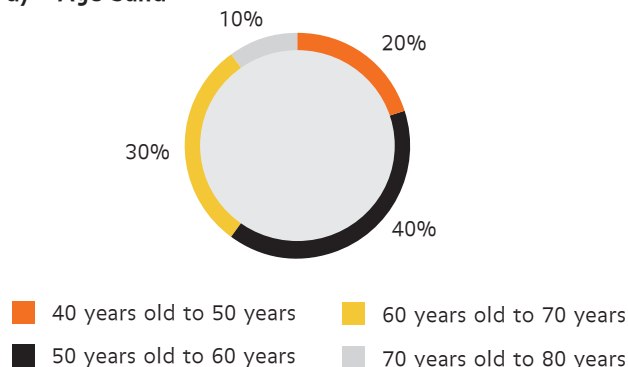
### b) Nationality



### c) Gender



### d) Age band





Potential directors are made aware of and are briefed on the Board’s expectations of them with regard to time commitment in carrying out their roles as Directors and members of Board Committees once they are appointed, taking into consideration their other principal commitments, such as the number of listed company boards.

The Board, through the Nomination and Remuneration Committee, conducts the annual review and assessment on effectiveness of the Board, the Board Committees and each of the Directors individually. Pursuant to and in line with the expectations of the MCCG, the Nomination and Remuneration Committee engaged an independent consultant, namely PricewaterhouseCoopers (PwC), to conduct and facilitate its first Board Effectiveness Evaluation exercise for the FY2018. The Board Effectiveness Evaluation was undertaken by way of assessments as well as one-on-one interview sessions between the representatives of PwC and the Directors.

The assessment criteria used in the Board Effectiveness Evaluation was as follows:

**Board and Board Committee and Effectiveness**

Responsibilities, remuneration, composition, administration and process, conduct, interaction and communication

**Directors’ Peer Evaluation**

Board dynamics and participation, integrity and objectivity, technical competencies, recognition and independence

The Board believes that the current Board composition which consists of experienced members from the property industry and professionals reflects balance and fit to provide governance and stewardship to the Company. Additionally, the Board is of the view that the Group Secretary has managed the Board Meetings effectively and provided effectual and timely support to the Board in assisting with the governing roles of the Board within the Company.

The Board Effectiveness Evaluation indicated that the Board had discharged its responsibilities effectively. The results of the Board Effectiveness Evaluation indicated also that the Board members worked well as a group and spoke collectively and cohesively together

once decisions were made. Most of the Directors had been highly engaged when required to address issues and challenges faced by the Company.

It was also indicated from the Board Effectiveness Evaluation results that there were no apparent weaknesses or shortcomings identified that warranted specific action plans to mitigate the same.

The Board was satisfied with the evaluation outcome and key areas of enhancement were identified.

The feedback for the Director’s Peer Evaluation was provided to the Chairman directly to enable him to engage in dialogue with each Director on a one-on-one basis with regard to her/his performance. The feedback from each Director forms part of the Director’s development plan as a member of the Board.

Based on the Board Effectiveness Evaluation results, the Board will continue to focus on and strengthen succession planning and human capital management in order to maintain competitive edge and ensure effective and smooth implementation of strategic goals and business plan.

Specific disclosures on other activities of the Nomination and Remuneration Committee are disclosed in the Nomination and Remuneration Committee Report on pages 137 to 143 of this Annual Report.

**X) RE-ELECTION OF DIRECTORS**

The Constitution of Sime Darby Property provides that at every general meeting of Sime Darby Property, one-third (1/3) of Directors for the time being or the number nearest to one-third (1/3), and those Directors newly appointed subsequent to the preceding annual general meeting, shall retire from office and shall be eligible for re-election. All Directors shall also retire from office once at least in each three (3) years but shall be eligible for re-election.

The performance of Directors who are subject to re-election at the annual general meeting of the Company will be assessed by the Nomination and Remuneration Committee. The recommendation by the Nomination and Remuneration Committee is thereafter submitted to the Board for decision as to whether the proposed re-election of the particular Director will be tabled to the next annual general meeting for approval of the shareholders.

## XI) ATTENDANCE AT BOARD MEETINGS

During the FY2018, the Board met eleven (11) times, being a combination of ten (10) scheduled meetings and one (1) unscheduled meeting. All Directors (except Tan Sri Dr. Zeti Akhtar Aziz and Encik Rizal Rickman Ramli both of whom were appointed on 23 July 2018 and 5 April 2018 respectively), attended all the Board meetings held during the financial year and have complied with the MMLR of Bursa Malaysia, i.e. the requirement of attendance of at least 50 percent. Board members are encouraged to provide their views and comments on matters to be discussed to the Chairman in advance in the event they are not able to attend.

Details of attendance of each Director at meetings of the Board during the FY2018 are depicted below:

<b>Tan Sri Dr. Zeti Akhtar Aziz</b> <i>(Appointed on 23 July 2018)</i> Chairman/Non-Independent Non-Executive Director  	<b>Dato' Jaganath Derek Steven Sabapathy</b> Member/Independent Non-Executive Director  
<b>Dato' Sri Amrin Awaluddin</b> Group Managing Director  	<b>Datuk Dr. Mohd Daud Bakar</b> Member/Non-Independent Non-Executive Director  
<b>Datuk Tong Poh Keow</b> Executive Director/Group Chief Financial Officer  	<b>Dato' Seri Ahmad Johan Mohammad Raslan</b> Member/Independent Non-Executive Director  
<b>Tengku Datuk Seri Ahmad Shah Alhaj ibni Almarhum Sultan Salahuddin Abdul Aziz Shah Alhaj</b> Member/Independent Non-Executive Director  	<b>Datin Norazah Mohamed Razali</b> Member/Independent Non-Executive Director  
<b>Dato' Johan Ariffin</b> Member/Independent Non-Executive Director  	<b>Encik Rizal Rickman Ramli</b> <i>(Appointed on 5 April 2018)</i> Member/Non-Independent Non-Executive Director  

\* not applicable (appointed as Director on 23 July 2018)

^ reflects number of meetings held following appointment as Director on 5 April 2018

## Corporate Governance Overview Statement

## XII) DIRECTORS' TRAINING

The Board has established a formal induction programme to provide an understanding to the newly appointed Directors on the Board's expectations in terms of their knowledge contribution, nature of the Sime Darby Property Group's business, current issues faced and strategies adopted by the Sime Darby Property Group.

The Board also acknowledges the importance of continuing education for its Directors to ensure that they are equipped with the necessary skills and knowledge to perform their duties and meet the challenges faced by the Board. The Board has delegated the role to review the training and development needs of the Directors to the Nomination and Remuneration Committee.

For the FY2018, all the Directors attended various training programmes, workshops and seminars organised by regulatory authorities and professional bodies, particulars of which are as set out below:

Directors	Date of Training/ Programme	Training/Programme Attended	Organiser
DATO' SRI AMRIN AWALUDDIN	8 April 2018	Malaysian Developers Outlook	Kenanga Investment Bank Bhd
	11 April 2018	Integrated Reporting	PricewaterhouseCoopers
DATUK TONG POH KEOW	12 – 13 March 2018	Mandatory Accreditation Programme	The Iclif Leadership and Governance Centre
	8 April 2018	Malaysian Developers Outlook (during Board Retreat)	Kenanga Investment Bank Bhd
	11 April 2018	Integrated Reporting	PricewaterhouseCoopers
TENGGU DATUK SERI AHMAD SHAH ALHAJ IBNI ALMARHUM SULTAN SALAHUDDIN ABDUL AZIZ SHAH ALHAJ	8 January 2018	Regulatory Updates Seminar for Global Oriental Berhad	Aram Global Sdn Bhd
	8 April 2018	Malaysian Developers Outlook (during Board Retreat)	Kenanga Investment Bank Bhd
	11 April 2018	Integrated Reporting	PricewaterhouseCoopers
DATO' JOHAN ARIFFIN	9 March 2018	Compliance Conference 2018	Compliance Department of Etika Maybank
	3 April 2018	"Takaful Minds & Its Algorithm in the Takaful Industry" – Session with Datuk Dr. Mohd Daud Bakar	Shariah Department & Shariah Risk Management Unit by Etika Takaful
	8 April 2018	Malaysian Developers Outlook (during Board Retreat)	Kenanga Investment Bank Bhd
	11 April 2018	Integrated Reporting	PricewaterhouseCoopers
DATO' JAGANATH DEREK STEVEN SABAPATHY	8 April 2018	Malaysian Developers Outlook (during Board Retreat)	Kenanga Investment Bank Bhd
	11 April 2018	Integrated Reporting	PricewaterhouseCoopers

Directors	Date of Training/ Programme	Training/Programme Attended	Organiser
<b>DATUK DR. MOHD DAUD BAKAR</b>	15 November 2017	Strategic Asset Allocation Workshop	PNB Asset Management
	8 April 2018	Malaysian Developers Outlook (during Board Retreat)	Kenanga Investment Bank Bhd
	11 April 2018	Integrated Reporting	PricewaterhouseCoopers
<b>DATO' SERI AHMAD JOHAN MOHAMMAD RASLAN</b>	31 July – 2 August 2017	FIDE Core Module A (Bank)	The Iclif Leadership And Governance Centre (Trainer)
	5 – 7 February 2018	FIDE Core Module A (Insurance)	
	8 April 2018	Malaysian Developers Outlook (during Board Retreat)	Kenanga Investment Bank Bhd
	11 April 2018	Integrated Reporting	PricewaterhouseCoopers
<b>DATIN NORAZAH MOHAMED RAZALI</b>	27 June 2018	Preparation for Corporate Liability on Corruption	Malaysian Institution of Corporate Governance
	12 – 13 February 2018	Mandatory Accreditation Programme	The Iclif Leadership and Governance Centre
	8 April 2018	Malaysian Developers Outlook (during Board Retreat)	Kenanga Investment Bank Bhd
	11 April 2018	Integrated Reporting	PricewaterhouseCoopers
<b>ENCIK RIZAL RICKMAN RAMLI</b> <i>(Appointed on 5 April 2018)</i>	24 April 2018	Thriving in Digital Disruption	LeadWomen
	8 April 2018	Malaysian Developers Outlook (during Board Retreat)	Kenanga Investment Bank Bhd

#### New Director On-boarding

During FY2018, on-boarding sessions were conducted to provide newly-appointed Directors with detailed knowledge of the business operations, strategies, financial performance, organisation structure and manpower under Sime Darby Property.



## Corporate Governance Overview Statement

## XIII) REMUNERATION

The Board's approach to remuneration is to align its policies and practices to sustainable shareholder value creation. It also recognises that a comprehensive and fair remuneration package should be in place in order to retain and attract Directors. In this regard, it is the Nomination and Remuneration Committee's responsibility to formulate and review the remuneration policies and packages for the Directors as well as the Senior Management to ensure that they remain competitive, appropriate and commensurate with their experience, skills and responsibilities.

In August 2017 and in February 2018, the Board approved the Directors' Remuneration Framework, as reviewed and recommended by the Nomination and Remuneration Committee. In ensuring the objectivity of the Directors' Remuneration Framework, the Nomination and Remuneration Committee comprises only Non-Executive Directors, the majority of whom are Independent Directors.

The remuneration of Non-Executive Directors consists of fixed directors' fees and other benefits-in-kind, all of which are subject to the approval of shareholders at the forthcoming Annual General Meeting. Key details of Directors' Remuneration Framework for the FY2018 are set out below:

Fees/Benefits	Amount/Description			
Directors’ Fees		Board	GAC	Other Committees
	Chairman	RM540,000	RM80,000	RM60,000
	Member			
	i) Resident	RM220,000	RM50,000	RM35,000
	ii) Non-resident	RM360,000		
Per diem allowance <i>(on official events and Government related matters within Malaysia or overseas)</i>	RM1,000 per day			
Transportation <i>(official business assignments)</i>	Business class air travel			
Accommodation <i>(on official duty)</i>	Group designated hotels.			
	Unreceipted Local Business Travel			
	Region	Meals	Accommodation	
	Malaysia	MYR200/day	MYR200/day	
	Unreceipted Overseas Business Travel			
	Continent	Meals	Accommodation	
	Asia (incl. Oceania)	USD80	USD100	
	United Kingdom	€100	€200	
	Europe	€100	€200	
	America	USD150	USD200	

<b>Fees/Benefits</b>	<b>Amount/Description</b>								
Entertainment	Reasonable entertainment expenses for the promotion of the Group's interest will be reimbursed against receipts.								
Club Membership/Privileges	<p>Honorary membership at Tournament Players Club Kuala Lumpur (TPC KL)/other clubs owned by Sime Darby Property Group with free monthly subscription fees.</p> <p>NED who becomes President of the TPC KL will be made a life time honorary member of the Club.</p>								
Insurance	<table border="1"> <thead> <tr> <th>Description</th><th>Amount</th></tr> </thead> <tbody> <tr> <td>i) Group Personal Accident Policy</td><td>RM1,000,000</td></tr> <tr> <td>ii) Directors and Officers Liability Insurance</td><td>Cover limit of USD15 million, including an Employment Practices Liability cover of USD1 million.</td></tr> <tr> <td>iii) Medical &amp; Security Assistance Programme</td><td>Medical &amp; Security Assistance Programme with International SOS provides pre-travel and destination services including immunisation recommendations, travel and visa information, 24/7 telephone medical and security assistance, etc. in case of emergency when travelling abroad.</td></tr> </tbody> </table>	Description	Amount	i) Group Personal Accident Policy	RM1,000,000	ii) Directors and Officers Liability Insurance	Cover limit of USD15 million, including an Employment Practices Liability cover of USD1 million.	iii) Medical & Security Assistance Programme	Medical & Security Assistance Programme with International SOS provides pre-travel and destination services including immunisation recommendations, travel and visa information, 24/7 telephone medical and security assistance, etc. in case of emergency when travelling abroad.
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i) Group Personal Accident Policy	RM1,000,000								
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iii) Medical & Security Assistance Programme	Medical & Security Assistance Programme with International SOS provides pre-travel and destination services including immunisation recommendations, travel and visa information, 24/7 telephone medical and security assistance, etc. in case of emergency when travelling abroad.								
Medical and Hospitalisation	<p><b>For NED:</b></p> <p>Free medical treatment (excluding major surgeries), dental and optical subject to treatment being given by the:</p> <ul style="list-style-type: none"> <li>i) Group/Company's Panel of Doctors.</li> <li>ii) Physician referred to by the Group/Company's Panel of Doctors.</li> </ul> <p><b>For NED's Spouse and Dependent Children:</b></p> <p>Medical treatment (excluding major surgeries) subject to treatment given as stated in items no. (i) and (ii) above.</p>								
Purchase of Group/Companies Products	This entitlement is available only for products of the pure play company on which the NED is a Board member.								

**Note:** The Group Managing Director and Executive Director/Group Chief Financial Officer do not receive the above Fees/Benefits as they are employed under their respective contracts of employment.

## Corporate Governance Overview Statement

The details of aggregate remuneration of Directors for the FY2018 are as follows:

	Salary RM	Fees		Others RM	Benefits in-kind <sup>(3)</sup> RM	Total RM
		Company RM	Subsidiaries RM			
Executive Directors						
Dato’ Sri Amrin Awaluddin (Appointed on 12.07.2017) <sup>(1)</sup>	1,400,000	–	–	243,939	26,212	1,670,151
Datuk Tong Poh Keow (Appointed on 30.11.2017) <sup>(2)</sup>	880,000	41,644 <sup>(4)</sup>	–	240,841	52,428	1,214,913
Non-Executive Directors						
Tengku Datuk Seri Ahmad Shah Alhaj ibni Almarhum Sultan Salahuddin Abdul Aziz Shah Alhaj	–	240,043	–	–	16,756	256,799
Dato’ Johan Ariffin	–	372,468	–	–	51,191	423,659
Dato’ Jaganath Derek Steven Sabapathy	–	275,016	–	–	160	275,176
Datuk Dr. Mohd Daud Bakar (Appointed on 12.07.2017) <sup>(1)</sup>	–	219,454	–	–	16,793	236,247
Dato’ Seri Ahmad Johan Mohammad Raslan (Appointed on 12.07.2017) <sup>(1)</sup>	–	351,617	–	–	160	351,777
Datin Norazah Mohamed Razali (Appointed on 12.07.2017) <sup>(1)</sup>	–	201,987	–	–	1,045	203,032
Rizal Rickman Ramli (Appointed on 05.04.2018) <sup>(1)</sup>	–	69,122 <sup>(5)</sup>	–	–	–	69,122
Directors resigned during FY2018						
Tan Sri Dato’ Sri Abdul Wahid Omar (Resigned on 30.06.2018)	–	366,247	–	–	160	366,407
Dato’ Rohana Tan Sri Mahmood (Resigned on 30.06.2018)	–	247,288	–	–	18,396	265,684
Tan Sri Dato’ Abdul Ghani Othman (Resigned on 12.07.2017)	–	4,521	–	–	–	4,521
Zainal Abidin Jamal (Resigned on 12.07.2017)	–	3,014	–	–	–	3,014
Mohamad Idros Mosin (Resigned on 12.07.2017)	–	3,014 <sup>(5)</sup>	–	–	–	3,014
Tan Sri Dato’ Seri Mohd Bakke Salleh (Resigned on 12.07.2017)	–	3,014 <sup>(4)</sup>	–	–	–	3,014
Dato’ Jauhari Hamidi (Resigned on 12.07.2017)	33,914	–	–	4,552	4,810	43,276

<sup>(1)</sup> Appointed during the financial year under review

<sup>(2)</sup> Appointed as Executive Director, Group Chief Financial Officer on 30 November 2017

<sup>(3)</sup> Comprises company car, petrol claims, telecommunication devices/facilities, club memberships, medical and insurance coverage and discounts on purchases of Group/companies products, where relevant

<sup>(4)</sup> Fees as nominee Director to be paid to Sime Darby Berhad

<sup>(5)</sup> Fees as nominee Director to be paid to Permodalan Nasional Berhad

#### XIV) REMUNERATION POLICY AND PRACTICE

The Company has established a Remuneration Policy which puts in place a framework to ensure an appropriate balance between attracting, retaining and motivating staff. It is designed to ensure that reward is measurably linked to achievement of business and performance objectives.

The remuneration framework outlines the total compensation package of fixed remuneration and variable remuneration payable to staff.

#### XV) STRENGTHENING CORPORATE GOVERNANCE CULTURE

The Group has in place the following policies to ensure that the conduct of business of the Group and the employees are consistently carried out ethically and with integrity.

##### a) Code of Business Conduct (COBC)

Following the listing of the Company, the Board formalised the Group's COBC outlining the ethical standards of behaviour expected of all Directors, employees, counterparts and business partners, in line with the Company's core values. On 19 July 2018, the Board approved the revised COBC which incorporated ten (10) new features of the COBC upon obtaining feedback from internal stakeholders.

Further details on the COBC are available on the Company's corporate website at [www.simedarbyproperty.com](http://www.simedarbyproperty.com).

##### b) Whistleblowing Policy and Procedures

The Board has put in place a Whistleblowing Policy that provides a mechanism and avenue for all stakeholders to report or raise genuine concerns on any misconduct without fear of retaliation.

The Chairman of the Governance and Audit Committee is responsible for and has oversight of the whistleblowing process to ensure that protection and confidentiality are accorded to whistleblowers. The Chairman of the Governance and Audit Committee ensures that all reported violations are properly investigated and is responsible for reviewing the effectiveness of the actions taken in response to all concerns raised. Any employee or member of the public who has knowledge or is aware of offences and misconduct can make a report through the provided whistleblowing channels as set out in the Company's corporate website at [www.simedarbyproperty.com](http://www.simedarbyproperty.com).

##### c) Gift, Entertainment and Travel Policy

In February 2018, the Board approved the "Gift, Entertainment and Travel Policy" across the Sime Darby Property Group, for the following purposes:

- Reduces the need for Directors, Management and employees to examine the reasons and ethics behind the acceptance/provision of the Policy;
- Avoids and minimises the risk of conflict of interest in any of the Group's business dealings;
- Acts as a safeguard to protect against allegations of impropriety or undue influence; and
- Demonstrates the Group's commitment to the highest standard of ethics and integrity.

The Board believes that the establishment of the Gift, Entertainment and Travel Policy will enable the Directors, Management and employees to be committed in conducting the Company's business with integrity and maintaining strong professional relationships with all of their counterparts and business partners based on merit and performance. Its establishment also forms part of the Company's journey as it prepares for the alignment of this Policy with the principles of the Corporate Integrity Pledge.



## Corporate Governance Overview Statement

### BOARD COMMITTEES

Three (3) Board Committees are established to assist and support the Board in the discharge of its statutory and fiduciary responsibilities. The Board Committees are made up exclusively of Independent Non-Executive Directors and their roles are as follows:

Board Committee	Roles
<b>Governance and Audit Committee</b> Chairman: Dato' Seri Ahmad Johan Mohammad Raslan	Oversees the Company's financial reporting process and practices, reviews the Group's business process and system of internal controls, ensures implementation of an effective ethics programme across the Group, monitors compliance with established policies and procedures and assesses the suitability, objectivity and the independence of both external auditors and internal audit function.  <i>Details on key activities are set out on pages 156 to 157 of this Annual Report.</i>
<b>Nomination and Remuneration Committee</b> Chairman: Datin Norazah Mohamed Razali	Assists the Board in fulfilling its fiduciary responsibilities with regard to the appropriate size and balance of the Board, the required mix of skills, experience, knowledge and diversity of the Directors.  Ensures that there is sufficient succession planning and human capital development focus in the Sime Darby Property Group and recommends to the Board the remuneration framework for the Non-Executive Directors, Executive Directors and key critical positions of the Sime Darby Property Group.  <i>Details on key activities are set out on page 143 of this Annual Report.</i>
<b>Risk Management Committee</b> Chairman: Dato' Jaganath Derek Steven Sabapathy	Oversees the risk management framework and policies of the Sime Darby Property Group. The Committee supports the Board in fulfilling its responsibility in identifying significant risks and ensuring the implementation of appropriate systems to manage the overall risk exposure of the Group.  <i>Details on key activities are set out on page 163 of this Annual Report.</i>



The attendance of each Director at the Board Committee meetings and the activities of each Committee are disclosed in the respective Report of the Committees. The Terms of Reference of the Board Committees are available on the Company's corporate website at [www.simedarbyproperty.com](http://www.simedarbyproperty.com).

Apart from the above three (3) governance committees, the Board Tender Committee (BTC) was established on 28 October 2011 to review tenders valued at RM100 million up to RM500 million. The BTC is chaired by Tengku Datuk Seri Ahmad Shah Alhaj ibni Almarhum Sultan Salahuddin Abdul Aziz Shah Alhaj and the members are Dato' Jaganath Derek Steven Sabapathy, Dato' Seri Ahmad Johan Mohammad Raslan, Dato' Sri Amrin Awaluddin and Encik Rizal Rickman Ramli. The BTC met once during the financial year under review.

### MANAGEMENT COMMITTEES

As the Board does not manage every aspect of the Group, the Management team is given certain powers to execute transactions as defined and formalised in the Group Policies and Authorities, specifically the limits of authority. The Board, however, is aware that delegation does not absolve it from responsibility as the Directors remain responsible for the exercise of power by the delegatee as if such power had been exercised by the Directors themselves.

In terms of day-to-day management, the Company has established a number of high level committees as follows:

Management Committee	Roles
<b>Group Management Committee (GMC)</b> Chairman: Group Managing Director	<p>Has overall responsibility for management policies, day-to-day operations of the Group, the deployment and implementation of Board resolutions and oversees the achievement of objectives and results.</p> <p>Proposals by Management are discussed at the meeting where views are sought from members. The Group Managing Director approves the proposals in accordance with the authority limits in the Group Policies and Authorities.</p> <p>The current members include the Senior Management team and Heads of Departments will be invited to attend the meetings of the Committee. The Group Secretary acts as the Secretary to the meetings of GMC.</p> <p>The GMC met nine (9) times during the financial year under review.</p>
<b>Group Investment Committee (GIC)</b> Chairman: Group Chief Financial Officer	<p>Reviews and recommends major investment and capital expenditure proposals for tabling to the Board in accordance with the Group Policies and Authorities.</p> <p>The GIC met four (4) times during the financial year under review.</p>
<b>Group Tender Committee (GTC)</b> Chairman: Group Managing Director	<p>Reviews Tender Evaluation Report/Single Source Appointment for tenders with a value of between RM5 million to RM100 million.</p> <p>The GTC met six (6) times during the financial year under review.</p>
<b>Property Divisional Tender Committee 1 (PDTC 1)</b> <i>(1 July 2017 – 30 November 2017)</i> <i>(GTC takes over the roles of PDTC 1 upon listing of the Company)</i> Chairman: Group Managing Director	<p>Reviews Tender Evaluation Report/Single Source Appointment for tenders with a value of between RM5 million to RM50 million.</p> <p>The PDTC 1 met two (2) times during the financial year under review.</p>
<b>Property Divisional Tender Committee 2 (PDTC 2)</b> <i>(1 July 2017 – 30 November 2017)</i> <i>(GTC takes over the roles of PDTC 2 upon listing of the Company)</i> Chairman: Group Managing Director	<p>Reviews Tender Evaluation Report/Single Source Appointment for tenders with a value of between RM50 million to RM100 million.</p> <p>The PDTC 2 met three (3) times during the financial year under review.</p>

## Corporate Governance Overview Statement

### — Principle B: Effective Audit and Risk Management

#### GOVERNANCE AND AUDIT COMMITTEE

During the financial year ended 30 June 2018, the Governance and Audit Committee comprised initially of four (4) members, all of whom were Independent Non-Executive Directors. On 30 June 2018, Dato' Rohana Tan Sri Mahmood resigned as a Senior Independent Non-Executive Director of the Company and consequential to her resignation, Dato' Rohana ceased to be a member of Governance and Audit Committee.

As of the date of this Annual Report, the Governance and Audit Committee comprises three (3) members, all of whom are Independent Non-Executive Directors. The Board is in the process of searching for a suitable candidate to be appointed as an additional Independent Non-Executive Director. The new Independent Director would thereafter be appointed as a member of the Governance and Audit Committee.

The Chairman of the Governance and Audit Committee is Dato' Seri Ahmad Johan Mohammad Raslan and the members are, Dato' Jaganath Derek Steven Sabapathy and Datin Norazah Mohamed Razali. Dato' Seri Ahmad Johan Mohammad Raslan is a fellow of the Institute of Chartered Accountants of England and Wales, and a member of both the Malaysian Institute of Accountants and Malaysian Institute of Certified Public Accountants. Members of the Governance and Audit Committee have a wide range of relevant accounting or financial management experience and/or expertise, with the Chairman having more than thirty (30) years of relevant experience.

The Chairman of the Governance and Audit Committee is not the Chairman of the Board.

The Governance and Audit Committee's immediate focus following its establishment was ensuring continuity of the strict adherence to the governance process, oversight of significant audit matters and the financial reporting process that were already in place prior to the Company's transformation into a pure-play business entity.

The composition, authority and duties and responsibilities of the Governance and Audit Committee are set out under its Terms of Reference. The Terms of Reference were approved by the Board on 12 July 2017.

The Terms of Reference have incorporated a policy that requires a former key audit partner to observe a cooling-off period of at least two (2) years prior to appointment as a member of the Governance and Audit Committee.

The Terms of Reference of the Governance and Audit Committee are published in the Company's corporate website at [www.simedarbyproperty.com](http://www.simedarbyproperty.com).

The Governance and Audit Committee assists the Board in fulfilling its statutory and fiduciary responsibilities of overseeing, monitoring and assessing the reliability of the Group's management of financial risk processes, accounting and financial reporting practices and system of internal controls. The Governance and Audit Committee also reviews and discusses with the external auditors their observations of the annual financial results of the Company and the Group. Additionally, the Governance and Audit Committee is responsible for assessing the independence of both the external and internal audit functions by providing direction to and oversight of these functions on behalf of the Board.

The performance of the Governance and Audit Committee for the FY2018 was evaluated as part of the Board Effectiveness Evaluation exercise. Based on the results of the Board Effectiveness Evaluation exercise, the Board, generally, was satisfied that the Governance and Audit Committee has discharged its supervisory duties responsibly and effectively.

The overall duties and responsibilities of the Governance and Audit Committee are set out in the Governance and Audit Report on pages 155 to 160 of this Annual Report.

#### Relationship with External Auditors

The Governance and Audit Committee has in place policies and procedures to review and assess the appointment or re-appointment of the external auditors in respect of their suitability, objectivity and independence. The Governance and Audit Committee in this regard assesses among others, the adequacy of their experience and resources, their audit engagements and the experience of the engagement partners and staff.

The external auditors provide non-audit services to the Company and prior to engaging them, the Governance and Audit Committee must be satisfied that they are suitable, independent and objective in performing such services. In addition, there must not be any element of conflict of interest and the fees chargeable are within the allowable threshold set.

### INTERNAL AUDIT FUNCTION

The Group has an internal audit function which is carried out by the Group Corporate Assurance. The Group Corporate Assurance is headed by Encik Aravindan K. Devapalan, Chief Assurance Officer who is tasked with strengthening the Company's internal audit and corporate assurance function in compliance with the Company's policies and procedures. He is a Chartered Accountant with more than fourteen (14) years of experience from two (2) prominent Big 4 accounting firms i.e. PwC and KPMG. Encik Aravindan is also a fellow member of the Association of Chartered Certified Accountants (ACCA) and a member of the MIA.

The Group Corporate Assurance is adequately resourced with a total of seventeen (17) internal auditors, all of whom are equipped with relevant experience and qualifications.

The Group Corporate Assurance is guided by the Group Corporate Assurance Charter which specifies that the Governance and Audit Committee oversees the performance and effectiveness of the Internal Audit function. In order that an appropriate degree of independence of Internal Audit from operations of the Group is maintained, the Chief Assurance Officer reports functionally to the Board through the Governance and Audit Committee.

The Group Corporate Assurance's principal responsibility is to undertake regular and systematic reviews of the Group's internal control systems so as to provide reasonable assurance that such systems continue to operate satisfactorily and effectively in the Company and the Group.

The details of the Governance and Audit Committee's oversight over the Group Corporate Assurance are set out under the Governance and Audit Committee Report on pages 155 to 160 of this Annual Report.

### RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

The Board takes cognisance of its overall responsibility in establishing a sound risk management and internal control system as well as reviewing its adequacy and effectiveness. The Board fulfils its responsibilities in the risk governance and oversight functions through the Risk Management Committee in order to manage the overall risk exposure of the Group.

The Risk Management Committee is chaired by Dato' Jaganath Derek Steven Sabapathy and the members are Tengku Datuk Seri Ahmad Shah Alhaj ibni Almarhum Sultan Salahuddin Abdul Aziz Shah Alhaj, Dato' Johan Ariffin, Datuk Dr. Mohd Daud Bakar and Encik Rizal Rickman Ramli. With the exception of Datuk Dr. Mohd Daud Bakar and Encik Rizal Rickman Ramli, the members of the Risk Management Committee including its Chairman, are Independent Directors.

Primarily, the Risk Management Committee supports the Board by setting and overseeing the Risk Management Framework of the Sime Darby Property group of companies and regularly assessing such Risk Management Framework to ascertain its adequacy and effectiveness. The Risk Management Committee also monitors the implementation of post-spent transactions in accordance with established thresholds in the approved Group Limits of Authority, which includes capital expenditure, acquisitions and project-based operational costs.

In terms of internal controls, the Governance and Audit Committee regularly evaluates the adequacy and effectiveness of the internal control system by reviewing the internal audit reports prepared by the Group Corporate Assurance Department and Group Compliance Office and discussing major findings from Management's responses.

The Board is satisfied with the performance of the Risk Management Committee and the Governance and Audit Committee and their respective Chairmen in discharging their responsibilities based on the results of the Board Effectiveness Evaluation exercise.

Details of the Risk Management and Internal Control Framework are set out in the Statement of Risk Management and Internal Control on pages 148 to 154 of this Annual Report.



## Corporate Governance Overview Statement

### Principle C: Integrity in Corporate Reporting and Meaningful Relationship with Stakeholders

#### COMMUNICATION WITH STAKEHOLDERS

Sime Darby Property is committed to and ensures that its communication with its shareholders and various stakeholders, both internally and externally is transparent, timely and with quality disclosure. Sime Darby Property continuously discloses and disseminates comprehensive information to the public through various channels to keep its stakeholders informed of its business activities, strategies and financial performance. This would enable the stakeholders to make informed decisions as well as for shareholders to exercise their rights.

Sime Darby Property actively engages with stakeholders through various platforms such as announcements to Bursa Malaysia on its financial results, disclosures on the Company's corporate website and briefings to analysts. Other communication channels with the stakeholders include annual reports, roadshows and analyst briefings conducted by the Investor Relations Division.

#### CONDUCT OF GENERAL MEETINGS

The Annual General Meeting serves as the principal platform for dialogue and communication with the widest range of shareholders. Shareholders are encouraged to attend the Annual General Meeting or Extraordinary General Meeting, if any, to engage directly with the Company's Directors and Senior Management, participate in the proceedings, raise questions or seek clarifications which are relevant to the agenda and convey their concerns.

Pursuant to and in line with the MCGG, the Board ensures that shareholders of Sime Darby Property are given sufficient notice and time to consider the resolutions that will be discussed and decided at the Annual General Meeting. The notice of the Annual General Meeting is issued to the shareholders together with the Abridged Annual Report at least twenty-eight (28) days before the Annual General Meeting, which includes details of the resolutions proposed along with relevant information to enable the shareholders to evaluate and vote accordingly. Presentations on the overall performance or project updates will be made by the Group Managing Director. All Directors and Senior Management together with external auditors will be present at the upcoming Annual General Meeting to provide response if there are any questions raised by the shareholders during the Annual General Meeting.

In compliance with the MMLR of Bursa Malaysia, all resolutions put to general meetings will be voted by poll through electronic voting system. An independent scrutineer will be appointed to validate the votes cast at general meetings. The Company will continue to explore the leveraging of technology to broaden its channel of dissemination of information, to enhance the quality of engagement with its shareholders and facilitate participation by shareholders at the Company's Annual General Meetings, going forward.

#### INVESTOR RELATIONS

Sime Darby Property's Investor Relations is principally tasked with facilitating effective communication channels between the Company and the investment community.

The Investor Relations has an extensive programme that involves the holding of regular meetings, conference calls, site visits, road shows and conferences, all of which are intended to keep the investment community abreast of the Company's strategic developments and financial performance.

Any enquiries on investor related matters may be directed to [investor.relations@sime-darbyproperty.com](mailto:investor.relations@sime-darbyproperty.com) or:

Sime Darby Property Berhad  
Level 7, Block G  
Jalan PJU1A/7A  
Ara Damansara, PJU 1A  
47301 Petaling Jaya  
Selangor Darul Ehsan, Malaysia  
Tel: +603-7849 5000

### Compliance Statement

The Board considers that Sime Darby Property has substantially complied and applied the three (3) Principles and Best Practices of the MCGG for the FY2018. This Statement together with the Corporate Governance Report set out the manner in which the Company observes the intended outcome as prescribed in the MCGG. The Board remains steadfast in upholding the highest standards of corporate governance practices to safeguard the interests of all its stakeholders.

This Statement was approved by the Board of Sime Darby Property on 28 August 2018.

# Nomination and Remuneration Committee Report

The Nomination and Remuneration Committee (NRC) of Sime Darby Property Berhad (Sime Darby Property) was established on 12 July 2017 in compliance with the Main Market Listing Requirements (MMLR) of Bursa Malaysia Securities Berhad (Bursa Malaysia) and the Malaysian Code on Corporate Governance 2017 (MCCG).

The NRC is pleased to present its report for the financial year ended 30 June 2018 in compliance with Paragraph 15.08A of the MMLR of Bursa Malaysia.

## Roles of the NRC

The NRC's role amongst others is to assist the Board in fulfilling its fiduciary responsibilities with regard to the appropriate size and balance of the Board, the required mix of skills, experience, knowledge and diversity of the Directors.

The NRC also ensures that there is sufficient succession planning and human capital development focus in the Sime Darby Property Group and recommends to the Board the remuneration framework for the Non-Executive Directors, Executive Directors and key critical positions of the Sime Darby Property Group (Group).

## Terms of Reference

The NRC is governed by a clearly defined and documented Terms of Reference (TOR). The TOR are assessed, reviewed and updated, as the need arises, to ensure that the terms remain relevant, up-to-date and in conformity with the various changes in regulations. The TOR of the NRC are consistent with the MMLR of Bursa Malaysia and the MCCG. All the requirements under the TOR are complied with.

In carrying out its duties and responsibilities, the NRC is authorised to do the following:

- 1) Secure resources in order to perform its duties as set out in its TOR;
- 2) Have full and unrestricted access to Group Human Resources, including without limitation, its information, records, properties and personnel;
- 3) Obtain independent professional advice, service and/or expertise to perform its duties, or obtain the assistance of the Management where necessary; and
- 4) Be directly responsible for compensation and oversight of such professional advisor and is the sole authority to approve such advisor's fees and other retention terms in the event that the NRC retains any such independent professional advisor. Prior to the selection of such advisor, the NRC shall carry out an independent assessment of such advisor.



For more information on the TOR of the NRC, please refer to Sime Darby Property's corporate website at [www.simedarbyproperty.com](http://www.simedarbyproperty.com).

## Nomination and Remuneration Committee Report

### Composition, Meetings and Attendance

The NRC comprises exclusively of Non-Executive Directors, the majority of whom are independent. The composition is also consistent with Practice 4.7 of the MCCG which calls for the NRC to be chaired by a Senior Independent Director or an Independent Director. In the case of Sime Darby Property, the NRC is chaired by an Independent Director.

On 30 June 2018, Dato' Rohana Tan Sri Mahmood, the Senior Independent Non-Executive Director, ceased to be the NRC Chairman following her resignation as a Director of Sime Darby Property. Following thereto, Datin Norazah Mohamed Razali, an Independent Non-Executive Director on the Board, was appointed as Chairman of NRC.

The NRC meetings for the year under review were scheduled in advance of each new year to allow members to plan ahead and incorporate the NRC meetings into their respective schedules.

The NRC met seven (7) times during the year under review to discharge their duties and functions as a Committee of the Board. The composition of the NRC and the attendance record of its members for the year under review are as follows:

Members	Designation	No. of Meetings Attended
Datin Norazah Mohamed Razali (Chairman) (Appointed on 23 July 2018)	Independent Non-Executive Director	Not applicable
Dato' Rohana Tan Sri Mahmood (Chairman) (Resigned on 30 June 2018)	Senior Independent Non-Executive Director	7/7
Dato' Seri Ahmad Johan Mohammad Raslan (Member)	Independent Non-Executive Director	7/7
Dato' Johan Ariffin (Member)	Independent Non-Executive Director	6/7
Datuk Dr. Mohd Daud Bakar (Member)	Non-Independent Non-Executive Director	6/7

During the year under review, meetings of the NRC were attended by the Group Managing Director, Executive Director/Group Chief Financial Officer and Chief People Officer. Other members of Board and Senior Management were invited to meetings of the NRC, when necessary, to support detailed discussions and to brief and furnish the NRC with necessary information and clarification to relevant items on the agenda.

The Group Secretary acts as Secretary to the NRC.

The agenda and meeting papers relevant to the business of the meeting are distributed to the NRC members not less than five (5) business days from the date of the meeting. In March 2017, a paperless meeting solution was implemented as part of the initiative to reduce paper usage, improve meeting processes and ensure members are able to access papers in a timely and secure manner.

All proceedings of the NRC are properly documented and recorded in the minutes of each meeting, including comments made by each member, how they have voted and pertinent observations and reservations. The minutes of the NRC meetings are circulated to all members for their perusal and comments well in advance and the signed minutes of each NRC meeting are properly kept by the Group Secretary. Minutes of the NRC meeting are tabled for confirmation at the next NRC meeting, following which extracts of the decisions are escalated to the relevant process owners for action. The Minutes are thereafter circulated to the Board for notation. The Chairman of the NRC provides a report, highlighting significant points of the decisions and recommendations made by the NRC to the Board.

## Board Composition and Diversity

The Board Composition Policy of Sime Darby Property was adopted by the Board on 26 July 2017. The Board Composition Policy is aligned with the MCCG. The Board's progress towards achieving targets set out in the Policy is as shown below:

### 1) GENDER DIVERSITY

According to the Board Composition Policy, the Board will maintain at least two (2) women Directors and will actively work towards having a minimum of 30 percent women representation on the Board by 2019.

As of the date of this Annual Report, the Board has achieved its target of 30 percent women directors.

### 2) AGE DIVERSITY

The Board is committed to work towards having a generationally-diverse Board so as to have a balance between maturity and experience with an injection of energy, and greater level of flexibility and adaptability to reinvigorate the Company.

### 3) ETHNIC DIVERSITY

The Board will work towards diversifying the ethnic composition of the Board as and when vacancies arise and suitable candidates are identified.

### 4) INDEPENDENCE OF DIRECTORS

The Board believes that a Board comprising a majority of Independent Directors allows for more effective oversight of Management.

Currently, five (5) out of ten (10) directors of Sime Darby Property are Independent Directors.

The Board, through the NRC, is currently in the process to select and appoint an additional Independent Non-Executive Director.

The NRC is responsible for the implementation of the Policy and for monitoring progress towards the achievement of the Board's objectives.

## Board Appointment Process

The Company maintains a formal and transparent process for the appointment of new directors. The NRC is responsible for assessing a potential candidate for a proposed directorship and submitting its recommendation to the Board for decision. The NRC considers the candidate's propriety and suitability for appointment based on the Board's composition and requirements. In this regard, the NRC has to ensure that the right balance of skills, breadth of experience and diversity are reflected in the Board.

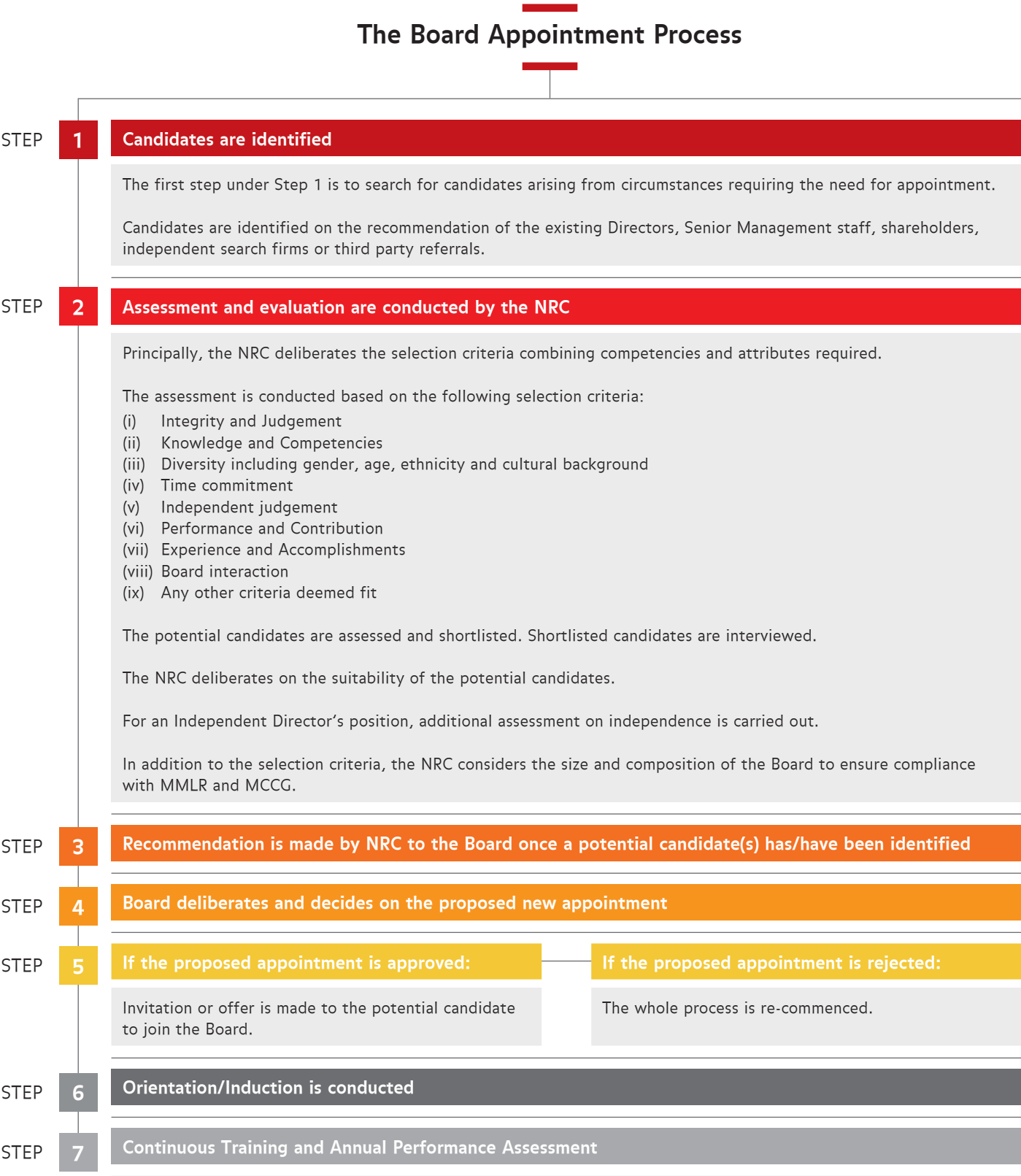
In its selection of suitable candidates, the NRC takes into account the following criteria:

- Skills, knowledge, competencies, expertise and experience
- Time commitment to effectively fulfil his or her role as a Director, personal attributes/character, professionalism and integrity
- Perceived ability to work cohesively with other members of the Board
- Specialist knowledge, expertise or technical skills in line with the Group's strategy
- Diversity in age, ethnicity, gender and experience/background
- Number of directorships in companies outside the Group



Nomination and Remuneration Committee Report

The process to identify and appoint new directors is rigorous and transparent. The process for the appointment of a new Director is summarised in the diagram below:



During the year under review, the Board approved the following appointments on recommendation of the NRC:

- 1) Dato' Seri Ahmad Johan Mohammad Raslan as a Member of the Board Tender Committee effective 16 October 2017; and
- 2) Encik Rizal Rickman Ramli as a Non-Independent Non-Executive Director and a Member of the Risk Management Committee and Board Tender Committee effective 5 April 2018.

Subsequent to the financial year ended 30 June 2018, the Board approved the appointment of Dato' Jaganath Derek Steven Sabapathy as a Senior Independent Non-Executive Director, as recommended by the NRC.

As of the date of this Annual Report, the NRC is in the process of sourcing for and selecting potential candidates for appointment as an Independent Non-Executive Director on the Board. Potential candidates are being identified through the recommendation of Board members, Management and Major Shareholders. In addition, an external search consultant is being engaged to source suitable talents to be considered for appointment to the Board. Prior to appointment, potential directors will be made aware of the time commitment expected from each of them in carrying their roles as Director and/or Member of the Board Committees including attendance at the Board, Board Committees and other meetings. Directors will be required to confirm that they are able to devote sufficient time to their roles at the Company taking into consideration the number of their company Boards and other principal commitments.

The Group Secretary ensures that all appointments follow the governance process and that all necessary information is obtained from the Director, both for the Company's own records and for the purposes of meeting statutory obligations as well as obligations arising from the MMLR of Bursa Malaysia.

## Re-election of Directors

The NRC is responsible for recommending to the Board, Directors who are retiring and are standing for re-election at the Annual General Meeting pursuant to and in accordance with the Constitution of Sime Darby Property as follows:

- Rule 90.2 of the Constitution states that any Director appointed to fill a casual vacancy or as an addition to the existing Board shall hold office only until the

conclusion of the next Annual General Meeting (AGM) and shall be eligible for re-election at such meeting. A Director retiring under this Rule shall not be taken into account in determining the Directors or the number of Directors to retire by rotation at such meeting.

- Rule 109 of the Constitution states that an election of Directors shall take place each year. At least one-third (1/3) of the Directors for the time being shall retire from office at each AGM. A Director retiring at a general meeting shall retain office until the conclusion of the meeting.
- Rule 110 of the Constitution further stipulates that all Directors shall retire from office once at least in each three (3) years. A retiring Director shall be eligible for re-election.

The Board recommends the re-election of the following Directors who will be retiring pursuant to Rules 90.2 and 109 respectively, of Sime Darby Property's Constitution at the forthcoming AGM and who being eligible, will be standing for re-election:

### Rule 90.2 of the Constitution

- Tan Sri Dr. Zeti Akhtar Aziz
- Encik Rizal Rickman Ramli

### Rule 109 of the Constitution

- Datuk Tong Poh Keow
- Tengku Datuk Seri Ahmad Shah Alhaj ibni Almarhum Sultan Salahuddin Abdul Aziz Shah Alhaj
- Dato' Jaganath Derek Steven Sabapathy

In conformity with the MCCG, an Independent Non-Executive Director may continue to serve on the Board as a Non-Independent Non-Executive Director. If the Board intends to retain an Independent Non-Executive Director beyond nine (9) years, it shall justify and seek annual shareholders' approval. If the Board continues to retain the Independent Non-Executive Director after the twelfth (12th) year, the Board is required to seek annual shareholders' approval through a two-tier voting process.

## Nomination and Remuneration Committee Report

### Evaluating the Performance of Directors: Board Effectiveness Evaluation

Pursuant to and aligned with the expectations of the MCGG, the NRC engaged an independent consultant, namely, PricewaterhouseCoopers (PwC), to conduct and facilitate its first Board Effectiveness Evaluation (BEE) 2017/2018 exercise. The BEE was undertaken through a Directors' self and peer evaluation questionnaire as well as a structured one-on-one interview sessions between representatives of PwC and each Director to obtain views on key strengths and areas for improvement.

The scope of the evaluation covered the following areas:

Dimensions	Key Areas
<b>Part A:</b> Board and Board Committee Effectiveness	a) Board Responsibilities b) Board Remuneration c) Board Composition d) Board Administration and Process e) Board Conduct f) Board Interaction and Communication g) Chairman and Group Managing Director h) Board Committees
<b>Part B:</b> Directors' Self and Peer Evaluation	a) Board Dynamics and Participation b) Integrity and Objectivity c) Technical Competencies d) Recognition e) Independence

Parts A and B of the BEE questionnaires were designed based on the principles and good governance practices as set out in the guidance material of MCGG and Bursa Malaysia Corporate Governance Guide.

The NRC reviewed the outcome of the BEE results on 21 May 2018 and discussed areas of improvement and enhancement that the Board should address. At the same time, the NRC took note of the need for the Board to focus on increased discussions in order to establish clarity and cohesiveness of the strategy of the Company, taking into consideration the impact of the challenging business and market environment.

The BEE results indicated that the Board had discharged its duties and responsibilities effectively. The overall ratings for Directors' Peer evaluation indicated that Board dynamics and interactions between Board members were satisfactory with room for improvement. The Board members worked well as a group and agreed collectively and cohesively in decision making. The BEE findings also indicated that there were no apparent major weaknesses or shortcomings identified that warranted specific actions to mitigate the same.

The Board was satisfied with the evaluation outcome and the key areas of enhancement that were identified.

### GOVERNANCE AND AUDIT COMMITTEE PERFORMANCE REVIEW

Pursuant to Paragraph 15.20 of the MMLR of Bursa Malaysia, the NRC, through the BEE 2017/2018 exercise, also reviewed the terms of office and performance of the Governance and Audit Committee (GAC) and was satisfied that the GAC and its members had discharged their functions, duties and responsibilities in accordance with its TOR.

### NRC AND RISK MANAGEMENT COMMITTEE EFFECTIVENESS AND PERFORMANCE REVIEW

Based on the BEE findings, the Board is satisfied with the performance and effectiveness of the NRC and Risk Management Committee in providing sound advice and recommendations to the Board.

### Board Remuneration Framework

The old remuneration framework for Non-Executive Directors (NEDs) of Sime Darby Property had been in place since June 2013.

A new formal and transparent remuneration framework, comprising fees, meeting allowances and benefits-in-kind for NEDs on the Board and Board Committees of Sime Darby Property was approved by the Board on 21 August 2017. The new remuneration framework took effect on 30 November 2017, upon listing of Sime Darby Property on the Main Market of Bursa Malaysia. On 26 February 2018, the Board adopted a revised remuneration framework which included TPC Kuala Lumpur Honorary memberships and enhanced the Group Personal Accident Policy from RM500,000 to RM1,000,000.

The fees structure of NEDs and a detailed disclosure on the remuneration of individual Directors of Sime Darby Property on named basis is provided in the Corporate Governance Overview Statement from pages 128 to 130 of this Annual Report.

## Summary of Activities of the NRC

During the financial year under review, the NRC had carried out the following key activities in discharging its functions and duties:

- 1) Reviewed and recommended to the Board, the revised TOR of the NRC.
- 2) Assessed and recommended members for appointments to the Board and Board Committees as well as appointment of Key Management Positions.
- 3) Assessed and recommended the appointments of members to the Boards of Sime Darby Property's associate companies representing Sime Darby Property's interest, namely, the Battersea Group of Companies.
- 4) Reviewed the new organisation structure of Sime Darby Property.
- 5) Monitored the conduct of the BEE 2017/2018.
- 6) Assessed and recommended the Bumiputera Empowerment Agenda Key Performance Indicators Plan for 2018 – 2020.
- 7) Recommended the remuneration framework for the NEDs on the Boards and Board Committees of the Sime Darby Property Group including granting of club and honorary memberships at TPC Kuala Lumpur and Impian Golf & Country Club, Kajang.
- 8) Reviewed and recommended the renewal of fixed term contract, salary adjustment and promotion for some members of the Key Senior Management.
- 9) Reviewed and recommended the performance and reward cycle alignment with financial year end on promotion, bonus payout and salary increment proposals for employees.
- 10) Reviewed and recommended the Senior Leadership Assessment for the Group Managing Director.

- 11) Reviewed and recommended the introduction of the Directors and Staff Purchase Discount of the Sime Darby Property Group.
- 12) Reviewed the revision on employee benefits relating to the Senior Management car scheme.
- 13) Reviewed the appointment of Willis Towers Watson to undertake People Strategy and Transformation plan.

Subsequent to the financial year ended 30 June 2018, the NRC carried out the following activities:

- 1) Assessed and evaluated the selection criteria, process and timeline for the appointment of a new independent director.
- 2) Discussed the recruitment process for the appointment of a Deputy Chief Financial Officer.
- 3) Reviewed the Balanced Scorecard Framework, Group Managing Director Scorecard, GMD-1 Scorecard.
- 4) Reviewed the 2018 bonus and salary increment for the Sime Darby Property Group.
- 5) Reviewed and recommended the fees and benefits of the NEDs.
- 6) Recommended the appointment of Dato' Jaganath Derek Steven Sabapathy as a Senior Independent Non-Executive Director.
- 7) Recommended the Directors who are eligible for re-election and re-appointment at the 2018 AGM.
- 8) Reviewed and endorsed the disclosures in the NRC Report for the financial year ended 30 June 2018 for inclusion in the 2018 Annual Report to ensure that they were prepared in compliance with the relevant regulatory requirements and guidelines.
- 9) Assessed and evaluated the training needs of the Directors.



## Additional Compliance Information

The information set out below is disclosed in compliance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad:

### 1. Utilisation of Proceeds

There were no proceeds raised from corporate proposals during the financial year.

### 2. Audit and Non-Audit Fees

The amount of audit and non-audit fees paid to external auditors by the Group and the Company for the financial year ended 30 June 2018 are as follows:

	Group RM'000	Company RM'000
Audit fees	2,050	294
Non-Audit fees	907	688

Services rendered by PricewaterhouseCoopers PLT are not prohibited by regulatory and other professional requirements, and are based on globally practiced guidelines on auditors' independence.

### 3. Material Contracts Involving Directors' and Major Shareholders' Interests

Save as disclosed, there were no material contracts entered into by the Group involving the interest of Directors and major shareholders, either still subsisting at the end of the financial year 30 June 2018 or entered into since the end of the previous financial year:

#### (I) LAND OPTION AGREEMENTS

Sime Darby Property Berhad (Sime Darby Property) had, on 25 August 2017, entered into 9 separate call option agreements (Land Option Agreements) with Sime Darby Plantation Berhad (SD Plantation) pursuant to which Sime Darby Property was granted call options by SD Plantation to purchase the legal and beneficial ownership of and titles to the following 9 parcels

of land at any time during the period commencing from the date of the listing of and quotation for the entire issued share capital of Sime Darby Property on the Main Market of Bursa Malaysia Securities Berhad (Listing Date) and ending on the date falling 5 years from the Listing Date with an option to extend for another 3 years (to be mutually agreed by Sime Darby Property and SD Plantation) at a purchase price to be determined by valuations to be conducted by an agreed independent valuer, subject to the terms and conditions of the respective agreements, which include the prior approval of the shareholders of the parties, if required by applicable law or rule of a stock exchange:

- (a) 1,862 acres of land located within Kulai A estate in Johor;
- (b) 3,186 acres of land located within Kulai B estate in Johor;
- (c) 2,000 acres of land located within Sepang estate in Selangor;
- (d) 993 acres of land located within Sungai Kapar Estate in Selangor;
- (e) 2,000 acres of land located within West Estate, Carey Island, Jugra Kuala Langat in Selangor;
- (f) 485 acres of land located within Lothian (Sepang) estate in Selangor;
- (g) 864 acres of land located within Byram estate in Pulau Pinang;
- (h) 268 acres of land located within Ainsdale West estate in Negeri Sembilan; and
- (i) 148 acres of land located within Bukit Selarong estate in Kedah,

(collectively, the "Option Lands").

The agreed independent valuer shall value the Option Lands based on agricultural status with development potential using the methodology as it may determine. The options are granted for a nominal consideration of RM10 each.

The parties further agreed that, following the acquisition of the Option Lands, if Sime Darby Property intends to lease, rent or grant licenses over any part of the Option Lands for the purposes of oil palm planting and/or harvesting (and/or agricultural venture), Sime Darby Property agreed to first offer the same to SD Plantation. If SD Plantation exercises its right to obtain a tenancy over such lands, the parties are bound to enter into a tenancy agreement in the form of the template tenancy agreement attached to the respective Land Option Agreements.

Permodalan Nasional Berhad (PNB) and AmanahRaya Trustees Berhad – Amanah Saham Bumiputera (ASB) are deemed interested in the Land Option Agreements.

PNB is a person connected with ASB and is a substantial shareholder of Sime Darby Property holding 5.19 percent equity interest in Sime Darby Property as at 30 August 2018 (LPD). PNB is also a substantial shareholder of SD Plantation.

ASB is a major shareholder and also the largest shareholder of Sime Darby Property holding 43.38 percent equity interest in Sime Darby Property as at LPD. ASB is also a major shareholder of SD Plantation.

## **(II) MVV OPTION AGREEMENTS**

Sime Darby Property had, on 25 August 2017, entered into 29 separate call option agreements (MVV Option Agreements) with Kumpulan Sime Darby Berhad (KSDB) (12 of the affected option agreements were amended pursuant to separate letters all dated 9 November 2017) where Sime Darby Property was granted call options to purchase the legal and beneficial ownership of and title to 29 parcels of land (being 1 parcel under each call option agreement) or any part thereof, totaling about 8,796 acres, all of which are located within the Mukim of Labu, Negeri Sembilan (MVV Option Lands) at any time during the period commencing from the Listing Date and ending on the date falling 5 years from the Listing Date with an option to extend for another 3 years (to be mutually agreed by Sime Darby Property and KSDB) at a purchase price to be determined by valuations to be conducted by an agreed independent valuer, subject to the terms

and conditions of the MVV Option Agreements, which include the prior approval of shareholders of the party(ies), if required by applicable law or rule of a stock exchange. The agreed independent valuer shall value the MVV Option Lands based on market value, using the methodology as it may determine. The option is granted for a nominal consideration of RM10.

PNB and ASB are deemed interested in the MVV Option Agreements.

KSDB is a wholly-owned subsidiary of Sime Darby Berhad (SDB).

PNB is a person connected with ASB and is a substantial shareholder of Sime Darby Property. PNB is also a substantial shareholder of SDB and indirect substantial shareholder of KSDB.

ASB is a major shareholder and also the largest shareholder of Sime Darby Property. ASB is also a major shareholder of SDB and indirect major shareholder of KSDB.

## **(III) DISPOSAL OF SIME DARBY PROPERTY'S ENTIRE 40 PERCENT EQUITY INTEREST IN SERIEMAS DEVELOPMENT SDN BHD TO PNB DEVELOPMENT SDN BERHAD (PNBD)**

Sime Darby Property had, on 31 July 2017 entered into a share sale agreement with PNBD (a subsidiary of PNB) for the sale of its entire 40 percent equity interest in Seriemas Development Sdn Bhd to PNBD for a cash consideration of RM625 million (SSA). The SSA was completed on 29 September 2017.

PNB and ASB are deemed interested in the proposed disposal.

PNBD is a wholly-owned subsidiary of PNB.

PNB is a person connected with ASB and is a substantial shareholder of Sime Darby Property. PNB is also a holding company of PNBD.

ASB is a major shareholder and also the largest shareholder of Sime Darby Property. ASB is also an indirect major shareholder of PNBD.

## Additional Compliance Information

### (IV) LOAN RESTRUCTURING AGREEMENT

Sime Darby London Limited (SD London), Robt. Bradford & Company Ltd (Robt. Bradford) and Robt. Bradford Hobbs Savill Ltd (Robt. Bradford Hobbs Savill), had, on 25 August 2017, entered into a loan restructuring agreement (Loan Restructuring Agreement) with Sime Darby Berhad (SDB), Kumpulan Sime Darby Berhad (KSDB) and Sime Darby Far East (1991) Ltd (SDFE), pursuant to which, with effect from 25 August 2017:

- (a) Robt. Bradford was released and discharged from all liabilities, obligations, claims, demands and actions arising in connection with the GBP13,540,324.30 loan repayable by Robt. Bradford to SDFE;
- (b) Robt. Bradford Hobbs Savill was released and discharged from all liabilities, obligations, claims, demands and actions arising in connection with the GBP15,116,583.94 loan repayable by Robt. Bradford Hobbs Savill to SDFE;
- (c) SDFE was released from its guarantee dated 20 October 1982 made in favour of SD London, to guarantee the due repayment by Robt. Bradford and Robt. Bradford Hobbs Savill and certain other companies listed in schedule 1 to a funding and indemnity agreement dated 15 June 1982 (made between SD London, KSDB, Robt. Bradford and Robt. Bradford Hobbs Savill and certain other companies listed in Schedule 1 thereto, Guy Butler (Holdings) Limited and Mills & Allen International plc) (F&I Agreement) of all payments and advances made by SD London to these companies on or after 30 June 1982; and
- (d) SD London undertakes to KSDB and SDB to make all payments and advance all amounts which they are required, under the F&I Agreement, to pay or make after 25 August 2017 and agreed to indemnify KSDB and SDB from all liabilities and losses which may be incurred by KSDB and/or SDB as a result of a breach of the SD London's undertaking.

Under the F&I Agreement, SD London together with KSDB/SDB would pay Robt. Bradford and its subsidiaries (RB Group) any such amount that the RB Group required to settle any claim from their customer or in discharging their liability.

With the Loan Restructuring Agreement, SD London will be solely responsible to make all such payments and advances to the RB Group. The liability would only arise if there is any insurance claim received by Robt. Bradford or any of its subsidiaries in relation to their previous business undertaking.

In addition, SD London would be assuming any claims that are payable by RB Group pursuant to claims they are liable for when the companies were still active prior to ceasing operations in the late 1980s. No contingent liabilities for such claims have been recorded in the accounts of the RB Group on the basis that the companies have ceased trading in the late 1980s and no creditor claims have been made since 2005.

PNB and ASB are deemed interested in the Loan Restructuring Agreement.

SD London and Robt. Bradford are direct and indirect wholly-owned subsidiaries of Sime Darby Property, respectively, and Robt. Bradford Hobbs Savill is an indirect subsidiary of Sime Darby Property.

SDFE and KSDB are wholly-owned subsidiaries of SDB.

PNB is a person connected with ASB and is a substantial shareholder of Sime Darby Property. PNB is also a substantial shareholder of SDB and indirect substantial shareholder of SDFE and KSDB.

ASB is a major shareholder and also the largest shareholder of Sime Darby Property. ASB is also a major shareholder of SDB and indirect major shareholder of SDFE and KSDB.

## **(V) DONATION AGREEMENT**

Sime Darby Property had, on 25 August 2017 entered into a donation agreement (Donation Agreement) with Yayasan Sime Darby (Foundation) where Sime Darby Property endeavours to make an annual cash donation of RM20,000,000 to the Foundation for a term of 5 years with effect from the Listing Date (unless extended by mutual agreement of the parties) in accordance with the terms and conditions therein contained. The Foundation is a company limited by guarantee incorporated under the Companies Act 1965.

All the donations received and all amounts earned by investing such donations, if any, will be used by the Foundation to support and promote activities carried out by the Foundation in the areas of community and health, education, youth and sports, environment, and arts and culture (Five Pillars) to further the charitable intent established by the governing council of the Foundation (Agreed Purpose).

With effect from the Listing Date, Sime Darby Property shall apply to be a group (corporate) member of the Foundation and shall thereafter be entitled to nominate and appoint one representative to attend all general meetings of the Foundation and to nominate one representative as a director to sit on the governing council of the Foundation, which will enable it to monitor and ensure that the monies donated are utilised by the Foundation for the Agreed Purpose. The other (corporate) members of the Foundation are Sime Darby Berhad and Sime Darby Plantation Berhad.

The annual cash donation of RM20 million is to be paid by Sime Darby Property to the Foundation in 2 tranches of RM10 million each, i.e., on or before 7 January and 7 July, such that no accruals will be carried forward to the following period. If Sime Darby Property fails to make the annual cash donation of RM20 million to the Foundation, the governing council of the Foundation will convene a meeting to deliberate and decide on the actions to be taken, including any modification to the amount or timing of the donation, suspension of the donation by Sime Darby Property or termination of the Donation Agreement. The decision of the governing council of the Foundation will be final and binding.

PNB is a person connected with ASB and is a substantial shareholder of Sime Darby Property.

ASB is a major shareholder and also the largest shareholder of Sime Darby Property.

## **(VI) MVV SALE AND PURCHASE AGREEMENT**

Sime Darby Property had, on 9 June 2017 entered into a sale and purchase agreement (MVV Sale and Purchase Agreement) with Sime Darby Plantation Berhad (SD Plantation) (as amended pursuant to letters dated 29 September 2017 and 17 October 2017) where SD Plantation agreed to sell and Sime Darby Property agreed to purchase lands located in the Malaysia Vision Valley development region identified under the MVV Sale and Purchase Agreement totalling about 1,880 acres (comprising 22 parcels of land) (MVV Land) from SD Plantation for a cash consideration of RM689,587,408. The MVV Land sale was completed on 29 September 2017.

PNB and ASB are deemed interested in the MVV Sale and Purchase Agreements.

PNB is a person connected with ASB and is a substantial shareholder of Sime Darby Property. PNB is also a substantial shareholder of SD Plantation.

ASB is a major shareholder and also the largest shareholder of Sime Darby Property. ASB is also a major shareholder of SD Plantation.

## **4. Contracts Relating to Loans**

There were no contracts relating to loans by the Company involving interests of Directors and Major Shareholders during the financial year ended 30 June 2018.

## **5. Recurrent Related Party Transactions**

The recurrent related party transactions of revenue nature incurred by the Group for the period 30 November 2017 (Listing Date) to 30 June 2018 did not exceed the threshold prescribed under Paragraph 10.09(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.



## Statement on Risk Management and Internal Control

The Board recognises the importance of maintaining a robust risk management and internal control framework that supports the achievement of our business objectives.

The Board is pleased to present the Statement on Risk Management and Internal Control. This statement outlines the key features of Sime Darby Property Berhad's risk management and internal control framework and its integration into our business processes and activities.

This statement is prepared pursuant to Chapter 15, Paragraph 15.26 (b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and Principle B, Chapter II of the Malaysian Code of Corporate Governance 2017, Intended Outcome 9.0, Practices 9.1 and 9.2 and Guidance 9.1 and 9.2 respectively, with guidance from the Bursa Malaysia Securities Berhad's 'Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers'.

### Responsibility and Accountability

#### A) AT BOARD LEVEL:

##### **The Board:**

The Board has overall responsibility for Sime Darby Property Berhad's control and accountability systems, and its risk management practices. This includes establishing an effective corporate governance and internal control framework and procedures, defining a clear risk appetite for Management to operate, as well as embedding a sound risk management framework and processes to identify, analyse, evaluate, manage and monitor the significant financial and non-financial risks which affect the Group.

##### **Governance and Audit Committee (GAC):**

The Board's mandate to assess and monitor the adequacy and effectiveness of internal controls is delegated to the GAC.

The GAC's job is to oversee the internal control framework to ensure its operational effectiveness and adequacy. The GAC assesses the effectiveness and adequacy of internal controls through the results of internal audit (IA) carried out by Group Corporate Assurance (GCA), the compliance activities and reports presented by Group Compliance Office (GCO) and the internal control recommendations prepared by the external auditors.

Any significant internal control matters are brought to the attention of the Board.

Written summaries of key matters discussed by the GAC and minutes of GAC meetings are presented to the Board every quarter.

### Risk Management Committee (RMC):

The RMC supports the Board by establishing and overseeing the Risk Management Framework of the Group and regularly assessing its adequacy and effectiveness. This assessment is conducted through dialogues with key managers from the Group's operations, business units and support services as well as through the quarterly risk reports prepared by Group Risk Management (GRM).

The RMC also reviews major investment business cases and management's assessment of its key associated risks (including funding options, costs and investment returns) prior to the Board's approval. The RMC also raises issues of concern and provides feedback for Management's action.

As with the GAC, any significant risk-related matters are brought to the attention of the Board for deliberation and approval. A summary of key matters discussed by the RMC and minutes of its meetings are presented to the Board.



*For the full list of responsibilities of the Board, GAC and RMC, please refer to the Statement on Corporate Governance on page 118.*

## B) AT OPERATIONAL/IMPLEMENTATION LEVEL:

### Management:

Management, led by the Group Managing Director (GMD), is responsible for the implementation of Board-approved frameworks, policies and procedures on risk management and internal control.

Management acknowledges its role to:

- implement these frameworks, policies and procedures;
- enforce compliance; and
- ensure that any shortcomings or incidents of non-compliance with procedures that may arise are addressed in a timely manner.

### GRM and GCO:

GRM and GCO were established as dedicated functions to coordinate the implementation of the risk management framework (specifically, compliance risk management for GCO) and its activities. GRM supports the RMC in the discharge of its duties, while GCO provides support to GAC for compliance-related matters. As both GRM and GCO report direct to the RMC and GAC, respectively, both functions remain objective and independent of Management.



*The mandates and key activities of GRM and GCO for the financial year under review can be seen in the GAC and RMC report, respectively, on page 155 and 161.*

### GCA:

GCA is an independent IA function. GCA provides independent, reasonable and objective assurance, as well as internal consulting services to improve the overall efficiency of operations. GCA's IA work is based on an annual audit plan approved by the GAC, after taking into consideration feedback from Management. IA work covers, amongst others, risk exposure as well as compliance with policies, procedures and relevant laws and regulations. Wherever practical, IA findings are benchmarked against best practice. GCA reports directly to GAC, which allows GCA to exercise objectivity and independence in the discharge of its duties.

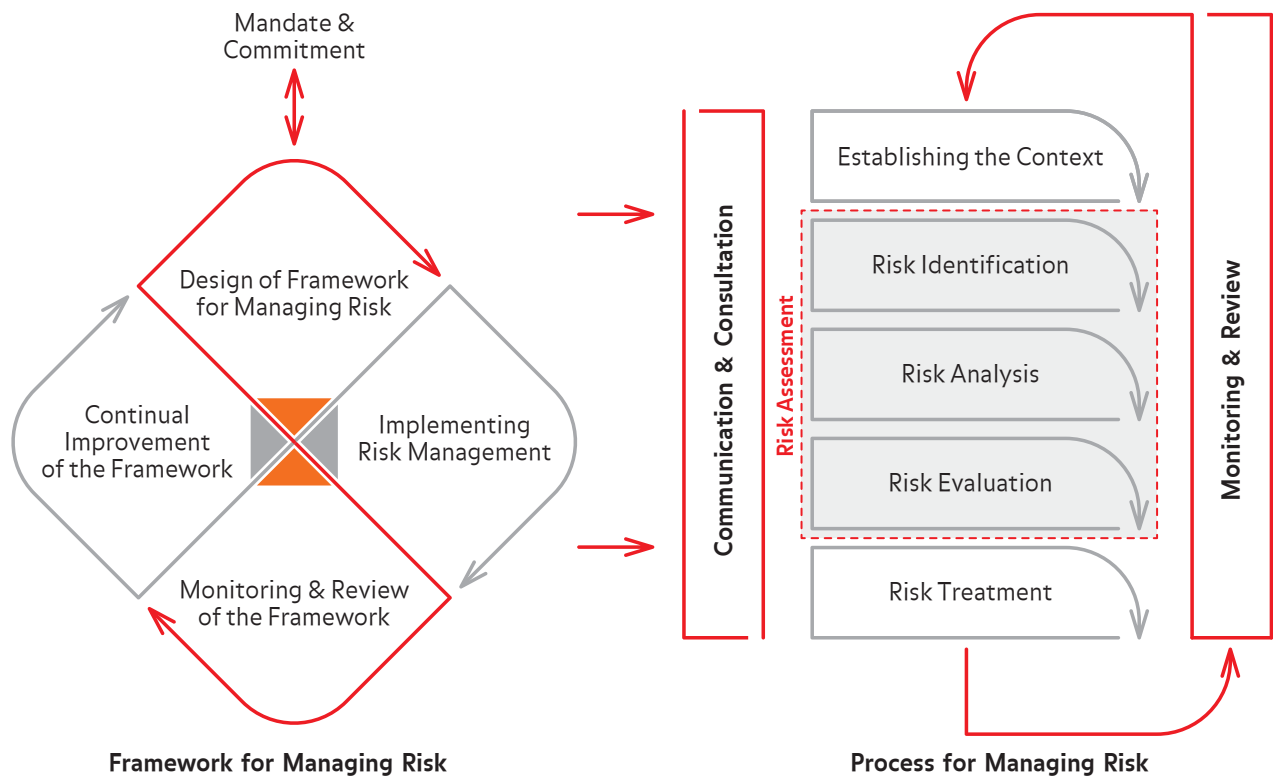


*The mandate and key activities of GCA for the financial year under review can be seen in the GAC report on page 155.*

Statement on Risk Management and Internal Control

Risk Management and Internal Control Framework

The Group has adopted a risk management framework that is aligned with the principles of ISO 31000 for risk management. The principles of the framework are embedded into day-to-day business activities within the Group and form an important part of the decision-making process of the Management. Key elements of the framework are outlined in the diagram below:



Within the framework, the Group has put in place a structured process for identification, assessment, treatment, communication, monitoring and review of risks and related controls at both enterprise and operational levels. A risk impact criteria have also been established to ensure proper and systematic impact assessments are performed. The impact and likelihood of the risks are then measured against the Group’s risk appetite and tolerance level as determined by the Board. Each risk has specific a risk owner, who usually manages the processes, actions or transactions from which the risks arise. The risk owners are responsible to ensure that the controls and mitigation actions are implemented and its relevance and effectiveness are continuously monitored. This process promotes a more robust and embedded risk culture within the Group where risks and the related mitigation measures are managed and embedded in operational or transactional areas.

The Group’s risk profile is updated and reported to Management and the RMC on a quarterly basis. The RMC reviews and assesses the mitigation actions put in place to manage the overall risk exposure of the Group and provides feedback to Management for improvement. The RMC also reviews business proposals for major investments and development projects to ensure that adequate controls are in place to manage the risks arising from those proposals.

The adequacy and effectiveness of internal controls are reviewed by the GAC through the audit findings presented by GCA during the quarterly GAC meetings. The GAC also receives status updates from GCO on ongoing control activities in relation to compliance risks. Any issues or gaps identified are deliberated during the meeting and feedback is given for improvement.



For details on the key risk areas impacting the Group, please refer to Key Risks and Mitigation Strategy on pages 44 to 49.

## CONTROL ENVIRONMENT

To supplement the risk management framework, the Group also maintains a controlled environment which comprises the following main components:

### Culture and Employee Conduct

#### a) Mission, Vision and Core Values

The Board has, in June 2018, approved a revised vision and mission statement, as well as the core values which reflect the identity and business activities of this newly-listed Group. The vision, mission, and core values set the tone from the Board to the employees and shape the culture for the entire Group.

The vision, mission, and core values were communicated to all employees across the Group's operations in a variety of ways, such as face-face 'townhall' sessions, department engagements, email and internal portal.

#### b) Code of Business Conduct (COBC)

A revised and refreshed COBC was approved by the Board in July 2018 to be launched and implemented across the Group. The revised COBC is made available to all employees and external stakeholders by means of the Group's intranet and website. The Group is currently communicating and running awareness campaigns to reinforce the desired behavioural shifts outlined in the revised COBC.

#### c) No Gift Policy

Among the key policies introduced during the year is the "No Gift Policy" which was approved by the Board and launched in January 2018. The policy demonstrates the Group's commitment to the highest standards of integrity through the prohibition on offering, giving, soliciting or accepting any form of gifts, regardless of its reasons.

Various activities were conducted which included roadshows and campaigns to spread awareness of the policy and to address any concerns. The Group will continue to conduct various engagement activities and awareness campaigns in the upcoming year to instil a No Gift culture across operations.

#### d) Whistleblowing

The Group has established a whistleblowing policy. Whistleblowing allows internal and external stakeholders (such as staff and customers) to raise concerns without fear of retaliation. The policy outlines the reporting process and available channels, as well as the protection given to whistle blowers, as well as the processes by which cases are investigated and acted upon.

The Group's whistleblowing channels include emails, hotlines, a post office box and e-form. Information on the whistleblowing policy and channels are accessible by all staff via the intranet and are made available to external stakeholders through the website.

The Chairman of the GAC oversees the workings of the whistleblowing policy and process, and ensures that all reported violations are investigated and concluded properly. The status and results of investigations are periodically reviewed by the GAC.

#### e) Vendor Letter of Declaration (VLOD)

VLOD is one of the key initiatives which aligns the Group's expectation on the standard of behaviour of our suppliers and vendors with the business principles articulated in the COBC. The key features of the VLOD include the formal affirmation of the vendors/supplier to comply with the business principles articulated in the COBC as well as not to be involved in or engaged with any offences relating to bribery, corruption or fraud.



## Statement on Risk Management and Internal Control

### Authority and Responsibilities

#### a) Delegated Responsibilities through Organisation Structure

The Group has an organisation structure that clearly defines the reporting lines, roles and responsibilities, accountability and authority from Board and Management to operational levels. Various Board, Management and operational committees are in place to facilitate the decision-making process. These committees are given specific authority and responsibilities, which are stipulated in their respective terms of reference.

The Group is currently reviewing the structure and terms of reference of these committees to ensure that they are effective and aligned to the Group's needs.

#### b) Planning, Monitoring and Reporting

The Group conducts an annual planning and budgetary exercise, whereby all business and functional units are required to prepare their respective business plans and budgets for the upcoming year. These plans and budgets are approved by the Board prior to implementation.

A rolling forecast is used to monitor the achievement of the budgets.

The Board is updated on the Group's performance, including actual performance against budget, every quarter.

The Board is provided with a suite of reports, which enable it to monitor performance against the Group's strategy and business plan.

### Policies and Procedures

#### a) Group Policies and Authorities (GPA)

The Group has established a clear, formalised and documented GPA, which covers a wide range of areas, including functional policies, ethics and conduct, protection of assets and limits of authority. The GPA was revised and approved by the Board in November 2017 for implementation across the Group.

The GPA is an important component of the Group's internal control framework as it is a tool by which the Board formally delegates functions and powers to the Management. The GPA is accessible by all employees via the intranet.

The Group is currently embarking on an initiative to review and align all policies and procedures, including the GPA, to ensure they continue to address critical risk areas and are relevant to the current business environment.

#### b) Tender Committee and Group Procurement and Authorities (GPPA)

Tender Committees have been established at Board and Management levels as platforms utilised by Board and Management to discuss and authorise major purchases and contracts. The members of Management tender committees are drawn from a range of departments and are authorised to approve major purchases and contracts according to the prescribed limits of authority. Each tender committee is required to ensure the highest level of integrity, objectivity, accountability, transparency and compliance, with approved procurement policies in the GPA and GPPA for each tender exercise.

The GPPA provides the key principles, policies and procedures required in the procurement of goods and services within the Group.

## People

### a) Human Resource Management

The Employee Handbook for different job categories and job levels outlines the employment terms and conditions, including compensation, leaves, education assistance and other benefits.

The Group also provides flexible benefits to employees from the Executive and above category and an option for them to select the different medical and insurance packages that suit their needs and priorities.

The unionised employees of the Group – who are members of the National Union of Commercial Workers - have their terms and conditions governed by the Collective Agreement.

### b) People, Processes and System Integration

The current Human Resources information and management is integrated in the Human Resource Information System (HRIS), an SAP-based system designed for Sime Darby Property Berhad to manage and store all employee data and related Human Resources administrative transactions.

The Group has been adopting the Balanced Scorecard model for performance management of employees from the Executive job grades and above, aligning the business objectives to employees' performance. The Total Talent Management System (TTMS) provides the platform for Executives and above to measure, track and record their Key Performance Indicators (KPIs) and Behavioural Competencies. The non-executive employees' performances are managed via Key Results Areas (KRA) model and measurement of their functional competencies.

The Group is currently reviewing and exploring new systems in the market to enhance the Human Resources workflow, processes and user experience, with mobility as the key enabler moving forward.

### c) Talent Management and Performance Management

The Group is currently transitioning the performance management to the new fiscal year and will be reviewing the Talent Management and Performance Management to better align to the strategy blueprint and aspiration.

## Communication and Reporting

### a) Reporting to Shareholders and other Stakeholders

The Group has established processes and procedures to ensure that Quarterly and Annual Reports, which cover the Group's performance, are submitted to Bursa Malaysia Securities Berhad for release to shareholders and stakeholders on a timely basis. All Quarterly Results are reviewed by the Board prior to their announcements.

The Annual Report of the Group is issued to the shareholders within the stipulated time as prescribed under the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

## Statement on Risk Management and Internal Control

### Material Joint Ventures and Associates

This statement does not cover the risk management and internal control framework and processes of the Group's material joint ventures and associates. The Group safeguards its interests in those entities through the appointment of representatives on their respective boards and, in certain cases, through their management or operational committees.

### Review of this Statement

Pursuant to Paragraph 15.23 of the Main Market Listing Requirements (MMLR) of Bursa Malaysia, this Statement on Risk Management and Internal Control has been reviewed by the external auditors in accordance with Audit and Assurance Practice Guide 3 (AAPG 3) issued by the Malaysian Institute of Accountants for inclusion in the Annual Report for the year ended 30 June 2018.

Based on their limited assurance review, the external auditors have reported to the Board under AAPG 3 that nothing has come to their attention that causes them to believe that the statement has not been prepared, in all material aspects, in accordance with the disclosures required by Paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, nor is the statement factually inaccurate.

### Conclusion

The Board acknowledges that the Group operates in a dynamic business environment where the risk management and internal control system must be responsive to be able to support the Group in achieving its strategic business objectives. Therefore, the Board is committed to maintaining a sound system of risk management and internal control, which evolve with the needs of the business and its ecosystem, optimising opportunities for gain and growth and minimising the impact of material risks to the business. The Board strives for continuous improvement by putting in place appropriate action plans, where necessary, to continuously enhance the Group's risk management and internal control system.

The Board has received reasonable assurance from the Group Managing Director and Executive Director and Group Chief Financial Officer that the Group's existing risk management and internal control system is operating adequately and effectively in all material aspects. Echoing the Board's commitment, the Management is committed to continuously reviewing and strengthening the risk management and internal control system to ensure its adequacy and robustness. The Board is pleased to report that the Group's existing risk management and internal control system is generally adequate and effective for good corporate governance.

This statement was approved by the Board on 28 August 2018.

# Governance and Audit Committee Report

## Introduction

In preparation for the listing of the Company, the membership of the Governance & Audit Committee (GAC) was changed on 12 July 2017. The composition of the GAC accords with the requirements of Paragraph 15.09 of Bursa Malaysia Securities Berhad's Main Market Listing Requirements (MMLR), which requires that the Audit Committee of a listed company must:

- Consist of no fewer than three members of the Board;
- Comprise solely of non-executive directors, the majority of whom must be independent non-executive directors; and
- Include at least one member of the Malaysian Institute of Accountants (MIA).

The composition of the GAC also complies with the requirements of the Malaysian Code on Corporate Governance 2017 (MCCG 2017) concerning audit committees, including the 'Step-up' requirement that all members should be independent non-executive directors.

### COMPOSITION OF THE GAC AND ATTENDANCE AT ITS MEETINGS

Members*	Membership/Designation	Appointment	Attendance at meetings	
Dato' Seri Ahmad Johan Mohammad Raslan (MIA member)	Chairman/Independent Non-Executive Director	12 July 2017	5/5	100%
Dato' Jaganath Derek Steven Sabapathy	Member/Senior Independent Non-Executive Director*	29 February 2016	4/5	80%
Datin Norazah Mohamed Razali	Member/Non-Independent Non-Executive Director	12 July 2017	5/5	100%

Former Members	Membership/Designation	Resignation	Attendance at meetings	
Dato' Rohana Tan Sri Mahmood	Member/Senior Independent Non-Executive Director	30 June 2018	5/5	100%
YAM Tengku Datuk Seri Ahmad Shah Alhaj ibni Almarhum Sultan Salahuddin Abdul Aziz Shah Alhaj	Member/Independent Non-Executive Director	12 July 2017	n/a	n/a

**Notes:** \* Dato' Jaganath was re-designated from GAC Chairman to Member of the GAC on 12 July 2017 and he was also re-designated as Senior Independent Non-Executive Director on 28 August 2018.



## Governance and Audit Committee Report

The senior members of Management comprising the Group Managing Director, Executive Director – Group Chief Financial Officer, the Group Chief Operating Officer – Township, the Group Chief Operating Officer – Integrated, the Chief Risk & Compliance Officer and the Chief Assurance Officer are permanent invitees to GAC meetings. They attend all GAC meetings in order to provide explanations and answer queries. Other members of Management also attend GAC meetings for specific agenda items in order to provide detailed explanations as and when required.

The external auditors attended five GAC meetings during the year to brief the members on specific matters. Time was set aside for the external auditors to have private discussions with the Committee in the absence of Management.

### TERMS OF REFERENCE

The full terms of reference for the GAC are available online in the Corporate Governance section at [www.simedarbyproperty.com](http://www.simedarbyproperty.com).

### SUMMARY OF WORK OF THE GAC DURING THE FINANCIAL YEAR

#### 1. FINANCIAL REPORTING

- (a) Reviewed the unaudited quarterly financial results and the related press statements for recommendation to the Board for approval before release to Bursa Malaysia Securities Berhad.
- (b) Reviewed the consolidated audited financial statements of the Company and the Group, and ensured that they comply with the Malaysian Financial Reporting Standards, for recommendation to the Board for approval.
- (c) Reviewed the significant matters highlighted by the auditors in the financial statements and significant judgements made by Management.
- (d) Assessed the financial impact of the first-time adoption of the MFRS Framework, the early adoption of MFRS 15 on the Group's retained earnings and revenue transactions, respectively, in the previous financial year. Reviewed the impact of the adoption of the new reporting standard for the current year as compared to the previous year.

#### 2. INTERNAL AUDIT

- (a) Oversaw the appointment of the new Chief Assurance Officer to head the Group Corporate Assurance Department (GCAD or internal audit), including interviewing candidates.
- (b) Approved GCAD's scope of work, audit plan and budget for conducting regular risk based systematic audits, and made enquiries as to GCAD's resources, expertise, professionalism and financial budget to meet planned audit activities across the Group.
- (c) The GAC put forward suggestions for improvement and reinforcement of the GCAD via the recruitment of technical personnel.
- (d) Considered the major findings and recommendations from GCAD's internal audit work, and Management's responses and follow-up actions, and reported these to the Board. Recommended that senior management hold the relevant individuals accountable.
- (e) Reviewed the quarterly audit status reports and deliberated on the rectification actions and timeline proposed by Management to ensure that any control lapses are addressed and resolved promptly.
- (f) Tracked Management's implementation of the internal audit recommendations on outstanding issues on a quarterly basis.

#### 3. EXTERNAL AUDIT

- (a) Reviewed the external auditors' Group Audit Plan, which outlines the audit strategy and approach, for the financial year. Considered and approved the external auditors' confirmation of their independence.
- (b) Considered, together with management, the group audit fees of the external auditors for recommendation to the Board for approval.

- (c) Considered major findings, key significant external audit matters and recommendations raised by the external auditors and Management's response and follow-up actions thereto and reported to the Board.
- (d) Held private meetings with the external auditors without Management's presence. This session was to enable open discussion between the GAC and external auditor, as well as to ensure there was no restriction placed on the external auditor's scope.

#### 4. RELATED PARTY TRANSACTIONS

- (a) Reviewed significant related party transactions entered into by the Company and the Group to ensure that the transactions were in the best interest of the Sime Darby Property Group, were fair, reasonable and on Sime Darby Property Group's normal commercial terms, and not detrimental to the interest of the minority shareholders of Sime Darby Property.
- (b) Reviewed the processes and procedures on related party transactions/recurrent related party transactions to comply with the Companies Act 2016 and the MMLR, and to ensure that related parties are appropriately identified and that related party transactions are declared, approved and reported appropriately.

#### 5. COMPLIANCE AND WHISTLEBLOWING

- (a) Reviewed the reports on compliance matters presented by the Chief Risk & Compliance Officer.
- (b) Oversaw the establishment of whistleblowing arrangements in the Group. Reviewed the whistleblowing matters reported by Group Compliance Office.
- (c) Recommended to the Board that a 'No Gift' policy be adopted. Subsequently recommended the resulting new Gift, Entertainment and Travel Policy to the Board for adoption.

#### 6. OTHER ACTIVITIES

- (a) Recommended to the Board that an independent review of the Group's joint venture (JV) arrangements be carried out. The GAC subsequently oversaw the review and made recommendations to the Board.
- (b) Conducted a visit to the significant JV project at Battersea Power Station (BPS) in the United Kingdom together with an audit committee member from another JV partner company and reported to the Board. Chairman and members of the GAC subsequently held follow-up meetings at BPS. The GAC instructed external auditors and GCAD in respect of future audit work at BPS.
- (c) As part of the governance framework of Sime Darby Property, GAC reviewed and recommended the revised and realigned Group Policies & Authorities (GPA) for Board approval for onwards adoption across the Group. Relevant sections of the GPA, Internal Guidelines on Related Party Transactions and the Terms of Reference of the GAC have been updated to align with the Companies Act 2016 and MCGG 2017. GAC also recommended to the Board the adoption of Sime Darby Berhad Code of Business Conduct by Sime Darby Property on a 'as is' basis post listing of Sime Darby Property, prior to it being revised in July 2018 to ensure continuity and adoption of good business conduct across the Group.

## Governance and Audit Committee Report

### Group Corporate Assurance Department (GCAD)

#### LEADERSHIP

GCAD is the Group's in-house internal audit function. GCAD is headed by Aravindan Devapalan Nair, who joined the Group as Chief Assurance Officer in March 2018. Aravindan is a Chartered Accountant who has more than 20 years of experience.

Prior to joining the Group, Aravindan worked in external audit and advisory in public accounting firms PricewaterhouseCoopers (PwC) and KPMG. In addition to working in Malaysia, he spent 2.5 years on secondment to PwC in the United States where he was involved extensively in US Sarbanes Oxley group audits. After leaving public accounting, he joined Wah Seong Corporation Berhad as the head of Group Internal Audit in 2013 before becoming the Chief Assurance Officer of Sime Darby Property.

He is a professionally qualified accountant. He is a Fellow of the Chartered Association of Certified Accountants (ACCA) and is a member of the Malaysian Institute of Accountants (MIA).

GCAD is guided by its Group Audit Charter which specifies that it reports functionally to the GAC and administratively to the GMD to ensure its independence.

### Group Compliance Office (GCO)

#### LEADERSHIP

As with GCAD, GCO was established as an in-house independent function which reports to GAC and administratively to the GMD. GCO is guided by its own Charter and by the Group Policies and Authorities in planning and executing of corporate compliance programs and addressing compliance issues within the Group.

Tang Ai Leen joined the Group as Chief Risk & Compliance Officer in November 2017. Prior to that, Ai Leen was with Sime Darby Berhad's Group Compliance Office between 2012 and 2017, where her last position was the Head, Group and Divisional Compliance.

Before joining Sime Darby Berhad, Ai Leen spent 17 years in public accounting firms. She worked in external audit, consulting and forensic services with KPMG Malaysia, KPMG Australia and PwC Malaysia.

Ai Leen is a professionally qualified accountant and is a member of the Malaysian Institute of Certified Public Accountants (MICPA). She holds a Bachelor's degree in Accounting and Finance from Middlesex University in the United Kingdom and a Master's degree in Forensic Accounting from Wollongong University in Australia.

### Principal Responsibilities and Activities of GCAD and GCO

The primary responsibilities and key activities for GCAD and GCO are summarised below:

	Group Corporate Assurance (GCAD)	Group Compliance Office (GCO)
Principal Responsibilities	<ul style="list-style-type: none"> <li>GCAD's principal responsibility is to undertake regular and systematic reviews of the internal control systems so as to provide reasonable assurance that such systems continue to operate satisfactorily and effectively in the Group.</li> <li>Provide recommendations in improving risk management, and internal control processes.</li> <li>During the financial year ended 30 June 2018, the total cost incurred for the internal audit function was approximately RM3.5 million</li> </ul>	<ul style="list-style-type: none"> <li>GCO's primary responsibility is to assist the Board, GAC and Management in monitoring compliance risk activities.</li> </ul>

	Group Corporate Assurance (GCAD)	Group Compliance Office (GCO)
Key Activities	<p>The key activities carried out by GCAD in this financial year included:</p> <ul style="list-style-type: none"> <li>• Evaluating risk exposure relating to achievement of the Group's strategic objectives and mapping this against the Risk Register to ensure key risks are considered and deliberated with Management, external auditors and Group Risk Management on a periodic basis.</li> <li>• Reviewing and appraising the adequacy and application of accounting, financial and other controls particularly focusing on cost saving.</li> <li>• Evaluating the systems established to ensure compliance with those laws, regulations, policies, plans and procedures which could have a significant impact on the Group.</li> <li>• Carrying out audits on areas such as information technology and environmental, safety and health as part of routine audit scope of work on the Group.</li> <li>• Followed-up on the implementation of Management Action Plans to ensure that necessary actions have been taken/are being taken to remedy any significant gaps identified in governance, risk management and internal controls.</li> <li>• Performed investigative audits on allegations of mismanagement or improper acts reported through the whistleblowing procedures and other channels.</li> <li>• Involved and participated in the 2018 year-end audit on the selected scope under the direct supervision of PwC's audit team.</li> <li>• Prepared and tabled the annual audit plan (including its financial budget) to GAC for review and approval.</li> </ul>	<p>The key activities carried out by GCO in this financial year included:</p> <p><b>A) Policy Development and Revision</b></p> <ul style="list-style-type: none"> <li>• Completed the revision and alignment of Group Policies and Authorities (GPA) for approval by the Board and onwards adoption by the Group post-listing.</li> <li>• Developed and launched the Gift, Entertainment and Travel policy which documents the Group's 'No Gift Policy'. Conducted engagement and training sessions post approval by the Board.</li> <li>• Refreshed and developed Sime Darby Property's own Code of Business Conduct (COBC). The revised COBC was approved by the Board for adoption in July 2018.</li> <li>• Commenced the review and alignment exercise for policies and procedures within the Group.</li> </ul> <p><b>B) Compliance Systems and Tools</b></p> <ul style="list-style-type: none"> <li>• Collaborated with IT department to design and launch the Integrity Declaration System, which is a one-stop declaration page for gifts, entertainment and travel declaration, conflicts of interest and COBC sign-off.</li> <li>• Commenced the review and alignment exercise of internal committees to ensure that the structure is effective and aligned to the Group's needs.</li> </ul>



## Governance and Audit Committee Report

	Group Corporate Assurance (GCAD)	Group Compliance Office (GCO)
Key Activities	<ul style="list-style-type: none"> <li>Witnessed the tender opening process for procurement goods or services to ensure the activities in the tendering processes are conducted in a fair, transparent and consistent manner.</li> <li>The Chief Assurance Officer attends the meetings of the GAC on a quarterly basis to brief the GAC on audit results and significant matters raised in GCAD's reports.</li> <li>Attended meetings of the Group Management Committee on a consultative and advisory capacity to provide independent feedback on the risk management, control and governance aspects.</li> <li>All internal audit functions during the financial year were conducted by GCAD. Nevertheless, where required, GCAD will engage and co-source with external audit firms to complement audit coverage and/or subject matter experts in specific technical areas including forensic and legal advisory.</li> <li>GCAD confirmed its organisational independence to the GAC that they were and have been independent, objective and in compliance with the Code of Ethics and Standards as prescribed in the 2017 International Professional Practices Framework (IPPF).</li> <li>Updated the Group Audit Charter to align with the Terms of Reference of GAC and 2017 IPPF of Institute of Internal Auditors (IIA).</li> </ul>	<p><b>C) Training</b></p> <ul style="list-style-type: none"> <li>Conducted training for new joiners and trainees on the Group's governance structure, GPA and COBC.</li> </ul> <p><b>D) Whistleblowing</b></p> <ul style="list-style-type: none"> <li>Completed the data migration for Whistleblowing Case Management System which was previously housed and maintained by Sime Darby Group.</li> <li>Managed the whistleblowing process to ensure that all complaints received are properly recorded, assigned to investigation teams, reported to GAC and concluded.</li> </ul>

## SUITABILITY, OBJECTIVITY AND INDEPENDENCE OF THE EXTERNAL AUDITORS

In recommending the suitability of the external auditors for re-appointment at the forthcoming Annual General Meeting, the GAC considered their suitability and independence, by assessing, inter alia, the adequacy of their experience and resources, their audit engagements, the number and experience of their engagement partners, and the supervisory and professional staff assigned to the Sime Darby Property Group.

The external auditors confirmed their firm's professional independence in relation to the audit engagement for the financial year ended 30 June 2018.

This report is made in accordance with a resolution of the Board of Directors dated 28 August 2018.

# Risk Management Committee Report

## Introduction

The Risk Management Committee (RMC) for Sime Darby Property Berhad was established in July 2017 and is responsible for overseeing, implementing and monitoring the Risk Management Framework and related policies and programmes for the Group. The formation of the RMC complies with Principle B, Chapter II of the Malaysian Code of Corporate Governance 2017, Step Up 9.3.

## Background

Prior to the RMC's establishment in July 2017, risk management and its related activities and programmes were presented for deliberation at the Board-level. Since then, the RMC has continued the adoption of the Risk Management Framework and its related policies and programmes, with enhancements in its implementation to allow – better understanding of the principal risks faced by the Group.

As with any framework and programmes, the RMC acknowledges that there would be room for improvement after the Group's listing exercise. Adjustment and tailoring of the framework and related programmes will need to be conducted to reflect the specific operating environment of the Group. The RMC is pleased to note that the revision exercise has commenced and would be fully completed by the next financial year.

During the year, the RMC undertook the following key activities:

- Obtaining a better understanding of principal risks and challenges impacting the Group via direct engagement with key business units and support functions.

- Monitoring principal risks including cash flow, achievability of investment, operations and development targets. The principal risks considered and monitored by the RMC for the financial year can be seen in Key Risks Profile on pages 44 to 49.
- Reviewing and advising the Board on new major investment or divestment proposals.
- Working with Group Risk Management (GRM) to enhance the quality of information reported to the RMC.

The RMC plays an important role as an advisor to both Management and the Board in identifying and addressing challenges faced by the Group and to ensure that decisions or mitigation action points taken are made in the best interest of the Group.

## Role of the Committee

The roles and responsibilities of the RMC are summarised in the Statement of Corporate Governance Section on page 118. The terms of reference of RMC is available from the Group's website at [www.simedarbyproperty.com](http://www.simedarbyproperty.com).

## Risk Management Committee Report

### Committee Effectiveness

#### COMPOSITION AND ATTENDANCE

Members	Membership/designation	Appointment	Attendance of meetings
Dato' Jaganath Derek Steven Sabapathy	Chairman/Senior Independent Non-Executive Director	12 July 2017*	2/2
YAM Tengku Datuk Seri Ahmad Shah Alhaj Ibni Almarhum Sultan Salahuddin Abdul Aziz Shah Alhaj	Member/Independent Non-Executive Director	12 July 2017*	2/2
Dato' Johan Ariffin	Member/Independent Non-Executive Director	12 July 2017*	2/2
Datuk Dr. Mohd Daud Bakar	Member/Non-Independent Non-Executive Director	12 July 2017*	2/2
Encik Rizal Rickman Ramli	Member/Non-Independent Non-Executive Director	5 April 2018	0/1

\* Even though the members of RMC were appointed on 12 July 2017, RMC held its first meeting in February 2018, post listing of Sime Darby Property Berhad on Bursa Malaysia Securities Berhad. Prior to February 2018, the risk oversight and reporting were done at the Board-level.

RMC consists of five (5) members, of which three (3) are Independent Non- Executive Directors. The Chairman of RMC, Dato' Jaganath Derek Steven Sabapathy, an Independent Non- Executive Director, was previously the Chief Executive Officer of a leading Malaysian property developer. An accountant by training, he has experience in property development, construction and management. The Chairman is supported by YAM Tengku Datuk Seri Ahmad Shah Alhaj Ibni Almarhum Sultan Salahuddin Abdul Aziz Shah Alhaj and Dato' Johan Ariffin who have a wealth of experience in property development and construction industry. Datuk Dr. Mohd Daud Bakar, who is a world-renowned expert in Islamic Finance with vast international exposure, complements the experience and composition of the RMC. The qualifications and experience of all the RMC members can be obtained from their individual profiles on pages 100 to 106 or at the Group's website at [www.simedarbyproperty.com](http://www.simedarbyproperty.com).

Collectively, RMC members are well-qualified and have a good understanding of the property development and construction industry to challenge, facilitate and provide practical advice to Management on key challenges and risks impacting the Group.

The Group Managing Director, Executive Director & Group Chief Financial Officer, Chief Operating Officer of Township Development, Chief Operating Officer of Integrated and Chief Risk and Compliance Officer are permanent invitees of the RMC. They attend the RMC meetings to brief RMC members on their respective areas of responsibilities. Other members of senior management are also invited for specific agenda items, where needed, to support in-depth discussions during the meetings.

At the operational level, RMC is supported by Group Risk Management in the discharge of its duties and responsibilities.

RMC's deliberation and decisions are communicated to the Board on a timely basis, through the Report by the RMC Chairman as well as by circulation of the minutes of meeting of the RMC. The Report by the RMC Chairman is a standing agenda item in the scheduled meeting of the Board.

For the financial year under review, RMC members have attended various professional development programmes to keep themselves abreast of relevant developments in the industry. Details in relation to trainings attended can be obtained from Directors' Training and Continuous Education Programme provided on pages 126 to 127.

#### ANNUAL PERFORMANCE ASSESSMENT

The Board has performed an annual review of the terms of office and annual assessment of the composition, performance and effectiveness of RMC based on the recommendation of the Nomination & Remuneration Committee. The Board is satisfied that RMC and its members have effectively discharged their duties in accordance with their Terms of Reference. One of the proposed improvements arising from the annual performance assessment was to improve the quality (depth) of information that is presented to the Board and Board Committees. RMC have started and will continue to work with Management to improve the quality of risk information presented to the RMC.

## Summary of RMC's Work during the Financial Year

In the financial year under review, RMC have carried out the following activities:

- a. Provided oversight, direction and counsel on the Group's risk management process, which includes the following:
  - Monitored the Group-level risk exposures and management of significant financial and non-financial risks identified, including the evaluation of existing and new or emerging risks identified by Management and/or GRM. RMC not only provided oversight and feedback, but played a crucial role in challenging the status quo as well as in applying checks and balances when assessing the appropriateness of action taken to mitigate the impact of various risks.
  - Reviewed the Group Key Risks Profile and ensured that significant risks that are outside tolerable ranges are addressed, with appropriate actions taken in a timely manner.
  - Reviewed and monitored the status of the implementation of management action plans in mitigating significant risks identified.
  - Evaluated the effectiveness of the structure, risk management processes and support system to identify, assess, monitor and manage the Group's key risks.
  - Conducted engagement sessions with key Business Unit Heads and support functions to obtain perspective and insight into the process through which risks are managed and escalated operationally.
- b. Reviewed major investment and project business cases in accordance with the established thresholds of approved Group Limits of Authority, focusing on the risks associated with funding options, costs and investment returns. RMC recommended or advised the Board on the next course of action, where appropriate.

- Embed risk management into the organisational culture and encourage effective decision-making at all levels of the organisation.
- Establish, maintain and monitor the implementation of formal and explicit risk management processes through the identification, assessment and management of risks impacting business objectives and/or those which are outside the risk appetite parameters. These risks are documented, aggregated, evaluated and reported at the Group-level.
- Review key corporate activities that are considered significant from the Group's perspective.

Key activities for the financial year ended 30 June 2018:

- Assisted in the preparation and assessment of the key enterprise risks that were included in the Group's Listing Prospectus.
- Completed the risk management system and data migration for pure-play, which was previously housed and maintained by Sime Darby Group. The exercise was carried out in collaboration with vendors and IT Department to separate the system and grant data access only to authorised Sime Darby Property users.
- Conducted risk review and assessment on proposals relating to major investment, capital expenditure and tender prior to the submission to Management or the Board.
- Coordinated the quarterly risk review for reporting to RMC, which includes providing the necessary challenge and feedback to the risk owners.
- Initiated and completed a formal "bottom-up" review and sign-off process across the Group to improve the quality of risk and related information reported to Management, RMC and the Board.
- Refreshed the format of the quarterly risk reports to improve the quality of information provided to Management, RMC and the Board.
- Coordinated risk workshops to assist operations in identifying and assessing the risks that impact the business and the corresponding mitigation actions.
- Conducted risk training workshops for risk champions and owners.
- Commenced the review and improvement to the risk framework and its related programmes to reflect the current operating environment of the Group.
- Participated as one of the key Trainers for new employees' on-boarding training. Designed the training programme to provide general understanding of risk management and its activities to new employees of the Group as well as to create a positive risk culture across all levels of the organisation.

## Group Risk Management

GRM was established as an independent function to assist the Board, RMC and Management with the coordination and implementation of the risk management framework across the Group. GRM's roles include assisting Management, business and operating units to:

- Integrate risk management into key business processes and facilitate effective decision-making and mitigate uncertainty.





# Sustainability Report

Since our inception in 1972, we have grown stronger as a credible business and more responsible as a corporate citizen, committed to our greater vision of creating sustainable communities. Over the past one decade, we have demonstrated our will to ensure 'Sustainability' is at the heart of everything that we do. We now have systems and processes that help our internal and external stakeholders to develop greater understanding of the principles of sustainability, and how they can be integrated into our core business strategies to create long-term value.



**88**

SUSDEX  
indicators have  
been developed  
in 2009

## Our Sustainability Journey & Commitment

In 2009, we developed a bespoke sustainability assessment index, known as SUSDEX, with 88 indicators to guide and measure the sustainability performance of our townships throughout the value chain – from planning a township to maturity and eventually full handover. This in-house tool helps us to not only optimise resources, but also to deliver tangible value in terms of people, planet and prosperity. By deploying SUSDEX and its current version SUSDEX4 our stronger focus is on minimising adverse externalities such as environmental degradation and social marginalisation by creating socially and economically vibrant communities. This is also the very intent of the United Nations, Habitat III 'New Urban Agenda' and the Goal 11 of the United Nations 2030 'Sustainable Development Goals' (SDGs).

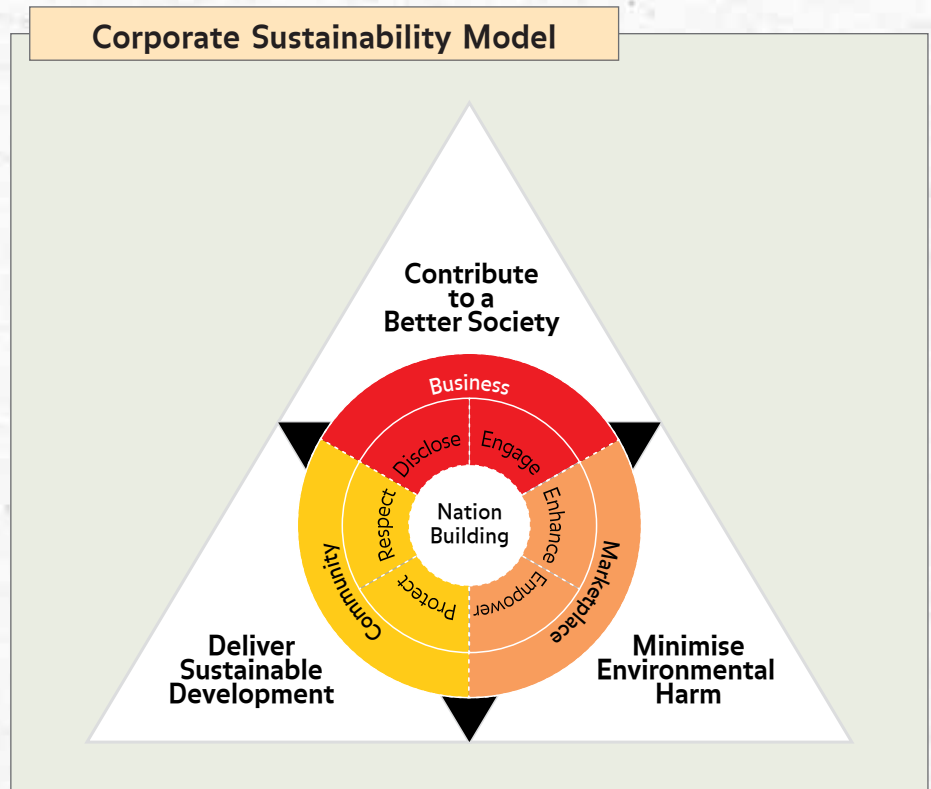
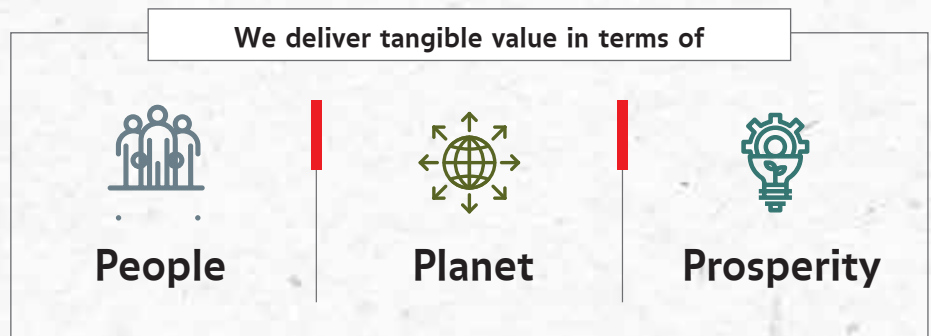


Our Corporate Sustainability Model captures and delivers on the Three Ps – People, Planet and Prosperity – of sustainability, as defined by the ‘Brundtland Report 1987’.

In other words, our sustainability purpose is to:  
Contribute to a Better Society (People); Minimise Environmental Harm (Planet); and Deliver Sustainable Development (Prosperity).

During the year under review, our efforts were focused on strengthening the governance of the sustainability function; improving our sustainability policy and strategic framework; raising awareness on sustainability with both internal and external stakeholders; setting definite targets and identifying tools to measure performance; and implementing thematic initiatives and programmes – from Safety and Health, conducting an engagement session with the Malaysian Green Building Confederation (MGBC) to develop awareness to designing biodiversity and eco-efficiency programmes.

Our ultimate aim is to meaningfully translate our model into practice, which requires us to not just deliver innovative home designs and township planning, but to also mobilise our wide network of stakeholders along the value chain to participate and contribute to achieving our sustainability vision and mission.





## Our Sustainable Development Goals

In addition to our robust Business Model, which has been premised on the need for value creation, we have also adopted the United Nations (UN) SDGs in the spirit of contributing to global goals, but with local impact.

In terms of prioritisation, we have narrowed our scope and benchmarked our sustainability targets and achievements against various indicators of the 17 SDGs and important aspects of our business. Based on our assessment, these goals are either directly or indirectly related to our strategic focus areas as well as our vision of developing sustainable communities and nation building.

Areas	Aspect Boundary	SDGs
CORPORATE GOVERNANCE	All Sime Darby Property	
ECONOMIC AND FINANCIAL PERFORMANCE	Sime Darby Property, our vendors, investors and customers	
BUSINESS RISKS	Sime Darby Property, our vendors, investors and customers	 
COST MANAGEMENT/EFFICIENCY	Sime Darby Property, our investors and customers	 
PRICING STRATEGY	Sime Darby Property and our customers	
CAPITAL APPRECIATION	Our customers	
PRODUCTIVITY	Sime Darby Property, our vendors and investors	
PROJECT MANAGEMENT	Sime Darby Property, our vendors, investors and customers	
QUALITY MANAGEMENT	Sime Darby Property, our vendors, investors and customers	
PRODUCT INNOVATION AND CONTINUOUS IMPROVEMENT	Sime Darby Property, regulators, our government and customers	
PRODUCT SAFETY	Sime Darby Property, regulators, the government and customers	
SUSTAINABLE PRODUCTS	Sime Darby Property and our customers	

Areas	Aspect Boundary	SDGs
NEW LEGISLATION AND POLICIES	Sime Darby Property, regulators and the government	
LEGAL COMPLIANCE	Sime Darby Property, regulators and the government	
ETHICS	Sime Darby Property	
PRIVACY	Sime Darby Property and our customers	
OCCUPATIONAL HEALTH AND SAFETY/ LOST TIME INJURY FREQUENCY	Sime Darby Property, our vendors, employees and their families	
TALENT MANAGEMENT	Sime Darby Property, especially our employees	 
EMPLOYEE WELFARE	Sime Darby Property, especially our employees	
HUMAN RIGHTS IN THE WORKPLACE	Sime Darby Property, especially our employees	
CUSTOMER RELATIONSHIPS	Sime Darby Property and our customers	 
TOWNSHIP AMENITIES	Sime Darby Property, our customers and township communities	
SECURITY	Sime Darby Property, our customers and township communities	
AFFORDABILITY	Sime Darby Property and our customers	 
FACILITY SAFETY	Sime Darby Property and our customers	
COMMUNITY ENGAGEMENT	Sime Darby Property, our customers and township communities	
PUBLIC RELATIONS RISKS	Sime Darby Property	



## Contributing to a Better Society

We strongly believe in the concept of a better society, where people are able to work to their best capacity, lead a healthy quality life, and contribute meaningfully to build a stable economy. We develop to ensure a safe and sustainable society. It is with this belief that we invest in the power and potential of our people, to include our employees, customers, and other critical stakeholders. With seamless execution of our fair and progressive policies and procedures, we create a safe workplace, we design innovative and creative townships, we promote new skills and enhance productivity and performance.





## Occupational Safety and Health (OSH)

OSH impacts people's lives as well as our organisation's productivity, quality and delivery of our products and services. At Sime Darby Property, we recognise the OSH risks associated with our business and therefore, assign great importance to the well-being and safety of our employees. We endeavor to continuously improve our safety performance in our operations by closely monitoring various processes along our value chain, to pre-empt potential hazards and high-risk areas. We then take steps to raise OSH awareness and strengthen the mitigation controls. During the year under review, we achieved zero fatality rate and a 13 percent increase in concern reports from the previous year, with 885 report submissions from operations.




**ZERO**  
fatality rate

► **13%** ▲  
increase  
in concern reports


## Our Policy on Occupational Safety & Health (OSH)

We have multiple Standard Operating Procedures (SOPs) that enable the OSH management system. All our suppliers, contractors and subcontractors are required to provide details of their OSH management plans. Similarly, they are required to comply with all applicable legislative requirements as stated in the Occupational Safety and Health Act 1994; the Factories and Machinery Act 1967; and the Construction Industry Development Board Act 1994; as well as the specified contractual terms stated in the OSH Requirements for Contractors.

We conduct periodical checks, internal and external audits and assurance activities such as the OSH Risk Based Assessment, Site Evaluation Verification and Surprise Checks to determine the level of compliance at our project sites.




ZERO fatality rate recorded for the second consecutive year.

**38.7%** 


decrease

in loss time injury rate and

**56.3%** 


decrease

in severity rate.

**25.3%** 

decrease

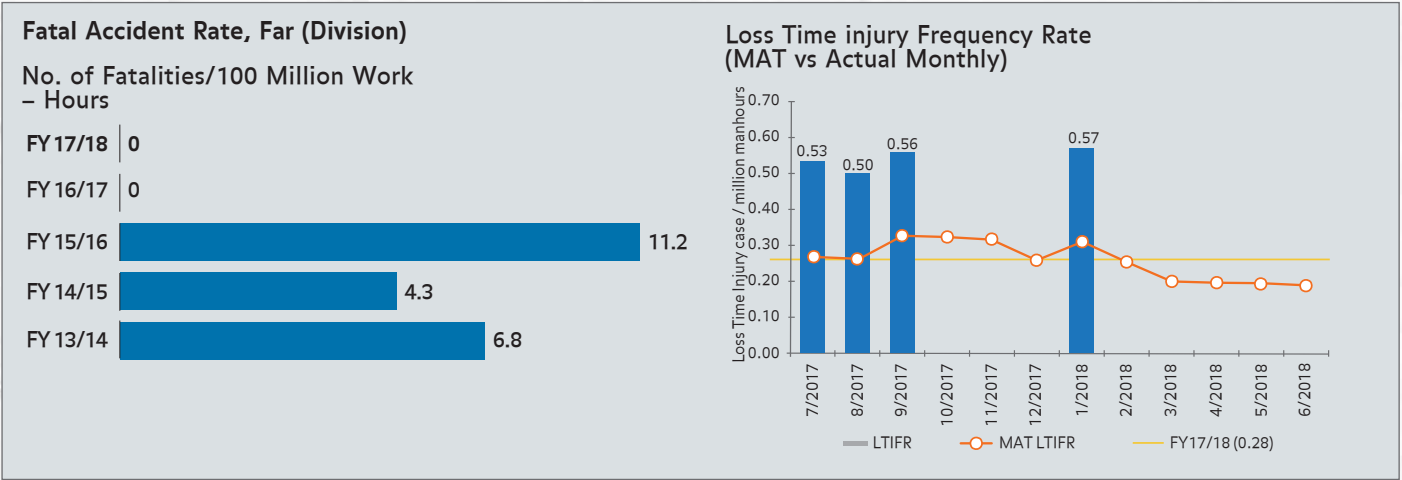
in incident frequency rate, which is the result of proper controls implemented, especially in the affected business units.



Approval to develop an Online Sustainability/OSH Management System, which will ensure data integrity, accuracy and real-time reporting.

5-Year OSH Performance

According to the Fatal Accident Rate graph during the year under review, the performance has been positive and consistent, with zero fatality rate. We owe our success to the various promotional and awareness campaigns that helped promote OSH culture across all our operations.



The graph above shows that Loss Time Injury cases occurred in July, August, September 2017 and January 2018. For FY16/17, the target was 0.52, whereas the actual performance was recorded at 0.31.

For FY17/18, the target is 0.28 (10 percent reduction from what was achieved last FY) and actual performance is 0.18<sup>^</sup>. Moving Annual Target (MAT) in the graph shows a downward trend as the year progresses. It is also evident that there is a reduction of Loss Time Injury (LTI) accident cases from 6 cases and 36 days loss (FY16/17) to 4 cases and 17 days loss (FY17/18). This can be attributed to the fact that OSH initiatives have successfully increased the level of awareness on safety at Sime Darby Property sites.

<sup>^</sup> Total number of hours worked denominator used for the calculation of LTIFR are calculated based on the estimation of total number of employees x 26 days x 8 hours (for employees) and the actual hours submitted by contractors and vendors (non-employees).

\* The data has been externally assured. Please refer to the Independent Assurance report from pages 333 to 334.



## OSH Programmes and Initiatives

### ► OSH Risk Based Assessment (RBA)

The OSH Risk Based Assessment is an on-going internal audit process where findings may result in the issuance of Opportunity for Improvement or/and Corrective Action Required (NCR) reports. The objective of the assessment is to assist the operations to identify areas for improvement and prevent accidents/incidents/environmental harm.

### ► OSH Legal Compliance Programmes

The objective of the programmes is to identify all requirements that are applicable to Sime Darby Property operations and determine the method of compliance for each of the operating units.

### ► OSH Risk Management Programme

OSH Risk Management Programmes include training and workshops to identify various risks and control measures across all operating units.

### ► OSH Leadership Day

The OSH Leadership Day aims to instil the OSH culture by inspiring senior management and senior line managers to demonstrate OSH leadership.

It was organised on 5 March 2018 and the one-day event was designed to instil a sense of responsibility and encourage employees to prioritise safety at the workplace. The agenda include:

- a) OSH Leadership Talk by Director General, Department of Safety and Health (DOSH)
- b) Launch of 5-year ESH Culture Roadmap
- c) Screening of OSH Video entitled "Protecting What Matters".

### ► Quality, Environment, Safety & Health (QESH) Day 2018

QESH Day 2018 was organised at Bandar Bukit Raja (BBR) on 21 March 2018. The objective of this annual event is to increase awareness and educate employees, vendors as well as the Bandar Bukit Raja (BBR) residents on OSH matters. It is also to award the best performing Business Units, Consultants and Contractors for meeting their OSH goals during the year. About 450 employees, vendors and residents participated in the event, which featured:

- a) OSH Talks from the authorities. The topics included Obesity by Ministry of Health; Fire Safety at Home by BOMBA and Defensive Driving by MIROS.
- b) OSH Exhibitions by the Business Units. The theme for the exhibition was "Sime Darby Property Life Saving Rules".
- c) OSH Performance Awards: The awards were conferred to the best business unit, the best consultant and also the best contractor.

### ► Sime Darby Property Sustainability Hunt

Organised on 31 March 2018, the objective of this fun event was to promote greater awareness on sustainability and take an inclusive approach to implementing sustainability programmes and initiatives. About 100 employees participated in the event this year.



Harnessing People Potential

We believe that it is extremely critical to unlock the potential of our human capital to continuously tap into our resources (including our rich land bank), create value, achieve market competitiveness, and enhance our business as well as brand equity. Our people are instrumental in developing the right strategies and plans, and executing them efficiently towards meeting the greater organisational growth objectives.

Our People



\*1,584

total employees across our operations in Property Development, Property Investment, Leisure and Hospitality (\* As at July 2018)

Our Key Focus



▶ Building Capabilities



▶ Enculturation



▶ Diversity and Inclusion



Building Capabilities:

While we continuously strive to enhance our *institutional* capabilities such as special skills, processes, tools, and systems to drive meaningful business results, we also emphasise on building *individual* capabilities that involve learning and development.

During the year under review:

- We have implemented a Workforce Optimisation plan, ensuring the right talents are placed in the right roles to improve performance and outcomes;
- We have strengthened the management team by identifying and appointing highly skilled and competent leaders in addition to devising a Succession Plan;
- We have initiated the review of our existing Performance Management Framework, mainly to address the gaps, and improve its application to drive financial results and build a culture of excellence;
- We have implemented 39 learning and development programmes, mainly focusing on enhancing the skills of our sales team and improving the financial knowledge and understanding of the industry amongst our employees.
- We have conducted KPI Cascading Workshops, which were aimed at achieving a singular understanding of the key performance indicators, the expected roles and required skill-sets to meet them effectively.



In July 2017, 90 employees received Executive Diplomas in Project Management, Facility Management and Property Investment & Asset Management programmes from Universiti Teknologi MARA (UiTM). Our participation in academic programmes conducted by the university is the result of our collaboration with UiTM which began in 2011 to enhance the skills and competencies of our workforce.

#### KPI Cascading Workshops:



#### Enculturation:

Our corporate values drive our organisational culture, and regulate the manner in which we conduct business as well as motivate our people to perform. Towards catalysing an organisation-wide transformation and 'one-company, one-team' mindset, we recognise the need to engage with our employees at various touchpoints and across multiple platforms.

#### During the year under review:

- We have enhanced our onboarding programme, known as "Breaking Grounds", for new hires. The objective is to help our employees gain a stronger grasp of the property development industry and improve their familiarisation with the brand, products, processes, structure and core values;
- We have created more than 10 platforms and programmes to encourage a transparent and productive dialogue across all levels of the organisation. Some of the efforts included over 150 transformation workshops and initiatives, 4 townhalls, 4 coffee and breakfast discussions and 10 employee pulse check surveys. We also deployed various internal digital platforms, in-house contests, leadership series, luncheon talks, volunteer and wellness programs etc. to provide our employees multiple avenues to interact, exchange and learn ideas, knowledge and skills with both internal and external stakeholders; and
- We have also initiated the implementation of an integrated HR digital platform for a seamless employee experience.



We organised our first Leadership Series talk in May 2018, which aimed to enhance employees' knowledge and interaction with key industry captains. The first session involved Dato' Abdul Rahman Ahmad, Chief Executive Officer of Permodalan Nasional Berhad; Dato' Shahril Ridza Ridzuan, the former CEO of the Employees Provident Fund; and Dato' Wan Kamaruzzaman Wan Ahmad, CEO of KWAP.

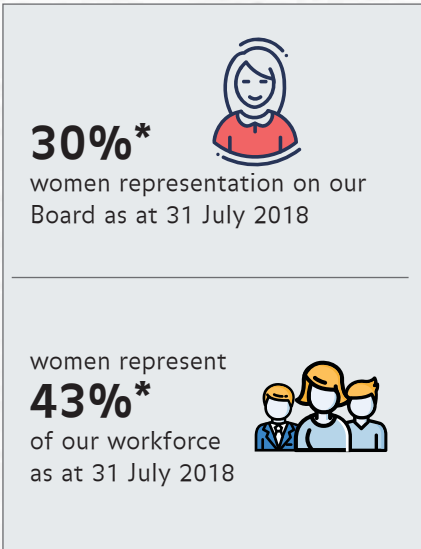


Diversity and Inclusion:

We believe that a diverse and inclusive workforce contributes to an efficient and innovative workplace. Our workforce planning efforts include considerations, which ensure diversity of qualifications and skills, cultural and ethnic backgrounds, age, gender, abilities and experience. These positively help create a dynamic work environment that is conducive to high performance.

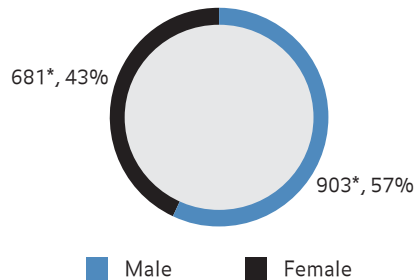
During the year:

- We have created and implemented initiatives that support equal and inclusive opportunities for growth, learning and development. For instance, we have also introduced flexible working hours that allow working parents to attend to their children's schooling needs, improving maternity leave to 90 days, a longer paternity leave and staggered working hours for expectant mothers.
- We have achieved 30 percent women representation on our Board as at 31 July 2018.
- As at July 2018, women represent 43 percent of our workforce and a growing Gen-Y population of 52 percent, which is an 8 percent increase from the past two years. This augurs well for the business as the industry experiences rapid changes brought about by advances in technology and the evolving behaviour of the new generation of property buyers.

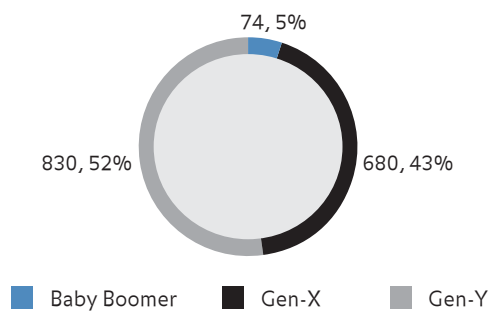


\* The data has been externally assured. Please refer to Independent Assurance report from pages 333 to 334.

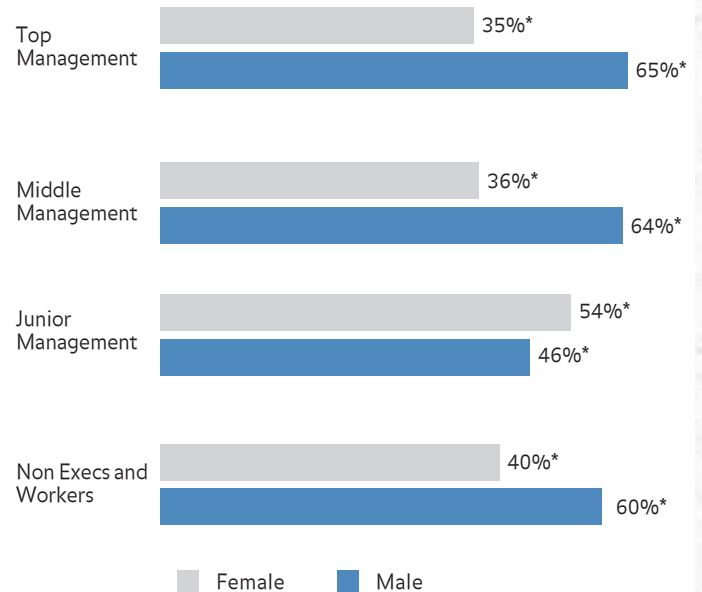
### Breakdown by Gender



### Breakdown by Generation



### Diversity and Inclusion



\* The data has been externally assured. Please refer to Independent Assurance report from pages 333 to 334.

### Sime Darby Property Futsal Tournament

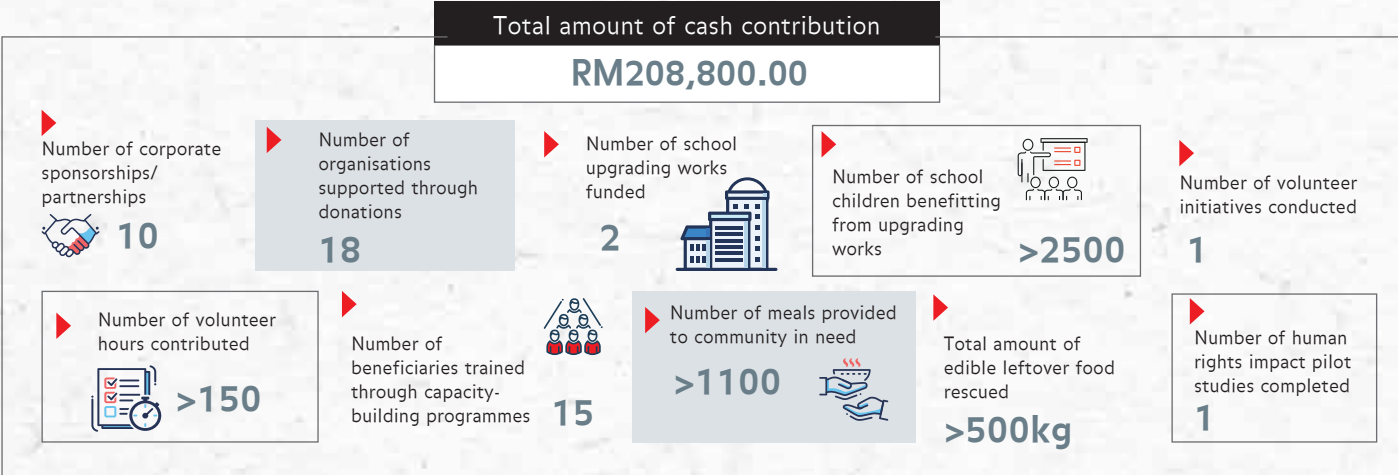


Encouraging diversity in promoting a healthy lifestyle, encourage team spirit and camaraderie at the workplace.



Corporate Social Responsibility (CSR) Initiatives

The CSR initiatives implemented by Sime Darby Property reflects our commitment and responsibility toward communities within and around our townships and developments. By creating shared value, we support the growth and well-being of local communities comprising children, foreign workers, women, and indigenous people amongst others.



The following programmes highlight Sime Darby Property’s CSR initiatives, based on five (5) core thematic areas:



1• Societal Engagement and Economic Inclusion

- Sime Darby Property Community Development Programme: We collaborated with Islamic Relief Malaysia to roll out a 6-month Community Development Programme, mainly to raise living standards of low-income households of selected beneficiaries at PPR Taman Putra Damai in Lembah Subang, located next to the Ara Damansara township. It is designed to reduce poverty through capacity building by equipping participants with basic financial management knowledge. Thirty low-income families enrolled in the first phase of the program between July 2016

and June 2017. By providing initial business capital and training workshops over a six-month period, the programme created income opportunities for the participants. Upon conclusion, the overall monthly income of the participants increased by 52 percent. A monitoring exercise was conducted between August 2017 and January 2018, where 15 low-income families from the first phase continued with the skills enhancement programme and training workshop for six months. An evaluation of the collective monthly income showed that on average, their monthly income increased by more than 60 percent.

- Monthly Staff Donation to ComChest: Employees of Darby Park Executive Suites, Singapore helped underprivileged members of the community through ComChest’s monthly charity drive. ComChest is a fund-raising arm and community project coordinator under the National Council of Social Services, Singapore. A provision for monthly salary deductions was also an option for employees, with the management matching dollar for dollar for each employee contribution.

## 2• Empowering Cities and Communities by Building Resilience

- Edible Leftover Food Charity Programme: TPC Kuala Lumpur (TPC KL) and Sime Darby Convention Centre (SDCC) donated edible leftover food to selected charities. SDCC donated more than 200 kg of edible leftover food to the Lighthouse Children Welfare Home Association via The Lost Food Project, benefitting 50 children. TPC KL donated more than 300 kg of edible leftover food to Kechara Kitchen, which were distributed to homeless and underprivileged communities.
- Edible Garden Programme – This pilot project equips low-income families in the City of Elmina township with essential skills and resources to grow edible crops for self-consumption and earn income from the sales of their produce. Thirty families from the Melati Apartment in Bukit Subang benefitted from this project. Sime Darby Property supported the initiative by setting-up essential gardening infrastructure.
- Sime Darby Property has been involved in various community activities such as philanthropic contributions to the poor and indigenous groups, healthcare programmes, building places of worship, refurbishment of schools, and sports and cultural events.
- Sime Darby Property is continuously involved in environmental initiatives, such as providing ample green spaces and landscaping for our projects, organising community events to raise environmental awareness, and enhancing the environment through planting of endangered, rare and threatened tree species.

## 3• Enhancing Lives through Education & Healthcare

- Sime Darby Employees Children Education Excellence Awards: A total of 6 children received the Sime Darby Employees Children Education Excellence Award. The award recognises educational excellence in UPSR, PT3, SPM and Pre-University examinations.
- Darby Park Serviced Residences, Vung Tau in Vietnam has actively contributed to the distribution of vegetarian meals to visitors of Le Loi Hospital.

- Sime Darby Property contributed towards the refurbishment of selected areas at Sekolah Menengah Kebangsaan Taman Melawati and SM Sains Perempuan Seremban, Negeri Sembilan, providing better education facilities and comfort for students.

## 4• Enhancing Practices in the Workplace

- Sime Darby Property upholds the principles of respecting human rights, equality and fairness through non-discrimination on the basis of gender, race, religion or impairments not relevant to employment.
- Sime Darby Property also do not tolerate workplace practices that condone physical or verbal harassment based on one's race, gender, nationality or social origin, religious beliefs, age, disability, political opinion or any other status that are governed by applicable laws.
- A total of four (4) briefing/awareness sessions on Sexual Harassment and Grievance at the Workplace have been conducted since October 2017 and attended by 124 participants. This is aligned with the COBC, in preventing and eradicating sexual harassment at the work place.
- Sime Darby Property emphasised initiatives that focused on work-life balance, rewards and recognition, scholarship for further education and diversity and fairness at the workplace. Please refer to our People section on pages 174 to 175.

## 5• Protect and Respect Human Rights

- We have a responsibility to respect, support and uphold fundamental human rights as expressed in the Universal Declaration for Human Rights and the United Nations Guiding Principles on Business and Human Rights. We have proactively conducted an assessment of potential human rights issues and conducted pilot studies where we were able to identify the risks and the correct mitigation/remediation approach. Human Rights aspects have also been incorporated into our SUSDEX version 4 as one of its 86 indicators.

# Minimising Environmental Harm

While we are working to develop sustainable communities today, our greater responsibility is to ensure that we do not compromise on the well-being of future generations. It is therefore critical to efficiently and intelligently manage natural capital, the direct and indirect impact of our operations on the environment, and demonstrate environmental stewardship in raising consciousness towards preserving our planet. We are meticulous in our approach to tracking our impact through a combination of initiatives – from planning to the final stages of occupation of our developments and facilities.

## 1• Environmental Compliance

Beyond legislative and regulatory compliance, we apply a precautionary principle to achieve our target of zero environmental harm. Our precautionary principle states, ‘take a pre-emptive approach to identifying potential areas of environmental risk along our supply chain and taking necessary steps to include policy dialogue, strategy and programme implementation to prevent possible harm to human health and environment’.



- Prior to land development in Malaysia, we undertake either an Environmental Impact Assessment (EIA) or Detailed Environmental Impact Assessment (DEIA) where required. In the process, we devise Environmental Management Plans (EMP), with pre-determined conditions for approval as also set by the Department of Environment (DOE). These EMPs help us to deploy solutions to better manage and minimise negative environmental and socio-economic impacts during various development phases of our projects.
- We conduct internal and external environmental compliance inspection and audits, with positive outcomes. For instance, during the year under review, we recorded zero fines and zero non-monetary sanctions for non-compliance with environmental laws and regulation. We maintain the same level of compliance with environmental laws in all the markets where we operate.
- We work closely with various experts and project consultants, who specialise in mitigating environmental issues. While we continuously build our internal capacity in Environmental Management, the role of independent consultants and specialists will continue to be critical in effective implementation and improvement of programmes at construction sites. For instance, through the environmental compliance programme, we have identified the following environmental issues, which could potentially disrupt operations, without appropriate mitigation measures or long-term initiatives.



Issue/s	Mitigation Initiative/s
Materials	We ensure that toxic materials used in our operating units and construction sites (if any) are handled and disposed properly
Effluent	We conduct monthly inspections at construction sites to check on the quality of water discharged
Noise	We monitor noise levels through regular tests
Waste	We take stock of waste generation so that necessary steps can be taken to manage Scheduled Wastes. For example, in recent years, we have successfully implemented recycling programmes across our operating units and construction sites

## 2• Carbon Management Programme

Carbon management has been a key priority in Sime Darby Property since 2010, implemented across all our local and international operating units in Property Development, Hospitality & Leisure, and Asset Management excluding Joint-Ventures. Under the programme, we track and monitor our carbon emissions and also identify and implement key emissions reduction opportunities to achieve carbon reduction targets.

The initiative has a two-pronged objective – to reduce operational costs; and to reduce the direct impact of our business operations on the environment. This is extremely important even in the context of the global climate change agenda and in support of Malaysia’s pledge to cut emissions reduction intensity (against GDP) by 45 percent by 2030.

### Our Methodology



The carbon emissions and intensity results are calculated based on requirements and methodologies of the GHG Protocol by the World Resources Institute (WRI), and the Intergovernmental Panel on Climate Change (IPCC). Our Carbon Reporting follows the calendar year from January to December each year.

In 2016, we restated our Carbon Emissions Intensity Baseline and set a 5 percent carbon emissions intensity reduction target to be achieved by 2022. During the calendar year 2017, we achieved more than 10 percent of the 2022 target for Sime Darby Property, based on an overall emissions intensity reduction of 2 percent.



2022 Reduction Target: 5 percent reduction of carbon intensity against baseline

Carbon Reduction Target from FY17/18 – FY21/22

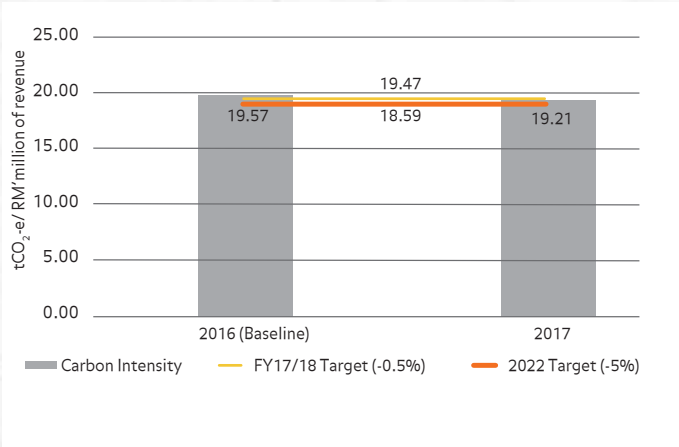
FY16/17	FY17/18	FY18/19	FY19/20	FY20/21	FY21/22
Restated Baselines	10% of 5% Reduction Target	20% of 5% Reduction Target	50% of 5% Reduction Target	75% of 5% Reduction Target	100% of 5% Reduction Target

Coverage	Unit	Revised 2016 Baseline	FY17/18 Target
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Property Development			
Property Development (Overall)	tCO2-e/RM'million of contract value	32.16	32.0
Property Development – Infra Works	tCO2-e/RM'million of contract value	96.67	96.19
Property Development – Building Works	tCO2-e/RM'million of contract value OR tCO2-e/m2 of built up area	11.23; OR 0.01907	11.18; OR 0.01897

PIAM			
PIAM (Overall)	tCO2-e/m2 of built up area	0.02459	0.02447
Hospitality & Leisure	tCO2-e/m2 of built up area OR tCO2-e/RM'million of revenue value	0.01801; OR 105.49	0.01792; OR 104.96
Asset Management	tCO2-e/m2 of built up area	0.05254	0.05228

**Note:** The 2016 baseline is restated this year due to exclusion of strata management assets.



## Carbon Footprint Reporting Highlights 2017/2018

- We have covered thirty (30) operating units across five (5) countries, where Carbon Inventory was reporting for operations under direct management and control of Sime Darby Property.
- We revised the 2016 baseline and restated it in 2017 due to exclusion of assets (facilities management for strata development) that were not under our management or control. This was done to arrive at a more representative measure of carbon emissions and intensities.
- The overall carbon intensity (revenue-based) reduced by 2 percent from 2016 (baseline year), although the overall carbon emissions 55,825.55 tCO<sub>2</sub>-e\* (absolute) increased by 12 percent from the baseline year.
- The carbon intensity for Property Development (Infra Works), area-based intensity for Property Development (Building Works) and carbon intensity for Asset Management also reduced. Hospitality & Leisure's carbon intensities increased from the baseline year.
- The largest carbon emissions contributor in the business sector was Property Development (Infra Works) Division at 42.8 percent. In terms of specific emissions sources, purchased electricity remained the largest emission contributor at 39.0 percent. However, emissions from purchased electricity had reduced by 2.7 percent from the baseline year.
- In terms of energy consumption, fuel usage at the construction sites consumed the highest energy, where 37.5 percent of overall energy consumption was contributed by heavy machineries, followed by transportation at 30.6 percent.
- Diesel remained the highest fuel consumed, with an increase of 22 percent from the baseline year. The higher diesel usage was mainly used by heavy machinery in Property Development.




The Water Management Programme is a division-wide initiative focusing on Sime Darby Property's operational water footprint and product responsibility. It covers all our business units (locally and internationally) and uses potable water usage as the primary scope of data, while we continue to evaluate a proper methodology for non-potable water use. To date, our water quality monitoring system has been both EIA and EMP compliant.

### 3• Water Management Programme

The impact of climate change and the way it transforms our planet's water cycle can have profound and far reaching consequences. In Malaysia, which is our main market for property development, water scarcity has been identified as a potential risk to the business. Without constant water supply to our construction sites and to our townships, our business is exposed to various risks such as high costs, delayed projects, and even reputational damage.


\* The data has been externally assured. Please refer to Independent Assurance report from pages 333 to 334.

Conceptualised in 2015, the Water Management Programme aims to monitor and raise awareness through engagement and launch target reduction initiatives (10 percent target against baseline by the year 2022). As water is still a fairly new focus area for the company, our priority has been to understand our water use needs and patterns – our water footprint. So, during the last two financial years:



- We have deployed the World Resources Institute (WRI) tool to pilot a preliminary analysis and better understand the water risks on our business;

- We have set a preliminary baseline based on water use monitoring across our business operations; and



- We have also initiated the process to identify areas where optimisation can be achieved through reduction of water use at construction sites etc.

At the most fundamental level, our approach has been to reduce water during the development of townships and also in making our homes and commercial buildings more water efficient. In collaboration with Wetlands International, we have also been exploring other new areas focusing on water quality, especially in natural and man-made water bodies by applying more natural via soft engineering approaches in township infrastructure, e.g., swale drains and wetland systems incorporated in storm-water management.

Coverage	Water Intensity Baseline
Property Development	0.738 m3/m2
*PIAM – Hospitality & Leisure	0.535 m3/capita

\* reinstated baseline

4• Waste Management Programme

Sustainable management of waste from construction is not just a national priority, but a business imperative for us at Sime Darby Property. In response, we have launched and implemented an organisation-wide Waste Management Programme.

At the outset, the company has established a preliminary waste baseline and set reduction targets up to 10 percent against this baseline by the year 2022. In partnership with our stakeholders, including contractors at construction sites, we have not only been tracking and monitoring waste generation, but have launched many waste reduction initiatives.

We also recognised the importance of engagement to develop greater understanding of the issues related to waste management. Therefore, during the year, we have organised a workshop for our employees and contractors, mainly to discuss and share best practices on effective waste management.

The scope of waste data that we monitor include solid non-hazardous waste under the categories of domestic waste, construction waste, food waste, paper, boxes, plastics and metal etc. Our monthly monitoring has shown that we are on track to exceed our fiscal year waste reduction target.

Coverage	Baseline (waste intensity)
Property Development – Infra works	1,794.17 kg/RM’million of contract value
Property Development – Construction	16.14 kg/m2 of Built Up Area
Property Investment and Asset Management (PIAM)	Hospitality & Leisure 2.28 kg/capita





**18,975**

IUCN Red List trees  
planted across  
**21 townships**



## 5• Biodiversity

Launched in 2011, the initiative to plant Malaysian Native Rare, Threatened and Endangered trees as a part of the companies 1 to 1 replacement policy, has evolved over the years and is today dubbed our flagship Biodiversity Programme. Under the programme, we take a conscious decision to plan our township's landscaping by including species from the Red List of Trees, issued by the International Union for the Conservation of Nature (IUCN). As at June 2018, we have planted 18,975 of these trees across 21 of our townships.

For the City of Elmina, our focus is on replanting an urban rainforest within the 300-acre Central Park (nearest to the Subang Forest Reserve) to improve biodiversity value, help offset climate change and create places that provide an opportunity to learn about and connect to nature. The initiative in itself is as an exemplar of what can be achieved in an urban environment. It also defies the traditional mindset of keeping nature and humans apart, and instead, recognises the value that Malaysian Natural Heritage can add to the human urban experience. Our target is to plant at least 10,000 IUCN Red List Rare, Endangered and Threatened Trees within the urban forest park precinct and within other parts of Central Park and across the City of Elmina. To date, of the 18,975 IUCN Red List trees planted across our 21 townships, 2,901 trees have been planted in the City of Elmina (Elmina West, Elmina East and Denai Alam combined) with 2,064 of them being planted within Elmina West.

In KL East, our emphasis has been towards promoting a recreational forest park where low impact ecotourism and biodiversity education remain our focus areas. Meanwhile, at ALYA and TPC, the focus is to secure Audubon Cooperative Sanctuary Programme for Golf Course certification, a first for any such establishment in Malaysia.

Coupled with these specific township initiatives, Sime Darby Property has also implemented our T.R.E.E Programme (a community-based environmental and tree planting initiative focusing on IUCN Red List Trees), and the T-2-T Initiative, which is our tree planting tracking calculator that is used to keep a record of all landscape tree planting – both IUCN Red List Species and Exotic Trees species planted at our townships.

As part of our biodiversity programme, we have also published the Malaysian Threatened and Rare Tree Identification and Landscape Guideline'. This guide covers 74 IUCN Red List tree species. The publication was supported via a technical data review by the Institute of Landscape Architects Malaysia (ILAM) and Universiti Putra Malaysia (UPM) along with other collaborators and focuses on providing useful information for Landscape Architects and students etc., to be able to identify these species, understand their growth form, aesthetic value and environmental needs. The Guideline is freely available for download on several websites, including our company website, and the websites of Institute of Landscape Architects Malaysia (ILAM), Universiti Putra Malaysia (UPM), Forest Research Institute of Malaysia (FRIM), and Yayasan Sime Darby (YSD) amongst others.



# Delivering Sustainable Development

In the context of our business and our continuing mission to create value for our multiple stakeholders, efficient systems and processes, meaningful economic growth, innovation, and partnerships contribute to sustainable development. We therefore emphasise on the economic value generated and distributed for greater benefit of the employees, our supply chain partners, the government as well as the community.



QLASSIC is a system to measure and evaluate the quality of workmanship of building construction based on the Construction Industry Standards (CIS 7:2014).

## 1• Sustainability-led Business

### Quality:

Quality is at the heart of everything that we do as a credible business. We understand the importance of meeting quality expectations of not just the customers, but also our investors and partners, who seek pride in association with our brand and what it signifies – high standards of quality. We also believe that quality products can make an important contribution to our long-term revenue and profitability, in addition to building our reputation and enhancing our global competitiveness.

At Sime Darby Property, with the strategic application of quality assurance check points across the development value chain, quality is embedded into Pre-Construction, Construction to Post-Construction processes. For instance, Structural &

Architectural Inspection, Sample Units Assessment, and Pre-Certificate of Practical Completion (CPC) Inspections are all developed specifically to ensure quality assurance at critical points of the development. Our dedicated team of technically competent and experienced personnel implements the quality assessment systems ensuring the right standards of quality are consistently maintained.

This financial year (FY), another Quality milestone is achieved with the establishment of the Quality Steering Committee. The committee, represented by the Chief Operating Officer (COO- Integrated & Township Development), Business Unit Heads and key support departments (Sustainability & Quality Management,

Product Development & Innovation, Customer Relationship Management, and Supply Chain), aims to improve the organisation’s Quality Governance. The Committee has had its first seating in February 2018, and continues to hold meetings on a monthly basis. Through this platform, we escalate quality issues, discuss and resolve them towards continuous improvement.

## Our Commendable Performance on QCLASSIC

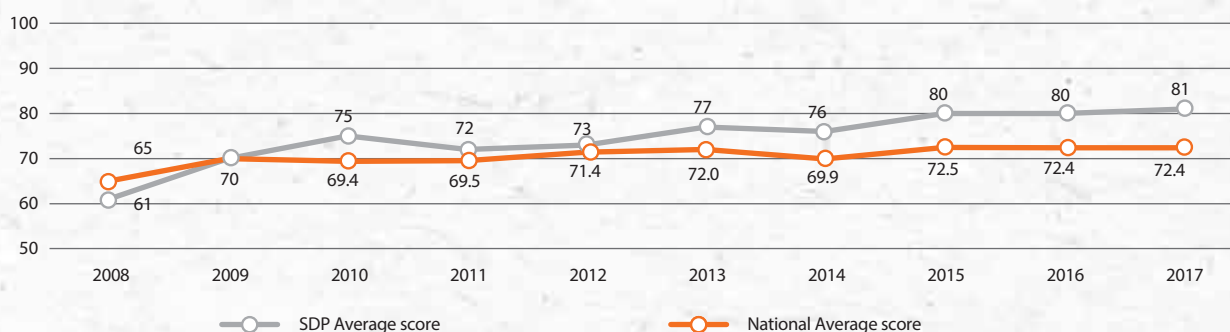
Quality Assessment System in Construction (QCLASSIC) is a mandatory methodology regulated and enforced by Construction Industry Development Board (CIDB). It is also the final stage in Sime Darby Property's product quality assessment, after the stringent adherence to internal quality checks.

For the past 8 years, our average QCLASSIC score has been consistently above the national average QCLASSIC score. In 2017, our average QCLASSIC score reached a new high of 81 percent and our target is to reach an average of 85 percent by 2020. In view of the existing gaps, we are in the midst of strengthening our Quality Governance and developing prevention-oriented initiatives which will enable us to identify defects even before construction. These initiatives will not only help improve our products consistently, but

to also meet the ever-changing and increasing customers' expectations.

- Our performance on this measure has been recognised by the industry, with multiple awards conferred by CIDB since 2014. For our recent foray in 2017, Sime Darby Property took home 13 quality building awards, making us the most awarded developer and the uncontested winner of QCLASSIC Excellence Awards 2017.
- Sime Darby Property received many awards for its quality products i.e., townships such as Bandar Bukit Raja, City of Elmina, Bandar Ainsdale and Nilai Impian, amongst others. We also received an award for a commercial development in Ara Damansara, championed by our subsidiary company, Sime Darby Brunsfield.

Sime Property Average Qclassic Score vs National Average Qclassic (2008-2017)



## Our Sustainability Index (SUSDEX)

In 2010, Sime Darby Property, created and trademarked a unique business process-relevant index known as the Sustainability Index (SUSDEX), which would serve as a framework to guide and measure sustainability performance of our townships. In essence, it is an assessment tool aimed at improving sustainability of townships, whilst guiding allocation and optimisation of resources in keeping with the three principles of People, Planet, and Prosperity.

For this bespoke index, we have benchmarked certain international and regional standards and green rating tools as a guide to its establishment. What eventuated after about 8 years of refinement is SUSDEX Version 4. It is based on elements of GRI G4.0 ISO, GBI Township Tool (V1.0), LEED (Neighbourhood v4) from the United States, Greenmark (House v1.0) from Singapore, and CPTED (Crime Prevention Through Environmental Design Guidelines).

This in-house tool allows us to conduct empirical, objective and evidence-based assessment of our townships, based on 86 Indicators and the 3Ps (People, Planet and Prosperity). In applying SUSDEX assessment, it should be acknowledged that it is not a replacement for green building indexes, but a comprehensive mechanism for our teams to prepare for such external validation. As of FY17, the assessment has been applied to 22 of our township developments (16 presently under development and 6 still in the planning stages).





# GROWTH



We leverage on key areas with high development potential. Our strategy is also to assess the best use of each land and we are currently developing land banks mainly located near major highways and within key growth areas in Peninsular Malaysia.







Bandar Bukit Raja



## Statement of Responsibility by the Board of Directors

In Respect of the Audited Financial Statements for the Financial Year Ended 30 June 2018

The Directors are responsible for the preparation, integrity and fair representation of the annual financial statements of Sime Darby Property Berhad Group. As required by the Companies Act, 2016 (the Act) in Malaysia and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the financial statements for the financial year ended 30 June 2018, as presented on pages 202 to 307, have been prepared in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Act.

The Directors consider that in preparing the financial statements, the Group and the Company have:

- used the appropriate accounting policies; and
- consistently applied and supported by reasonable and prudent judgement and estimates

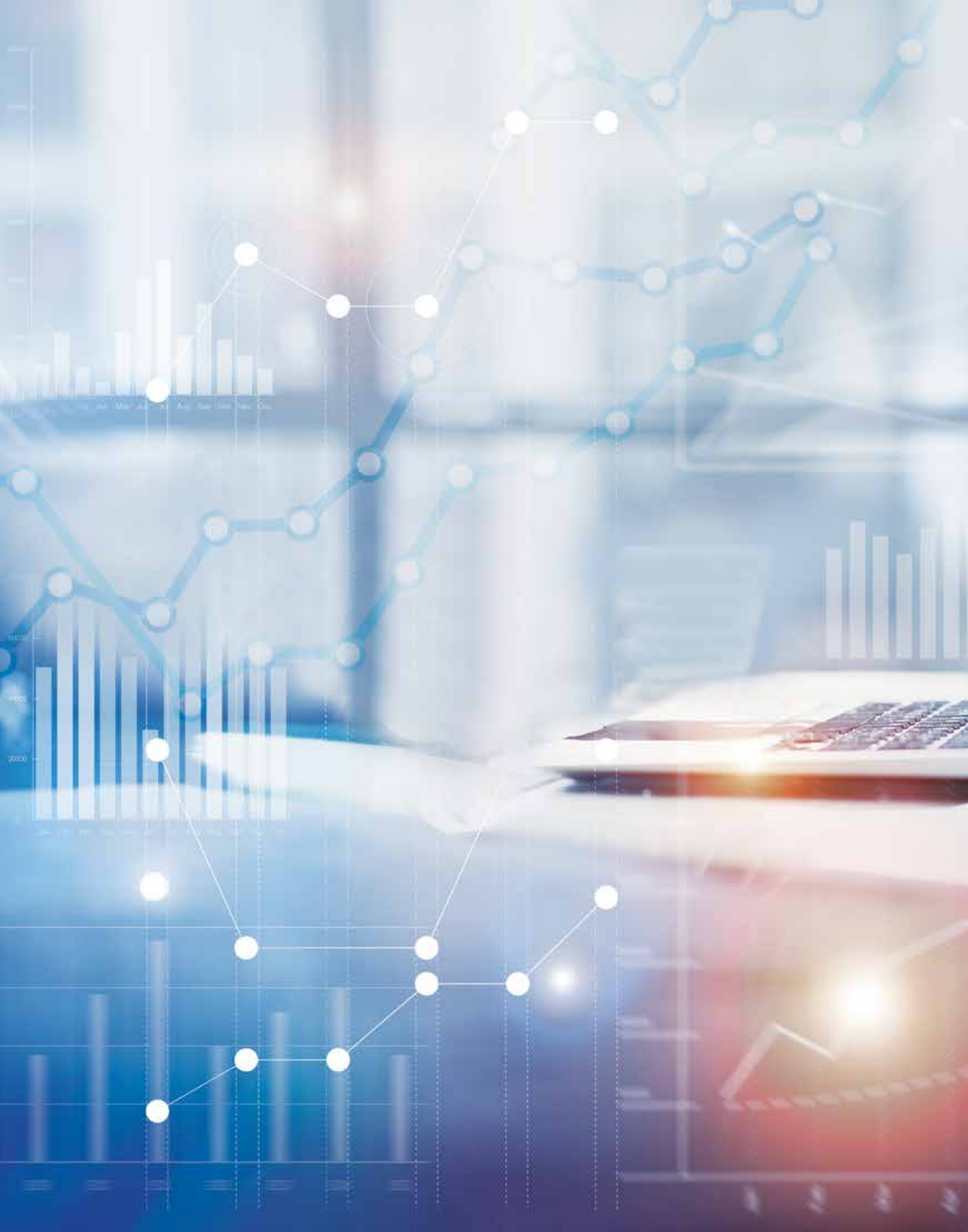
The Directors are satisfied that the information contained in the financial statements give a true and fair view of the financial position of the Group and of the Company at the end of the financial year and of the financial performance and cash flows for the financial year.

The Directors have responsibility for ensuring that proper accounting records are kept. The accounting records should disclose with reasonable accuracy the financial position of the Group and the Company and to enable the Directors to ensure that the financial statements comply with the Act. The Directors have the general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

This statement is made in accordance with a resolution of the Board of Directors dated 12 September 2018.

### Board Approval of Financial Statements

The annual financial statements for the financial year ended 30 June 2018 are set out in pages 202 to 307. The preparation thereof was supervised by the Executive Director/Group Chief Financial Officer and approved by the Board of Directors on 12 September 2018.



# REPORTS AND FINANCIAL STATEMENTS

For the financial year ended 30 June 2018

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## Financial Statements

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# Directors' Report

For the financial year ended 30 June 2018

The Directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 30 June 2018.

## Principal Activities

The Company is principally engaged in the business of investment holding, property development and provision of management services. The principal activities of the subsidiaries, joint ventures and associates are disclosed in Note 46 to the financial statements.

There has been no significant change in the principal activities of the Group and of the Company during the financial year.

## Listing Exercise

The Company was listed on the Main Market of Bursa Malaysia Securities Berhad on 30 November 2017 following the distribution by Sime Darby Berhad of the Company's entire enlarged share capital of 6,800,839,377 ordinary shares to the shareholders of Sime Darby Berhad on 29 November 2017.

## Financial Results

The results of the Group and of the Company for the financial year ended 30 June 2018 are as follows:

	Group RM thousand	Company RM thousand
Profit before taxation	728,382	405,768
Taxation	(44,096)	(26,126)
Profit for the financial year	684,286	379,642
Profit for the financial year attributable to:		
– owners of the Company	640,008	379,642
– non-controlling interests	44,278	–
Profit for the financial year	684,286	379,642

In the opinion of the Directors, the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature, except as disclosed in the notes to the financial statements.

## Dividends

Since the end of the previous financial year, the Company had declared and paid the following dividend:

	RM thousand
In respect of the financial year ended 30 June 2018, first interim single tier dividend of 2.0 sen per ordinary share which was paid on 26 April 2018.	136,017



## Directors' Report

For the financial year ended 30 June 2018

### Dividends (continued)

The Board of Directors has on 28 August 2018, declared a second interim single tier dividend of 3.0 sen per ordinary share amounting to RM204.0 million. The second interim dividend is payable on 26 October 2018 to shareholders whose names appear in the Record of Depositors and Register of Members of the Company at the close of business on 28 September 2018.

The Board of Directors do not recommend the payment of any final dividend for the financial year ended 30 June 2018.

### Reserves and Provisions

All material transfers to or from reserves and provisions during the financial year are shown in the financial statements.

### Share Capital and Debentures

On 10 November 2017, the Company had issued 5,800,839,377 new ordinary shares at an issue price of RM1 each as consideration for the following:

- a. redemption of 1,405,496,300 redeemable preference shares of the Company at RM1 per share;
- b. capitalisation of deemed equity of RM1,500,000,000 to Sime Darby Berhad; and
- c. capitalisation of loan of RM2,895,343,077 to Sime Darby Berhad.

With the issuance of the new ordinary shares, the Company's issued and paid up ordinary shares have increased from 1,000,000,000 shares to 6,800,839,377 shares. All new ordinary shares issued ranked pari passu in all respects with the existing ordinary shares.

There were no issuances of debentures during the financial year.

### Directors

The Directors who have held office since the end of the previous financial year are as follows:

Tan Sri Dr. Zeti Akhtar Aziz (Chairman)	(Appointed on 23 July 2018)
Dato' Sri Amrin Awaluddin (Group Managing Director)	(Appointed on 12 July 2017)
Datuk Tong Poh Keow	
Dato' Jaganath Derek Steven Sabapathy	
Tengku Datuk Seri Ahmad Shah Alhaj ibni Almarhum Sultan Salahuddin Abdul Aziz Shah Alhaj	
Dato' Johan Ariffin	
Datuk Dr. Mohd Daud Bakar	(Appointed on 12 July 2017)
Dato' Seri Ahmad Johan Mohammad Raslan	(Appointed on 12 July 2017)
Datin Norazah Mohamed Razali	(Appointed on 12 July 2017)
Rizal Rickman Ramli	(Appointed on 5 April 2018)
Tan Sri Abdul Wahid Omar	(Appointed on 25 July 2017; Resigned on 30 June 2018)
Dato' Rohana Tan Sri Mahmood	(Resigned on 30 June 2018)
Tan Sri Dato' Abdul Ghani Othman	(Resigned on 12 July 2017)
Tan Sri Dato' Seri Mohd Bakke Salleh	(Resigned on 12 July 2017)
Zainal Abidin Jamal	(Resigned on 12 July 2017)
Mohamad Idros Mosin	(Resigned on 12 July 2017)
Dato' Jauhari Hamidi	(Resigned on 12 July 2017)

The names of Directors of subsidiary companies are set out in the respective subsidiary companies' statutory accounts and the said information is deemed incorporated herein by such reference and made a part hereof.

## Directors (continued)

In accordance with Rule 90.2 of the Company's Constitution, Tan Sri Dr. Zeti Akhtar Aziz and Rizal Rickman Ramli who were appointed since the date of the last Annual General Meeting retire at the forthcoming Annual General Meeting and, being eligible, have offered themselves for re-election.

In accordance with Rule 109 of the Company's Constitution, Datuk Tong Poh Keow, Dato' Jaganath Derek Steven Sabapathy and Tengku Datuk Seri Ahmad Shah Alhaj ibni Almarhum Sultan Salahuddin Abdul Aziz Shah Alhaj retire by rotation at the forthcoming Annual General Meeting and, being eligible, have offered themselves for re-election.

## Directors' Benefits

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive any benefit (other than benefits disclosed as Directors' remuneration in Note 10 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 he is a member, or with a company in which he has a substantial financial interest except for any benefits which may be deemed to have arisen from the transactions disclosed in Note 42 to the financial statements.

During and at the end of the financial year, no arrangements subsisted to which the Company is a party, with the object or objects of enabling 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 those arising from the Performance-Based Employee Share Scheme ("PBESS") of the Company's former immediate holding company, Sime Darby Berhad.

With effect from 29 November 2017, the Directors are no longer eligible to participate in the PBESS as the Company has ceased to be a subsidiary of Sime Darby Berhad.

The Directors and Officers of the Group and the Company are covered by Directors and Officers liability insurance for any liability incurred in the discharge of their duties, provided that they have not acted fraudulently or dishonestly or derived any personal profit or advantage. The insurance is maintained on a group basis by the Company and the total premium incurred during the financial year amounted to RM360,627.

## Directors' Interest in Shares

According to the Register of Directors' Shareholdings, particulars of interests of Directors, who held office at the end of the financial year, in shares of the Company and the Company's former immediate holding company during the financial year are as follows:

	Number of ordinary shares			
	As at 1 July 2017	Acquired	Disposed	As at 30 June 2018
<b>Sime Darby Property Berhad</b>				
Datuk Tong Poh Keow (direct interest)	–	32,000*	–	32,000
Dato' Johan Ariffin (indirect interest)	–	880*	–	880
<b>Sime Darby Berhad</b> (former immediate holding company)				
Datuk Tong Poh Keow (direct interest)	32,000	–	–	32,000
Dato' Johan Ariffin (indirect interest)	880	–	–	880

\* the shares in the Company were acquired on 29 November 2017 following the distribution of Sime Darby Berhad's entire shareholding in the Company to its shareholders.

## Directors' Report

For the financial year ended 30 June 2018

### Directors' Interest in Shares (continued)

According to the Register of Directors' Shareholdings, particulars of interests of Directors, who held office at the end of the financial year, in shares of the Company and the Company's former immediate holding company during the financial year are as follows: (continued)

	Grant Date	Grant Type	Number of ordinary shares granted under Sime Darby Berhad's PBESS			
			As at 1 July 2017	Granted	Lapsed	As at 30 June 2018
Datuk Tong Poh Keow	20 October 2014	GPS	39,300	-	(39,300)	-
		DPS	38,200	-	(38,200)	-

The Director received two types of grant under Sime Darby Berhad's PBESS, namely the Group Performance Share ("GPS") and the Division Performance Share ("DPS"). On 23 August 2017, Sime Darby Berhad's Nomination and Remuneration Committee had approved the non-vesting of the outstanding grants as the performance targets were not met.

Other than as disclosed above, none of the Directors in office at the end of the financial year had any interest in shares in, or debentures of, the Company or its related corporations during the financial year.

### Statutory Information on the Financial Statements

- a. Before the financial statements of the Group and of the Company were made out, the Directors took reasonable steps:
  - i. to ascertain that proper action had been taken in relation to the writing off of bad debts and the impairment for doubtful debts, and satisfied themselves that all known bad debts had been written off and adequate impairment had been made for doubtful debts; and
  - ii. to ensure that any current assets, which were unlikely to realise in the ordinary course of business, their values as shown in the accounting records of the Group and of the Company, have been written down to amounts which they might be expected to realise.
- b. At the date of this Report, the Directors are not aware of any circumstances:
  - i. which would render the amounts written off for bad debts or the amounts of impairment for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or
  - ii. which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or
  - iii. which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- c. As at the date of this report:
  - i. there are no charges on the assets of the Group and of the Company which have arisen since the end of the financial year to secure the liability of any other person; and
  - ii. there are no contingent liabilities in the Group and in the Company which have arisen since the end of the financial year other than those arising in the ordinary course of business.
- d. At the date of this Report, the Directors are not aware of any circumstances not otherwise dealt with in the Report or financial statements which would render any amount stated in the financial statements misleading.

## Statutory Information on the Financial Statements (continued)

e. In the opinion of the Directors:

- i. no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due; and
- ii. 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 the operations of the Group and of the Company for the financial year in which this Report is made.

## Immediate and Ultimate Holding Companies

The Directors regard Permodalan Nasional Berhad as the Company's immediate holding company and Yayasan Pelaburan Bumiputra as its ultimate holding company. Both companies are incorporated in Malaysia.

## Auditors

The audit fees for services rendered by the auditors to the Group and the Company for the financial year ended 30 June 2018 are disclosed in Note 9 to the financial statements.

On 2 January 2018, the auditors, PricewaterhouseCoopers (AF 1146), a conventional partnership was converted to PricewaterhouseCoopers PLT (LLP 0014401-LCA & AF 1146), a limited liability partnership. PricewaterhouseCoopers PLT have expressed their willingness to continue in office.

This report was approved by the Board of Directors on 12 September 2018.

**Dato' Jaganath Derek Steven Sabapathy**  
Director

**Dato' Sri Amrin Awaluddin**  
Group Managing Director

Petaling Jaya  
12 September 2018



## Statement by Directors

Pursuant to Section 251(2) of the Companies Act 2016

We, Dato' Seri Ahmad Johan Mohammad Raslan and Dato' Sri Amrin Awaluddin, two of the Directors of Sime Darby Property Berhad, do hereby state that, in the opinion of the Directors, the financial statements set out on pages 202 to 307 are drawn up in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2018 and of the financial performance of the Group and of the Company for the financial year ended 30 June 2018.

Signed on behalf of the Board of Directors of Sime Darby Property Berhad and dated on 12 September 2018.

**Dato' Seri Ahmad Johan Mohammad Raslan**  
Director

**Dato' Sri Amrin Awaluddin**  
Group Managing Director

Petaling Jaya

## Statutory Declaration

Pursuant to Section 251(1) of the Companies Act 2016

I, Datuk Tong Poh Keow, the Director primarily responsible for the financial management of Sime Darby Property Berhad, do solemnly and sincerely declare that, the financial statements set out on pages 202 to 307 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.

**Datuk Tong Poh Keow**  
(MIA No. 4625)  
Executive Director/Group Chief Financial Officer

Subscribed and solemnly declared by the abovenamed Datuk Tong Poh Keow, at Petaling Jaya in the state of Selangor Darul Ehsan on 12 September 2018.

Before me:

**Zulkifly B. Mahmud** (No. B384)  
Commissioner for Oaths

# Independent Auditors' Report

To the members of Sime Darby Property Berhad



## Report on the Audit of the Financial Statements

### Our opinion

In our opinion, the financial statements of Sime Darby Property Berhad ("the Company") and its subsidiaries ("the Group") give a true and fair view of the financial position of the Group and of the Company as at 30 June 2018, and of their financial performance and their cash flows for the financial 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 of the Group and of the Company as at 30 June 2018, 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 financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 202 to 307.

### 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.

### 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.

# Independent Auditors' Report

To the members of Sime Darby Property Berhad



## Report on the Audit of the Financial Statements (continued)

### Key audit matters (continued)

The key audit matters for the Group and the Company for the financial year are as described in the table below:

Key audit matters	How our audit addressed the key audit matters
<p><b>Revenue and cost recognition – property development activities</b></p> <p>The Group and the Company recognise revenue and costs arising from the property development activities over time using the stage of completion method. The stage of completion is measured using the output method, which is based on the level of completion of the development phase of the project as certified by professional consultants.</p> <p>The Group and the Company recognised revenue of RM1,730.2 million and RM41.7 million respectively and costs of RM1,331.8 million and RM29.3 million respectively from property development activities recognised over time for the financial year ended 30 June 2018.</p> <p>Revenue and cost recognised on property development activities have an inherent risk of misstatements as it involves judgement and estimates. We focused on this area because there is key judgement involved in determining the following:</p> <ul style="list-style-type: none"> <li>• Stage of completion;</li> <li>• Extent of property development costs incurred to date; and</li> <li>• Estimated total property development costs.</li> </ul> <p>Refer to Notes 4(a), 6 and 7 to the financial statements.</p>	<p>We checked the revenue recognised, on a sample basis, by agreeing to the contracted selling price of the property development units and multiplied with their respective stage of completion.</p> <p>We checked the stage of completion of property development projects, on a sample basis, to internal or external quantity surveyors' certifications.</p> <p>We corroborated, on a sample basis, the certified stage of completion with the level of completion based on actual costs incurred to date over the estimated total property development costs.</p> <p>We tested the operating effectiveness of the key controls in respect of the review and approval of project cost budgets to assess the reliability of these budgets and the determination of the extent of costs incurred to date.</p> <p>We agreed, on a sample basis, the costs incurred to supporting documentation such as the sub-contractors' claim certificates and invoices from vendors.</p> <p>We checked the reasonableness of the estimated total property development costs of major projects, allocation of costs and subsequent changes to the costs by agreeing to supporting documentation such as approved budgets, letter of awards, quotations, correspondences, contracts and variation orders with sub-contractors.</p> <p>Based on the above procedures performed, we noted no material exceptions.</p>
<p><b>Recoverability of the carrying amount of inventories (completed development units)</b></p> <p>The Group's and the Company's carrying amount of completed development units as at 30 June 2018 amounted to RM835.5 million and RM26.3 million respectively. The carrying amount of completed development units are written down where the net realisable value is expected to be below the carrying amount.</p>	<p>For those unsold completed development units which have recent sale transactions, we tested the carrying amount of these unsold completed developments units, on a sample basis, by agreeing to the recent selling prices for similar units stated in the signed sales and purchase agreements, net of discounts given.</p>



## Report on the Audit of the Financial Statements (continued)

The key audit matters for the Group and the Company for the financial year are as described in the table below: (continued)

Key audit matters	How our audit addressed the key audit matters
<p><b>Recoverability of the carrying amount of inventories (completed development units) (continued)</b></p> <p>We focused on the recoverability of the carrying amount of inventories (completed development units) because the estimates made by management in valuing the net realisable values of long outstanding unsold completed development units involved significant judgement.</p> <p>Management performed an assessment on the carrying amount of completed development units to determine the net realisable values of the completed development units, based on estimates derived from recent transacted prices, net of expected discounts to be given which were approved by the Directors.</p> <p>Based on management's assessment, the accumulated write down amount of the long outstanding unsold completed development units is RM186.2 million.</p> <p>Refer to Notes 4(d) and 26 to the financial statements.</p>	<p>For those unsold completed development units which did not have recent sale transactions, we obtained the recent transacted prices of comparable development units in similar or nearby locations, and adjusted for the size of the units.</p> <p>Based on the above procedures performed, we noted no material exceptions.</p>

### Information other than the financial statements and auditors' report thereon

The Directors of the Company are responsible for the other information. The other information comprise the Statement on Risk Management and Internal Control, Corporate Governance Overview Statement and Directors' Report, which we obtained prior to the date of this auditors' report, and the Chairman's Message, Group Managing Director's Review, Group Chief Financial Officer's Statement, Operations Review, Sustainability Report, Governance and Audit Committee Report and other sections of the Annual Report 2018, which are expected to be made available to us after that date. Other information 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 on the other information that we obtained prior to the date of this auditors' report, 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.



## Independent Auditors' Report

To the members of Sime Darby Property Berhad



### Report on the Audit of the Financial Statements (continued)

#### 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.
- (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.



## Report on the Audit of the Financial Statements (continued)

### Auditors' responsibilities for the audit of the financial statements (continued)

- (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 financial 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 46 to the financial statements.

### Other Matter

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

Kuala Lumpur  
12 September 2018

**Nurul A'in Binti Abdul Latif**  
02910/02/2019 J  
Chartered Accountant

# Statements of Profit or Loss

For the financial year ended 30 June 2018

Amounts in RM thousand unless otherwise stated

	Note	Group		Company	
		2018	2017 (re-presented)	2018	2017 (re-presented)
<b>Revenue</b>	6	<b>2,353,104</b>	2,610,852	<b>767,073</b>	906,151
Cost of sales	7	<b>(1,763,391)</b>	(1,871,537)	<b>(56,343)</b>	(46,177)
<b>Gross profit</b>		<b>589,713</b>	739,315	<b>710,730</b>	859,974
Other operating income	8	<b>35,854</b>	35,124	<b>849</b>	678
Selling and marketing expenses	9	<b>(92,918)</b>	(88,412)	<b>(9,695)</b>	(8,598)
Administrative and other expenses	9	<b>(257,333)</b>	(285,502)	<b>(191,393)</b>	(211,462)
<b>Operating profit</b>		<b>275,316</b>	400,525	<b>510,491</b>	640,592
Other gains/(losses)	11	<b>317,646</b>	104,569	<b>(282,338)</b>	(127,677)
Share of results of joint ventures	12	<b>88,349</b>	278,952	-	-
Share of results of associates	13	<b>1,205</b>	39,701	-	-
Profit before interest and taxation		<b>682,516</b>	823,747	<b>228,153</b>	512,915
Finance income	14	<b>121,773</b>	117,517	<b>242,253</b>	216,447
Finance costs	15	<b>(75,907)</b>	(52,434)	<b>(64,638)</b>	(126,408)
<b>Profit before taxation</b>		<b>728,382</b>	888,830	<b>405,768</b>	602,954
Taxation	16	<b>(44,096)</b>	(179,729)	<b>(26,126)</b>	(15,912)
<b>Profit for the financial year</b>		<b>684,286</b>	709,101	<b>379,642</b>	587,042
Profit for the financial year attributable to:					
- owners of the Company		<b>640,008</b>	624,029	<b>379,642</b>	587,042
- non-controlling interests		<b>44,278</b>	85,072	-	-
		<b>684,286</b>	709,101	<b>379,642</b>	587,042
Basic earnings per share attributable to owners of the Company (Sen)	17	<b>11.1</b>	16.5		

The notes on pages 211 to 307 form an integral part of these financial statements.

# Statements of Comprehensive Income

For the financial year ended 30 June 2018

Amounts in RM thousand unless otherwise stated

	Note	Group		Company	
		2018	2017	2018	2017
<b>Profit for the financial year</b>		<b>684,286</b>	709,101	<b>379,642</b>	587,042
<b>Other comprehensive income/(loss)</b>					
<u>Items which will subsequently be reclassified to profit or loss (net of tax):</u>					
Currency translation differences		<b>(131,756)</b>	67,892	-	-
Net changes in fair value of available-for-sale investments	22	<b>(5,451)</b>	(2,389)	<b>(5,451)</b>	(2,389)
Share of other comprehensive income/(loss) of associates	13	<b>1,783</b>	(3,282)	-	-
Reclassified to profit or loss:					
– currency translation on disposal of a subsidiary		-	(6,382)	-	-
– share of other comprehensive loss on disposal of an associate		<b>(608)</b>	-	-	-
Other comprehensive (loss)/income for the financial year		<b>(136,032)</b>	55,839	<b>(5,451)</b>	(2,389)
<b>Total comprehensive income for the financial year</b>		<b>548,254</b>	764,940	<b>374,191</b>	584,653
Total comprehensive income for the financial year attributable to:					
– owners of the Company		<b>509,412</b>	674,726	<b>374,191</b>	584,653
– non-controlling interests		<b>38,842</b>	90,214	-	-
		<b>548,254</b>	764,940	<b>374,191</b>	584,653

The notes on pages 211 to 307 form an integral part of these financial statements.



# Statements of Financial Position

As at 30 June 2018

Amounts in RM thousand unless otherwise stated

	Note	Group		Company	
		2018	2017 (re-presented)	2018	2017
<b>NON-CURRENT ASSETS</b>					
Property, plant and equipment	19	<b>735,159</b>	825,333	<b>3,498</b>	3,025
Investment properties	20	<b>605,961</b>	474,221	<b>-</b>	-
Inventories	26	<b>1,865,841</b>	1,227,225	<b>913,427</b>	223,200
Subsidiaries	21	<b>-</b>	-	<b>4,413,994</b>	3,303,493
Joint ventures	12	<b>2,223,949</b>	1,967,983	<b>28,910</b>	28,910
Associates	13	<b>140,575</b>	138,596	<b>44,760</b>	45,347
Available-for-sale investments	22	<b>39,451</b>	46,341	<b>39,451</b>	46,341
Intangible assets	23	<b>3,964</b>	5,386	<b>3,539</b>	5,081
Deferred tax assets	24	<b>460,284</b>	452,521	<b>12,550</b>	14,007
Receivables	25	<b>73,000</b>	61,275	<b>3,477,191</b>	50,000
Contract assets	27	<b>1,413,417</b>	1,419,806	<b>-</b>	-
		<b>7,561,601</b>	6,618,687	<b>8,937,320</b>	3,719,404
<b>CURRENT ASSETS</b>					
Inventories	26	<b>4,913,622</b>	4,579,438	<b>250,995</b>	248,190
Receivables	25	<b>754,871</b>	709,697	<b>897,175</b>	4,897,349
Contract assets	27	<b>687,869</b>	519,501	<b>8,005</b>	14,484
Prepayments		<b>26,696</b>	67,249	<b>-</b>	-
Tax recoverable		<b>55,924</b>	35,177	<b>-</b>	-
Cash held under Housing Development Accounts	28	<b>492,969</b>	581,049	<b>63,735</b>	84,595
Bank balances, deposits and cash	29	<b>256,426</b>	548,105	<b>59,476</b>	104,618
		<b>7,188,377</b>	7,040,216	<b>1,279,386</b>	5,349,236
<b>Assets held for sale</b>	30	<b>-</b>	359,125	<b>-</b>	449,039
<b>TOTAL ASSETS</b>		<b>14,749,978</b>	14,018,028	<b>10,216,706</b>	9,517,679

	Note	Group		Company	
		2018	2017 (re-presented)	2018	2017
<b>EQUITY</b>					
Share capital	31	<b>6,800,839</b>	2,405,496	<b>6,800,839</b>	2,405,496
Contribution from former immediate holding company	37	<b>–</b>	1,500,000	<b>–</b>	1,500,000
Reserves	33	<b>(35,905)</b>	94,691	<b>–</b>	5,451
Retained profits		<b>2,969,653</b>	2,322,990	<b>2,158,302</b>	1,914,677
<b>ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>					
		<b>9,734,587</b>	6,323,177	<b>8,959,141</b>	5,825,624
Non-controlling interests	34	<b>230,837</b>	264,724	<b>–</b>	–
<b>TOTAL EQUITY</b>		<b>9,965,424</b>	6,587,901	<b>8,959,141</b>	5,825,624
<b>NON-CURRENT LIABILITIES</b>					
Borrowings	35	<b>2,046,521</b>	1,789,357	<b>545,365</b>	140,000
Provisions	36	<b>29,609</b>	160,923	<b>–</b>	–
Contract liabilities	27	<b>255,552</b>	260,746	<b>–</b>	–
Deferred tax liabilities	24	<b>144,429</b>	156,764	<b>–</b>	–
Loans due to related companies	37	<b>–</b>	2,229,691	<b>–</b>	2,070,257
		<b>2,476,111</b>	4,597,481	<b>545,365</b>	2,210,257
<b>CURRENT LIABILITIES</b>					
Payables	38	<b>1,458,605</b>	2,324,241	<b>434,573</b>	1,393,940
Borrowings	35	<b>495,831</b>	274,924	<b>262,056</b>	84,264
Provisions	36	<b>17,916</b>	15,983	<b>–</b>	–
Contract liabilities	27	<b>297,930</b>	173,382	<b>8,881</b>	–
Tax payable		<b>38,161</b>	39,121	<b>6,690</b>	3,594
		<b>2,308,443</b>	2,827,651	<b>712,200</b>	1,481,798
<b>Liabilities associated with assets held for sale</b>	30	<b>–</b>	4,995	<b>–</b>	–
<b>TOTAL LIABILITIES</b>		<b>4,784,554</b>	7,430,127	<b>1,257,565</b>	3,692,055
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>14,749,978</b>	14,018,028	<b>10,216,706</b>	9,517,679

The notes on pages 211 to 307 form an integral part of these financial statements.

# Statements of Changes in Equity

For the financial year ended 30 June 2018

Amounts in RM thousand unless otherwise stated

Group	Note	Share capital	Share premium	Contribution from former immediate holding company	Reserves	Retained profits	Attributable to owners of the Company	Non-controlling interests	Total equity
<b>2018</b>									
At 1 July 2017		2,405,496	-	1,500,000	94,691	2,322,990	6,323,177	264,724	6,587,901
Profit for the financial year		-	-	-	-	640,008	640,008	44,278	684,286
Other comprehensive loss for the financial year		-	-	-	(130,596)	-	(130,596)	(5,436)	(136,032)
Total comprehensive (loss)/income for the financial year		-	-	-	(130,596)	640,008	509,412	38,842	548,254
Disposal of subsidiaries	39(a)	-	-	-	-	-	-	780	780
Transactions with owners:									
- issuance of shares	31,37	4,395,343	-	(1,500,000)	-	-	2,895,343	-	2,895,343
- waiver on intercompany loan of RM159.9 million (net of tax of RM16.1 million)	37	-	-	-	-	142,672	142,672	1,170	143,842
- dividend paid	18	-	-	-	-	(136,017)	(136,017)	(74,679)	(210,696)
At 30 June 2018		6,800,839	-	-	(35,905)	2,969,653	9,734,587	230,837	9,965,424
<b>2017</b>									
At 1 July 2016		1,010,409	1,030,493	1,500,000	44,422	1,748,533	5,333,857	174,510	5,508,367
Profit for the financial year		-	-	-	-	624,029	624,029	85,072	709,101
Other comprehensive income for the financial year		-	-	-	50,697	-	50,697	5,142	55,839
Total comprehensive income for the financial year		-	-	-	50,697	624,029	674,726	90,214	764,940
Transactions with owners:									
- issuance of shares	31, 32	78,777	285,817	-	-	-	364,594	-	364,594
- dividend paid	18	-	-	-	-	(50,000)	(50,000)	-	(50,000)
Transfer from share premium	31, 32	1,316,310	(1,316,310)	-	-	-	-	-	-
Transfer between reserves		-	-	-	(428)	428	-	-	-
At 30 June 2017		2,405,496	-	1,500,000	94,691	2,322,990	6,323,177	264,724	6,587,901

Company	Note	Share capital	Share premium	Contribution from former immediate holding company	Reserves	Retained profits	Total equity
<b>2018</b>							
At 1 July 2017		2,405,496	-	1,500,000	5,451	1,914,677	5,825,624
Profit for the financial year		-	-	-	-	379,642	379,642
Other comprehensive loss for the financial year		-	-	-	(5,451)	-	(5,451)
Total comprehensive (loss)/income for the financial year		-	-	-	(5,451)	379,642	374,191
Transactions with owners:							
- issuance of shares	31, 37	4,395,343	-	(1,500,000)	-	-	2,895,343
- dividend paid	18	-	-	-	-	(136,017)	(136,017)
At 30 June 2018		6,800,839	-	-	-	2,158,302	8,959,141
<b>2017</b>							
At 1 July 2016		1,010,409	1,030,493	1,500,000	7,840	1,377,635	4,926,377
Profit for the financial year		-	-	-	-	587,042	587,042
Other comprehensive loss for the financial year		-	-	-	(2,389)	-	(2,389)
Total comprehensive (loss)/income for the financial year		-	-	-	(2,389)	587,042	584,653
Transactions with owners:							
- issuance of shares	31, 32	78,777	285,817	-	-	-	364,594
- dividend paid	18	-	-	-	-	(50,000)	(50,000)
Transfer from share premium	31, 32	1,316,310	(1,316,310)	-	-	-	-
At 30 June 2017		2,405,496	-	1,500,000	5,451	1,914,677	5,825,624

The notes on pages 211 to 307 form an integral part of these financial statements.



# Statements of Cash Flows

For the financial year ended 30 June 2018

Amounts in RM thousand unless otherwise stated

Note	Group		Company	
	2018	2017 (re-presented)	2018	2017
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>				
Profit for the financial year	<b>684,286</b>	709,101	<b>379,642</b>	587,042
Adjustments for:				
Share of results of:				
– joint ventures	<b>(88,349)</b>	(278,952)	–	–
– associates	<b>(1,205)</b>	(39,701)	–	–
Amortisation of intangible assets	<b>2,196</b>	2,438	<b>2,077</b>	2,299
Depreciation of:				
– property, plant and equipment	<b>37,810</b>	48,069	<b>1,525</b>	2,461
– investment properties	<b>6,773</b>	6,802	–	–
Net (reversal of impairment)/impairment of:				
– property, plant and equipment	<b>(1,570)</b>	(16,052)	–	–
– investment properties	–	(1,878)	–	–
– available-for-sale investments	<b>1,439</b>	–	<b>1,439</b>	–
Net (reversal)/write down of inventories	<b>(38,814)</b>	148,998	–	–
Write-offs of:				
– property, plant and equipment	<b>2,372</b>	900	–	–
– investment properties	–	11	–	–
– intangible assets	<b>28</b>	–	–	–
Net gain on disposal of:				
– property, plant and equipment	<b>(1,014)</b>	(1,084)	<b>(12)</b>	(104)
– investment properties	<b>(11,260)</b>	(14,387)	–	–
– an associate	<b>(278,192)</b>	–	<b>(166,807)</b>	–
– subsidiaries	<b>(39,628)</b>	(130,359)	–	–
Other items [note (a)]	<b>2,355</b>	(15,609)	<b>449,988</b>	125,413
Finance income	<b>(121,773)</b>	(117,517)	<b>(242,253)</b>	(216,447)
Finance costs	<b>75,907</b>	52,434	<b>64,638</b>	126,408
Taxation	<b>44,096</b>	179,729	<b>26,126</b>	15,912
Unrealised foreign currency exchange losses	<b>49</b>	45	–	–
	<b>275,506</b>	532,988	<b>516,363</b>	642,984
Changes in working capital:				
– inventories	<b>(304,291)</b>	(431,273)	<b>(3,445)</b>	(17,340)
– trade and other receivables	<b>(19,532)</b>	183,442	<b>(24,028)</b>	69,021
– contract assets and contract liabilities	<b>49,790</b>	(76,051)	<b>15,360</b>	14,378
– trade and other payables	<b>(496,390)</b>	298,930	<b>(210,110)</b>	48,743
<b>Cash (used in)/generated from operations</b>	<b>(494,917)</b>	508,036	<b>294,140</b>	757,786

	Note	Group		Company	
		2018	2017 (re-presented)	2018	2017
<b>Cash (used in)/generated from operations</b>		<b>(494,917)</b>	508,036	<b>294,140</b>	757,786
Tax paid		<b>(99,829)</b>	(135,375)	<b>(20,473)</b>	(11,558)
Zakat paid		<b>(1,100)</b>	(1,000)	<b>(1,100)</b>	(1,000)
Dividends received from joint ventures and associates		<b>6,675</b>	251,029	-	-
<b>Net cash (used in)/from operating activities</b>		<b>(589,171)</b>	622,690	<b>272,567</b>	745,228
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>					
Finance income received		<b>29,219</b>	25,560	<b>239,753</b>	213,778
Proceeds from sale of:					
– property, plant and equipment		<b>12,998</b>	3,137	<b>12</b>	104
– investment properties		<b>58,577</b>	15,852	-	-
– an associate	39(b)	<b>615,846</b>	-	<b>615,846</b>	-
Net cash inflow from disposal of subsidiaries	39(a)	<b>59,413</b>	222,355	-	-
Redemption of redeemable preference shares		-	63,038	-	-
Purchase of:					
– property, plant and equipment		<b>(23,951)</b>	(26,298)	<b>(1,998)</b>	(309)
– investment properties		<b>(129,962)</b>	(109,604)	-	-
– intangible assets		<b>(802)</b>	(1,937)	<b>(535)</b>	(1,668)
Advances to joint ventures/associates		<b>(7,878)</b>	(37,374)	<b>(672)</b>	(35,625)
Advances to subsidiaries		-	-	<b>(560,428)</b>	(762,967)
Subscription of shares in subsidiaries		-	-	<b>(278,541)</b>	(364,595)
Subscription of shares in joint ventures		<b>(271,887)</b>	(394,505)	-	-
<b>Net cash from/(used in) investing activities</b>		<b>341,573</b>	(239,776)	<b>13,437</b>	(951,282)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>					
Proceeds from issuance of shares		-	364,594	-	364,594
Borrowings raised	35	<b>558,305</b>	274,652	<b>500,000</b>	-
Repayments of borrowings	35	<b>(261,060)</b>	(357,323)	<b>(87,635)</b>	(70,000)
Revolving credits (net)	35	<b>170,000</b>	-	<b>170,000</b>	-
Finance costs paid		<b>(144,659)</b>	(228,135)	<b>(63,846)</b>	(126,144)
Advances from/(repayment to):					
– related companies	37	<b>116,500</b>	(112,609)	<b>116,500</b>	(60,165)
– former immediate holding company	38(b)	<b>(348,152)</b>	(83,027)	<b>(348,152)</b>	(83,027)
– subsidiaries	38(c)	-	-	<b>(502,856)</b>	268,988
Dividends paid on ordinary shares		<b>(136,017)</b>	(50,000)	<b>(136,017)</b>	(50,000)
Dividends paid to non-controlling interests		<b>(74,679)</b>	-	-	-
<b>Net cash used in financing activities</b>		<b>(119,762)</b>	(191,848)	<b>(352,006)</b>	244,246

# Statements of Cash Flows

For the financial year ended 30 June 2018

Amounts in RM thousand unless otherwise stated

	Note	Group		Company	
		2018	2017 (re-presented)	2018	2017
Net (decrease)/increase in cash and cash equivalents		(367,360)	191,066	(66,002)	38,192
Foreign exchange differences		(12,399)	32,078	-	-
Cash and cash equivalents at the beginning of the financial year		1,129,154	906,010	189,213	151,021
Cash and cash equivalents at the end of the financial year [note (b)]		749,395	1,129,154	123,211	189,213
<b>a. Other items:</b>					
Net impairment/(reversal of impairment) of:					
– investment in subsidiaries		-	-	632,591	5,361
– investment in associates		-	-	1,259	-
– trade and other receivables		2,130	(15,609)	(278)	(2,252)
– amounts due from subsidiaries		-	-	(183,584)	122,294
Others		225	-	-	10
		2,355	(15,609)	449,988	125,413
<b>b. Cash and cash equivalents at the end of the financial year:</b>					
Cash held under Housing Development Accounts		492,969	581,049	63,735	84,595
Bank balances, deposits and cash	29	256,426	548,105	59,476	104,618
		749,395	1,129,154	123,211	189,213

The notes on pages 211 to 307 form an integral part of these financial statements.

# Notes to the Financial Statements

For the financial year ended 30 June 2018

Amounts in RM thousand unless otherwise stated

## 1 General Information

### a. Principal Activities

The Company is principally engaged in the business of investment holding, property development and provision of management services. The principal activities of the Group are divided into four segments namely Property Development, Property Investment, Leisure and Hospitality and Concession Arrangement. The principal activities of the subsidiaries, joint ventures and associates are as stated in Note 46.

There has been no significant change in the principal activities of the Group and of the Company during the financial year.

### b. Listing Exercise

The Company was listed on the Main Market of Bursa Malaysia Securities Berhad on 30 November 2017 following the distribution by Sime Darby Berhad of the Company's entire enlarged share capital of 6,800,839,377 ordinary shares to the shareholders of Sime Darby Berhad on 29 November 2017.

## 2 Basis of Preparation

The financial statements of the Group and of the Company are prepared in accordance with the provisions of the Companies Act 2016 in Malaysia and comply with the Malaysian Financial Reporting Standards ("MFRS") and International Financial Reporting Standards ("IFRS").

The financial statements have been prepared under the historical cost convention except as disclosed in the summary of principal accounting policies in Note 3. The financial statements are presented in Ringgit Malaysia in thousands (RM thousand) unless otherwise stated.

During the financial year, the Group and the Company have re-presented their comparatives, details of which are set out in Note 48.

The preparation of financial statements in conformity with MFRS and IFRS requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reported period.

The areas involving a higher degree of judgement or complexity or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

The Group and the Company have also considered the new accounting pronouncements in the preparation of the financial statements.

### a. Accounting pronouncements that are effective and adopted during the financial year in preparing these financial statements

Amendments to MFRS 107	Statement of Cash Flows – Disclosure Initiative
Amendments to MFRS 112	Income Taxes – Recognition of Deferred Tax Assets for Unrealised Losses
Annual Improvements to MFRS 12	Disclosures of Interests in Other Entities

Amendments to MFRS 107 require the disclosure of changes in liabilities arising from financing activities. The amendments to the other standards did not have any impact on the current period or any prior period.



## Notes to the Financial Statements

For the financial year ended 30 June 2018

Amounts in RM thousand unless otherwise stated

## 2 Basis of Preparation (continued)

### b. Accounting pronouncements that are not yet effective and have not been early adopted in preparing these financial statements

- i. New standards, interpretation and amendments that are effective on or after 1 July 2018, where their adoption is not expected to result in any significant changes to the Group's and the Company's results or financial position.

MFRS 17	Insurance Contracts
Amendments to MFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to MFRS 4	Applying MFRS 9 Financial Instruments with MFRS 4 – Insurance Contracts
Amendments to MFRS 9	Prepayment Features with Negative Compensation
Amendments to MFRS 128	Long-term Interests in Associates and Joint Ventures
Amendments to MFRS 140	Transfers of Investment Property
Amendments to MFRS 119	Employee Benefits – Plan Amendment, Curtailment or Settlement
IC Interpretation 22	Foreign Currency Transactions and Advance Consideration
Annual Improvements to MFRS 3	Business Combinations
Annual Improvements to MFRS 11	Joint Arrangements
Annual Improvements to MFRS 112	Income Taxes
Amendments to References to the Conceptual Framework in MFRS Standards	

- ii. Standards where the Group is currently assessing and has yet to quantify the potential impact.

#### • MFRS 9 – Financial Instruments

MFRS 9 replaces MFRS 139 Financial Instruments – Recognition and Measurement.

MFRS 9 contains a new classification and measurement approach for financial assets based on the business model for managing the assets and the contractual cash flow characteristics of the assets. The new standard contains three principal classification categories for financial assets: measured at amortised cost, fair value through other comprehensive income ("FVOCI") and fair value through profit or loss ("FVTPL"), and eliminates the existing MFRS 139 categories of held to maturity, loans and receivables and available-for-sale investments.

With regard to the measurement of financial liabilities, the standard retains most of the MFRS 139 requirements except for liabilities designated at inception to be measured at FVTPL. MFRS 9 requires that fair value changes attributable to own credit risk shall be presented in other comprehensive income ("OCI") rather than in profit or loss, unless the recognition of the effects of changes in the liability's credit risk in OCI would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss.

## 2 Basis of Preparation (continued)

### b. Accounting pronouncements that are not yet effective and have not been early adopted in preparing these financial statements (continued)

#### ii. Standards where the Group is currently assessing and has yet to quantify the potential impact. (continued)

##### • MFRS 9 – Financial Instruments (continued)

The new impairment model requires the recognition of impairment provisions based on expected credit losses rather than incurred credit losses as is the case under MFRS 139. It applies to financial assets classified at amortised cost, debt instruments measured at fair value after other comprehensive income, contract assets under MFRS 15 - Revenue from Contracts with Customers and intercompany balances. The new impairment model may have an impact on the Group's and the Company's financial results given the significant financial asset balances at each reporting date.

The Group and the Company will adopt the standard using the cumulative catch-up transition method and will therefore not restate comparative periods. The cumulative effect will be recognised in opening retained earnings and/or other components of equity as at 1 July 2018 (date of initial application).

##### • MFRS 16 – Leases

MFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases. It introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. MFRS 16 will be effective for annual reporting periods beginning on or after 1 January 2019.

##### • Amendments to MFRS 123 – Borrowing Costs

Amendments to MFRS 123 (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 will apply the amendments prospectively.

##### • IC Interpretation 23 – Uncertainty over Income Tax Treatments

IC Interpretation 23 provides guidance on how to recognise and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. If it is not probable that the tax treatment will be accepted by the tax authority, the effect of the tax uncertainty should be included in the period when such determination is made. The effect of uncertainty shall be measured using the method which best predicts the resolution of the uncertainty. IC Interpretation 23 will be effective for annual reporting periods beginning on or after 1 January 2019.

#### iii. The effective date for the amendment to Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to MFRS 10 and MFRS 128) has been deferred to a date to be determined by MASB.

## Notes to the Financial Statements

For the financial year ended 30 June 2018

Amounts in RM thousand unless otherwise stated

### 3 Significant Accounting Policies

These significant accounting policies have been applied consistently in dealing with items that are considered material in relation to the financial statements, and to all the financial years presented, unless otherwise stated.

#### a. Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and all its subsidiaries made up to the end of the financial year and are prepared using uniform accounting policies for like transactions and other events in similar circumstances.

##### i. Subsidiaries

Subsidiaries are entities over which the Group has control. The Group controls an entity when the Group has power over the entity, has exposure to or rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Subsidiaries are consolidated using the acquisition method except for those subsidiaries acquired under common control. Under the acquisition method, subsidiaries are consolidated from the date on which control is transferred to the Group and de-consolidated from the date when control ceases. The consideration is measured at the fair value of the assets given, equity instruments issued and liabilities incurred at the date of exchange.

Contingent consideration is recorded at fair value as component of the purchase consideration with subsequent adjustment resulting from events after the acquisition date taken to profit or loss. Acquisition related costs are recognised as expenses when incurred.

In a business combination achieved in stages, previously held equity interests in the acquiree are re-measured to fair value at the date of acquisition and any corresponding gain or loss is recognised in the profit or loss.

Identifiable assets, liabilities and contingent liabilities assumed in a business combination are measured at their fair values, at the date of acquisition. The excess of the consideration and the fair value of previously held equity interests over the Group's share of the fair value of the identifiable net assets acquired at the date of acquisition is reflected as goodwill. Any gain from bargain purchase is recognised directly in the profit or loss.

Intercompany transactions and balances are eliminated on consolidation, but unrealised losses arising therefrom are eliminated on consolidation to the extent of the cost of the asset that can be recovered, and the balance is recognised in the profit or loss as reduction in net realisable value or as impairment loss.

Non-controlling interests in the results and net assets of non-wholly owned subsidiaries are presented separately in the financial statements. Transactions with owners of non-controlling interests without a change in control are treated as equity transactions in the statements of changes in equity.

When control ceases, the disposal proceeds and the fair value of any retained investment are compared to the Group's share of its net assets disposed. The difference together with the carrying amount of allocated goodwill and the exchange reserve that relate to the subsidiary is recognised as gain or loss on disposal.

##### ii. Business combinations under common control

Business combinations under common control are accounted using the predecessor method of merger accounting. Under the predecessor method of merger accounting, the profit or loss and other comprehensive income include the results of each of the combining entities from the earliest date presented or from the date when these entities came under the control of the common controlling party (if later).

### 3 Significant Accounting Policies (continued)

#### a. Basis of consolidation (continued)

##### ii. Business combinations under common control (continued)

The assets and liabilities of the combining entities are accounted for based on the carrying amounts from the perspective of the common controlling party, or the combining entities if the common controlling party does not prepare consolidated financial statements.

The difference in cost of acquisition over the aggregate carrying amount of the assets and liabilities of the combining entities as of the date of the combination is taken to equity. Transaction cost for the combination is recognised in the profit or loss.

##### iii. Joint ventures

Joint ventures are separate vehicles in which the Group has rights to its net assets and where its strategic, financial and operating decisions require unanimous consent of the Group and one or more parties sharing the control.

Joint ventures are accounted using the equity method. Equity method is a method of accounting whereby the investment is recorded at cost inclusive of goodwill and adjusted thereafter for the Group's share of the post-acquisition results and other changes in the net assets of the joint ventures based on their latest audited financial statements or management accounts. 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.

After application of the equity method, the carrying amount of the joint ventures will be assessed for impairment. Equity method is discontinued when the carrying amount of the joint venture reaches zero, or reaches the limit of the obligations in the case where the Group has incurred legal or constructive obligations in respect of the joint venture.

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 on the same basis but only to the extent of the costs that can be recovered, and the balance that provides evidence of reduction in net realisable value or an impairment of the assets transferred are recognised in the profit or loss.

When joint control ceases, the disposal proceeds and the fair value of any retained investment are compared to the carrying amount of the joint venture. The difference together with the exchange reserve that relate to the joint venture is recognised in the profit or loss as gain or loss on disposal. In the case of partial disposal without losing joint control, the difference between the proceeds and the carrying amount disposed, and the proportionate exchange reserve is recognised as gain or loss on disposal. Shareholder's advances to joint ventures of which the Group does not expect repayment in the foreseeable future are considered as part of the Group's investments in the joint ventures.

##### iv. Associates

Associates are entities in which the Group is in a position to exercise significant influence. Significant influence is the power to participate in the financial and operating policy decisions, but not control over those policies.

Investment in associates are accounted for using the equity method, similar to Note 3(a)(iii) above.



## Notes to the Financial Statements

For the financial year ended 30 June 2018

Amounts in RM thousand unless otherwise stated

### 3 Significant Accounting Policies (continued)

#### b. Foreign currencies

##### i. Presentation and functional currency

Ringgit Malaysia is the presentation currency of the Group and of the Company. Ringgit Malaysia is also the functional currency of the Company. The functional currency is the currency of the primary economic environment in which the Company operates. The Group's foreign operations have different functional currencies.

##### ii. Transactions and balances

Foreign currency transactions and monetary items are translated into the functional currency using the exchange rates prevailing at the transaction dates and at the end of the reporting period, respectively. Foreign exchange differences arising therefrom and on settlement are recognised in the profit or loss.

##### iii. Translation of foreign currency financial statements

For consolidation purposes, foreign operations' results are translated into the Group's presentation currency at average exchange rates for the financial year whilst the assets and liabilities, including goodwill and fair value adjustments arising on consolidation, are translated at exchange rates ruling at the end of the reporting period. The resulting translation differences are recognised in other comprehensive income and accumulated in exchange reserve.

Intercompany loans where settlement is neither planned nor likely to occur in the foreseeable future, are treated as part of the parent's net investment. Translation differences arising therefrom are recognised in other comprehensive income and reclassified from equity to profit or loss upon repayment or disposal of the relevant entity.

Exchange reserve in respect of a foreign operation is recognised to profit or loss when control, joint control or significant influence over the foreign operation is lost. On partial disposal without losing control, a proportion of the exchange reserve in respect of the subsidiary is re-attributed to the non-controlling interest. The proportionate share of the cumulative translation differences is reclassified to profit or loss in respect of all other partial disposals.

#### c. Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of an asset. The carrying amount of the replaced part is derecognised and all repairs and maintenance costs are charged to the profit or loss.

Freehold land is not depreciated as it has indefinite life. Assets in the course of construction are shown as capital work in progress. Depreciation on these assets commences when they are ready for use. Other property, plant and equipment are depreciated on a straight-line basis to write down the cost of each asset to their residual values over their estimated useful lives.

The principal annual depreciation rates are:

Leasehold land	over the lease period ranging from 50 to 99 years
Buildings	2% to 5%, or over the lease term if shorter
Plant and machinery	20% to 33.33%
Vehicles, equipment and fixtures	20% to 33.33%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, annually.

### 3 Significant Accounting Policies (continued)

#### d. Investment properties

Investment properties are land and buildings held for rental income and/or capital appreciation and, which are not substantially occupied or intended to be occupied for use by, or in the operations of the Group.

Investment properties are stated at cost less accumulated depreciation and accumulated impairment losses. Freehold land and buildings under construction are not depreciated. Other investment properties are depreciated on a straight-line basis to write down the cost of each asset to their residual values over their estimated useful lives.

The principal annual depreciation rates are:

Leasehold land	over the lease period ranging from 50 to 99 years
Buildings	2% to 5%, or over the lease term if shorter

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, annually.

#### e. Investments in subsidiaries, joint ventures and associates

Investments in subsidiaries, joint ventures and associates and intercompany loans, which are treated as part of the parent's net investment, are recorded at costs less accumulated impairment losses, if any, in the Company's financial statements.

#### f. Intangible assets

##### i. Computer software

Expenditure on computer software that is not an integral part of the related hardware is treated as an intangible asset and is carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is calculated using the straight-line basis over their estimated useful lives. The annual amortisation rates are 10% to 33.3%. Software development projects in progress are not amortised as these computer software are not yet available for use.

##### ii. Other intangible assets

Other intangible assets are stated at cost less accumulated amortisation and accumulated impairment losses. They are amortised on a straight-line basis over their contractual periods or estimated useful lives once they are available for use. The principal annual amortisation rates ranges from 5% to 20%.

#### g. Inventories

##### i. Land held for property development

Land held for property development for which no significant development work has been undertaken or where development activities are not expected to be completed within the normal operating cycle, is classified as non-current. The carrying amount of such land classified as inventory under non-current assets is carried at the lower of cost and net realisable value.

Cost associated with the acquisition of land includes 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 are expected to be completed within the normal operating cycle.

## Notes to the Financial Statements

For the financial year ended 30 June 2018

Amounts in RM thousand unless otherwise stated

### 3 Significant Accounting Policies (continued)

#### g. Inventories (continued)

##### ii. Property development costs

Property development costs are stated at the lower of costs and net realisable value. The cost of land, related development costs common to whole projects and direct building costs less cumulative amounts recognised as expense in the profit or loss for property under development are carried in the statements 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 inventory is transferred to the customer.

Property development cost of unsold unit is transferred to completed development unit once the development is completed.

##### iii. Completed development units

Units of development properties completed and held for sale are stated at the lower of cost and net realisable value. Costs comprise costs of acquisition of land including all related costs incurred subsequent to the acquisition necessary to prepare the land for its intended use, related development costs to projects and direct building costs.

##### iv. Finished goods, raw materials and consumable stores

Inventories are stated at the lower of cost and net realisable value. Cost includes cost of purchase plus incidental cost and other costs of bringing the inventories to their present location and condition. The cost of inventories is determined on a weighted average basis.

Net realisable value is the estimate of the selling price in the ordinary course of business, less costs to completion and selling expenses.

#### h. Financial assets

The Group's and the Company's financial assets are classified into two categories and the accounting policy for each of these categories are as follows:

##### i. Loans and receivables

Receivables, contract assets, cash held under Housing Development Accounts and bank balances, deposits and cash are financial assets with fixed or determinable payments that are not quoted in an active market. These financial assets are classified as loans and receivables. These financial assets are recorded initially at fair value plus transaction costs and thereafter, they are measured at amortised cost using the effective interest method less accumulated impairment losses.

##### ii. Available-for-sale investments

Available-for-sale investments are financial assets that are designated as available for sale or are not classified in loans and receivables category. These financial assets are recorded initially at fair value plus transaction costs and thereafter, they are measured at fair value. Except for impairment, foreign exchange gains and losses on translation of monetary available-for-sale financial assets such as debt instruments, interest calculated using the effective interest method and dividends which are recognised in profit or loss, any gains or losses arising from changes in fair value are recognised in other comprehensive income. On derecognition, the cumulative gain or loss is reclassified from available-for-sale reserve to profit or loss. Decline in fair value that had been recognised in other comprehensive income is also reclassified from equity to profit or loss when there is objective evidence that the asset is impaired.

### 3 Significant Accounting Policies (continued)

#### h. Financial assets (continued)

Financial assets are classified as current assets for those having maturity dates of not more than 12 months after the end of the reporting period, otherwise the balance is classified as non-current. For available-for-sale financial assets, the classification is based on expected date of realisation of the assets.

Regular way of purchase or sale of a financial asset is recognised on the settlement date i.e. the date that an asset is delivered to or by the Group and the Company. A contract that requires or permits net settlement of the change in the value of the contract is not a regular way contract. Such contract is accounted for as a derivative in the period between the trade date and the settlement date.

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group and the Company have transferred substantially all risks and rewards of ownership.

#### i. Assets (or disposal groups) held for sale

Assets or groups of assets are classified as “held for sale” if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Depreciation ceases when an asset is classified as asset held for sale. Assets held for sale are stated at the lower of carrying amount and fair value less cost to sell.

A discontinuing operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations or is a subsidiary acquired exclusively with a view to resale. The results of discontinuing operations are presented separately in the statement of comprehensive income.

#### j. Contract assets and contract liabilities

Contract asset is the right to consideration for goods or services transferred to the customers. In the case 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 customer for which the Group and the Company have received the consideration or has billed the customer. In the case of property development and construction contracts, contract liability is the excess of the billings to date over the cumulative revenue earned. Contract liabilities include the golf club membership fees, downpayments 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.

#### k. Impairment

Intangible assets that have an indefinite useful life or are not yet available for use are tested for impairment. Other non-financial assets are assessed for indication of impairment. If an indication exists, an impairment test is performed. In the case of financial assets, investment in subsidiaries and interest in joint ventures and associates, and contract assets, they are assessed for objective evidence of impairment.

This exercise is performed annually and whenever events or circumstances occur indicating that impairment may exist.



## Notes to the Financial Statements

For the financial year ended 30 June 2018

Amounts in RM thousand unless otherwise stated

### 3 Significant Accounting Policies (continued)

#### k. Impairment (continued)

The recognition and measurement of impairment are as follows:

##### i. Non-financial assets

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. Impairment loss on non-financial assets is charged to profit or loss.

Assets that were previously impaired are reviewed for possible reversal of the impairment at the end of each reporting period. Any subsequent increase in recoverable amount is recognised in the profit or loss. Reversal of impairment loss is restricted by the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior financial years.

##### ii. Subsidiaries, joint ventures and associates

An impairment loss is recognised for the amount by which the carrying amount of the subsidiary, joint venture or associate exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and present value of the estimated future cash flows expected to be derived from the investment including the proceeds from its disposal.

Any subsequent increase in recoverable amount is recognised in the profit or loss.

##### iii. Loans and receivables

Loans and receivables are assessed individually and thereafter collectively for objective evidence of impairment. If evidence exists, the amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss. Reversal of impairment loss to profit or loss, if any, is restricted to not resulting in the carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognised previously.

##### iv. Contract assets

An impairment loss is determined by comparing the contract asset's carrying amount and the present value of estimated future cash flows to be generated by the contract asset.

##### v. Available-for-sale financial assets

A significant or prolonged decline in the fair value of the available-for-sale financial assets below their costs is considered as an indicator that the assets are impaired. If any such evidence exists for available-for-sale financial assets, the decline in fair value together with the cumulative loss recognised in other comprehensive income, if any, is taken to profit or loss.

An impairment loss recognised for equity instrument is not reversed through profit or loss. Reversal of impairment losses through profit or loss is made only if the financial asset is a debt instrument and the increase in fair value can be objectively related to an event occurring after the impairment loss was recognised in profit or loss.

For unquoted available-for-sale financial assets, as the range of reasonable fair value estimates is very wide and the probabilities of various estimates cannot be reasonably assessed, management has concluded that the financial assets will be measured at cost less impairment.

### 3 Significant Accounting Policies (continued)

#### **I. Share capital**

Proceeds from shares issued are accounted for in equity. Cost directly attributable to the issuance of new equity shares are deducted from equity.

Dividends to owners of the Company and non-controlling interests are recognised in the statements of changes in equity in the financial year in which they are paid or declared.

Redeemable preference shares issued were classified as equity as the preference shares bear no predetermined dividend rate and were redeemable at the discretion of the Board of Directors. The dividend on these preference shares were recognised in the statements of changes in equity in the financial year in which they were paid or declared.

#### **m. Provisions**

Provisions are recognised when the Group and the Company have a legal or constructive obligation, where the outflow of resources is probable and can be reliably estimated. Provisions are measured at the present value of the obligation. The increase in the provisions due to the passage of time is recognised as interest expense.

#### **n. Employee costs**

##### **i. Short-term employee benefits**

Wages, salaries, paid annual leave and sick leave, bonuses and non-monetary benefits are accrued in the period in which the services are rendered by employees.

##### **ii. Defined contribution plans**

A defined contribution pension plan is a pension plan under which the Group and the Company pay fixed contributions into a separate entity. The Group and the Company have no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The Group has various defined contribution plans in accordance with local conditions and practices in the countries in which it operates. The Group's and the Company's contributions to defined contribution plans are charged to the profit or loss in the financial year in which they relate.

##### **iii. Termination benefits**

Termination benefits are payable whenever an employee's employment is terminated in exchange for these benefits. The Group and the Company recognise termination benefits when it is demonstrably committed to either terminate the employment of current employees according to a detailed formal plan without possibility of withdrawal or to provide termination benefits as a result of a proposal to encourage voluntary separation.

##### **iv. Share-based compensation**

Sime Darby Berhad, the Company's former immediate holding company, operates an equity-settled, share-based compensation plan (Performance-Based Employee Share Scheme or "PBESS") for the employees of the Sime Darby Berhad Group.

Employee services received by the Company and its subsidiaries in exchange for the grant of Sime Darby Berhad's shares are recognised as an expense in the profit or loss over the vesting period of the grant with a corresponding increase in equity (as capital contribution). Where the share grants were subsequently recharged to the Company by Sime Darby Berhad, the amounts were debited against the equity.

With effect from 29 November 2017, the employees of the Group and the Company are no longer eligible to participate in the PBESS as the Company has ceased to be a subsidiary of Sime Darby Berhad.

## Notes to the Financial Statements

For the financial year ended 30 June 2018

Amounts in RM thousand unless otherwise stated

### 3 Significant Accounting Policies (continued)

#### n. Employee costs (continued)

##### v. Other long-term employee benefits

Other long-term employee benefits such as deferred compensation payable 12 months or more after the service period are calculated based on the Group's and the Company's policy using the same methodology as other post-employment benefits.

#### o. Financial liabilities

The Group's and the Company's financial liabilities are classified as "other financial liabilities".

Payables, loans due to related companies and borrowings classified as "other financial liabilities", are recognised initially at fair value plus transaction costs and thereafter, at amortised cost using the effective interest method. Amortisation is charged to profit or loss.

Financial liabilities are classified as current liabilities for those having maturity dates of not more than 12 months after the end of the reporting period, otherwise the balance is classified as non-current. Financial liabilities are derecognised when the obligation specified in the contract is discharged, cancelled or expired.

#### p. Cash and cash equivalents

For the purpose of the statements of cash flows, cash and cash equivalents include cash in hand and at bank and deposits held at call with banks and cash held under Housing Development Accounts and bank overdraft. Bank overdrafts, if any, are included within borrowings in current liabilities on the statements of financial position.

#### q. Revenue recognition

##### i. Revenue from property development

Contracts with customers may 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.

The revenue from property development is measured at the fixed transaction price agreed under the sales and purchase agreement.

Revenue from property development is recognised as and when the control of the asset is transferred to the customer and it is probable that the Group and the Company will collect the consideration to which it will be entitled in exchange for the asset that will 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 Group's and the Company's performance do 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 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 and the Company recognise revenue over time using the output method, which is based on the level of completion of the physical proportion of contract work to date, certified by professional consultants.

### 3 Significant Accounting Policies (continued)

#### q. Revenue recognition (continued)

##### i. Revenue from property development (continued)

The promised properties are specifically identified by its plot, lot and parcel number and its attributes (such as its size and location) as in the attached layout plan in the sale and purchase agreements. The purchasers could enforce its rights to the promised properties if the Group and the Company seek to sell the unit to another purchaser. The contractual restriction on the Group's and the Company's ability to direct the promised property for another use is substantive and the promised properties sold to the purchasers do not have an alternative use to the Group and the Company. The Group and the Company have the right to payment for performance completed to date, is entitled to continue to transfer to the customer the development units promised, and has the rights to complete the construction of the properties and enforce its rights to full payment.

The Group and the Company 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 and the Company will collect the consideration to which it will be entitled to in exchange for the assets sold.

##### ii. Revenue from concession arrangement

Under the Concession Agreement, the Group is engaged to construct the facilities and infrastructure, supply teaching equipment and provide asset management services, which are separate performance obligations. The fair value of revenue, which is based on fixed price under the agreement have been allocated based on relative stand-alone selling price of the considerations for each of the separate performance obligations. The Group recognised construction revenue over time as the project being constructed has no alternative use to the Group and it has an enforceable right to the payment for the performance completed to date. The stage of completion is measured using the output method, which is based on the level of completion of the physical proportion of contract work to date, certified by professional consultants.

Revenue from the supply of teaching equipment is recognised when the control of the asset is transferred to the customer when:

- the Group has delivered and transferred the physical possession of the asset and has a present right to payment for the asset; and
- the customer has accepted the assets after these assets have been tested and commissioned and the customer has significant risks and rewards of ownership of the asset.

Maintenance service charges are recognised in the accounting period in which the services are rendered.

##### iii. Revenue from golf club activities

Revenue from golf club activities consist of golfing, golf club membership fees, driving range, sports and other recreation facilities and golfing equipment, which are separate performance obligation. The transaction price will be allocated to each of the separate performance obligations. When these are not directly observable, they are estimated based on expected cost plus margin and net of discounts, allowance and indirect taxes.

Revenue from golf club activities except for golf club membership fees is recognised when the services are rendered. The payment of the transaction price is due immediately upon delivery of the services. Golf club membership fees is received upfront and recognised on a straight-line basis over the tenure of the membership.



## Notes to the Financial Statements

For the financial year ended 30 June 2018

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### 3 Significant Accounting Policies (continued)

#### q. Revenue recognition (continued)

##### iv. Rental income

Rental income is recognised on an accrual basis in accordance with the substance of the relevant agreements. Other rent related income is recognised in the accounting period in which the services have been rendered.

##### v. Interest income

Interest income is recognised on an accrual basis, using the effective interest method, unless collectability is in doubt, in which case it is recognised on a receipt basis.

##### vi. Dividend income

Dividend income is recognised when the right to receive payment is established.

#### r. Operating leases

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Rentals on operating leases are charged to the profit or loss on a straight-line basis over the lease term.

#### s. Borrowing costs

Borrowing costs directly attributable to the acquisition or construction of qualifying assets are capitalised to the cost of those assets until the assets are substantially ready for their intended use or sale. Other borrowing costs are recognised as an expense in the period in which they are incurred.

#### t. Taxation

The tax expense for the financial year comprises current and deferred tax. Tax is recognised in the profit or loss, except to the extent that it relates to items recognised directly in other comprehensive income. In this case, the tax is recognised in other comprehensive income.

The current income tax charge for the Group and the Company is the expected income taxes payable in respect of the taxable profit for the financial year and is measured using the tax rates that have been enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. Provisions are established where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax is recognised on temporary difference arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction that, at the time of the transaction, affects neither accounting nor taxable profit or loss.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Deferred tax is recognised on temporary differences arising on investments in subsidiaries, joint ventures and associates except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax is measured at the tax rates (and laws) that have been enacted or substantively enacted at the end of the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets and liabilities are offset when the enterprise has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

### 3 Significant Accounting Policies (continued)

#### u. Segment reporting

Segment information is presented in a manner that is consistent with the internal reporting provided to management for the allocation of resources and assessment of its performance. The Group's operating businesses are organised and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

Segment revenue, expense, assets and liabilities are those amounts resulting from 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, expense, assets and liabilities are determined before intragroup balances and intragroup transactions are eliminated as part of the consolidation process, except to the extent that such balances and transactions are between Group companies within a single segment. Intragroup transactions which in substance represent reallocation of non-current assets from a segment to another segment are also eliminated. Inter-segment pricing is based on similar terms as those available to external parties.

#### v. Contingent liabilities

The Group and the Company do not recognise contingent liabilities, but discloses their existence in the notes to the financial statements. A contingent liability is a possible obligation that arises from past events which existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group and the Company 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 circumstances where there is a liability that is not recognised because it cannot be measured reliably.

### 4 Critical Accounting Estimates and Judgement in Applying Accounting Policies

The preparation of financial statements in conforming to MFRS and IFRS require the use of certain critical accounting estimates that involve complex and subjective judgements and the use of assumptions, some of which may be for matters that are inherently uncertain and susceptible to change. The Directors exercise their judgement in the process of applying the Group's accounting policies. Estimates and assumptions are based on the Directors' best knowledge of current events. Such estimates and judgement could change from period to period and have a material impact on the results, financial position, cash flows and other disclosures.

The estimates and assumptions 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:

#### a. Revenue and cost recognition from property development activities

Revenue is recognised as and when the control of the asset is transferred to customers and it is probable that the Group and the Company will collect the consideration to which it will be entitled in exchange for the asset that will be transferred to the customer. Depending on the terms of the contract and the applicable laws governing the contract, control of the asset may transfer over time or at a point in time.

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 that 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 that performance obligation based on the certified work-to-date corroborated by the level of completion of the development based on actual costs incurred to date over the estimated total property development costs. The total estimated costs are based on approved budgets, which require assessments 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.

As of 30 June 2018, the Group and Company recognised revenue of RM1,730.2 million and RM41.7 million respectively and cost of RM1,331.8 million and RM29.3 million, respectively arising from the property development activities recognised over time using the stage of completion method.

## Notes to the Financial Statements

For the financial year ended 30 June 2018

Amounts in RM thousand unless otherwise stated

### 4 Critical Accounting Estimates and Judgement in Applying Accounting Policies (continued)

The estimates and assumptions 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: (continued)

#### b. Deferred tax assets

Deferred tax assets arose mainly from property development, unutilised tax losses, unabsorbed capital allowances and other deductible temporary differences. Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which temporary differences or unutilised tax losses and tax credits can be utilised. This involves judgement regarding the future taxable profits of a particular entity in which the deferred tax asset has been recognised.

Deferred tax assets relating to property development are mainly attributable to unrealised profits reversed at the Group level, which arose from disposal of lands within the Group, that were subject to tax. Deferred taxation on unrealised profits are recognised in the profit or loss upon sales of developed units to the customers.

The future taxable profits are determined based on the expected future profits arising from the Group's property development projects including other income expected to be generated from these projects. In evaluating whether it is probable that future taxable profits will be available in future periods, all available evidences were considered, including the approved budgets and analysis of historical operating results. These forecasts are consistent with those prepared and used internally for business planning and measurement of the Group's performance.

The deferred tax assets recognised are disclosed in Note 24.

#### c. Income tax

The Group is subject to income taxes in various jurisdictions where it operates. Significant judgement is required in determining the estimated taxable income based on the contractual arrangements entered into by the Group, the amount of capital allowances claimed, 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 based on the judgement exercised.

Where the final tax outcome is different from the amounts that were initially recorded, such differences may result in significant impact on the income tax and deferred income tax provisions, where applicable, in the period in which such determination is made.

#### d. Write-down of inventories to net realisable value

The Group writes down the inventories to their net realisable values based on the estimated selling prices by reference to recent sales transactions of similar properties or comparable properties in similar or nearby locations. The estimation of the selling price is subject to significant inherent uncertainties, in particular the property market.

Whilst the Directors exercise due care and attention to make reasonable estimates, taking into account all available information in estimating the selling price, the estimates will, in all likelihood, differ from the actual selling prices achieved in future periods and these differences may, in certain circumstances, be significant.

As at 30 June 2018, the accumulated write-down of the inventories amounted to RM186.2 million (2017: RM183.5 million).

#### e. Recoverability of cost of investment in subsidiaries

The Company assesses whether there is any indication that the cost of investment in subsidiaries are impaired at the end of each reporting date. Impairment is measured by comparing the carrying amount of an asset with its recoverable amount. Recoverable amount is measured at the higher of the fair value less cost to sell and value-in-use for that asset.

As at 30 June 2018, the accumulated impairment losses of investment in subsidiaries amounted to RM901.7 million (2017: RM269.1 million).

## 5 Financial Risk and Capital Management Policies

### a. Financial risk management

The Group's and the Company's operations expose them to a variety of financial risks, including foreign currency exchange risk, price risk, interest rate risk, credit risk and liquidity and cash flow risk. The Group's overall financial risk management policies seek to manage and minimise the potential adverse effects of these risks on the financial performance of the Group.

The Group's and the Company's exposure to these financial risks are managed through risk reviews, internal control systems, insurance programmes and adherence to Group Policies and Authorities which are implemented on a group-wide basis. The Board regularly reviews these risks and approves the policies covering the management of these risks.

#### i. Foreign currency exchange risk

The Group has minimal exposure to foreign currency transaction risk as the Group's financial assets and liabilities are largely denominated in the Group's functional currencies. However, the Group has significant exposure to foreign currency translation risk due to its 40% interest in Battersea Project Holding Company Limited group in the United Kingdom. The Group does not hedge its long term investment in foreign operations but hedges planned capital injection, where necessary, to minimise adverse impact arising from short term fluctuation in foreign currency exchange rates.

The Directors are of the view that exposure to foreign currency exchange risk is minimal and the management regularly monitors the foreign currency exchange fluctuations.

#### ii. Price risk

The Group and the Company are exposed to quoted securities price risk arising from investments held which are classified in the statements of financial position as available-for-sale investments. The Group and the Company consider the impact of changes in prices of equity securities on statements of comprehensive income to be insignificant.

#### iii. Interest rate risk

The Group's and the Company's interest rate risk arises primarily from interest bearing borrowings. The Group and the Company manage their interest rate risk by maintaining a mix of fixed and floating rate borrowings.

The Group's and the Company's interest-bearing assets are primarily short-term bank deposits with financial institutions. The interest rates on these deposits are monitored closely to ensure that they are maintained at favourable rates and placements are made at varying maturities. The Group and the Company consider the risk of significant changes to interest rates on deposits to be low.

#### iv. Credit risk

Financial assets that are primarily exposed to credit risk are receivables, cash and bank balances.

##### Credit risk arising from sales made on credit terms

The Group and the Company seek to control credit risk by dealing with counterparties with appropriate credit histories. Customers' most recent financial statements, payment history and other relevant information are considered in the determination of credit risk. Counterparties are assessed at least annually and more frequently when information on significant changes in their financial position becomes known. Credit terms and limit are set based on this assessment, and where appropriate, guarantees or securities are obtained to limit credit risk.



## Notes to the Financial Statements

For the financial year ended 30 June 2018

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### 5 Financial Risk and Capital Management Policies (continued)

#### a. Financial risk management (continued)

##### iv. Credit risk (continued)

###### Credit risk arising from property development

The Group and the Company do not have any significant credit risk as its services and products are predominantly rendered and sold to a large number of customers using financing from reputable end-financiers. The Group and the Company do not have any significant exposure to any individual or counterparty nor does it have any major concentration of credit risk related to any financial instruments. Credit risks with respect to trade receivables are limited as the ownership and rights to the properties revert to the Group and the Company in the event of default.

###### Credit risk arising from property investment

Credit risk arising from outstanding receivables from tenants is minimised by closely monitoring the limit of the Group's associations to business partners and their credit worthiness. In addition, the tenants have placed security deposits with the Group which act as collateral.

As at 30 June 2018, the carrying amount of the collateral is RM0.8 million (2017: RM1.6 million).

###### Credit risk arising from golfing and sporting

Concentration of credit risk with respect to amounts due from members is limited due to the large number of members, the security deposits paid by members and advanced payment of annual licence fees for individual members. Sales to members are usually suspended when outstanding amounts are overdue exceeding 180 days.

###### Credit risk arising from deposits with licensed banks

Credit risk also arises from deposits with licensed banks. The deposits are placed with credit worthy financial institutions. The Group considers the risk of material loss in the event of non-performance by a financial counterparty to be unlikely.

###### Credit risk arising from other receivables

Concentration of credit with respect to the other receivables is limited due to the Group's and the Company's large number of customers. The Group's and the Company's historical experience in collection of other receivables fall within the recorded allowances. No additional credit risk beyond amounts allowed for collection losses is inherent in the Group's and the Company's other receivables.

###### Credit risk arising from subsidiaries, related companies, joint ventures and associates

The amounts due from subsidiaries, related companies, joint ventures and associates are monitored closely by the Group and the Company. The Group and the Company are of the view that the carrying amounts as at 30 June 2018 are fully recoverable.

##### v. Liquidity and cash flow risks

Liquidity risk refers to the risk that the Group or the Company will encounter difficulty in meeting financial obligations when they fall due. The Group maintains a prudent borrowing policy which is aimed towards maintaining sufficient cash for all cash flow requirements, managing debt and investment portfolio within the relevant time buckets to maturity, obtaining a diverse range of funding sources and keeping an adequate amount of credit facilities to provide an ample liquidity cushion.

## 5 Financial Risk and Capital Management Policies (continued)

### a. Financial risk management (continued)

#### v. Liquidity and cash flow risks (continued)

The Group and the Company perform quarterly twelve-months rolling cash flow projections to ensure that requirements are identified as early as possible so that the Group and the Company have sufficient cash to meet operational needs. Such projections take into consideration the Group's and the Company's financing plans and are also used for monitoring of covenant compliance and credit metrics.

The Group and the Company maintain centralised treasury functions where all strategic funding requirements are managed. As at 30 June 2018, the Group has an existing unutilised RM4.5 billion Islamic Medium Term Notes and Islamic Commercial Papers Programme and unutilised bank credit facilities of RM888.8 million which it can tap upon at an appropriate time.

Cash and cash equivalents of the Group and of the Company comprise the following:

	Group		Company	
	2018	2017 (re-presented)	2018	2017
Cash held under Housing Development Accounts [Note 28]	492,969	581,049	63,735	84,595
Bank balances, deposits and cash [Note 29]	256,426	548,105	59,476	104,618
	749,395	1,129,154	123,211	189,213

The Group believes that its contractual obligations, including those shown in contingent liabilities and capital commitments in Note 40 can be met from existing cash and investments, operating cash flows, credit lines available and other financing that the Group reasonably expects to be able to secure shall the need arises.

Further details on the undiscounted contractual cash flows of the Group's and of the Company's financial liabilities as at the reporting date are disclosed in Note 44(b).

### b. Capital management

Capital management refers to implementing measures to maintain sufficient capital to support its businesses. The Group's and the Company's capital management objectives are to ensure the Group's and the Company's ability to continue as a going concern and to maximise shareholders' value. The Group and the Company are committed towards optimising their capital structure, to ensure a competitive cost of capital. Implementation of an optimal capital structure includes balancing between debt and equity, and putting in place appropriate dividend and financing policies which influence the level of debt and equity.

## Notes to the Financial Statements

For the financial year ended 30 June 2018

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### 5 Financial Risk and Capital Management Policies (continued)

#### b. Capital management (continued)

The Group and the Company use the gearing ratio to assess the appropriateness of their debt level, hence determining their capital structure. The ratio is calculated as total external debt divided by total equity.

The Group's and the Company's gearing ratios are as follows:

	Group		Company	
	2018	2017 (re-presented)	2018	2017
Borrowings	<b>2,531,526</b>	2,064,017	<b>806,365</b>	224,000
Interest payable	<b>10,826</b>	264	<b>1,056</b>	264
Total debt	<b>2,542,352</b>	2,064,281	<b>807,421</b>	224,264
Total equity	<b>9,965,424</b>	6,587,901	<b>8,959,141</b>	5,825,624
Gearing ratio	<b>0.26</b>	0.31	<b>0.09</b>	0.04

Given the moderate gearing level, the Group and the Company still have the capacity to borrow for expansion, provided an acceptable level of gearing ratio is maintained.

The Group and the Company maintain a debt to equity ratio that complies with debt covenants and regulatory requirements in countries where the Group and the Company operate. This includes minimum capital requirements and the requirement to maintain legal reserves which are non-distributable.

### 6 Revenue

Revenue comprise the following:

	Group		Company	
	2018	2017 (re-presented)	2018	2017 (re-presented)
Revenue from contracts with customers	<b>2,300,834</b>	2,545,562	<b>187,976</b>	214,481
Revenue from other sources				
– rental income	<b>52,270</b>	65,290	<b>2,460</b>	–
– dividend income from subsidiaries	–	–	<b>574,837</b>	559,870
– dividend income from associates	–	–	<b>1,800</b>	131,800
	<b>2,353,104</b>	2,610,852	<b>767,073</b>	906,151

## 6 Revenue (continued)

Disaggregation of the revenue from contract with customers:

	Group		Company	
	2018	2017 (re-presented)	2018	2017 (re-presented)
<b>Major goods and services</b>				
Property development	<b>2,077,399</b>	2,379,171	<b>70,177</b>	99,024
Leisure and hospitality				
– golf club activities	<b>86,705</b>	103,247	–	–
– others	<b>11,080</b>	11,749	–	–
Concession arrangement				
– construction contracts	<b>6,327</b>	33,351	–	–
– supply of teaching equipment	<b>90,476</b>	13,478	–	–
– maintenance service charges	<b>28,847</b>	4,566	–	–
Management fee charged to subsidiaries	–	–	<b>117,799</b>	115,457
	<b>2,300,834</b>	2,545,562	<b>187,976</b>	214,481
<b>Geographical markets</b>				
Malaysia	<b>2,230,879</b>	2,500,249	<b>186,896</b>	213,614
Australia	<b>60,245</b>	34,042	<b>321</b>	401
Singapore	<b>7,771</b>	9,348	<b>582</b>	346
Vietnam	<b>1,939</b>	1,923	–	–
United Kingdom	–	–	<b>177</b>	120
	<b>2,300,834</b>	2,545,562	<b>187,976</b>	214,481
<b>Timing of revenue</b>				
At a point in time	<b>553,851</b>	1,073,235	<b>28,498</b>	72,535
Over time	<b>1,746,983</b>	1,472,327	<b>159,478</b>	141,946
	<b>2,300,834</b>	2,545,562	<b>187,976</b>	214,481

Revenue from contracts with customers of the Group includes RM173.4 million (2017: RM93.3 million) that was included in contract liabilities at the beginning of the reporting period.



## Notes to the Financial Statements

For the financial year ended 30 June 2018

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### 7 Cost of Sales

	Group		Company	
	2018	2017 (re-presented)	2018	2017 (re-presented)
Property development costs	<b>1,331,842</b>	1,241,158	<b>29,267</b>	26,334
Cost of completed development units sold	<b>152,610</b>	224,717	<b>14,784</b>	5,324
Finished goods and other direct expenses	<b>144,331</b>	122,129	<b>8,912</b>	10,160
Cost under concession arrangement	<b>84,460</b>	43,705	–	–
(Reversal)/impairment of inventories	<b>(38,814)</b>	148,998	–	–
Employee costs	<b>72,595</b>	77,477	<b>3,127</b>	4,023
Amortisation of intangible assets	<b>34</b>	10	–	–
Depreciation of:				
– property, plant and equipment	<b>11,126</b>	8,040	<b>253</b>	336
– investment properties	<b>5,207</b>	5,303	–	–
	<b>1,763,391</b>	1,871,537	<b>56,343</b>	46,177

### 8 Other Operating Income

	Group		Company	
	2018	2017 (re-presented)	2018	2017 (re-presented)
Gain on disposal of:				
– property, plant and equipment	<b>1,014</b>	1,084	<b>12</b>	104
– investment properties	<b>11,260</b>	14,387	–	–
Royalty income	<b>534</b>	643	–	–
Other rental income	<b>1,837</b>	4,757	<b>143</b>	16
Forfeiture of deposits	<b>5,210</b>	1,046	<b>15</b>	104
Non-refundable tender deposits	<b>783</b>	831	<b>135</b>	31
Maintenance charges	<b>119</b>	39	–	–
Recoveries and other miscellaneous income	<b>15,097</b>	12,337	<b>544</b>	423
	<b>35,854</b>	35,124	<b>849</b>	678

## 9 Selling, Marketing, Administrative and Other Expenses

	Group		Company	
	2018	2017 (re-presented)	2018	2017 (re-presented)
Selling and marketing expenses	92,918	88,412	9,695	8,598
Administrative and other expenses	257,333	285,502	191,393	211,462
	350,251	373,914	201,088	220,060
Selling, marketing, administrative and other expenses comprise the following:				
<b>Depreciation, amortisation, impairment and write offs</b>				
Amortisation of intangible assets	2,162	2,428	2,077	2,299
Depreciation of:				
– property, plant and equipment	26,684	40,029	1,272	2,125
– investment properties	1,566	1,499	–	–
Impairment of:				
– property, plant and equipment	–	686	–	–
– investment properties	–	1,266	–	–
– investment in associates	–	–	1,259	–
– available-for-sale investments	1,439	–	1,439	–
– receivables	2,440	682	–	–
Reversal of impairment losses of:				
– property, plant and equipment	(1,570)	(16,738)	–	–
– investment properties	–	(3,144)	–	–
– receivables	(310)	(16,291)	(278)	(2,252)
Write offs of:				
– property, plant and equipment	2,372	900	–	–
– investment properties	–	11	–	–
– intangible assets	28	–	–	–
Bad debt written off	225	–	–	–
	35,036	11,328	5,769	2,172
<b>Auditors' remuneration</b>				
Fees for statutory audits				
– PricewaterhouseCoopers PLT, Malaysia	1,265	1,228	294	215
– member firms of PricewaterhouseCoopers International Limited	785	833	–	–
Fees for other assurance related and non-audit services				
– PricewaterhouseCoopers PLT, Malaysia	907	2,339	688	2,193
	2,957	4,400	982	2,408

## Notes to the Financial Statements

For the financial year ended 30 June 2018

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### 9 Selling, Marketing, Administrative and Other Expenses (continued)

	Group		Company	
	2018	2017 (re-presented)	2018	2017 (re-presented)
Selling, marketing, administrative and other expenses comprise the following: (continued)				
<b>Employee and directors costs</b>				
Employee costs	140,941	159,697	117,681	114,458
Directors' fees	2,398	1,185	2,398	1,185
	143,339	160,882	120,079	115,643
<b>General expenses</b>				
Advertising and promotion	72,360	73,675	9,695	8,598
Hire of plant and machinery	2,341	3,887	1,911	2,104
Rental of land and buildings	7,247	17,145	9,988	9,639
Contribution (over-accrued)/payable to Yayasan Sime Darby	(11,600)	5,000	–	6,600
Management fees charged by:				
– a related company	6,422	19,509	6,422	19,509
– a subsidiary	–	–	28	695
Other operating expenses	92,149	78,088	46,214	52,692
	168,919	197,304	74,258	99,837
<b>Total</b>	<b>350,251</b>	<b>373,914</b>	<b>201,088</b>	<b>220,060</b>

Included in the fees for other assurance related and non-audit services for the financial year ended 30 June 2017 was a fee of RM2.0 million paid to PricewaterhouseCoopers, Malaysia as the reporting accountants for the Company's listing exercise.

### 10 Employee and Directors Costs

	Group		Company	
	2018	2017 (re-presented)	2018	2017 (re-presented)
Employee and directors costs included in:				
– cost of sales	72,595	77,477	3,127	4,023
– selling, marketing, administrative and other expenses	143,339	160,882	120,079	115,643
	215,934	238,359	123,206	119,666

## 10 Employee and Directors Costs (continued)

	Group		Company	
	2018	2017 (re-presented)	2018	2017 (re-presented)
<b>Staff:</b>				
– salaries, allowances, overtime and bonus	<b>157,536</b>	153,033	<b>86,999</b>	72,884
– defined contribution plans	<b>20,766</b>	20,825	<b>12,602</b>	11,282
– termination benefits	<b>1,147</b>	29,642	<b>5,335</b>	17,164
– training, insurance and other benefits	<b>31,283</b>	31,695	<b>13,068</b>	15,172
	<b>210,732</b>	235,195	<b>118,004</b>	116,502
<b>Executive Directors:</b>				
– salaries, allowances and bonus	<b>2,453</b>	1,703	<b>2,453</b>	1,703
– defined contribution plans	<b>351</b>	276	<b>351</b>	276
	<b>2,804</b>	1,979	<b>2,804</b>	1,979
<b>Non-Executive Directors</b>				
– fees	<b>2,398</b>	1,185	<b>2,398</b>	1,185
<b>Total</b>	<b>215,934</b>	238,359	<b>123,206</b>	119,666

Prior to 29 November 2017, before the Company ceased to be a subsidiary of Sime Darby Berhad, the employees of the Group were eligible to participate in Sime Darby Berhad's Performance-Based Employee Share Scheme ("PBESS") and the vesting conditions are disclosed in Note 47. However, grants awarded to the employees were not vested and the cost of PBESS were reversed in previous years.

Estimated monetary value of benefits received by the Executive Directors and Non-Executive Directors from the Company amounted to RM83,450 (2017: RM14,016) and RM104,661 (2017: RM14,570), respectively. The Directors did not receive any benefits from the subsidiaries.

During the financial year, the Directors of the Group and the Company and their close family members purchased properties of the Group amounting to RM1.5 million (2017: RM Nil) and RM0.6 million (2017: RM Nil), respectively.

Other than as disclosed above, there were no compensation to Directors for loss of office, no loans, quasi-loans and other dealings in favour of Directors and no material contracts subsisting as at 30 June 2018 or if not then subsisting, entered into since the end of the previous financial year by the Company or its subsidiaries which involved the interests of Directors.



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For the financial year ended 30 June 2018

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### 11 Other Gains and Losses

	Group		Company	
	2018	2017 (re-presented)	2018	2017 (re-presented)
Gain on disposal of:				
– subsidiaries [Note 39(a)]	39,628	130,359	–	–
– an associate [Note 39(b)]	278,192	–	166,807	–
(Impairment)/reversal of impairment of:				
– investment in subsidiaries	–	–	(632,591)	(5,361)
– amounts due from subsidiaries [Note 25(d)]	–	–	183,584	(122,294)
Project abortive cost	–	(25,018)	–	–
Foreign currency exchange losses:				
– realised	(125)	(727)	(138)	(12)
– unrealised	(49)	(45)	–	–
Others	–	–	–	(10)
	317,646	104,569	(282,338)	(127,677)

### 12 Joint Ventures

The Group's interest in the joint ventures, their respective principal activities and countries of incorporation are shown in Note 46.

The Directors are of the opinion that Battersea Project Holding Company Limited ("Battersea"), a property company incorporated and domiciled in Jersey, is material to the Group. Other joint ventures are individually immaterial to the Group.

Battersea is a joint venture between Setia International Limited, a subsidiary of S P Setia Berhad, Kwasa Global (Jersey) Limited and Sime Darby Property (Hong Kong) Limited. Battersea was formed to acquire and develop the Battersea Power Station site in London, United Kingdom, which is a strategic investment for the Group to expand its footprint into a key international market for property development and investment.

The Group's investments in joint ventures are as follows:

Group	Battersea	Others	Total
<b>2018</b>			
Share of results	94,278	(5,929)	88,349
Unquoted shares, at costs	2,095,681	45,172	2,140,853
Contribution to joint venture	–	6,200	6,200
Share of post-acquisition reserves	32,680	(34,265)	(1,585)
Shareholder's advances	–	78,481	78,481
Carrying amount at the end of the financial year	2,128,361	95,588	2,223,949

## 12 Joint Ventures (continued)

The Group's investments in joint ventures are as follows: (continued)

Group	Battersea	Others	Total
<b>2017</b>			
Share of results	139,467	139,485*	278,952
Unquoted shares, at costs	1,823,794	45,172	1,868,966
Contribution to joint venture	–	6,200	6,200
Share of post-acquisition reserves	41,539	(19,997)	21,542
Shareholder's advances	–	71,275	71,275
Carrying amount at the end of the financial year	1,865,333	102,650	1,967,983

\* For the financial year ended 30 June 2017, included in the Group's share of results within 'Others' is the share of a one-off gain of RM135.4 million from the disposal of an investment property by Sime Darby Real Estate Investment Trust 1. Excluding the one-off gain, the share of results and the share of net assets of joint ventures categorised as "Others" are not material to the Group.

The Company's investments in joint ventures are as follows:

	Company	
	2018	2017
Unquoted shares, at costs	125	125
Contribution to joint venture	6,200	6,200
Shareholder's advance	22,585	22,585
Carrying amount at the end of the financial year	28,910	28,910

The shareholder's advance to joint ventures are unsecured and interest free with no fixed term of repayment. The shareholder's advances are not expected to be repaid in the foreseeable future and are considered as part of the Group's and the Company's investments in the joint ventures.

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### 12 Joint Ventures (continued)

#### a. Material joint venture to the Group

##### Summarised financial information

The information below reflects the amounts presented in the consolidated financial statements of Battersea, adjusted for differences in accounting policies between the Group and the joint venture.

- i. The summarised consolidated statements of comprehensive income of Battersea are as follows:

	2018	2017
Revenue	2,223,174	2,016,613
Depreciation and amortisation	(4,650)	(4,316)
Finance income	195	193
Finance cost	(351)	(365)
Profit before taxation	333,916	350,473
Taxation	(98,220)	(1,806)
Profit for the financial year	235,696	348,667
Share of results	94,278	139,467

- ii. The summarised consolidated statements of financial position of Battersea are as follows:

	2018	2017
<b>Non-current assets</b>	269,235	158,284
<b>Current assets</b>		
Cash and cash equivalents	625,677	785,058
Inventories	9,551,163	9,222,903
Other current assets	522,239	713,470
	10,699,079	10,721,431
<b>Non-current liabilities</b>		
Financial liabilities (excluding payables)	3,642,275	4,017,046
<b>Current liabilities</b>		
Financial liabilities (excluding payables)	7,487	4,480
Other current liabilities	1,997,648	2,194,856
	2,005,135	2,199,336
<b>Net assets</b>	5,320,904	4,663,333

## 12 Joint Ventures (continued)

### a. Material joint venture to the Group (continued)

#### Summarised financial information (continued)

- iii. Reconciliation of the summarised financial information presented to the carrying amount of the Group's interest in Battersea is as below:

	2018	2017
<b>Net assets</b>		
At 1 July	4,663,333	3,283,239
Total comprehensive income for the financial year	235,696	348,667
Additional allotment during the financial year	677,521	911,485
Exchange differences	(255,646)	119,942
At 30 June	5,320,904	4,663,333
Group's interest in the joint venture	40%	40%
Carrying amount at the end of the financial year	2,128,361	1,865,333

### b. Share of capital commitments and contingent liabilities

The Group's share of capital commitments are as follows:

	2018	2017
Approved and contracted for purchase of land for property development	112,109	117,852

There are no contingent liabilities relating to the Group's interest in the joint ventures. The Group's commitments in relation to its joint ventures are disclosed in Note 40(b).



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### 13 Associates

The Group's interest in the associates, their respective principal activities and countries of incorporation are shown in Note 46.

On 29 September 2017, the Group completed the disposal of its material associate, Seriemas Development Sdn Bhd ("Seriemas"), for a total consideration of RM615.8 million, net of transaction cost.

In the opinion of the Directors, the Group has no associate which is individually material as at 30 June 2018.

The Group's investments in associates are as follows:

Group	2018	2017		
	Total	Seriemas	Others	Total
Share of results	1,205	32,199	7,502	39,701
Share of other comprehensive profit/(loss)	1,783	–	(3,282)	(3,282)
Share of total comprehensive income for the financial year	2,988	32,199	4,220	36,419
Unquoted shares, at costs	36,803	449,039	36,803	485,842
Share of post-acquisition reserves	96,790	(5,501)	93,249	87,748
Unrealised profit	–	(105,274)	–	(105,274)
Shareholder's advance	9,419	–	8,747	8,747
Accumulated impairment losses	(2,437)	–	(203)	(203)
Transfer to assets held for sale [Note 30]	–	(338,264)	–	(338,264)
Carrying amount at the end of the financial year	140,575	–	138,596	138,596

The share of profit for the current year included impairment loss of RM2.2 million (2017: RM Nil).

The Company's investments in associates are as follows:

	Company	
	2018	2017
Unquoted shares, at costs	36,600	485,639
Shareholder's advance	9,419	8,747
Accumulated impairment losses	(1,259)	–
Transfer to assets held for sale [Note 30]	–	(449,039)
Carrying amount at the end of the financial year	44,760	45,347

The shareholder's advance to an associate is unsecured and bears interest at a rate of 7.65% (2017: 7.65%) per annum. The advance is not expected to be repaid in the foreseeable future and is considered as part of the Group's and the Company's investment in the associate.

## 13 Associates (continued)

### a. Material associate to the Group

#### Summarised financial information

The information below reflects the amounts presented in the consolidated financial statements of Seriemas adjusted for the differences in accounting policies between the Group and the associate.

i. The summarised consolidated statement of comprehensive income of Seriemas is as follows:

	<b>2017</b>
Revenue	143,748
Depreciation and amortisation	(865)
Finance income	2,446
Finance cost	(165)
<b>Profit before taxation</b>	<b>115,767</b>
Taxation	(35,770)
<b>Profit after taxation</b>	<b>79,997</b>
Non-controlling interests	500
<b>Profit for the financial year</b>	<b>80,497</b>
<b>Share of results</b>	<b>32,199</b>
<b>Dividend received</b>	<b>130,000</b>

ii. The summarised consolidated statement of financial position of Seriemas is as follows:

	<b>2017</b>
<b>Non-current assets</b>	<b>750,000</b>
<b>Current assets</b>	
Cash and cash equivalents	136,563
Other current assets	479,001
	<b>615,564</b>
<b>Non-current liabilities</b>	
Financial liabilities (excluding payables)	2,924
<b>Current liabilities</b>	
Financial liabilities (excluding payables)	576
Other current liabilities	255,913
	<b>256,489</b>
Non-controlling interests	(2,695)
<b>Net assets</b>	<b>1,108,846</b>

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### 13 Associates (continued)

#### a. Material associate to the Group (continued)

##### Summarised financial information (continued)

- iii. Reconciliation of the summarised financial information presented to the carrying amount of the Group's interest in Seriemas is as below:

	2017
<b>Net assets</b>	
At 1 July	1,353,349
Total comprehensive income for the financial year	80,497
Dividends paid	(325,000)
At 30 June	1,108,846
Group's effective interest	40%
Interest in associate	443,538
Unrealised profit on transaction with associate	(105,274)
Transferred to assets held for sale	(338,264)
Carrying amount at the end of the financial year	-

#### b. Share of capital commitments and contingent liabilities

There are neither commitment nor contingent liabilities relating to the Group's interest in the associates.

### 14 Finance Income

	Group		Company	
	2018	2017 (re-presented)	2018	2017
Finance income arising from:				
– subsidiaries	-	-	234,616	210,441
– joint ventures	3,663	2,036	2,500	2,036
– banks and other financial institutions	18,322	15,832	4,153	2,572
– accretion of interest on contract assets [Note 27(a)]	92,554	91,957	-	-
– others	7,234	7,692	984	1,398
	121,773	117,517	242,253	216,447

## 15 Finance Costs

	Group		Company	
	2018	2017 (re-presented)	2018	2017
Finance costs charged by:				
– banks and other financial institutions	<b>38,838</b>	41,355	<b>20,317</b>	9,751
– non-controlling interest	<b>3,731</b>	3,825	–	–
– related companies	<b>29,938</b>	106,508	<b>29,924</b>	105,800
– subsidiaries	–	–	<b>14,397</b>	10,857
– others	<b>5,406</b>	11,523	–	–
	<b>77,913</b>	163,211	<b>64,638</b>	126,408
Islamic financing distribution payment:				
– Syndicated Islamic term financing facilities	<b>61,618</b>	62,299	–	–
– others	<b>15,954</b>	8,885	–	–
	<b>77,572</b>	71,184	–	–
Total finance costs	<b>155,485</b>	234,395	<b>64,638</b>	126,408
Less interest capitalised in:				
– property development cost [Note 26(b)]	<b>(79,578)</b>	(161,209)	–	–
– concession arrangement [Note 27(a)]	–	(20,752)	–	–
Net finance costs	<b>75,907</b>	52,434	<b>64,638</b>	126,408



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For the financial year ended 30 June 2018

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### 16 Taxation

	Group		Company	
	2018	2017 (re-presented)	2018	2017
Income tax:				
In respect of current financial year				
– Malaysian income tax	<b>88,460</b>	168,284	<b>30,975</b>	20,224
– foreign income tax	<b>433</b>	1,905	–	–
In respect of prior financial years				
– Malaysian income tax	<b>(24,520)</b>	(9,358)	<b>(6,306)</b>	(402)
– foreign income tax	<b>15</b>	(21)	–	–
Total income tax	<b>64,388</b>	160,810	<b>24,669</b>	19,822
Deferred tax: [Note 24]				
– origination and reversal of temporary differences	<b>(16,057)</b>	18,092	<b>1,457</b>	(3,910)
– (over)/under provision of prior financial years	<b>(4,235)</b>	827	–	–
Total deferred tax (credit)/expense	<b>(20,292)</b>	18,919	<b>1,457</b>	(3,910)
Total tax expense	<b>44,096</b>	179,729	<b>26,126</b>	15,912

#### Tax reconciliation

Reconciliation from tax at applicable tax rate to tax expense are as follows:

	Group		Company	
	2018	2017 (re-presented)	2018	2017
Profit before taxation	<b>728,382</b>	888,830	<b>405,768</b>	602,954
Less:				
Share of results of:				
– joint ventures [Note 12]	<b>(88,349)</b>	(278,952)	–	–
– associates [Note 13]	<b>(1,205)</b>	(39,701)	–	–
	<b>638,828</b>	570,177	<b>405,768</b>	602,954

## 16 Taxation (continued)

### Tax reconciliation (continued)

Reconciliation from tax at applicable tax rate to tax expense are as follows: (continued)

	Group		Company	
	2018	2017 (re-presented)	2018	2017
Applicable tax	<b>158,451</b>	136,842	<b>97,384</b>	144,709
Effect of tax incentives and income not subject to tax:				
– single tier and tax exempt dividends	<b>–</b>	–	<b>(138,393)</b>	(166,001)
– gain on disposal of subsidiaries and an associate	<b>(76,277)</b>	(31,286)	<b>(40,034)</b>	–
– others	<b>(10,234)</b>	(5,119)	<b>–</b>	–
Effect of expenses not deductible for tax purposes				
– (reversal of impairment)/impairment of amounts due from subsidiaries	<b>–</b>	–	<b>(44,060)</b>	29,351
– impairment of investment in subsidiaries	<b>–</b>	–	<b>151,822</b>	1,287
– others	<b>17,094</b>	30,948	<b>5,713</b>	6,968
Deferred tax assets not recognised in respect of current financial year's tax losses	<b>9,304</b>	59,052	<b>–</b>	–
Recognition of previously unrecognised temporary differences	<b>(25,502)</b>	(2,156)	<b>–</b>	–
Overprovision in prior years	<b>(28,740)</b>	(8,552)	<b>(6,306)</b>	(402)
Taxation for the financial year	<b>44,096</b>	179,729	<b>26,126</b>	15,912
Applicable tax rates (%)	<b>24.8</b>	24.0	<b>24.0</b>	24.0
Effective tax rate (%)	<b>6.9</b>	31.5	<b>6.4</b>	2.6

The applicable tax of the Group represents the applicable taxes of all companies under the Group based on their respective domestic tax rates.

## Notes to the Financial Statements

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### 17 Earnings Per Share

Basic earnings per share attributable to owners of the Company are computed as follows:

	Group	
	2018	2017 (re-presented)
Profit for the financial year	<b>640,008</b>	624,029
Weighted average number of ordinary shares in issue (thousand)	<b>5,753,756</b>	3,790,195
Basic earnings per share (sen)	<b>11.1</b>	16.5

The weighted average number of ordinary shares is recalculated based on the enlarged number of shares of 6,800.8 million, as if the issuance of 2,905.5 million new ordinary shares on 10 November 2017 for the redemption of 1,405.5 million redeemable preference shares ("RPS") and the RM1,500.0 million capitalisation of deemed equity had occurred as at 1 July 2016 or on the date of the issuance of the RPS.

The basic and diluted earnings per share is the same as there is no potential ordinary shares in issue as at the end of the financial year.

### 18 Dividends

	Group/Company	
	2018	2017
In respect of the financial year ended 30 June 2018, first interim single tier dividend of 2.0 sen (2017: 5.0 sen) per ordinary share which was paid on 26 April 2018	<b>136,017</b>	50,000

The Board of Directors has on 28 August 2018, declared a second interim single tier dividend of 3.0 sen per ordinary share amounting to RM204.0 million. The second interim dividend is payable on 26 October 2018 to shareholders whose names appear in the Record of Depositors and Register of Members of the Company at the close of business on 28 September 2018.

The Board of Directors do not recommend the payment of any final dividend for the financial year ended 30 June 2018.

## 19 Property, Plant and Equipment

Group	Freehold land	Leasehold land	Buildings	Plant and machinery	Vehicles, equipment and fixtures	Capital work in progress	Total
<b>2018</b>							
At 1 July 2017	71,251	95,782	534,408	7,274	63,929	52,689	825,333
Additions	-	-	7,601	1,363	9,999	4,988	23,951
Disposals	(9,986)	-	(994)	-	(1,004)	-	(11,984)
Reversal of impairment losses	-	1,326	244	-	-	-	1,570
Write-offs	-	-	-	-	(2,372)	-	(2,372)
Transferred to investment properties [Note 20]	-	(8,321)	(8,993)	-	-	(40,490)	(57,804)
Reclassification	-	-	11,664	-	(255)	(11,409)	-
Depreciation [Notes 7 & 9]	-	(1,406)	(19,135)	(2,763)	(14,506)	-	(37,810)
Exchange differences	(287)	(2,749)	(2,117)	(56)	(195)	(321)	(5,725)
At 30 June 2018	60,978	84,632	522,678	5,818	55,596	5,457	735,159
Cost	61,508	96,096	738,364	72,383	185,822	5,457	1,159,630
Accumulated depreciation	-	(11,464)	(211,986)	(66,514)	(129,954)	-	(419,918)
Accumulated impairment losses	(530)	-	(3,700)	(51)	(272)	-	(4,553)
Carrying amount at the end of the financial year	60,978	84,632	522,678	5,818	55,596	5,457	735,159
<b>2017 (re-presented)</b>							
At 1 July 2016	68,034	84,994	569,873	9,007	68,268	45,907	846,083
Additions	-	-	1,673	610	12,396	11,619	26,298
Disposals	-	-	(1,702)	-	(11)	(340)	(2,053)
Reversal of impairment losses	-	7,401	9,337	-	-	-	16,738
Impairment losses	(430)	-	(256)	-	-	-	(686)
Write-offs	16	-	(12)	(10)	(798)	(96)	(900)
Transferred to:							
- intangible assets [Note 23]	-	-	-	-	(9)	-	(9)
- assets held for sale [Note 30]	(1,865)	-	(12,827)	-	(3,639)	(20)	(18,351)
Reclassification	4,524	2,798	(7,125)	4	4,180	(4,381)	-
Depreciation [Notes 7 & 9]	-	(1,822)	(27,168)	(2,392)	(16,687)	-	(48,069)
Exchange differences	972	2,411	2,615	55	229	-	6,282
At 30 June 2017	71,251	95,782	534,408	7,274	63,929	52,689	825,333
Cost	73,488	122,264	744,304	72,280	197,391	54,367	1,264,094
Accumulated depreciation	-	(18,656)	(205,941)	(64,955)	(133,190)	-	(422,742)
Accumulated impairment losses	(2,237)	(7,826)	(3,955)	(51)	(272)	(1,678)	(16,019)
Carrying amount at the end of the financial year	71,251	95,782	534,408	7,274	63,929	52,689	825,333



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### 19 Property, Plant and Equipment (continued)

Company	Plant and machinery	Vehicles, equipment and fixtures	Total
<b>2018</b>			
At 1 July 2017	-	3,025	3,025
Additions	-	1,998	1,998
Depreciation [Notes 7 & 9]	-	(1,525)	(1,525)
At 30 June 2018	-	3,498	3,498
Cost	14,741	37,902	52,643
Accumulated depreciation	(14,741)	(34,404)	(49,145)
Carrying amount at the end of the financial year	-	3,498	3,498
<b>2017</b>			
At 1 July 2016	2	5,175	5,177
Additions	-	309	309
Depreciation [Notes 7 & 9]	(2)	(2,459)	(2,461)
At 30 June 2017	-	3,025	3,025
Cost	14,741	35,904	50,645
Accumulated depreciation	(14,741)	(32,879)	(47,620)
Carrying amount at the end of the financial year	-	3,025	3,025

As at 30 June 2018, property, plant and equipment of certain subsidiaries with a total carrying amount of RM75.5 million (2017: RM77.4 million) were pledged as securities for borrowings of the Group (see Note 35(e)(iii)).

## 20 Investment Properties

Group	Freehold land	Leasehold land	Buildings	Work in progress	Total
<b>2018</b>					
At 1 July 2017	45,760	8,705	257,809	161,947	474,221
Additions	–	–	752	129,210	129,962
Disposals	(232)	–	(46,775)	–	(47,007)
Transferred from property, plant and equipment [Note 19]	–	8,321	9,024	40,459	57,804
Reclassification	–	(8,246)	(5,891)	14,137	–
Depreciation [Notes 7 & 9]	–	(613)	(6,160)	–	(6,773)
Exchange differences	–	(1)	(2,245)	–	(2,246)
At 30 June 2018	45,528	8,166	206,514	345,753	605,961
Cost	45,528	27,889	242,892	345,753	662,062
Accumulated depreciation	–	(9,857)	(36,378)	–	(46,235)
Accumulated impairment losses	–	(9,866)	–	–	(9,866)
Carrying amount at the end of the financial year	45,528	8,166	206,514	345,753	605,961
<b>2017</b>					
At 1 July 2016	27,728	30,883	273,143	–	331,754
Additions	–	–	26,997	82,607	109,604
Disposal of a subsidiary	–	(21,917)	(38,039)	–	(59,956)
Disposals	–	–	(1,465)	–	(1,465)
Reversal of impairment losses	–	–	3,144	–	3,144
Impairment losses	–	–	(1,266)	–	(1,266)
Write-offs [Note 9]	–	–	(11)	–	(11)
Transferred from/(to):					
– land held for property development [Note 26(a)]	2,397	–	–	–	2,397
– property development costs [Note 26(b)]	15,643	–	–	79,340	94,983
– assets held for sale [Note 30]	(8)	–	(302)	–	(310)
Depreciation [Notes 7 & 9]	–	(349)	(6,453)	–	(6,802)
Exchange differences	–	88	2,061	–	2,149
At 30 June 2017	45,760	8,705	257,809	161,947	474,221
Cost	45,760	15,234	311,434	161,947	534,375
Accumulated depreciation	–	(3,163)	(34,294)	–	(37,457)
Accumulated impairment losses	–	(3,366)	(19,331)	–	(22,697)
Carrying amount at the end of the financial year	45,760	8,705	257,809	161,947	474,221

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### 20 Investment Properties (continued)

Rental income generated from and direct operating expenses incurred on the Group's investment properties are as follows:

	2018	2017
Rental income	28,194	28,617
Direct operating expenses	(13,783)	(16,065)

The fair value of the Group's investment properties are as follows:

	2018	2017
Level 2	1,205,369	1,168,799
Level 3	650,480	520,939
	1,855,849	1,689,738

There are no quoted prices in active market for identical properties. Therefore, no property is measured at Level 1 of the fair value hierarchy. The properties measured at Level 2 and Level 3 are determined as follows:

Level 2 – measured by reference either to the valuation by independent professionally qualified valuers or the open market value of properties in the vicinity. The key input under this approach is the price per square foot from sales of comparable properties.

Level 3 – valued by independent professionally qualified valuers based on the rental the properties are expected to achieve, the location, size and condition of the properties and taking into consideration the outgoings such as quit rent and assessment, utilities, repair and maintenance including other general expenses.

As at 30 June 2018, investment properties of certain subsidiaries with a total carrying amount of RM149.9 million (2017: RM153.1 million) were pledged as security for borrowings of the Group (see Note 35(e)(iii)).

### 21 Subsidiaries

The Group's effective equity interest in the subsidiaries, their respective principal activities and countries of incorporation are shown in Note 46.

	Company	
	2018	2017
Unquoted shares:		
At cost	5,292,172	3,549,080
Accumulated impairment losses	(901,663)	(269,072)
	4,390,509	3,280,008
Contribution to a subsidiary	23,485	23,485
Carrying amount at the end of the financial year	4,413,994	3,303,493

## 21 Subsidiaries (continued)

During the financial year ended 30 June 2018, the Company increased its investment in subsidiaries by RM1,743.1 million (2017: RM1,047.4 million) via capital injection of RM278.5 million (2017: RM364.6 million) and capitalisation of amounts due from the subsidiaries of RM1,464.6 million (2017: RM682.8 million).

During the financial year, the Company recognised an impairment loss of RM632.6 million, resulting in a total accumulated impairment losses of RM901.7 million on its investments in subsidiaries, due to the continuous losses incurred by these subsidiaries. The recoverable amount is determined based on fair value less cost to sell off these subsidiaries.

The contribution to a subsidiary has no fixed term of repayment and any repayment is at the discretion of the subsidiary upon notification by the subsidiary to the Company.

## 22 Available-for-sale Investments

Group/Company	Quoted shares	Unquoted shares	Total
<b>2018</b>			
At 1 July 2017	10,841	35,500	46,341
Net changes in fair value	(5,451)	–	(5,451)
Impairment losses	(1,439)	–	(1,439)
At 30 June 2018	3,951	35,500	39,451
<b>2017</b>			
At 1 July 2016	13,230	35,500	48,730
Net changes in fair value	(2,389)	–	(2,389)
At 30 June 2017	10,841	35,500	46,341

## 23 Intangible Assets

	Group		Company	
	2018	2017	2018	2017
At 1 July	5,386	5,878	5,081	5,712
Additions	802	1,937	535	1,668
Write-offs	(28)	–	–	–
Transferred from property, plant and equipment [Note 19]	–	9	–	–
Amortisation [Notes 7 & 9]	(2,196)	(2,438)	(2,077)	(2,299)
At 30 June	3,964	5,386	3,539	5,081
Cost	24,336	23,565	22,191	21,655
Accumulated amortisation	(20,372)	(18,179)	(18,652)	(16,574)
Carrying amount at the end of the financial year	3,964	5,386	3,539	5,081

The intangible assets for the Group and the Company comprise mainly computer software.



## Notes to the Financial Statements

For the financial year ended 30 June 2018

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### 24 Deferred Tax

	Group		Company	
	2018	2017 (re-presented)	2018	2017
Deferred tax assets	<b>460,284</b>	452,521	<b>12,550</b>	14,007
Deferred tax liabilities	<b>(144,429)</b>	(156,764)	-	-
	<b>315,855</b>	295,757	<b>12,550</b>	14,007

The amount of unutilised tax losses and other temporary differences, which have no expiry dates and for which no deferred tax asset is recognised in the statements of financial position are as follows:

	Group		Company	
	2018	2017	2018	2017
Unutilised tax losses and other temporary differences	<b>235,879</b>	303,371	-	-
Deferred tax assets not recognised	<b>56,611</b>	72,809	-	-

In the view of the Directors, it is not probable that the future taxable profits of the loss-making subsidiaries would be available against which the tax losses and temporary differences can be utilised.

The Group has recognised deferred tax assets amounting to RM128.8 million (2017: RM108.5 million) arising from the unutilised tax losses of subsidiaries which are loss-making during the financial year, based on future taxable profits expected to be generated by these subsidiaries. The future taxable profits are estimated based on the expected future profits arising from these subsidiaries' property development projects and other income.

## 24 Deferred Tax (continued)

The components and movements of the deferred tax assets and liabilities during the financial year are as follows:

Group	Property, plant and equipment	Property development	Allowance for impairment	Tax losses and unabsorbed capital allowances	Provision	Others	Total
<b>2018</b>							
At 1 July 2017	(1,034)	151,855	3,566	123,913	43,038	(25,581)	295,757
(Charged)/credited to profit or loss: [Note 16]							
– (reversal)/origination of temporary differences	(347)	24,208	100	1,824	(5,278)	(4,450)	16,057
– (under)/over provision of prior financial years	(17)	4,509	–	(683)	(860)	1,286	4,235
Disposal of subsidiaries [Note 39(a)]	(170)	–	–	–	–	–	(170)
Exchange differences	35	–	–	–	–	(59)	(24)
At 30 June 2018	(1,533)	180,572	3,666	125,054	36,900	(28,804)	315,855
<b>2017 (re-presented)</b>							
At 1 July 2016	(1,327)	165,364	3,902	107,816	35,430	3,227	314,412
Credited/(charged) to profit or loss: [Note 16]							
– origination/(reversal) of temporary differences	46	(13,509)	(336)	16,924	7,608	(28,825)	(18,092)
– under provision of prior financial years	–	–	–	(827)	–	–	(827)
Disposal of subsidiaries	279	–	–	–	–	–	279
Exchange differences	(32)	–	–	–	–	17	(15)
At 30 June 2017	(1,034)	151,855	3,566	123,913	43,038	(25,581)	295,757

## Notes to the Financial Statements

For the financial year ended 30 June 2018

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### 24 Deferred Tax (continued)

The components and movements of the deferred tax assets and liabilities during the financial year are as follows:  
(continued)

Company	Property, plant and equipment	Property development	Allowance for impairment	Tax losses and unabsorbed capital allowances	Provision	Others	Total
<b>2018</b>							
At 1 July 2017	(483)	-	3,565	1,022	9,903	-	14,007
Credited/(charged) to profit or loss: [Note 16]							
- origination/(reversal) of temporary differences	194	3,498	(67)	547	(5,981)	352	(1,457)
At 30 June 2018	(289)	3,498	3,498	1,569	3,922	352	12,550
<b>2017</b>							
At 1 July 2016	(623)	-	3,901	-	6,819	-	10,097
Credited/(charged) to profit or loss: [Note 16]							
- origination/(reversal) of temporary differences	140	-	(336)	1,022	3,084	-	3,910
At 30 June 2017	(483)	-	3,565	1,022	9,903	-	14,007

## 25 Receivables

	Group		Company	
	2018	2017 (re-presented)	2018	2017
<b>Non-current</b>				
Amounts due from:				
– joint ventures [note (a)]	<b>73,000</b>	61,275	<b>50,000</b>	50,000
– subsidiaries [note (b)]	<b>–</b>	–	<b>3,447,763</b>	–
	<b>73,000</b>	61,275	<b>3,497,763</b>	50,000
Accumulated impairment losses: [note (d)]				
– amounts due from subsidiaries	<b>–</b>	–	<b>(20,572)</b>	–
	<b>73,000</b>	61,275	<b>3,477,191</b>	50,000
<b>Current</b>				
Trade receivables [note (c)]	<b>558,585</b>	450,805	<b>37,117</b>	3,079
Other receivables	<b>130,320</b>	216,329	<b>19,520</b>	28,838
Deposits	<b>65,809</b>	63,045	<b>4,201</b>	4,311
GST recoverable	<b>42,441</b>	13,273	<b>–</b>	–
Amounts due from				
– joint ventures [note (a)]	<b>26,119</b>	34,127	<b>5,869</b>	3,951
– subsidiaries [note (b)]	<b>–</b>	–	<b>1,054,115</b>	5,312,170
	<b>823,274</b>	777,579	<b>1,120,822</b>	5,352,349
Accumulated impairment losses: [note (d)]				
– trade receivables	<b>(32,179)</b>	(33,307)	<b>–</b>	(374)
– other receivables	<b>(36,224)</b>	(34,575)	<b>(14,449)</b>	(14,353)
– amounts due from subsidiaries	<b>–</b>	–	<b>(209,198)</b>	(440,273)
	<b>(68,403)</b>	(67,882)	<b>(223,647)</b>	(455,000)
	<b>754,871</b>	709,697	<b>897,175</b>	4,897,349
Total receivables	<b>827,871</b>	770,972	<b>4,374,366</b>	4,947,349



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For the financial year ended 30 June 2018

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## 25 Receivables (continued)

### Credit quality of financial assets

The credit quality of trade receivables that are neither past due nor impaired are substantially amounts due from a large number of customers with financing facilities from reputable end-financiers. Ownership and rights to the properties revert to the Group and the Company in the event of default.

Trade receivables also include amounts due from tenants and golf club members. Amounts due from tenants are secured with deposits paid by tenants prior to occupancy of premises and rentals paid in advance. Amounts due from golf club members are those with good payment track records with the Group. The management monitors closely the trade receivables which are past due with outstanding balances exceeding the security deposits.

Other receivables, amount due from joint ventures and subsidiaries which are not impaired are monitored closely and the Group and the Company are of the view that there is no objective evidence that the receivables are not fully recoverable.

### a. Amounts due from joint ventures

The amounts due from joint ventures are unsecured, repayable on demand and are non-interest bearing except for the following:

	Group		Company	
	2018	2017	2018	2017
<b>Amounts due from joint ventures</b>				
Interest bearing	<b>73,000</b>	50,000	<b>50,000</b>	50,000
On deferred payment term	<b>11,500</b>	34,500	–	–
	<b>84,500</b>	84,500	<b>50,000</b>	50,000
<b>Accretion of discount</b>				
At 1 July	<b>(411)</b>	(1,306)	–	–
Credited to profit or loss	<b>365</b>	895	–	–
At 30 June	<b>(46)</b>	(411)	–	–
	<b>84,454</b>	84,089	<b>50,000</b>	50,000
<b>Non-current</b>				
Due later than 1 year	<b>73,000</b>	61,275	<b>50,000</b>	50,000
<b>Current</b>				
Due not later than 1 year	<b>11,454</b>	22,814	–	–
	<b>84,454</b>	84,089	<b>50,000</b>	50,000

The amounts due from joint ventures of the Group and the Company bear interest at a fixed rate ranging from 5% to 8% (2017: 5%) per annum.

## 25 Receivables (continued)

### b. Amounts due from subsidiaries

The amounts due from subsidiaries are unsecured, repayable on demand and are non-interest bearing except for an amount of RM3,958.5 million (2017: RM4,694.5 million) which bears interest at rates ranging from 4.78% to 5.13% (2017: 4.78% to 5.07%) per annum.

### c. Trade receivables

Credit terms of trade receivables range from 21 days to 90 days (2017: 21 days to 90 days).

Ageing analysis of individual receivables categorised into impaired and not impaired are as follows:

	Group		Company	
	2018	2017 (re-presented)	2018	2017
Not impaired:				
– not past due	286,451	215,776	22,111	1,753
– past due by:				
1 to 30 days	96,603	80,263	6,294	414
31 to 60 days	62,067	32,440	4,663	4
61 to 90 days	18,001	24,248	2,717	184
91 to 180 days	19,333	49,587	494	–
More than 180 days	43,951	15,184	838	350
Impaired	32,179	33,307	–	374
Gross receivables	558,585	450,805	37,117	3,079

Trade receivables that are neither past due nor impaired comprises:

- receivables arising from sale of development units 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 and the Company in the event of default; and
- receivables from creditworthy debtors with good payment records with the Group and the Company.

As at 30 June 2018, trade receivables of the Group and of the Company of RM240.0 million (2017: RM201.7 million) and RM15.0 million (2017: RM1.0 million) respectively were past due but not impaired. These relate to customers for which there is no objective evidence that the receivables are not fully recoverable.

The receivables that are individually determined to be impaired at the reporting date relate to debtors that are in financial difficulties, have defaulted on payments and/or have disputes on the billings. Of the total amount due from these debtors of the Group and of the Company, a cumulative impairment of RM32.2 million (2017: RM33.3 million) and RM Nil (2017: RM0.4 million), respectively have been made and the balance is expected to be recovered through the debt recovery process.

The Group's credit risk management objectives, policies and exposure are described in Note 5(a).

## Notes to the Financial Statements

For the financial year ended 30 June 2018

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### 25 Receivables (continued)

#### d. Movement of provision for impairment losses

Movement of provision for impairment losses of receivables are as follows:

	Group		Company	
	2018	2017 (re-presented)	2018	2017
At 1 July	67,882	83,491	455,000	334,958
Impairment losses of:				
– trade and other receivables	2,440	682	–	–
– amounts due from subsidiaries	–	–	–	122,294
Reversal of impairment losses of:				
– trade and other receivables	(310)	(16,291)	(278)	(2,252)
– amounts due from subsidiaries	–	–	(183,584)	–
Write offs	(1,604)	–	(26,919)	–
Exchange differences	(5)	–	–	–
At 30 June	68,403	67,882	244,219	455,000

The Company recognised a reversal of impairment loss on the amounts due from subsidiaries of RM183.6 million during the financial year ended 30 June 2018 following the improved results of these subsidiaries and expected future profits from their operations going forward.

### 26 Inventories

	Group		Company	
	2018	2017	2018	2017
<b>Non-current</b>				
Land held for property development [note (a)]	1,865,841	1,227,225	913,427	223,200
<b>Current</b>				
Cost:				
– completed development units	377,117	310,247	26,305	41,089
– finished goods, raw materials and consumable stores	1,470	2,189	–	–
Net realisable value:				
– completed development units	458,375	489,073	–	–
	836,962	801,509	26,305	41,089
Property development costs [note (b)]	4,076,660	3,777,929	224,690	207,101
	4,913,622	4,579,438	250,995	248,190
Total inventories	6,779,463	5,806,663	1,164,422	471,390

The Group and the Company recognised inventories cost of RM1,590.0 million (2017: RM1,737.0 million) and RM53.0 million (2017: RM41.8 million), respectively, as cost of sales.

## 26 Inventories (continued)

### a. Land held for property development

	Group		Company	
	2018	2017	2018	2017
At 1 July	<b>1,227,225</b>	1,247,630	<b>223,200</b>	223,200
Additions:				
– land	<b>690,755</b>	2,517	<b>689,587</b>	–
– development costs	<b>2,718</b>	1,679	<b>640</b>	–
Disposals	<b>(61)</b>	–	–	–
Transferred to:				
– investment properties [Note 20]	–	(2,397)	–	–
– property development costs [note (b)]	<b>(54,796)</b>	(20,891)	–	–
– assets held for sale [Note 30]	–	(1,313)	–	–
At 30 June	<b>1,865,841</b>	1,227,225	<b>913,427</b>	223,200

Land held for property development is analysed as follows:

	Group		Company	
	2018	2017	2018	2017
Freehold land, at cost	<b>1,375,016</b>	700,009	<b>909,255</b>	219,668
Leasehold land, at cost	<b>415,040</b>	415,101	–	–
Development costs	<b>75,785</b>	112,115	<b>4,172</b>	3,532
	<b>1,865,841</b>	1,227,225	<b>913,427</b>	223,200

As at 30 June 2018, certain land held for property development with a total carrying amount of RM106.5 million (2017: RM67.3 million) and RM39.2 million (2017: RM Nil) were pledged as security for borrowings of the Group and the Company, respectively (see Note 35(e)(iii)).

Included in the additions during the financial year is RM689.6 million which was settled through capitalisation of amount due to Sime Darby Berhad (see Note 38(b)).

## Notes to the Financial Statements

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### 26 Inventories (continued)

#### b. Property development costs

	Group		Company	
	2018	2017	2018	2017
At 1 July	<b>7,345,426</b>	6,580,831	<b>222,738</b>	212,166
Development costs incurred during the financial year	<b>1,858,121</b>	1,989,517	<b>46,856</b>	48,997
Reversal of provision for statutory development [Note 36]	<b>(128,089)</b>	(125,531)	-	-
Transferred (to)/from:				
- investment properties [Note 20]	-	(94,983)	-	-
- land held for property development [note (a)]	<b>54,796</b>	20,891	-	-
- completed development units	<b>(182,245)</b>	(264,584)	-	-
Completed development units and land sold	<b>(1,548,285)</b>	(775,464)	<b>(11,189)</b>	(38,425)
Exchange differences	<b>(17,364)</b>	14,749	-	-
At 30 June	<b>7,382,360</b>	7,345,426	<b>258,405</b>	222,738
Less: Cost recognised in profit or loss				
At 1 July	<b>(3,567,497)</b>	(3,099,238)	<b>(15,637)</b>	(27,728)
Costs recognised during the financial year [Note 7]	<b>(1,331,842)</b>	(1,241,158)	<b>(29,267)</b>	(26,334)
Reversal of impairment	<b>39,600</b>	-	-	-
Completed development units and land sold	<b>1,548,285</b>	775,464	<b>11,189</b>	38,425
Exchange differences	<b>5,754</b>	(2,565)	-	-
At 30 June	<b>(3,305,700)</b>	(3,567,497)	<b>(33,715)</b>	(15,637)
Carrying amount at the end of the financial year	<b>4,076,660</b>	3,777,929	<b>224,690</b>	207,101



## 26 Inventories (continued)

### b. Property development costs (continued)

Property development costs is analysed as follows:

	Group		Company	
	2018	2017	2018	2017
Freehold land, at cost	<b>42,282</b>	27,565	<b>40,851</b>	41,337
Leasehold land, at cost	<b>159,548</b>	157,632	–	–
	<b>201,830</b>	185,197	<b>40,851</b>	41,337
Development costs	<b>7,180,530</b>	7,032,140	<b>217,554</b>	181,401
Provision for statutory development [Note 36]	–	128,089	–	–
Costs recognised in profit or loss	<b>(3,305,700)</b>	(3,567,497)	<b>(33,715)</b>	(15,637)
Carrying amount at the end of the financial year	<b>4,076,660</b>	3,777,929	<b>224,690</b>	207,101

During the financial year, the Group recognised a reversal of impairment of inventories amounting to RM39.6 million as the selling price of these inventories exceeded their carrying amounts.

Included in the Group's property development costs incurred during the financial year were finance costs capitalised amounting to RM79.6 million (2017: RM161.2 million) (see Note 15).

As at 30 June 2018, property development projects of certain subsidiaries with a total carrying amount of RM244.0 million (2017: RM218.5 million) were charged as security for borrowings of the Group (see Note 35(e (iii))).

## 27 Contract Assets and Contract Liabilities

	Group		Company	
	2018	2017 (re-presented)	2018	2017
<b>Contract Assets</b>				
Contract assets from customers on concession arrangement [note (a)]	<b>1,577,393</b>	1,619,433	–	–
Contract assets from property development [note (b)]	<b>523,893</b>	319,874	<b>8,005</b>	14,484
Carrying amount at the end of the financial year	<b>2,101,286</b>	1,939,307	<b>8,005</b>	14,484
<b>Non-current</b>				
Due later than 1 year	<b>1,413,417</b>	1,419,806	–	–
<b>Current</b>				
Due not later than 1 year	<b>687,869</b>	519,501	<b>8,005</b>	14,484
	<b>2,101,286</b>	1,939,307	<b>8,005</b>	14,484

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### 27 Contract Assets and Contract Liabilities (continued)

	Group		Company	
	2018	2017	2018	2017
<b>Contract Liabilities</b>				
Contract liabilities from property development [note (b)]	<b>289,454</b>	161,887	<b>8,881</b>	–
Advance annual license fees on golf club memberships	<b>261,997</b>	265,260	–	–
Others	<b>2,031</b>	6,981	–	–
Carrying amount at the end of the financial year	<b>553,482</b>	434,128	<b>8,881</b>	–
<b>Non-current</b>				
Due later than 1 year	<b>255,552</b>	260,746	–	–
<b>Current</b>				
Due not later than 1 year	<b>297,930</b>	173,382	<b>8,881</b>	–
	<b>553,482</b>	434,128	<b>8,881</b>	–

#### a. Concession arrangement

	Group	
	2018	2017 (re-presented)
Revenue recognised to date	<b>1,536,689</b>	1,446,067
Accretion of discount	<b>236,920</b>	144,366
Progress billings to date	<b>(196,216)</b>	(779)
Reimbursable expenses	–	29,779
Carrying amount at the end of the financial year	<b>1,577,393</b>	1,619,433

Reimbursable expenses are amounts reimbursable from the customers upon completion of the construction contracts.

## 27 Contract Assets and Contract Liabilities (continued)

### a. Concession arrangement (continued)

	Group	
	2018	2017 (re-presented)
<b>Non-current</b>		
Construction contract	875,919	954,504
Supply of teaching equipment	537,498	465,302
	<b>1,413,417</b>	1,419,806
<b>Current</b>		
Construction contract	140,845	194,775
Supply of teaching equipment	23,131	4,852
	<b>163,976</b>	199,627
<b>Total</b>	<b>1,577,393</b>	1,619,433

Contract assets from customers on concession arrangement represent revenue attributable to the concession arrangement entered into by Sime Darby Property Selatan Sdn Bhd and its subsidiaries for the construction and development of the Pagoh Education Hub ("the Project"). The Project is undertaken on a concession basis under the concept of "Build-Lease-Maintain-Transfer".

Under the Concession Agreements entered on 7 November 2012, the Group agreed to undertake the construction works for Government of Malaysia ("GoM"), Universiti Tun Hussein Onn Malaysia ("UTHM"), International Islamic University Malaysia ("IIUM") and Universiti Teknologi Malaysia ("UTM") over a period of three years, together with the supply of teaching equipment. The construction commenced in May 2014. Upon completion of the construction works on 2 May 2017, the campuses were handed over to GoM, UTHM, IIUM and UTM. Under the Concession Agreements, the Group will maintain the facilities and infrastructures of the campuses for a period of twenty (20) years.

In consideration of the construction works and the maintenance of the facilities, the Group will receive Availability Charges and Asset Management Services Charges over the period of 20 years. Cost of teaching equipment will be received over the first five years of the concession period. The consideration is allocated by reference to the relative fair values of the construction works, asset management services and costs of teaching equipment, taking into account the deferred payment arrangement.

Included in the concession arrangement was finance costs capitalised of RM nil for the current year (2017: RM20.8 million) (see Note 15).

The contract asset is pledged as security for borrowings of the Group (see Note 35(e)(iii)).

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### 27 Contract Assets and Contract Liabilities (continued)

#### b. Contract assets and contract liabilities from property development

The Group and the Company issue progress billings to purchasers when the billing milestones are attained. The Group and the Company recognise revenue when the performance obligation is satisfied.

The Group's and the Company's contract assets and contract liabilities relating to the sale of properties as of each reporting period can be summarised as follows:

	Group		Company	
	2018	2017	2018	2017
Contract assets	<b>523,893</b>	319,874	<b>8,005</b>	14,484
Contract liabilities	<b>(289,454)</b>	(161,887)	<b>(8,881)</b>	-
	<b>234,439</b>	157,987	<b>(876)</b>	14,484
At 1 July	<b>157,987</b>	313,931	<b>14,484</b>	54,007
Revenue recognised during the financial year	<b>2,077,399</b>	2,379,171	<b>70,177</b>	99,024
Progress billings during the financial year	<b>(2,000,947)</b>	(2,535,115)	<b>(85,537)</b>	(138,547)
At 30 June	<b>234,439</b>	157,987	<b>(876)</b>	14,484

#### c. Unsatisfied performance obligations

The unsatisfied performance obligations at the end of the reporting period are expected to be recognised in the following periods:

	Group		Company	
	2018	2017 re-presented)	2018	2017
Within 1 year	<b>1,345,764</b>	1,453,770	<b>163,215</b>	13,854
Between 1 and 4 years	<b>729,231</b>	445,230	<b>40,039</b>	544
	<b>2,074,995</b>	1,899,000	<b>203,254</b>	14,398

### 28 Cash Held Under Housing Development Accounts

The Group's and the Company's cash held under the Housing Development Accounts represent receipts from purchasers of residential properties less payments or withdrawals provided under Section 7A of the Housing Developers (Control and Licensing) Amendment Act 2002. The utilisation of these balances is restricted before completion of the housing development projects and fulfillment of all relevant obligations to the purchasers, such that the cash could only be withdrawn from such accounts for the purpose of completing the particular projects.

The weighted average effective interest rate of bank balances under Housing Development Accounts for the financial year was 2.0% (2017: 2.0%) per annum.

## 29 Bank Balances, Deposits and Cash

	Group		Company	
	2018	2017 (re-presented)	2018	2017
Deposits with licensed banks	150,146	367,499	13,000	–
Cash at banks and in hand	106,280	180,606	46,476	104,618
Carrying amount at the end of the financial year	256,426	548,105	59,476	104,618
Effective interest rates per annum for the financial year:	%	%	%	%
Deposits with licensed banks	2.76	1.70	2.92	–

Deposits with licensed banks of certain subsidiaries with carrying amount of RM74.7 million (2017: RM38.9 million) were pledged as security for borrowings of the Group (see Note 35(e)(iii)).

## 30 Assets Held for Sale

The assets held for sale as at 30 June 2017 were as follows:

	Group 2017 (re-presented)	Company 2017
Assets held for sale:		
– disposal groups (see below)	20,551	–
– investment properties [Note 20]	310	–
– investment in an associate [Note 13]	338,264	449,039
	359,125	449,039
Liabilities associated with assets held for sale:		
– disposal groups	4,995	–
	4,995	–

Assets and liabilities of disposal groups classified as assets held for sale were as follows:

	Group 2017 (re-presented)
Property, plant and equipment [Note 19]	18,351
Inventories – Land held for property development [Note 26(a)]	1,313
Receivables and other assets	887
	20,551
Payables and other liabilities	4,995



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### 30 Assets Held for Sale (continued)

As at 30 June 2018, the Group and the Company do not have assets and liabilities classified as assets held for sale.

The disposal groups classified under assets held for sale and liabilities associated with assets held for sale as at 30 June 2017 were in respect of Sime Darby Property Selatan Sdn Bhd ("SDPS") group and Malaysia Land Development Company Berhad group. The disposal of Malaysia Land Development Company Berhad group was completed on 19 September 2017. The impact of the disposal is disclosed in Note 39(a).

Post the listing of the Company on 30 November 2017, the Board of Directors had reviewed the Strategic Blueprint and had, on 24 May 2018, decided not to proceed with the disposal of the investment in SDPS group. Following the decision, the Group has reclassified SDPS group's assets and liabilities from assets held for sale and liabilities associated with assets held for sale to their respective categories of assets and liabilities. Comparatives have been re-presented and the reconciliation is disclosed in Note 48.

The investment in associate classified as assets held for sale as at 30 June 2017 was in relation to the Group's entire 40% equity interest in Seriemas Development Sdn Bhd group. The disposal was completed on 29 September 2017. The impact of the disposal is disclosed in Note 39(b).

### 31 Share Capital

	Group/Company	
	2018	2017
Issued and fully paid up:		
<b>Ordinary shares</b>		
At 1 July	1,000,000	1,000,000
Issuance of shares	5,800,839	–
At 30 June	6,800,839	1,000,000
<b>Redeemable preference shares</b>		
At 1 July	1,405,496	10,409
(Redemption)/issuance of shares	(1,405,496)	78,777
Transition to no-par value regime [Note 32]	–	1,316,310
At 30 June	–	1,405,496
<b>Total</b>	<b>6,800,839</b>	<b>2,405,496</b>

On 10 November 2017, the Company increased its issued and paid-up ordinary share capital from RM1,000.0 million to RM6,800.8 million by way of:

- redemption of the entire 1,405,496,300 redeemable preference shares held by Sime Darby Berhad at RM1 per share via the issuance of 1,405,496,300 new ordinary shares;
- capitalisation of the contribution from Sime Darby Berhad of RM1,500.0 million via issuance of 1,500,000,000 new ordinary shares at RM1 per share (see Note 37); and
- capitalisation of amount due to Sime Darby Berhad of RM2,895,343,077 via issuance of 2,895,343,077 new ordinary shares at RM1 per share (see Note 38(b)).

All new shares issued ranked pari passu in all respects with the existing ordinary shares.

## 32 Share Premium

	Group/Company
At 1 July 2016	1,030,493
Arising from the issuance of redeemable preference shares [Note 31]	285,817
Transition to no-par value regime*	(1,316,310)
At 30 June 2017	–

\* Prior to 31 January 2017, the application of the share premium account was governed by Sections 60 and 61 of the Companies Act 1965. In accordance with the transitional provisions set out in Section 618(2) of the Companies Act 2016, on 31 January 2017 any amount standing to the credit of the Company's share premium account has become part of the Company's share capital (see Note 31).

## 33 Reserves

Group	Exchange reserve	Available-for-sale reserve	Total
<b>2018</b>			
At 1 July 2017	74,539	20,152	94,691
Currency translation differences	(126,320)	–	(126,320)
Net changes in fair value of available-for-sale investments	–	(4,276)	(4,276)
	(126,320)	(4,276)	(130,596)
At 30 June 2018	(51,781)	15,876	(35,905)
<b>2017</b>			
At 1 July 2016	18,599	25,823	44,422
Currency translation differences	55,940	–	55,940
Net changes in fair value of available-for-sale investments	–	(5,671)	(5,671)
	55,940	(5,671)	50,269
At 30 June 2017	74,539	20,152	94,691

	Company	
	2018	2017
<u>Available-for-sale reserve</u>		
At 1 July	5,451	7,840
Net changes in fair value of available-for-sale investments	(5,451)	(2,389)
At 30 June	–	5,451

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### 34 Non-controlling Interests

In the opinion of the Directors, the subsidiaries of the Group that have non-controlling interests which are material to the Group as at 30 June 2018 are as follows:

Name of subsidiaries	Place of business
Sime Darby Brunfield Holding Sdn Bhd ("SDBH")	Malaysia
Sime Darby Property Selatan Sdn Bhd ("SDPS")	Malaysia

The profit, comprehensive income and net assets attributable to owners of non-controlling interests are as follows:

Group	Material non-controlling interests	Others	Total
<b>2018</b>			
Profit for the financial year	33,582	10,696	44,278
Other comprehensive loss for the financial year	(5,208)	(228)	(5,436)
Total comprehensive income	28,374	10,468	38,842
Dividend paid to non-controlling interests	–	(74,679)	(74,679)
Net assets	202,140	28,697	230,837
<b>2017</b>			
Profit for the financial year	16,231	68,841	85,072
Other comprehensive income for the financial year	4,867	275	5,142
Total comprehensive income	21,098	69,116	90,214
Dividend paid to non-controlling interests	–	–	–
Net assets	173,766	90,958	264,724

For the financial year ended 30 June 2017 under "Others", the profit mainly arose from the sale of land by The Glengowrie Rubber Company Sdn Bhd, a 78.7% owned subsidiary of the Group, which resulted in an increase in net profit of RM66.3 million attributable to the non-controlling interest.

### 34 Non-controlling Interests (continued)

#### Summarised financial information

- i. The summarised consolidated statements of comprehensive income of each subsidiary that has non-controlling interests that are material to the Group are as follows:

<b>Group</b>	<b>SDBH</b>	<b>SDPS</b>	<b>Total</b>
<b>2018</b>			
Revenue	<b>110,189</b>	<b>125,650</b>	<b>235,839</b>
Profit for the financial year	<b>21,110</b>	<b>62,846</b>	<b>83,956</b>
Other comprehensive loss for the financial year	<b>(13,021)</b>	<b>-</b>	<b>(13,021)</b>
Total comprehensive income	<b>8,089</b>	<b>62,846</b>	<b>70,935</b>
Attributable to non-controlling interests:			
– profit for the financial year	<b>8,444</b>	<b>25,138</b>	<b>33,582</b>
– other comprehensive loss	<b>(5,208)</b>	<b>-</b>	<b>(5,208)</b>
– total comprehensive income	<b>3,236</b>	<b>25,138</b>	<b>28,374</b>
<b>2017</b>			
Revenue	482,562	51,395	533,957
Profit for the financial year	19,143	21,435	40,578
Other comprehensive income for the financial year	12,168	-	12,168
Total comprehensive income	31,311	21,435	52,746
Attributable to non-controlling interests:			
– profit for the financial year	7,657	8,574	16,231
– other comprehensive income	4,867	-	4,867
– total comprehensive income	12,524	8,574	21,098

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For the financial year ended 30 June 2018

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### 34 Non-controlling Interests (continued)

#### Summarised financial information (continued)

- ii. The summarised consolidated statements of financial position of each subsidiary that has non-controlling interests that are material to the Group are as follows:

Group	SDBH	SDPS	Total
<b>2018</b>			
Non-current assets	329,527	1,406,846	1,736,373
Current assets	1,163,804	354,399	1,518,203
Non-current liabilities	(992,709)	(936,322)	(1,929,031)
Current liabilities	(495,347)	(324,847)	(820,194)
Net assets	5,275	500,076	505,351
Proportion of equity held by non-controlling interests	40%	40%	
Non-controlling interests	2,110	200,030	202,140
<b>2017</b>			
Non-current assets	308,301	1,420,995	1,729,296
Current assets	812,126	442,801	1,254,927
Non-current liabilities	(939,376)	(973,514)	(1,912,890)
Current liabilities	(183,866)	(453,052)	(636,918)
Net (liabilities)/assets	(2,815)	437,230	434,415
Proportion of equity held by non-controlling interests	40%	40%	
Non-controlling interests	(1,126)	174,892	173,766



### 34 Non-controlling Interests (continued)

#### Summarised financial information (continued)

- iii. The summarised consolidated statements of cash flows of each subsidiary that has non-controlling interests that are material to the Group are as follows:

Group	SDBH	SDPS	Total
<b>2018</b>			
Cash (used in)/from operations	(102,374)	100,526	(1,848)
Tax paid	(8,444)	(1,802)	(10,246)
Net cash (used in)/from operating activities	(110,818)	98,724	(12,094)
Net cash from investing activities	785	1,505	2,290
Net cash from/(used in) financing activities	15,113	(61,709)	(46,596)
Net (decrease)/increase in cash and cash equivalents	(94,920)	38,520	(56,400)
Cash and cash equivalents at the beginning of the financial year	139,732	53,894	193,626
Exchange differences	(41)	–	(41)
Cash and cash equivalents at the end of the financial year	44,771	92,414	137,185
<b>2017</b>			
Cash from/(used in) operations	1,942	(127,131)	(125,189)
Tax (paid)/refund	(3,427)	10	(3,417)
Net cash used in operating activities	(1,485)	(127,121)	(128,606)
Net cash from investing activities	672	2,535	3,207
Net cash from financing activities	86,667	3,919	90,586
Net increase/(decrease) in cash and cash equivalents	85,854	(120,667)	(34,813)
Cash and cash equivalents at the beginning of the financial year	54,002	174,561	228,563
Exchange differences	(124)	–	(124)
Cash and cash equivalents at the end of the financial year	139,732	53,894	193,626

The information above represents amounts after the Group's adjustments.

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### 35 Borrowings

	Group		Company	
	2018	2017 (re-presented)	2018	2017
<b>Non-current</b>				
Term loans [note (a)]				
– secured	271,299	303,116	–	–
– unsecured	143,500	322,000	49,000	140,000
Islamic financing – secured [note (b)]	656,905	169,486	496,365	–
Syndicated Islamic term financing facilities				
– secured [note (c)]	796,906	850,630	–	–
Amounts due to non-controlling interests				
– unsecured [note (d)]	177,911	144,125	–	–
	2,046,521	1,789,357	545,365	140,000
<b>Current</b>				
Term loans [note (a)]				
– secured	33,748	32,000	–	–
– unsecured	179,169	161,000	91,191	84,264
Islamic financing – secured [note (b)]	51,900	37,154	756	–
Revolving credits – unsecured	170,109	–	170,109	–
Syndicated Islamic term financing facilities				
– secured [note (c)]	59,107	44,770	–	–
Amounts due to non-controlling interests				
– unsecured [note (d)]	1,798	–	–	–
	495,831	274,924	262,056	84,264
<b>Total borrowings</b>	<b>2,542,352</b>	<b>2,064,281</b>	<b>807,421</b>	<b>224,264</b>
Secured	1,869,865	1,437,156	497,121	–
Unsecured	672,487	627,125	310,300	224,264
<b>Total borrowings</b>	<b>2,542,352</b>	<b>2,064,281</b>	<b>807,421</b>	<b>224,264</b>

### 35 Borrowings (continued)

Movements in the borrowings are as follows:

	Group		Company	
	2018	2017 (re-presented)	2018	2017
At 1 July	<b>2,064,281</b>	2,140,692	<b>224,264</b>	294,000
Long-term borrowings:				
– raised	<b>558,305</b>	274,652	<b>500,000</b>	–
– repaid	<b>(261,060)</b>	(357,323)	<b>(87,635)</b>	(70,000)
Short-term borrowings (net)	<b>170,000</b>	–	<b>170,000</b>	–
Finance costs	<b>120,141</b>	116,364	<b>20,317</b>	9,751
Finance costs paid	<b>(109,315)</b>	(110,104)	<b>(19,525)</b>	(9,487)
At 30 June	<b>2,542,352</b>	2,064,281	<b>807,421</b>	224,264

#### a. Term Loans

	Group		Company	
	2018	2017	2018	2017
Secured	<b>305,047</b>	335,116	–	–
Unsecured	<b>322,669</b>	483,000	<b>140,191</b>	224,264
Total	<b>627,716</b>	818,116	<b>140,191</b>	224,264
The maturity periods are as follows:				
– Less than 1 year	<b>212,917</b>	193,000	<b>91,191</b>	84,264
– Between 1 and 2 years	<b>235,426</b>	256,000	<b>49,000</b>	91,000
– Between 2 and 5 years	<b>179,373</b>	213,868	–	49,000
– More than 5 years	–	155,248	–	–
Total	<b>627,716</b>	818,116	<b>140,191</b>	224,264

The term loans of the Group are secured by way of charges over certain property, plant and equipment, investment properties, land held for property development and property development costs.

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### 35 Borrowings (continued)

#### b. Islamic financing – Secured

	Group		Company	
	2018	2017	2018	2017
The maturity periods are as follows:				
– Less than 1 year	51,900	37,154	756	–
– Between 1 and 2 years	50,000	78,486	–	–
– Between 2 and 5 years	340,082	91,000	264,365	–
– More than 5 years	266,823	–	232,000	–
Total	708,805	206,640	497,121	–

The Islamic financing facilities of the Group and the Company are secured by way of:

- legal charge over certain land of the subsidiaries;
- specific debenture incorporating fixed and floating charges over project assets and properties of certain subsidiaries;
- assignment of rights, titles, profits and benefits under project contracts and proceeds from projects and insurance; and
- subordination of shareholder advances of certain subsidiaries.

#### c. Syndicated Islamic term financing facilities – Secured

The Syndicated Islamic term financing facilities consist of four facilities with facility limit of RM895.4 million to four subsidiaries in which the Group has 60% equity interest. The facilities are repayable over 24 semi-annual instalments commencing no later than 36 months from their respective first drawdown dates.

	Group	
	2018	2017 (re-presented)
The maturity periods are as follows:		
– Less than 1 year	59,107	44,770
– Between 1 and 2 years	62,678	53,724
– Between 2 and 5 years	241,758	223,850
– More than 5 years	492,470	573,056
Total	856,013	895,400

### 35 Borrowings (continued)

#### c. Syndicated Islamic term financing facilities – Secured (continued)

The Syndicated Islamic term financing facilities are secured by way of:

- i. a first ranking debenture incorporating fixed and floating charges over all present and future assets of the four subsidiaries. The carrying value of these assets including cash and bank balances as at 30 June 2018 is RM1,742.2 million (2017: RM1,772.6 million);
- ii. legal assignment over all of the four subsidiaries' rights, titles, interest and benefits of the pre-completion and post-completion as and when executed;
- iii. legal assignment over all of the four subsidiaries' rights, titles, interest and benefits under Takaful and insurance;
- iv. second legal charge over the shares of the four subsidiaries;
- v. legal assignment over all of the four subsidiaries' rights, titles, interests and benefits under the performance bonds/guarantees for the project; and
- vi. deed of subordinations to subordinate all shareholders' present and future financing/advances to the four subsidiaries provided that the four subsidiaries may repay the shareholders' advances if the distribution payment conditions are met before and after such payment or repayment.

#### d. Amounts due to non-controlling interests

Amounts due to non-controlling interests relate to shareholders' advances, in proportion to their respective shareholdings in the subsidiaries. The advances are interest-bearing at rates ranging from 4.78% to 5.13% (2017: 4.78% to 5.07%) per annum, unsecured and repayable on demand. Any repayment is at the discretion of the shareholders with 12 months notice or other terms of repayment as agreed by both parties.

#### e. Other information on borrowings

	Group		Company	
	2018 % per annum	2017 (re-presented) % per annum	2018 % per annum	2017 % per annum
i. Islamic financing				
The average effective distribution rates are as follows:				
– Islamic financing	4.60	4.78	4.52	–
– Syndicated Islamic term financing	7.00	7.00	–	–



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### 35 Borrowings (continued)

#### e. Other information on borrowings (continued)

	Group		Company	
	2018 % per annum	2017 (re-presented) % per annum	2018 % per annum	2017 % per annum
ii. Conventional financing				
The average effective interest rates are as follows:				
– Term loans	<b>4.27</b>	4.35	<b>4.00</b>	3.88
– Revolving credits	<b>4.19</b>	–	<b>4.19</b>	–
– Amounts due to non-controlling interests	<b>4.84</b>	4.84	–	–

#### iii. Secured financing

As at 30 June 2018, borrowings amounting to RM1,869.9 million (2017: RM1,437.2 million) and RM497.1 million (2017: RM Nil) were secured by fixed and floating charges over the assets of the Group and the Company, respectively.

The carrying amounts of assets that the Group and the Company have pledged as collateral for the borrowings are as follows:

	Group		Company	
	2018	2017 (re-presented)	2018	2017
Property, plant and equipment [Note 19]	<b>75,508</b>	77,367	–	–
Investment properties [Note 20]	<b>149,853</b>	153,050	–	–
Inventories				
– Land held for property development [Note 26(a)]	<b>106,469</b>	67,273	<b>39,197</b>	–
– Property development cost [Note 26(b)]	<b>244,042</b>	218,500	–	–
Contract assets [Note 27]	<b>1,577,393</b>	1,619,433	–	–
Other assets	<b>165,062</b>	158,267	–	–
	<b>2,318,327</b>	2,293,890	<b>39,197</b>	–

### 36 Provisions

Group	At 1 July 2017	(Reversal)/ additions	Utilised	Exchange differences	At 30 June 2018
<b>2018</b>					
<b>Non-current</b>					
Provision for statutory development [note (a)]	128,089	(128,089)	–	–	–
Rental guarantee [note (b)]	32,834	(1,599)	–	(1,626)	29,609
	160,923	(129,688)	–	(1,626)	29,609
<b>Current</b>					
Relocation cost [note (c)]	8,423	–	(102)	–	8,321
Defects liability [note (d)]	2,464	3,055	(126)	–	5,393
Car park land acquisition and construction [note (e)]	952	–	–	–	952
Security enhancement cost [note (f)]	3,270	–	(2,076)	–	1,194
Others	874	1,438	(251)	(5)	2,056
	15,983	4,493	(2,555)	(5)	17,916
<b>Total provisions</b>	<b>176,906</b>	<b>(125,195)</b>	<b>(2,555)</b>	<b>(1,631)</b>	<b>47,525</b>
<b>2017</b>					
<b>Non-current</b>					
Provision for statutory development [note (a)]	253,620	(125,531)	–	–	128,089
Rental guarantee [note (b)]	–	32,176	–	658	32,834
	253,620	(93,355)	–	658	160,923
<b>Current</b>					
Relocation cost [note (c)]	7,893	530	–	–	8,423
Defects liability [note (d)]	3,507	–	(1,043)	–	2,464
Car park land acquisition and construction [note (e)]	952	–	–	–	952
Security enhancement cost [note (f)]	3,520	558	(808)	–	3,270
Others	1,280	–	(435)	29	874
	17,152	1,088	(2,286)	29	15,983
<b>Total provisions</b>	<b>270,772</b>	<b>(92,267)</b>	<b>(2,286)</b>	<b>687</b>	<b>176,906</b>

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### 36 Provisions (continued)

**a. Provision for statutory development**

The provision is in relation to the present obligation to provide affordable housing where the unavoidable costs of meeting the obligation exceed the economic benefits expected to be recovered from the purchasers of the affordable housing.

During the financial year ended 30 June 2018, the Group has reversed its provision for statutory development following the issuance of an Addendum to FRSIC Consensus 17 - Development of Affordable Housing by the Malaysian Institute of Accountants, clarifying that an entity shall not apply the principles in FRSIC Consensus 17 after the adoption of MFRS 15.

**b. Rental guarantee**

The provision is in relation to an undertaking arrangement entered on the disposal of a property for the procurement of tenants for a period of 10 years commencing from 1 January 2019, to comply with the conditions imposed by the regulatory body.

**c. Relocation cost**

The provision for relocation cost is made following a contractual obligation to remove encumbrances on land which had been sold.

**d. Defects liability**

The provision is in relation to the obligation to rectify defects for properties that have been handed over and are still within the defect liability period and provision of compensation due to defect units.

**e. Car park land acquisition and construction**

The provision is in relation to the cost of acquisition of land and the construction costs for a car park building by a subsidiary company.

**f. Security enhancement cost**

The provision is in relation to the cost to enhance the security system for a project which has been handed over.

### 37 Contribution from Former Immediate Holding Company and Loans Due to Related Companies

	Group		Company	
	2018	2017	2018	2017
Contribution from former immediate holding company	-	1,500,000	-	1,500,000
Loans due to related companies	-	2,229,691	-	2,070,257

### 37 Contribution from Former Immediate Holding Company and Loans Due to Related Companies (continued)

The contribution from the former immediate holding company, Sime Darby Berhad, has been repaid on 10 November 2017 via the issuance of 1,500,000,000 new ordinary shares in the Company (see Note 31).

Loans from subsidiaries of Sime Darby Berhad were classified as loans due to related companies. The loans as at 30 June 2017 were non-interest bearing except for RM2,070.3 million which bore interest at 3.89% to 4.86% per annum.

Movements in the loans due to related companies are as follows:

	Group		Company	
	2018	2017	2018	2017
At 1 July	<b>2,229,691</b>	2,335,984	<b>2,070,257</b>	2,130,422
Advances/(repayment)	<b>116,500</b>	(112,609)	<b>116,500</b>	(60,165)
Interest expense	<b>29,938</b>	106,508	<b>29,924</b>	105,800
Interest paid	<b>(29,938)</b>	(106,508)	<b>(29,924)</b>	(105,800)
Pursuant to Sime Darby Berhad Group restructuring:				
– waived by a related company	<b>(159,863)</b>	–	–	–
– novated to former immediate holding company [Note 38(b)]	<b>(2,186,757)</b>	–	<b>(2,186,757)</b>	–
Exchange differences	<b>429</b>	6,316	–	–
At 30 June	–	2,229,691	–	2,070,257

### 38 Payables

	Group		Company	
	2018	2017 (re-presented)	2018	2017
Trade payables [note (a)]	<b>640,725</b>	859,555	<b>34,482</b>	100,434
Other payables	<b>180,025</b>	471,375	<b>7,420</b>	120,665
Accruals	<b>628,615</b>	607,302	<b>51,508</b>	81,686
GST payable	<b>9,240</b>	18,858	<b>149</b>	884
Amount due to former immediate holding company [note (b)]	–	367,151	–	367,151
Amounts due to subsidiaries [note (c)]	–	–	<b>341,014</b>	723,120
	<b>1,458,605</b>	2,324,241	<b>434,573</b>	1,393,940

#### a. Trade payables

Credit terms of trade payables range from 30 days to 60 days (2017: 30 days to 60 days).

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For the financial year ended 30 June 2018

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### 38 Payables (continued)

#### b. Amount due to former immediate holding company

The amount due to former immediate holding company was unsecured, interest free and repayable on demand.

Movements in the amount due to the former immediate holding company are as follows:

	Group		Company	
	2018	2017	2018	2017
At 1 July	367,151	450,178	367,151	450,178
Loans novated from a subsidiary of Sime Darby Berhad [Note 37]	2,186,757	–	2,186,757	–
Consideration for acquisition of land	689,587	–	689,587	–
Capitalisation via issuance of new ordinary shares in the Company [Note 31]	(2,895,343)	–	(2,895,343)	–
Repayment	(348,152)	(83,027)	(348,152)	(83,027)
At 30 June	–	367,151	–	367,151

#### c. Amounts due to subsidiaries

The amounts due to subsidiaries are unsecured, interest free and repayable on demand, except for an amount of RM40.8 million (2017: RM211.0 million) which bears interest at rates ranging from 4.78% to 5.13% (2017: 4.78% to 5.07%) per annum.

Movements in the amounts due to subsidiaries are as follows:

	Company	
	2018	2017
At 1 July	723,120	454,132
Rationalisation of intercompany balances	120,750	–
(Repayment to)/Advances from subsidiaries	(502,856)	268,988
Interest expense	14,397	10,857
Interest paid	(14,397)	(10,857)
At 30 June	341,014	723,120

During the financial year, the Company rationalised the intercompany balances between its subsidiaries through intra-group settlement.



### 39 Disposal of subsidiaries and an associate

- a. On 3 April 2017, the Group entered into a Share Sale Agreement with Dato' Sri Tong Seech Wi ("Purchaser") to dispose the Group's entire 100% equity interest in Malaysia Land Development Company Berhad ("MLDC") group for a cash consideration of RM1 and settlement by the Purchaser of the shareholder's loan and any other liabilities owing by MLDC for a settlement amount of RM60.0 million. The disposal was completed on 19 September 2017. A gain on disposal of RM39.6 million was recorded at the Group.

Details of net assets and net cash inflow arising from the disposal of MLDC are as follows:

	At date of disposal
Property, plant and equipment	18,303
Inventories	1,313
Deferred tax assets	170
Net current liabilities	(194)
Non-controlling interests	780
Net assets disposed	20,372
Gain on disposal	39,628
Proceeds from disposal, net of transaction costs	60,000
Less: Cash and cash equivalents in MLDC	(587)
Net cash inflow from disposal of MLDC	59,413

- b. On 31 July 2017, the Group entered into a Share Sale Agreement with PNB Development Sdn Bhd to dispose the Group's entire 40% equity interest in Seriemas Development Sdn Bhd for a total cash consideration of RM615.8 million, net of transaction costs. The disposal was completed on 29 September 2017. A gain on disposal of RM278.2 million and RM166.8 million was recorded by the Group and the Company, respectively.

### 40 Contingent Liabilities and Capital Commitments

#### a. Contingent Liabilities

- i. Tanjung Mahsuri Sdn Bhd ("TMSB")

TMSB was appointed as the main contractor for Ara Hill Project and Putra Heights Project. The services were terminated in 2011 prior to the completion of the projects due to delay in the projects' completion. TMSB filed a Writ of Summon and Statement of Claim on 22 May 2012 for a total of RM18.2 million from Sime Darby Ara Damansara Development Sdn Bhd ("SDAD") and Sime Darby USJ Development Sdn Bhd ("SDUSJ").

Pursuant to a settlement agreement dated 19 September 2017, the settlement sum of RM6.0 million was made by SDAD and SDUSJ to TMSB on 29 September 2017, on a without prejudice basis and without admission to any liability. The matter is deemed concluded.

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### 40 Contingent Liabilities and Capital Commitments (continued)

#### a. Contingent Liabilities (continued)

##### ii. Claim against Sime Darby Ara Damansara Development Sdn Bhd ("SDAD")

A civil suit has been commenced by 72 purchasers of Ara Hill ("Plaintiffs") against SDAD, claiming, among other things, both general and specific damages of RM39.8 million and specific performance arising from SDAD's alleged breaches of the terms of the sale and purchase agreements and the provisions of various statutes including, the Uniform Building By-Laws 1984 and the Street, Drainage and Building Act 1974.

The Plaintiffs alleged that the breaches by SDAD have, amongst others, caused the delay in delivery of strata titles, which caused the Plaintiffs to suffer loss and damage, including indirect losses (which have not been proven by the Plaintiffs). The dispute was referred to mediation and the parties explored possible settlement proposals. However, the parties did not reach a global settlement.

The trial commenced on 16 April 2018 and a joint site inspection was conducted together with the Judge on 17 April 2018. The matter has been fixed for continued trial on 14 November 2018.

The Plaintiffs' claim is divided into various allegations leveled against SDAD and in respect thereof, the solicitors of SDAD are of the view that SDAD has a good chance in resisting some of the allegations and an even chance on other allegations since these claims and allegations have yet to be proven by the Plaintiffs. It would be speculative, at this juncture, to ascertain SDAD's potential liability to the Plaintiffs in respect of this civil suit.

The Board of Directors are of the view that, based on legal advice, no extraordinary or unusual legal risks are foreseen for the above case.

#### b. Capital Commitments

	Group		Company	
	2018	2017	2018	2017
Authorised capital expenditure not provided for in the financial statements:				
<b>Contracted:</b>				
– property, plant and equipment	1,772	25,294	–	–
– land held for property development	–	718,560	–	718,560
– investment properties	175,868	285,674	–	–
	<b>177,640</b>	1,029,528	–	718,560
<b>Not contracted:</b>				
– property, plant and equipment	–	9,100	–	9,100
	<b>177,640</b>	1,038,628	–	727,660

## 40 Contingent Liabilities and Capital Commitments (continued)

### b. Capital Commitments (continued)

#### i. Commitment in relation to joint venture:

Pursuant to the Subscription and Shareholders' Agreement, which is reiterated through Letters of Undertaking issued by the shareholders of Battersea Project Holding Company Limited ("Battersea") to Battersea, the shareholders are committed to subscribe for shares in Battersea in proportion to their respective shareholdings when a capital call is made for the purpose of ensuring Battersea and its subsidiaries are able to meet their respective funding obligations. The Group's portion of the commitment as at 30 June 2018 is estimated up to GBP243.5 million (equivalent to RM1,289.5 million) (2017: GBP293.5 million, equivalent to RM1,615.2 million).

#### ii. Commitments in relation to leases are as follows:

	Group		Company	
	2018	2017	2018	2017
Commitments under non-cancellable operating leases:				
– expiring not later than 1 year	1,691	1,366	1,229	1,366
– expiring later than 1 year and not later than 5 years	1,637	628	1,091	628

## 41 Segment Information – Group

The Group has 4 key reportable segments, which are the Group's strategic business units. The strategic business units offer different products and services, and are managed separately by each Chief Operating Officer. The Group Managing Director and senior management review the operations and performance reports monthly and conduct Group dialogues with the business units on a regular basis.

The segments comprise:

Property development	Development of residential, commercial and industrial properties
Property investment	Leasing of properties
Leisure and hospitality	Provision of golf, hotel and other recreational facilities and services
Concession arrangement	Construction of Pagoh Education Hub and provision of assets and management services.

Transactions between segments are carried out on agreed terms between both parties. The effects of such intersegment transactions are eliminated on consolidation. The measurement basis and classification are consistent with those adopted in the previous financial year.

# Notes to the Financial Statements

For the financial year ended 30 June 2018

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## 41 Segment Information – Group (continued)

### a. Segment results

	Property development	Property investment	Leisure and hospitality	Concession arrangement	Corporate and elimination	Total
<b>2018</b>						
Segment revenue:						
External	2,090,806	35,557	101,091	125,650	-	2,353,104
Inter-segment	247	10,157	457	-	(10,861)	-
	2,091,053	45,714	101,548	125,650	(10,861)	2,353,104
Cost of sales	(1,580,546)	(31,454)	(63,855)	(88,592)	1,056	(1,763,391)
<b>Gross profit</b>	510,507	14,260	37,693	37,058	(9,805)	589,713
Other operating income	21,049	11,111	1,606	2,206	(118)	35,854
Selling and marketing expenses	(91,214)	-	(1,704)	-	-	(92,918)
Administrative and other expenses	(179,855)	(20,642)	(63,994)	(2,765)	9,923	(257,333)
Share of profit/(loss) from joint ventures and associates	91,884	(2,330)	-	-	-	89,554
<b>Segment result</b>	352,371	2,399	(26,399)	36,499	-	364,870
Other gains/(losses)	278,066	(48)	39,628	-	-	317,646
<b>Profit before interest and taxation</b>	630,437	2,351	13,229	36,499	-	682,516
Included in segment profit are:						
Depreciation and amortisation	(14,030)	(10,441)	(22,032)	(276)	-	(46,779)
Gain on disposal of:						
- property, plant and equipment	12	7	995	-	-	1,014
- investment properties	536	10,724	-	-	-	11,260
Reversal of impairment:						
- inventories	38,814	-	-	-	-	38,814
- property, plant and equipment	-	-	1,570	-	-	1,570
- receivables	-	310	-	-	-	310
Impairment of receivables	(2,039)	(317)	(84)	-	-	(2,440)
Write-offs of property, plant and equipment	(2,151)	(1)	(220)	-	-	(2,372)
Included in other gains are:						
Gain on disposal of:						
- subsidiaries	-	-	39,628	-	-	39,628
- an associate	278,192	-	-	-	-	278,192
Included in share of results of associates are:						
Impairment of associates	(2,234)	-	-	-	-	(2,234)

## 41 Segment Information – Group (continued)

### a. Segment results (continued)

	Property development	Property investment	Leisure and hospitality	Concession arrangement	Corporate and elimination	Total
<b>2017 (re-presented)</b>						
Segment revenue:						
External	2,386,716	54,537	118,204	51,395	-	2,610,852
Inter-segment	168	12,468	254	-	(12,890)	-
	2,386,884	67,005	118,458	51,395	(12,890)	2,610,852
Cost of sales	(1,710,951)	(46,274)	(71,682)	(43,705)	1,075	(1,871,537)
<b>Gross profit</b>	675,933	20,731	46,776	7,690	(11,815)	739,315
Other operating income	15,896	14,904	1,296	3,172	(144)	35,124
Selling and marketing expenses	(84,999)	(406)	(3,007)	-	-	(88,412)
Administrative and other expenses	(216,130)	(16,800)	(59,767)	(4,764)	11,959	(285,502)
Share of profit from joint ventures and associates	179,530	139,123	-	-	-	318,653
<b>Segment result</b>	570,230	157,552	(14,702)	6,098	-	719,178
Other (loss)/gains	(687)	105,341	(85)	-	-	104,569
<b>Profit/(loss) before interest and taxation</b>	569,543	262,893	(14,787)	6,098	-	823,747
Included in segment profit are:						
Depreciation and amortisation	(19,346)	(13,168)	(24,686)	(109)	-	(57,309)
Gain on disposal of:						
- property, plant and equipment	967	-	117	-	-	1,084
- investment properties	-	14,387	-	-	-	14,387
Reversal of impairment:						
- property, plant and equipment	-	-	16,738	-	-	16,738
- investment properties	-	3,144	-	-	-	3,144
- receivables	16,087	204	-	-	-	16,291
Impairment of:						
- inventories	(148,998)	-	-	-	-	(148,998)
- property, plant and equipment	-	-	(686)	-	-	(686)
- investment properties	-	(1,266)	-	-	-	(1,266)
- receivables	(639)	(43)	-	-	-	(682)
Write-offs of property, plant and equipment	(584)	(6)	(220)	(90)	-	(900)
Included in other gains are:						
Gain on disposal of a subsidiary	-	130,359	-	-	-	130,359
Project abortive cost	-	(25,018)	-	-	-	(25,018)



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### 41 Segment Information – Group (continued)

#### b. Segment assets and liabilities and additions to non-current assets

	Property development	Property investment	Leisure and hospitality	Concession arrangement	Corporate and elimination	Total
<b>2018</b>						
<b>Segment assets:</b>						
Operating assets	9,592,856	569,409	642,242	1,768,427	(703,688)	11,869,246
Joint ventures and associates	2,158,369	206,155	-	-	-	2,364,524
	11,751,225	775,564	642,242	1,768,427	(703,688)	14,233,770
<b>Segment liabilities:</b>						
Liabilities	1,651,832	318,100	520,064	273,304	(703,688)	2,059,612
Additions to non-current assets are as follows:						
- capital expenditure	819,454	18,536	9,256	942	-	848,188
- additions to interests in joint ventures	271,887	-	-	-	-	271,887
	1,091,341	18,536	9,256	942	-	1,120,075
<b>2017 (re-presented)</b>						
<b>Segment assets:</b>						
Operating assets	8,486,351	904,074	683,985	1,856,382	(866,166)	11,064,626
Joint ventures and associates	1,897,063	209,516	-	-	-	2,106,579
Assets held for sale	338,264	310	20,551	-	-	359,125
	10,721,678	1,113,900	704,536	1,856,382	(866,166)	13,530,330
<b>Segment liabilities:</b>						
Liabilities	2,251,997	525,510	618,253	405,681	(866,166)	2,935,275
Liabilities associated with assets held for sale	-	-	4,995	-	-	4,995
	2,251,997	525,510	623,248	405,681	(866,166)	2,940,270
Additions to non-current assets are as follows:						
- capital expenditure	107,234	29,776	4,765	260	-	142,035
- additions to interests in joint ventures and associates	364,594	29,911	-	-	-	394,505
	471,828	59,687	4,765	260	-	536,540

## 41 Segment Information – Group (continued)

Capital expenditure consists of the following:

	2018	2017 (re-presented)
Property, plant and equipment	23,951	26,298
Investment properties	129,962	109,604
Inventories – land held for property development	693,473	4,196
Intangible assets	802	1,937
	<b>848,188</b>	<b>142,035</b>

### Segment by geography

Revenue by location of customers and the Group's operations are analysed as follows:

	2018	2017 (re-presented)
Malaysia	2,275,916	2,549,247
Singapore	9,772	17,775
Vietnam	1,939	1,923
Australia	60,245	35,827
United Kingdom	5,232	6,080
	<b>2,353,104</b>	<b>2,610,852</b>

Non-current assets, other than financial instruments and deferred tax assets, by location of the Group's operations are analysed as follows:

	2018	2017 (re-presented)
Malaysia	4,698,825	3,954,759
Singapore	126,391	139,790
Vietnam	7,552	8,720
Australia	3,154	15,981
United Kingdom	2,152,944	1,939,300
	<b>6,988,866</b>	<b>6,058,550</b>

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### 41 Segment Information – Group (continued)

Reconciliation of non-current assets, other than financial instruments and deferred tax assets to the total non-current assets are as follows:

	2018	2017 (re-presented)
Non-current assets other than financial instruments and deferred tax assets	6,988,866	6,058,550
Available-for-sale investments	39,451	46,341
Deferred tax assets	460,284	452,521
Receivable	73,000	61,275
	7,561,601	6,618,687

Reconciliation of segment assets and liabilities to total assets and total liabilities are as follows:

	Assets		Liabilities	
	2018	2017 (re-presented)	2018	2017 (re-presented)
Segment total	14,233,770	13,530,330	2,059,612	2,940,270
Tax assets/liabilities	516,208	487,698	182,590	195,885
Borrowings	-	-	2,542,352	2,064,281
Loans due to related companies	-	-	-	2,229,691
Total	14,749,978	14,018,028	4,784,554	7,430,127

During the financial year ended 30 June 2018, included in the Group's revenue is an one-off land sales amounting to RM85.5 million (2017: RM420.7 million) to a single customer.

### 42 Related Parties

Significant related party transactions and balances other than as disclosed elsewhere in the financial statements are set out below:

	Group	
	2018	2017
<b>a. Transactions between subsidiaries and significant non-controlling interest:</b>		
Turnkey construction works rendered to Sime Darby Brunfield Holding Sdn Bhd and its subsidiaries ("SDBH Group") by Brunfield Engineering Sdn Bhd, a company in which Tan Sri Dato' Dr Ir Gan Thian Leong ("Tan Sri Dato' Gan") and Encik Mohamad Hassan Zakaria ("Encik Hassan") are substantial shareholders	125,589	265,004
Office rental at Oasis Square paid by SDBH Group to Brunfield Oasis Tower Sdn Bhd, a company in which Tan Sri Dato' Gan and Encik Hassan are substantial shareholders	872	1,992
<i>Tan Sri Dato' Gan and Encik Hassan are directors of SDBH Group</i>		

## 42 Related Parties (continued)

Significant related party transactions and balances other than as disclosed elsewhere in the financial statements are set out below: (continued)

	Group	
	2018	2017
<b>a. Transactions between subsidiaries and significant non-controlling interest: (continued)</b>		
Project management and construction management services rendered to Sime Darby Property Selatan Sdn Bhd ("SDPS") group by Tunas Selatan Construction Sdn Bhd, the holding company of Tunas Selatan Pagoh Sdn Bhd	-	3,716
Architectural services rendered to SDPS by Akitek Jururancang (M) Sdn Bhd, a company in which Tan Sri Dato' Sri Hj Esa, a director of SDPS has an equity interest	1,465	1,599

	Group		Company	
	2018	2017	2018	2017
<b>b. Transactions with subsidiaries and related companies of Sime Darby Berhad, the Company's former immediate holding company:</b>				
<u>Mecomb Malaysia Sdn Bhd</u>				
- Progress claim, repairs and maintenance services rendered	(1,700)	(13,098)	-	-
<u>Sime Darby Far East (1991) Ltd</u>				
- Waiver of amount owing by two subsidiaries of the Group	159,863	-	-	-
<u>Sime Darby Global Services Centre Sdn Bhd</u>				
- Rental income	1,938	3,846	-	-
- Shared services	(16,165)	(14,472)	(9,843)	(7,069)
<u>Sime Darby Holdings Berhad</u>				
- Rental income	4,334	7,948	-	-
- Interest expense	(29,924)	(105,800)	(29,924)	(105,800)
- Management fees and internal audit services	(6,422)	(22,170)	(6,422)	(22,170)
- Sales of four blocks of office towers	-	380,000	-	-
<u>Sime Darby Lockton Insurance Brokers Sdn Bhd</u>				
- Insurance premium	(2,860)	(4,585)	(986)	(1,374)
<u>Sime Darby Malaysia Berhad</u>				
- Annual branding royalty fee	(2,000)	-	(2,000)	-

## Notes to the Financial Statements

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### 42 Related Parties (continued)

Significant related party transactions and balances other than as disclosed elsewhere in the financial statements are set out below: (continued)

	Group		Company	
	2018	2017	2018	2017
<b>b. Transactions with subsidiaries and related companies of Sime Darby Berhad, the Company's former immediate holding company: (continued)</b>				
<u>Sime Darby Rent-A-Car Sdn Bhd</u>				
– Car lease rental	(2,004)	(2,488)	(1,144)	(1,323)
<u>Yayasan Sime Darby</u>				
– Contribution paid to Yayasan Sime Darby	(10,000)	(6,300)	(10,000)	(3,600)
<u>Sime Darby Plantation Berhad</u>				
– Rental income	4,966	2,335	2,460	–
– Acquisition of land	(689,587)	(1,834)	(689,587)	–
<b>c. Transactions with joint ventures:</b>				
Disposal of Sime Darby Property (Alexandra) Private Limited to Aster Investment Holding Pte Ltd, a subsidiary of Sime Darby Real Estate Investment Trust 1	–	249,229	–	–
Purchase of properties from Battersea Power Station Development Company Limited	–	(25,570)	–	–
<b>d. Transactions with directors, key management personnel and their close family members</b>				
Remuneration of Directors and key management personnel				
– salaries, fees and other emoluments	9,644	6,431	9,644	6,431
– defined contribution plan	933	811	933	811
– estimated monetary value of benefits by way of usage of the Group's and of the Company's assets	259	18	259	18
Sales of properties to Directors and their close family members of:				
– the Company	1,490	–	649	–
– the former immediate holding company	–	607	–	–
Sales of properties to the key management personnel of:				
– the Company	–	631	–	–
– the former immediate holding company	–	1,163	–	–



## 42 Related Parties (continued)

Significant related party transactions and balances other than as disclosed elsewhere in the financial statements are set out below: (continued)

### e. Transactions with shareholders and Government

Permodalan Nasional Berhad (“PNB”) and the funds managed by its subsidiary, Amanah Saham Nasional Berhad (“ASNB”), together own 55% as at 30 June 2018 of the issued share capital of the Company. PNB is an entity controlled by the Malaysian Government through Yayasan Pelaburan Bumiputra (“YPB”). The Group considers that, for the purpose of MFRS 124 – Related Party Disclosures, YPB and the Malaysian Government are in the position to exercise significant control over it. As a result, the Malaysian Government and Malaysian Government’s controlled bodies (collectively referred to as government-related entities) are related parties of the Group and the Company.

Transactions entered by the Group and the Company with shareholders and government-related entities include purchase of raw materials, placement of bank deposits and use of public utilities and amenities. All the transactions entered into by the Group and the Company with the government-related entities are conducted in the ordinary course of the Group’s and the Company’s businesses on negotiated terms or terms comparable to those with other entities that are not government-related.

Transactions entered with shareholders and government-related entities during the financial year include:

- i. On 29 September 2017, the Company disposed of its entire 40% equity interest in Seriemas Development Sdn Bhd to PNB Development Sdn Bhd, a wholly-owned subsidiary of PNB, for a total cash consideration of RM625.0 million; and
- ii. On 22 December 2017, Sime Darby Builders Sdn Bhd disposed of a piece of freehold land in New Lunderston Estate measuring approximately 297.5 acres to PNB Development Sdn Bhd for a total consideration of RM85.5 million.

In the previous financial year, The Glengowrie Rubber Company Sdn Bhd disposed a piece of freehold land in Glengowrie Estate, Semenyih measuring approximately 805 acres to Petaling Garden Sdn Bhd, an indirect subsidiary of PNB, for a total cash consideration of RM420.7 million.

### f. Outstanding balances with related parties

	Group	
	2018	2017
<u>Amount due to non-controlling interest (trade balances)</u>		
Brunsfeld Metropolitan Sdn Bhd	90,230	90,230
Brunsfeld Engineering Sdn Bhd	14,360	24,557

Other than as disclosed above, the significant outstanding balances with related parties are shown in Notes 12, 13, 21, 25, 35, 37 and 38.

Other than as disclosed above, there were no material contracts subsisting as at 30 June 2018 or if not then subsisting, entered into since the end of the previous financial year by the Company or its subsidiaries which involved the interests of Directors or substantial shareholders.

## Notes to the Financial Statements

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### 43 Financial Instruments

#### a. Financial instruments measured at fair value

In estimating the financial instruments carried at fair value, there are, in general, three different levels which can be defined as follows:

- Level 1 Quoted prices in active markets for identical assets or liabilities
- Level 2 Valuation inputs (other than Level 1 input) that are observable for the asset or liability
- Level 3 Valuation inputs that are not based on observable market data

If there are quoted market prices in active markets, these are considered Level 1. If such quoted market prices are not available, fair value are determined using market prices for similar assets or present value techniques, applying an appropriate risk-free interest rate adjusted for non-performance risk. The inputs used in present value techniques are observable and fall into the Level 2 category. It is classified into the Level 3 category if significant unobservable inputs are used.

The fair values of the Group's and the Company's available-for-sale investments are categorised as follows:

	Group/Company	
	2018	2017
Level 1 – quoted shares	3,951	10,841
Level 3 – unquoted shares	35,500	35,500
	<b>39,451</b>	<b>46,341</b>

For the unquoted shares, as the range of reasonable fair value estimates is very wide and the probabilities of various estimates cannot be reasonably assessed, management has concluded that the financial assets shall be measured at cost less impairment (Level 3).

#### b. Financial instruments measured at amortised cost

Other than the financial liabilities disclosed below, the carrying amounts of the financial assets and liabilities approximate their fair values as at 30 June 2018 due to the relative short term nature of the financial instruments.

	Group		Company	
	Carrying amount	Fair value	Carrying amount	Fair value
<b>2018</b>				
Borrowings	2,542,352	2,603,402	807,421	807,421
<b>2017 (re-presented)</b>				
Borrowings	2,064,281	2,140,917	224,264	224,264

## 44 Financial Risk Management

The Group's activities expose it to a variety of financial risks, including foreign exchange risk, price risk, interest rate risk, credit risk, liquidity risk and cash flow risk. The policy on financial risk management is described in Note 5.

Details of each significant financial risk are as follows:

### a. Interest rate risk

The percentages of fixed rate borrowings to the total borrowings as at 30 June are as follows:

	Group		Company	
	2018	2017 (re-presented)	2018	2017
Fixed rate borrowings	878,212	895,400	–	–
Floating rate borrowings	1,664,140	1,168,881	807,421	224,264
Total borrowings	2,542,352	2,064,281	807,421	224,264
Percentage of fixed rate borrowings over total borrowings (%)	34.5	43.4	–	–

Interest rates on loans due to related companies are disclosed in Note 37.

The following table demonstrates the effect of changes in interest rate of floating rate borrowings. If the interest rate increased by 25 basis points, with all variables held constant, the Group's and Company's profit after taxation and other comprehensive income will be lower by:

	Group		Company	
	2018	2017 (re-presented)	2018	2017
Borrowings	3,162	2,221	1,534	426
Loan due to related companies	–	3,933	–	3,933
	3,162	6,154	1,534	4,359

## Notes to the Financial Statements

For the financial year ended 30 June 2018

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### 44 Financial Risk Management (continued)

Details of each significant financial risk are as follows: (continued)

#### b. Liquidity and cash flow risks

The undiscounted contractual cash flows of the Group's and of the Company's financial liabilities as at the end of the reporting date are as follows:

Group	On demand or within 1 year	Between 1 and 2 years	Between 2 and 5 years	Above 5 years	Total contractual cash flows	Total carrying amount
<b>2018</b>						
Payables	1,328,826	76,064	53,715	–	1,458,605	1,458,605
Borrowings:						
– principal	485,005	505,616	761,212	779,693	2,531,526	2,531,526
– interest	104,038	104,168	178,971	117,113	504,290	10,826
	1,917,869	685,848	993,898	896,806	4,494,421	4,000,957
<b>2017 (re-presented)</b>						
Loans due to related companies:						
– principal	–	–	–	2,229,691	2,229,691	2,229,691
– interest	108,363	108,363	325,089	108,363	650,178	–
Payables	2,250,293	61,729	12,078	141	2,324,241	2,324,241
Borrowings:						
– principal	274,660	503,849	532,204	753,304	2,064,017	2,064,017
– interest	175,074	95,155	207,755	194,220	672,204	264
	2,808,390	769,096	1,077,126	3,285,719	7,940,331	6,618,213

## 44 Financial Risk Management (continued)

Details of each significant financial risk are as follows: (continued)

### b. Liquidity and cash flow risks (continued)

The undiscounted contractual cash flows of the Group's and of the Company's financial liabilities as at the end of the reporting date are as follows: (continued)

Company	On demand or within 1 year	Between 1 and 2 years	Between 2 and 5 years	Above 5 years	Total contractual cash flows	Total carrying amount
<b>2018</b>						
Payables	434,285	288	-	-	434,573	434,573
Borrowings:						
– principal	261,000	49,000	264,365	232,000	806,365	806,365
– interest	33,599	22,964	54,172	24,702	135,437	1,056
	728,884	72,252	318,537	256,702	1,376,375	1,241,994
<b>2017</b>						
Loans due to related companies:						
– principal	-	-	-	2,070,257	2,070,257	2,070,257
– interest	100,614	100,614	301,842	100,614	603,684	-
Payables	1,391,319	805	1,816	-	1,393,940	1,393,940
Borrowings:						
– principal	84,000	91,000	49,000	-	224,000	224,000
– interest	6,844	3,398	319	-	10,561	264
	1,582,777	195,817	352,977	2,170,871	4,302,442	3,688,461



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### 44 Financial Risk Management (continued)

Details of each significant financial risk are as follows: (continued)

#### c. Credit risk

The maximum exposure and collateral and credit enhancements are as follows:

	Group		Company	
	Maximum exposure	Collateral and credit enhancements	Maximum exposure	Collateral and credit enhancements
<b>2018</b>				
Gross receivables	896,274	462,593	4,618,585	37,117
Cash held under Housing Development Accounts	492,969	–	63,735	–
Bank balances, deposits and cash	256,426	–	59,476	–
	<b>1,645,669</b>	<b>462,593</b>	<b>4,741,796</b>	<b>37,117</b>
<b>2017 (re-presented)</b>				
Gross receivables	838,854	535,505	5,402,349	3,079
Cash held under Housing Development Accounts	581,049	–	84,595	–
Bank balances, deposits and cash	548,105	–	104,618	–
	<b>1,968,008</b>	<b>535,505</b>	<b>5,591,562</b>	<b>3,079</b>

### 45 Immediate and Ultimate Holding Company

The Directors regard Permodalan Nasional Berhad as the Company's immediate holding company and Yayasan Pelaburan Bumiputra as the ultimate holding company. Both companies are incorporated in Malaysia.

## 46 List of Subsidiaries, Joint Ventures and Associates

Subsidiaries, joint ventures and associates which are active as at 30 June 2018 are as follows:

Name of company	Principal activities	Country of incorporation	Group's effective interest (%)		Auditors
			2018	2017	
<b><u>Subsidiaries</u></b>					
Genting View Resort Development Sdn Bhd	Property development and provision of management services	Malaysia	–	60.0	1
Golfhome Development Sdn Bhd	Property investment and property development	Malaysia	100.0	100.0	1
Golftek Development Sdn Bhd	Property investment and property development	Malaysia	100.0	100.0	1
Harvard Golf Resort (Jerai) Berhad	Leasing of clubhouse building and golf course	Malaysia	99.0	99.0	1
Harvard Hotel (Jerai) Sdn Bhd	Leasing of hotel building	Malaysia	100.0	100.0	1
Impian Golf Resort Berhad	Provision of golfing and sporting services	Malaysia	100.0	100.0	1
Ironwood Development Sdn Bhd	Property investment and property development	Malaysia	100.0	100.0	1
Kuala Lumpur Golf & Country Club Berhad	Provision of golfing and sporting services and property development	Malaysia	100.0	100.0	1
Malaysia Land Development Company Berhad	Property investment, property management and investment holding	Malaysia	–	100.0	1
MVV Holdings Sdn Bhd	Property development	Malaysia	100.0	100.0	1
Sime Darby Ainsdale Development Sdn Bhd	Property development	Malaysia	100.0	100.0	1
Sime Darby Ampar Tenang Sdn Bhd	Property investment	Malaysia	100.0	100.0	1
Sime Darby Ara Damansara Development Sdn Bhd	Property development	Malaysia	100.0	100.0	1
Sime Darby Augsburg (M) Sdn Bhd	Property development	Malaysia	100.0	100.0	1
Sime Darby Brunfield Damansara Sdn Bhd	Property development and property investment	Malaysia	60.0	60.0	1
Sime Darby Brunfield Holding Sdn Bhd	Property development and investment holding	Malaysia	60.0	60.0	1
Sime Darby Brunfield Kenny Hills Sdn Bhd	Property development	Malaysia	60.0	60.0	1

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### 46 List of Subsidiaries, Joint Ventures and Associates (continued)

Subsidiaries, joint ventures and associates which are active as at 30 June 2018 are as follows: (continued)

Name of company	Principal activities	Country of incorporation	Group's effective interest (%)		Auditors
			2018	2017	
<b>Subsidiaries (continued)</b>					
Sime Darby Brunfield Motorworld Sdn Bhd	Property development and investment holding	Malaysia	60.0	60.0	1
Sime Darby Brunfield Properties Holding Sdn Bhd	Property investment and property management services	Malaysia	60.0	60.0	1
Sime Darby Brunfield Resort Sdn Bhd	Property development	Malaysia	60.0	60.0	1
Sime Darby Builders Sdn Bhd	Property development	Malaysia	100.0	100.0	1
Sime Darby Chemara Sdn Berhad	Property development	Malaysia	100.0	100.0	1
Sime Darby Constant Skyline Sdn Bhd	Property development	Malaysia	100.0	100.0	1
Sime Darby Elmina Development Sdn Bhd	Property development	Malaysia	100.0	100.0	1
Sime Darby GVR Management Sdn Bhd	Resort management	Malaysia	–	100.0	1
Sime Darby Kulai Development Sdn Bhd	Property development	Malaysia	100.0	100.0	1
Sime Darby Johor Development Sdn Bhd	Property development, property investment and investment holding	Malaysia	100.0	100.0	1
Sime Darby KLGCC Development Sdn Bhd	Property development	Malaysia	100.0	100.0	1
Sime Darby Landscaping Sdn Bhd	Property investment and property development	Malaysia	100.0	100.0	1
Sime Darby Lukut Development Sdn Bhd	Property investment	Malaysia	100.0	100.0	1
Sime Darby Melawati Development Sdn Bhd	Property development, property management and property investment	Malaysia	100.0	100.0	1
Sime Darby Nilai Utama Sdn Bhd	Property development	Malaysia	70.0	70.0	1
Sime Darby Pagoh Development Sdn Bhd	Property development and property investment	Malaysia	100.0	100.0	1
Sime Darby Paralimni Sdn Bhd	Property development	Malaysia	100.0	100.0	1
Sime Darby Properties Realty Sdn Bhd	Property development and management	Malaysia	100.0	100.0	1

## 46 List of Subsidiaries, Joint Ventures and Associates (continued)

Subsidiaries, joint ventures and associates which are active as at 30 June 2018 are as follows: (continued)

Name of company	Principal activities	Country of incorporation	Group's effective interest (%)		Auditors
			2018	2017	
Subsidiaries (continued)					
Sime Darby Properties (Sabah) Sdn Bhd	Property development and investment holding	Malaysia	100.0	100.0	1
Sime Darby Properties (Selangor) Sdn Bhd	Property development	Malaysia	100.0	100.0	1
Sime Darby Property Holdings Sdn Bhd	Property investment and provision of property management services	Malaysia	100.0	100.0	1
Sime Darby Property Management Sdn Bhd	Property management services and property investment holding	Malaysia	100.0	100.0	1
Sime Darby Property Selatan Sdn Bhd	Investment holding and construction	Malaysia	60.0	60.0	1
Sime Darby Property Selatan Satu Sdn Bhd	Construction and assets management services under the concession arrangement	Malaysia	60.0	60.0	1
Sime Darby Property Selatan Dua Sdn Bhd	Construction and assets management services under the concession arrangement	Malaysia	60.0	60.0	1
Sime Darby Property Selatan Tiga Sdn Bhd	Construction and assets management services under the concession arrangement	Malaysia	60.0	60.0	1
Sime Darby Property Selatan Empat Sdn Bhd	Construction and assets management services under the concession arrangement	Malaysia	60.0	60.0	1
Sime Darby Property (Bukit Selarong) Sdn Bhd	Property development	Malaysia	100.0	100.0	1
Sime Darby Property (Bukit Tunku) Sdn Bhd	Property development	Malaysia	100.0	100.0	1
Sime Darby Property (Lembah Acob) Sdn Bhd	Property development	Malaysia	100.0	100.0	1
Sime Darby Property (Nilai) Sdn Bhd	Property development, investment and provision of property management services	Malaysia	100.0	100.0	1
Sime Darby Property (Subang) Sdn Bhd	Property development, property management and investment	Malaysia	100.0	100.0	1

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### 46 List of Subsidiaries, Joint Ventures and Associates (continued)

Subsidiaries, joint ventures and associates which are active as at 30 June 2018 are as follows: (continued)

Name of company	Principal activities	Country of incorporation	Group's effective interest (%)		Auditors
			2018	2017	
<b>Subsidiaries (continued)</b>					
Sime Darby Property (Sungai Kapar) Sdn Bhd	Investment holding, property development and property investment	Malaysia	100.0	100.0	1
Sime Darby Property (USJ) Sdn Bhd	Property development	Malaysia	100.0	100.0	1
Sime Darby Property (Utara) Sdn Bhd	Property development and property investment	Malaysia	100.0	100.0	1
Sime Darby Serenia Development Sdn Bhd	Property development	Malaysia	100.0	100.0	1
Sime Darby Sungai Kantan Development Sdn Bhd	Property development and property management	Malaysia	100.0	100.0	1
Sime Darby Urus Harta Sdn Bhd	Investment holding and property management services	Malaysia	100.0	100.0	1
Sime Darby USJ Development Sdn Bhd	Property development and property investment	Malaysia	100.0	100.0	1
Sime Wood Industries Sdn Bhd	Property investment and provision of property management services	Malaysia	100.0	100.0	1
Stableford Development Sdn Bhd	Property investment and development and operation of a convention centre	Malaysia	100.0	100.0	1
Superglade Sdn Bhd	Project development services	Malaysia	60.0	60.0	1
Syarikat Perumahan Guthrie Sdn Bhd	Property development	Malaysia	100.0	100.0	1
The Glengowrie Rubber Company Sdn Berhad	Property development	Malaysia	78.7	78.7	1
Darby Park (Management) Pte Ltd	Property investment and management of service residences	Singapore	100.0	100.0	2
Darby Park (Singapore) Pte Ltd	Property investment and management of service residences	Singapore	100.0	100.0	2
Sime Darby Property Singapore Limited	Property management and investment holding	Singapore	100.0	100.0	2



## 46 List of Subsidiaries, Joint Ventures and Associates (continued)

Subsidiaries, joint ventures and associates which are active as at 30 June 2018 are as follows: (continued)

Name of company	Principal activities	Country of incorporation	Group's effective interest (%)		Auditors
			2018	2017	
<b><u>Subsidiaries (continued)</u></b>					
Sime Darby Property (Vietnam) Pte Ltd	Investment holding	Singapore	100.0	100.0	2
Sime Darby Real Estate Management Pte Ltd	Property management services	Singapore	100.0	100.0	2
Darby Park (Vietnam) Limited	Operation of service residences	Vietnam	65.0	65.0	2
Sime Darby Property (Hong Kong) Limited	Investment holding	Hong Kong SAR	100.0	100.0	2
OCI Management Pty Ltd	Security and land care services	Australia	60.0	60.0	2
Sime Darby Australia Limited	Investment holding, management of service apartments	Australia	100.0	100.0	2
Sime Darby Investments Pty Limited	Investment holding	Australia	100.0	100.0	2
Sime Darby Serenity Cove Pty Limited	Property development	Australia	60.0	60.0	2
Sime Darby Brunsfield Australia Pte Ltd	Investment holding	British Virgin Islands	60.0	60.0	4
Sime Darby London Limited	Property investment holding	United Kingdom	100.0	100.0	2
<b><u>Joint ventures</u></b>					
PJ Midtown Development Sdn Bhd	Property development	Malaysia	30.0	30.0	1
Sime Darby CapitaLand (Melawati Mall) Sdn Bhd	Property investment	Malaysia	50.0	50.0	3
Sime Darby MIT Development Sdn Bhd	Property development and investment holding	Malaysia	50.0	-	4
Sime Darby Sunrise Development Sdn Bhd	Property development	Malaysia	50.0	50.0	1
Sime Darby Real Estate Investment Trust 1	Real estate investment	Singapore	25.0	25.0	3
Battersea Project Holding Company Limited	Property development and investment holding	Jersey	40.0	40.0	2
Battersea Power Station Development Company Limited	Development management services	United Kingdom	40.0	40.0	2
Battersea Power Station Estates Limited	Property/residential sales services	United Kingdom	40.0	40.0	2

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### 46 List of Subsidiaries, Joint Ventures and Associates (continued)

Subsidiaries, joint ventures and associates which are active as at 30 June 2018 are as follows: (continued)

Name of company	Principal activities	Country of incorporation	Group's effective interest (%)		Auditors
			2018	2017	
<u>Associates</u>					
Kuantan Pahang Holding Sdn Bhd	Investment holding	Malaysia	30.0	30.0	1
Mostyn Development Sdn Bhd	Property development	Malaysia	30.0	30.0	3
Seriemas Development Sdn Bhd	Property development and provision of related consultancy services	Malaysia	–	40.0	3
Shaw Brothers (M) Sdn Bhd	Investment holding	Malaysia	36.0	36.0	3

Subsidiaries and a joint venture which are dormant/inactive as at 30 June 2018 are as follows:

Name of company	Country of incorporation	Group’s effective interest (%)		Auditors
		2018	2017	
<b><u>Subsidiaries</u></b>				
Sime Darby Brunfield Property Sdn Bhd	Malaysia	<b>70.0</b>	70.0	1
Sime Darby Building Management Services Sdn Bhd	Malaysia	<b>100.0</b>	100.0	1
Sime Darby Properties Builders Sdn Bhd	Malaysia	<b>100.0</b>	100.0	1
Sime Darby Property (Klang) Sdn Bhd	Malaysia	<b>100.0</b>	100.0	1
Sime Darby Putra Heights Development Sdn Bhd	Malaysia	<b>100.0</b>	100.0	1
Wisma Sime Darby Sdn Berhad	Malaysia	<b>100.0</b>	100.0	1
Sime Darby Hotels Pty Ltd	Australia	<b>100.0</b>	100.0	2
Sime Darby Resorts Pty Ltd	Australia	<b>100.0</b>	100.0	2
Key Access Holdings Limited	British Virgin Islands	<b>100.0</b>	100.0	4
Vibernum Limited	Guernsey	<b>100.0</b>	100.0	2
Robt Bradford Hobbs Savill Limited	United Kingdom	<b>98.6</b>	98.6	4
Robt Bradford & Co Limited	United Kingdom	<b>100.0</b>	100.0	4
<b><u>Joint venture</u></b>				
Sime Darby Brunfield International Limited	British Virgin Islands	<b>50.0</b>	50.0	4

## 46 List of Subsidiaries, Joint Ventures and Associates (continued)

### Notes:

1. Subsidiaries, joint ventures and associates which are audited by PricewaterhouseCoopers PLT, Malaysia.
2. Subsidiaries, joint ventures and associates which are audited by member firms of PricewaterhouseCoopers International Limited, which are separate and independent legal entities from PricewaterhouseCoopers PLT, Malaysia.
3. Subsidiaries, joint ventures and associates which are audited by firms other than member firms of PricewaterhouseCoopers International Limited.
4. No legal requirement to appoint auditors.

The subsidiary and a joint venture placed under members' voluntary liquidation or deregistered during the financial year are as follows:

Name of company	Country of incorporation	Group's effective interest (%)	
		2018	2017
<b><u>Subsidiary</u></b>			
Sime Healthcare Sdn Bhd	Malaysia	–	100.0
<b><u>Joint venture</u></b>			
Sime Darby Brunsfield Properties Australia Pty Ltd	Australia	–	50.0

## 47 Performance-Based Employee Share Scheme

The Performance-Based Employee Share Scheme ("PBESS") of Sime Darby Berhad, was effected on 15 January 2013. Under the PBESS, ordinary shares in Sime Darby Berhad ("Sime Darby Shares") are granted to eligible employees and executive directors of Sime Darby Berhad group of companies.

The grants under the PBESS comprise the Group Performance Share ("GPS"), the Division Performance Share ("DPS") and the General Employee Share ("GES"). The shares granted will be vested only upon fulfilment of vesting conditions which include achievement of service period and performance targets.

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### 47 Performance-Based Employee Share Scheme (continued)

The movement in the number of Sime Darby Berhad Shares granted under the PBESS, in which the employees of the Group and of the Company are entitled to, is as follows:

	Fair value at grant date (RM)	At 1 July 2017	Number of ordinary shares			At 30 June 2018
			Granted	Lapsed	Forfeited	
<b>Group</b>						
Second grant						
GPS	7.24	298,611	-	(298,611)	-	-
DPS	8.18	412,330	-	(412,330)	-	-
GES	8.18	725,729	-	(725,729)	-	-
<b>Company</b>						
Second grant						
GPS	7.24	250,521	-	(250,521)	-	-
DPS	8.18	342,041	-	(342,041)	-	-
GES	8.18	485,219	-	(485,219)	-	-

The fair value of the Sime Darby Berhad Shares granted was determined using Monte Carlo Simulation model, taking into account the terms and conditions under which the shares were granted.

On 23 August 2017, Sime Darby Berhad's Nomination and Remuneration Committee had approved the non-vesting of the outstanding grants as the performance targets were not met.

With effect from 29 November 2017, employees of the Group and of the Company are no longer eligible to participate in the PBESS as Sime Darby Property Berhad has ceased to be a subsidiary of Sime Darby Berhad following the distribution of its entire shareholding in the Company to its shareholders.

### 48 Comparatives

Certain comparatives of the Group and the Company have been re-presented as follows:

- The Group and the Company presented the analysis of expenses in the statements of profit or loss by function for the current financial year. Accordingly, the comparatives have been re-presented to conform with the current financial year's presentation. The presentation of expenses by function and the reclassification of certain income provide more relevant and comparable information and it is consistent with the presentation adopted by the Group for internal reporting.
- The Group has reclassified the assets and liabilities associated with Sime Darby Property Selatan Sdn Bhd ("SDPS") group which were previously classified as held for sale (Note 30) to their respective categories of assets and liabilities in the statement of financial position.

The reclassification of assets and liabilities of SDPS group do not have any impact to the Company's statement of financial position.

## 48 Comparatives (continued)

i. Reconciliation of the Group's statement of profit or loss for the financial year ended 30 June 2017 is as follows:

Group	As previously presented	Effects of note (a)	Effects of note (b)	As re-presented
<u>Continuing operations</u>				
<b>Revenue</b>	2,564,399	(4,942)	51,395	2,610,852
Cost of sales	–	(1,827,832)	(43,705)	(1,871,537)
<b>Gross profit</b>	2,564,399	(1,832,774)	7,690	739,315
Other operating expenses	(2,229,529)	2,229,529	–	–
Other operating income	164,898	(132,946)	3,172	35,124
Selling and marketing expenses	–	(88,412)	–	(88,412)
Administrative and other expenses	–	(280,738)	(4,764)	(285,502)
<b>Operating profit</b>	499,768	(105,341)	6,098	400,525
Other (losses)/gains	(772)	105,341	–	104,569
Share of results of joint ventures	278,952	–	–	278,952
Share of results of associates	39,701	–	–	39,701
Profit before interest and taxation	817,649	–	6,098	823,747
Finance income	22,765	–	94,752	117,517
Finance costs	(3,604)	–	(48,830)	(52,434)
<b>Profit before taxation</b>	836,810	–	52,020	888,830
Taxation	(154,547)	–	(25,182)	(179,729)
Profit for the financial year from continuing operations	682,263	–	26,838	709,101
<u>Discontinuing operations</u>				
Profit for the financial year from discontinuing operations	26,838	–	(26,838)	–
<b>Profit for the financial year</b>	709,101	–	–	709,101



## Notes to the Financial Statements

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### 48 Comparatives (continued)

- ii. Reconciliation of the Company's statement of profit or loss for the financial year ended 30 June 2017 is as follows:

Company	As previously presented	Effects of note (a)	As re-presented
<b>Revenue</b>	790,694	115,457	906,151
Cost of sales	-	(46,177)	(46,177)
<b>Gross profit</b>	790,694	69,280	859,974
Other operating expenses	(393,902)	393,902	-
Other operating income	116,135	(115,457)	678
Selling and marketing expenses	-	(8,598)	(8,598)
Administrative and other expenses	-	(211,462)	(211,462)
<b>Operating profit</b>	512,927	127,665	640,592
Other losses	(12)	(127,665)	(127,677)
Profit before interest and taxation	512,915	-	512,915
Finance income	216,447	-	216,447
Finance costs	(126,408)	-	(126,408)
<b>Profit before taxation</b>	602,954	-	602,954
Taxation	(15,912)	-	(15,912)
<b>Profit for the financial year</b>	587,042	-	587,042

- iii. Reconciliation of the Group's statement of financial position as at 30 June 2017 is as follows:

	As previously stated	Effects of note (b)	As re-presented
<b>Non-current assets</b>			
Property, plant and equipment	824,398	935	825,333
Contract assets	-	1,419,806	1,419,806
Other non-current assets	4,373,548	-	4,373,548
	5,197,946	1,420,741	6,618,687
<b>Current assets</b>			
Receivables	582,478	127,219	709,697
Contract assets	319,874	199,627	519,501
Prepayment	12,348	54,901	67,249
Tax recoverable	27,818	7,359	35,177
Bank balances, deposits and cash	494,211	53,894	548,105
Other current assets	5,160,487	-	5,160,487
	6,597,216	443,000	7,040,216
<b>Assets held for sale</b>	2,222,866	(1,863,741)	359,125
<b>Total assets</b>	14,018,028	-	14,018,028

## 48 Comparatives (continued)

iii. Reconciliation of the Group's statement of financial position as at 30 June 2017 is as follows: (continued)

	As previously stated	Effects of note (b)	As re-presented
<b>Equity</b>			
Attributable to owners of the Company	6,323,177	–	6,323,177
Non-controlling interests	264,724	–	264,724
<b>Total equity</b>	<b>6,587,901</b>	<b>–</b>	<b>6,587,901</b>
<b>Non-Current liabilities</b>			
Borrowings	938,727	850,630	1,789,357
Deferred tax liabilities	33,880	122,884	156,764
Other non-current liabilities	2,651,360	–	2,651,360
	<b>3,623,967</b>	<b>973,514</b>	<b>4,597,481</b>
<b>Current liabilities</b>			
Payables	1,950,159	374,082	2,324,241
Borrowings	230,154	44,770	274,924
Other current liabilities	228,486	–	228,486
	<b>2,408,799</b>	<b>418,852</b>	<b>2,827,651</b>
<b>Liabilities associated with assets held for sale</b>	<b>1,397,361</b>	<b>(1,392,366)</b>	<b>4,995</b>
<b>Total liabilities</b>	<b>7,430,127</b>	<b>–</b>	<b>7,430,127</b>
<b>Total equity and liabilities</b>	<b>14,018,028</b>	<b>–</b>	<b>14,018,028</b>

## 49 Approval of Financial Statements

The financial statements have been approved for issue in accordance with a resolution of the Board of Directors on 12 September 2018.

# Analysis of Shareholdings

As at 30 August 2018

Issued and Paid-Up Share Capital : 6,800,839,377  
 Class of Shares : Ordinary Shares  
 Number of Shareholders : 27,821  
 Voting Rights : 1 vote per Ordinary Share

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares Held	% of Issued Shares
Less than 100	2,684	9.65	71,245	0.00
100 to 1,000 shares	6,517	23.42	3,977,076	0.06
1,001 to 10,000 shares	13,836	49.73	47,681,800	0.70
10,001 to 100,000 shares	3,790	13.62	104,802,982	1.54
100,001 to less than 5% of issued shares	991	3.56	2,655,143,972	39.04
5% and above of issued shares	3	0.01	3,989,162,302	58.66
<b>TOTAL</b>	<b>27,821</b>	<b>100.00</b>	<b>6,800,839,377</b>	<b>100.00</b>

Category of Holders	No. of Shareholders	% of Shareholders	No. of Shares Held	% of Issued Shares
Individual	22,734	81.72	159,855,565	2.35
Bank/Finance Companies	65	0.23	4,320,233,809	63.53
Investment Trusts/Foundation/Charities	19	0.07	778,450	0.01
Industrial and Commercial Companies	602	2.16	90,391,916	1.33
Government Agencies/Institutions	7	0.03	4,184,952	0.06
Nominees	4,392	15.79	2,225,289,410	32.72
Others	2	0.01	105,275	0.00
<b>TOTAL</b>	<b>27,821</b>	<b>100.00</b>	<b>6,800,839,377</b>	<b>100.00</b>

## SUBSTANTIAL SHAREHOLDERS AS PER THE REGISTER OF SUBSTANTIAL SHAREHOLDERS

No.	Name of Shareholders	No. of Shares Held (Direct Interest)	% of Issued Shares	No. of Shares Held (Indirect/Deemed Interest)	% of Issued Shares
1	Amanahraya Trustees Berhad – Amanah Saham Bumiputera	2,949,949,600	43.38	–	–
2	Employees Provident Fund Board	686,306,810	10.09	60,775,100	0.89
3	Permodalan Nasional Berhad	352,905,892	5.19	–	–
4	Yayasan Pelaburan Bumiputra <sup>1</sup>	–	–	352,905,892	5.19

### Note:

<sup>1</sup> Deemed interested by virtue of its interest in Permodalan Nasional Berhad pursuant to Section 8 of the Companies Act 2016.

## TOP THIRTY (30) SHAREHOLDERS AS PER THE RECORDS OF DEPOSITORS

No.	Name of Shareholders	No. of Shares Held	% of Issued Shares
1	Amanahraya Trustees Berhad <i>Amanah Saham Bumiputera</i>	2,949,949,600	43.38
2	Citigroup Nominees (Tempatan) Sdn Bhd <i>Employees Provident Fund Board</i>	686,306,810	10.09
3	Permodalan Nasional Berhad	352,905,892	5.19
4	Kumpulan Wang Persaraan (Diperbadankan)	310,438,864	4.56
5	Amanahraya Trustees Berhad <i>Amanah Saham Wawasan 2020</i>	138,000,000	2.03
6	Amanahraya Trustees Berhad <i>Amanah Saham Malaysia</i>	112,632,800	1.66
7	Amanahraya Trustees Berhad <i>Amanah Saham Bumiputera 2</i>	107,000,000	1.57
8	Valuecap Sdn Bhd	71,681,500	1.05
9	Malaysia Nominees (Tempatan) Sendirian Berhad <i>Great Eastern Life Assurance (Malaysia) Berhad (Par 1)</i>	64,414,449	0.95
10	HSBC Nominees (Asing) Sdn Bhd <i>JPMCB NA for Vanguard Emerging Markets Stock Index Fund</i>	56,894,942	0.84
11	Amanahraya Trustees Berhad <i>AS 1Malaysia</i>	53,885,437	0.79
12	Cartaban Nominees (Asing) Sdn Bhd <i>Exempt An for State Street Bank &amp; Trust Company (West CLT OD67)</i>	51,038,669	0.75
13	HSBC Nominees (Asing) Sdn Bhd <i>JPMCB NA for Vanguard Total International Stock Index Fund</i>	49,490,117	0.73
14	Maybank Nominees (Tempatan) Sdn Bhd <i>Maybank Trustees Berhad for Public Ittikal Fund (N14011970240)</i>	40,000,000	0.59
15	Cartaban Nominees (Tempatan) Sdn Bhd <i>PAMB for Prulink Equity Fund</i>	39,496,327	0.58
16	Amanahraya Trustees Berhad <i>Amanah Saham Didik</i>	35,350,000	0.52
17	Citigroup Nominees (Tempatan) Sdn Bhd <i>Employees Provident Fund Board (Nomura)</i>	34,196,500	0.50
18	Maybank Nominees (Tempatan) Sdn Bhd <i>MTrustee Berhad for CIMB Islamic Dali Equity Growth Fund (UT-CIMB-DALI) (419455)</i>	32,824,903	0.48
19	Maybank Nominees (Tempatan) Sdn Bhd <i>Maybank Trustees Berhad for Public Regular Savings Fund (N14011940100)</i>	32,230,416	0.47

## Shareholders' Information

### Analysis of Shareholdings

As at 30 August 2018

No.	Name of Shareholders	No. of Shares Held	% of Issued Shares
20	Maybank Securities Nominees (Tempatan) Sdn Bhd <i>Malayan Banking Berhad for Lembaga Kemajuan Tanah Persekutuan (Felda)</i>	32,107,200	0.47
21	Citigroup Nominees (Tempatan) Sdn Bhd <i>Exempt An for AIA Bhd</i>	29,897,407	0.44
22	Citigroup Nominees (Asing) Sdn Bhd <i>Exempt An for Citibank New York (Norges Bank 14)</i>	28,526,568	0.42
23	Amanahraya Trustees Berhad <i>Public Islamic Dividend Fund</i>	27,975,463	0.41
24	Amanahraya Trustees Berhad <i>Public Islamic Select Enterprises Fund</i>	26,380,004	0.39
25	HSBC Nominees (Asing) Sdn Bhd <i>HSBC BK PLC for Kuwait Investment Office (KIO)</i>	26,043,100	0.38
26	Assets Nominees (Asing) Sdn Bhd <i>Guoline Capital Limited</i>	25,842,100	0.38
27	Maybank Securities Nominees (Tempatan) Sdn Bhd <i>Malayan Banking Berhad for Lembaga Kemajuan Tanah Persekutuan (Felda 2)</i>	25,000,000	0.37
28	Cartaban Nominees (Asing) Sdn Bhd <i>GIC Private Limited for Government of Singapore (c)</i>	22,871,805	0.34
29	DB (Malaysia) Nominee (Tempatan) Sendirian Berhad <i>Deutsche Trustees Malaysia Berhad for Malaysian ESG Opportunity Fund</i>	19,155,000	0.28
30	Pertubuhan Keselamatan Sosial	17,863,565	0.26
<b>TOTAL</b>		<b>5,500,399,438</b>	<b>80.88</b>

### DIRECTORS' SHAREHOLDINGS AS PER REGISTER OF DIRECTORS' SHAREHOLDINGS

No.	Name of Shareholders	No. of Shares Held			
		Direct	%	Indirect	%
1	Datuk Tong Poh Keow	32,000	– <sup>1</sup>	–	–
2	Dato' Johan Ariffin	–	–	880 <sup>2</sup>	– <sup>1</sup>

<sup>1</sup> Negligible

<sup>2</sup> Deemed interested by virtue of his spouse's interest in the Company pursuant to Section 59(11) of the Companies Act 2016.



# Properties of the Group

As at 30 June 2018

Location	Tenure	Land area (acres)	Year of acquisition	Net book value (RM thousand)
<b>LAND HELD FOR DEVELOPMENT</b>				
<b>MALAYSIA</b>				
<b>Kedah Darul Aman</b>				
Jerai Estate, Kuala Muda	Freehold	928	1985	36,386
Bukit Selarong Estate, Kulim	Freehold	299	1985	4,284
Taman Sungai Dingin, Kulim	Freehold	4	1985	39
Victoria Estate, Kulim	Freehold	71	1992	1,525
<b>Selangor Darul Ehsan</b>				
Bandar Bukit Raja 2 & 3, Klang	Freehold	1,266	2007	28,937
Bukit Lagong, Rawang	Freehold	1,555	1985	51,631
Bukit Subang, Shah Alam	Freehold	8	1985	13,520
Elmina East, Sungai Buloh	Freehold	450	1985	963
Elmina West, Sungai Buloh	Freehold	1,070	1985	164,832
Jalan Acob, Klang	Freehold	235	1995	11,777
Kota Elmina, Rawang	Freehold	1,557	1985	221,132
Melawati Development, Taman Melawati	Freehold	33	1978	18,083
Putra Heights, Subang Jaya	Freehold	41	1992	26,270
Serenia City, Sepang	Freehold	1,142	2008	6,045
Subang Jaya City Centre, Subang Jaya	Freehold	22	1964-2013	50,386
Sungai Kapar Indah, Klang	Freehold	3	1985	2,465
<b>Kuala Lumpur</b>				
Kuala Lumpur, Golf & Country Club, Bukit Kiara	Leasehold expiring 2111	38	1991	339,900
<b>Negeri Sembilan Darul Khusus</b>				
New Labu/Sg Sekah/Hamilton, Nilai	Freehold	2,837	1995-2017	766,589
Nilai Impian 1/Utama, Nilai	Freehold	128	1992-1996	9,753
Rasah, Seremban	Freehold	18	1995	1,833
	Leasehold expiring 2066	6	1995	257
Sua Betong Estate, Port Dickson	Freehold	398	1985	9,713
Dengkil, Sepang	Freehold	2	1995	6,905
<b>Johor Darul Takzim</b>				
Pagoh, Muar	Leasehold expiring 2111	2,434	2012	91,852
	Freehold	17	2012	1,891
Taman Pasir Putih, Pasir Gudang	Freehold	25	1984	2,328
<b>Sabah</b>				
Mostyn Estate, Kunak	Leasehold expiring 2050-2058	37	2006	198
<b>TOTAL LAND HELD FOR DEVELOPMENT</b>		<b>14,624</b>		<b>1,869,494</b>

## Properties of the Group

As at 30 June 2018

Location	Tenure	Land area (acres)	Year of acquisition	Age of building (Years)	Description	Net book value (RM thousand)
<b>INVESTMENT AND HOSPITALITY PROPERTIES</b>						
<b>MALAYSIA</b>						
<b>Kedah Darul Aman</b>						
Harvard Golf & Country Club and Hotel, Bedong	Freehold	917	1985	20-22	Golf course, club house and hotel	23,605
<b>Penang</b>						
Pulau Tikus, Georgetown	Freehold	2	1985	97	2 units of holiday bungalow	1,950
<b>Pahang Darul Makmur</b>						
Fraser's Hill	Leasehold expiring 2082	2	1982	32	Holiday bungalow	309
<b>Selangor Darul Ehsan</b>						
Bayuemas Oval and Akademi Tunku Jaafar, Kota Bayuemas	Freehold	22	2004	8-15	Cricket club and lawn bowl sports facilities	38,456
Elmina East, Sungai Buloh	Freehold	6	2015	4	Sales gallery	10,385
Elmina West, Sungai Buloh	Freehold	1	2017	1	Operation centre	3,871
Impian Golf & Country Club, Kajang	Freehold	149	1997	21	18-hole golf course and country club	55,546
Oasis Corporate Park, Ara Damansara	Freehold	–	2017	1	Carpark	40,459
Oasis Gallery, Ara Damansara	Freehold	3	2007	11	Sales gallery	7,410
Oasis Square, Ara Damansara	Freehold	3	2010	8	2 Blocks 12-storey office building and basement car park	225,362
Saujana Impian, Kajang	Freehold	–	2015	4	Sales gallery	72
Serenia City, Sepang	Freehold	5	2017	1	Sales gallery	12,322
Sime Darby Pavillion, Bukit Jelutong, Shah Alam	Freehold	7	1999	20	3-storey commercial building	24,355

Location	Tenure	Land area (acres)	Year of acquisition	Age of building (Years)	Description	Net book value (RM thousand)
<b>INVESTMENT AND HOSPITALITY PROPERTIES (continued)</b>						
<b>MALAYSIA (continued)</b>						
<b>Selangor Darul Ehsan (continued)</b>						
Taman Subang Ria, Subang Jaya	Leasehold expiring 2087	73	1995	–	Recreation park	298
Wisma Zuellig, Petaling Jaya	Leasehold expiring 2059	3	2000	25	6-storey industrial building	28,759
<b>Kuala Lumpur</b>						
KL East, Taman Melawati	Freehold	6	2015	2-4	Piazza, 2-storey car park and sales gallery	33,697
		7	2017	–	Mall (under construction)	276,536
Sime Darby Convention Centre, Bukit Kiara	Leasehold expiring 2090-2111	4	2006	12	Convention Centre	90,587
The Véo, Taman Melawati	Freehold	–	1978	5	Sales gallery	46
Tournament Players Club (TPC), Bukit Kiara	Leasehold expiring 2087	279	1991	7-25	2 18-hole golf course and clubhouse	249,627
Wisma MRT, Jalan Gelenggang, Damansara Heights	Freehold	1	1985	36	5-storey office building	10,258
<b>Negeri Sembilan Darul Khusus</b>						
Bandar Ainsdale, Seremban	Freehold	–	2013	5	Sales gallery	337
Nilai Impian, Nilai	Freehold	2	1992-1996	4	Sales gallery	10,686
Sri Bayu 1 & 2, Port Dickson	Leasehold expiring 2072	1	2017	24-60	2 units holiday bungalow	2,492
<b>Johor Darul Takzim</b>						
Pagoh, Muar	Leasehold expiring 2111	–	2012	3	Sales gallery	4,207
Taman Pasir Putih, Pasir Gudang	Freehold	1	1984	6	Sales gallery	121
<b>Total Malaysia</b>		<b>1,494</b>				<b>1,151,753</b>

## Properties of the Group

As at 30 June 2018

Location	Tenure	Land area (acres)	Year of acquisition	Age of building (Years)	Description	Net book value (RM thousand)
<b>INVESTMENT AND HOSPITALITY PROPERTIES (continued)</b>						
<b>SINGAPORE</b>						
Darby Park Executive Suites, Orange Grove Road	Leasehold expiring 2092	1	1992-1993	25	75 units of apartment	74,704
The Orion, Orange Grove Road	Freehold	–	2008	10	2 units of apartment	9,420
<b>Total Singapore</b>		<b>1</b>				<b>84,124</b>
<b>VIETNAM</b>						
Rangdong Orange Court, Le Quy Don, Vung Tau	Leasehold expiring 2030	2	1995	25	69 units of apartment	7,358
<b>Total Vietnam</b>		<b>2</b>				<b>7,358</b>
<b>UNITED KINGDOM</b>						
St Johns Wood Court, London	Leasehold expiring 2109-2966	–	1996	99-110	1 unit of apartment	2,062
Battersea, London	Leasehold	–	2017	1	2 units of apartment	22,473
<b>Total United Kingdom</b>		<b>–</b>				<b>24,535</b>
<b>AUSTRALIA</b>						
Darby Park Serviced Residences, Margaret River, Western Australia	Freehold	3	2003	14	8 units of service apartment	2,597
Serenity Shores, Queensland	Freehold	–	2009	8	Operation centre	229
<b>Total Australia</b>		<b>3</b>				<b>2,826</b>
<b>TOTAL INVESTMENT AND HOSPITALITY PROPERTIES</b>		<b>1,500</b>				<b>1,270,596</b>
<b>TOTAL GROUP PROPERTIES</b>		<b>16,124</b>				<b>3,140,090</b>

\* Less than one acre

^ Less than RM1 thousand

## Corporate Directory

### Corporate Head Office, Property Development and Property Investment

**Sime Darby Property Berhad**  
Level 10, Block G  
No. 2, Jalan PJU 1A/7A Ara Damansara  
PJU 1A 47301 Petaling Jaya, Selangor  
Tel: +603-7849 5000

#### Hospitality and Leisure

**Sime Darby Convention Centre**

1A Jalan Bukit Kiara 1  
Bukit Kiara  
60000 Kuala Lumpur  
Tel: 03-2089 3688

**TPC Kuala Lumpur**

10, Jalan 1/70D  
Off Jalan Bukit Kiara  
Bukit Kiara  
60000 Kuala Lumpur  
Tel: 03-2011 9188

**Impian Golf & Country Club**

14th Mile, Jalan Cheras  
43000, Kajang, Selangor  
Tel: +603-8734 4195/96/97

#### Concession Arrangement

**Sime Darby Property Selatan Sdn Bhd**

53-10, The Boulevard Offices  
Mid Valley City  
Lingkaran Syed Putra  
59200 Kuala Lumpur  
Tel: +603-2282 5936

#### Subsidiaries, Joint Ventures and Associates

**Sime Darby Brunfield Holding Sdn Bhd**

Oasis Gallery  
No. 2A, Jalan PJU 1A/2 Ara Damansara  
47301 Petaling Jaya, Selangor  
Tel: +603-7842 9386/9387

**Melawati Mall**

Jalan Sabah, Taman Melawati  
53100 Ampang, Selangor  
Tel: +603-4161 6313

**Radia Bukit Jelutong**

No. 2A (Lot 64406)  
Persiaran Tebar Layar  
Seksyen U8, Bukit Jelutong  
40150 Shah Alam, Selangor  
Tel: +603-7859 9815

#### Overseas

**Battersea Power Station Development Company**

21-22 Circus West Road West  
Battersea Power Station  
SW11 8EZ, United Kingdom  
Tel: +44 20 7501 0678

**Serenity Cove**

Helensvale Road (opp. Sabrina Ave)  
Helensvale, Queensland 4212  
Tel: 1800 118 018

**Darby Park Executive Suites**

12 Orange Grove Road  
Singapore 258353  
Tel: +65-6737 8311



## Sime Darby Property Sales Galleries

### KUALA LUMPUR

#### The International Gallery at ALYA Kuala Lumpur

No. 2A, Jalan Bukit Kiara 1  
Bukit Kiara  
60000 Kuala Lumpur  
Tel: +603-2080 9088  
Hotline: 1-800-88-1118

#### KL East Sales Gallery/Melawati Sales Gallery

Off Middle Ring Road 2  
Desa Melawati  
53100 Kuala Lumpur  
Tel: +603-4162 1788  
Hotline: 1-800-88-1118

### SELANGOR

#### Bandar Bukit Raja Sales Gallery

Jalan Gamelan 1E  
Bandar Bukit Raja  
41200 Klang, Selangor  
Tel: +603-3361 7288  
Hotline: 1-800-88-1118

#### Cantara Sales Gallery

Jalan PJU 1A/31, Ara Damansara  
47301 Petaling Jaya, Selangor  
Tel: +603-7849 5511  
Hotline: 1-800-88-1118

#### City of Elmina Sales Gallery

Elmina Pavilion, Persiaran Eserina  
Elmina East Sek U16  
40160 Shah Alam, Selangor  
Tel: +603-7831 2253  
Hotline: 1-800-88-1118

#### Putra Heights Sales Gallery

The Glades Plaza  
Off Persiaran Putra Perdana  
Section 3, 47650 Subang Jaya  
Selangor  
Tel: +603-5198 0888  
Hotline: 1-800-88-1118

#### RSKU @ Putra Heights Sales Gallery

2nd floor, The Glades Plaza  
Off Persiaran Putra Perdana  
Section 3  
47650 Subang Jaya, Selangor  
Tel: +603-5614 3272  
Hotline: 1-800-88-1118

#### Saujana Impian Sales Gallery

Saujana Impian Golf & Country Club  
Ground Floor Vista Mahogani  
Persiaran Impian Gemilang  
43000 Kajang, Selangor  
Tel: +603 8740 2472  
Hotline: 1-800-88-1118

#### Serenia City Sales Gallery

Lot 27999  
Jalan Pintas Dengkil-Putrajaya (FT29)  
Bandar Serenia, 43900 Sepang  
Selangor  
Tel: +603-8760 0505  
Hotline: 1-800-88-1118

#### Subang Jaya Sales Gallery

Ground Floor, West Wing  
Wisma Consplant 2, Jalan SS16/1  
Subang Jaya, 47500 Petaling Jaya  
Selangor  
Tel: +603-5631 8888  
Hotline: 1-800-88-1118

#### PJ Midtown Property Gallery

Oasis Gallery  
No. 2A, Jalan PJU 1A/2  
Oasis Damansara  
47301 Petaling Jaya  
Tel: +603-7843 9898  
Hotline: 1-800-88-1118

## **NEGERI SEMBILAN**

Bandar Ainsdale Sales Gallery  
No. 1, Jalan Ainsdale 1/1  
Bandar Ainsdale  
70200 Seremban  
Negeri Sembilan  
Tel: +603-7849 5500/5078  
Hotline: 1-800-88-1118

### **Chemara Hills Sales Gallery**

Persiaran Bukit Chemara  
70200 Seremban, Negeri Sembilan  
Tel: +606-768 7688  
Hotline: 1-800-88-1118

### **Nilai Impian Sales Gallery**

No. 1, Persiaran Nilai Impian 3  
Nilai Impian, 71800 Nilai  
Negeri Sembilan  
Tel: +606-794 8383  
Hotline: 1-800-88-1118

### **Planters' Haven Sales Gallery**

Planters' Haven Clubhouse  
Lot PT 28087  
Persiaran Alamanda, Planters' Haven  
Batu 13, Jalan Labu  
71900 Nilai, Negeri Sembilan  
Tel: +606-799 8008  
Hotline: 1-800-88-1118

## **JOHOR**

### **Bandar Universiti Pagoh Sales Gallery**

KM25, Jalan Pagoh, Pagoh  
84600 Muar, Johor  
Tel: 606-984 2103/2222  
Hotline: 1-800-88-1118

### **Taman Pasir Putih Sales Gallery**

No 5, Jalan Selayur 2,  
Off Jalan Pasir Putih  
Taman Pasir Putih  
81700 Pasir Gudang, Johor  
Tel: +607-251 5355  
Hotline: 1-800-88-1118

## Notice of Annual General Meeting

**NOTICE IS HEREBY GIVEN** that the Forty-Fifth (45th) Annual General Meeting ("AGM") of Sime Darby Property Berhad ("Sime Darby Property" or "Company") will be held at the Grand Ballroom, First Floor, Sime Darby Convention Centre, 1A, Jalan Bukit Kiara 1, 60000 Kuala Lumpur, Malaysia on Wednesday, 31 October 2018 at 10.00 a.m. to transact the following businesses:

### AS ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 30 June 2018 together with the Reports of the Directors and the Auditors thereon.  
*Refer to Explanatory Note 1*
2. To approve the payment of Non-Executive Directors' fees for the financial year ended 30 June 2018 and for the period from 1 July 2018 until the next AGM of the Company to be held in 2019. **(Resolution 1)**  
*Refer to Explanatory Note 2*
3. To approve the payment of benefits to the Non-Executive Directors based on the remuneration structure as disclosed in Explanatory Note 3 for the period from 1 November 2018 until the next AGM of the Company to be held in 2019. **(Resolution 2)**  
*Refer to Explanatory Note 3*
4. To re-elect the following Directors who retire pursuant to Rule 109 of the Constitution of the Company and being eligible, offer themselves for re-election:  
  - (i) Datuk Tong Poh Keow **(Resolution 3)**
  - (ii) Dato' Jaganath Derek Steven Sabapathy **(Resolution 4)**
  - (iii) Tengku Datuk Seri Ahmad Shah Alhaj ibni Almarhum Sultan Salahuddin Abdul Aziz Shah Alhaj **(Resolution 5)***Refer to Explanatory Note 4*
5. To re-elect the following Directors who retire pursuant to Rule 90.2 of the Constitution of the Company and being eligible, offer themselves for election:  
  - (i) Tan Sri Dr. Zeti Akhtar Aziz **(Resolution 6)**
  - (ii) Encik Rizal Rickman Ramli **(Resolution 7)***Refer to Explanatory Note 5*
6. To re-appoint PricewaterhouseCoopers PLT having consented to act as the Auditors of the Company for the 6 months ending 31 December 2018 and to authorise the Directors to fix their remuneration. **(Resolution 8)**  
*Refer to Explanatory Note 6*

## AS SPECIAL BUSINESS

To consider and, if thought fit, pass the following Resolutions:

### 7. ORDINARY RESOLUTION

#### **AUTHORITY TO ISSUE SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT 2016**

"THAT subject always to the Companies Act 2016, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the Constitution of the Company and the approvals of the relevant government and/or regulatory authorities, the Directors be and are hereby empowered pursuant to Sections 75 and 76 of the Companies Act 2016 to issue and allot new shares in the Company at any time at such price, upon such terms and conditions, for such purposes and to such person(s) whomsoever as the Directors may in their absolute discretion deem fit and expedient in the interest of the Company, provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10 percent of the total number of issued shares of the Company for the time being 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 and THAT such authority shall continue to be in force until the conclusion of the next annual general meeting of the Company."

*Refer to Explanatory Note 7*

**(Resolution 9)**

### 8. ORDINARY RESOLUTION

#### **PROPOSED SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE**

"THAT subject always to the Companies Act 2016 ("Act"), the existing Constitution of the Company, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, other applicable laws, guidelines, rules and regulations, and the approval of the relevant governmental/regulatory authorities (where applicable), approval be and is hereby given to the Company and/or its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature with related parties ("Recurrent Related Party Transactions") as set out in Section 2.4 of the Circular to Shareholders dated 2 October 2018 ("the Circular"), subject further to the following:

- (i) the Recurrent Related Party Transactions are entered into in the ordinary course of business which are necessary for the day-to-day operations and are on terms which are not more favourable to the related parties than those generally available to the public, and the Recurrent Related Party Transactions are undertaken on arm's length basis and on normal commercial terms which are not to the detriment of the non-interested shareholders of the Company;
- (ii) the shareholders' mandate is subject to annual renewal and this shareholders' mandate shall commence immediately upon passing of this ordinary resolution and continue to be in full force until:
  - (a) the conclusion of the next Annual General Meeting ("AGM") of the Company following the AGM at which this shareholders' mandate is approved, at which time it will lapse, unless by a resolution passed at the next AGM, such authority is renewed; or
  - (b) the expiration of the period within which the next AGM after the date is required to be held pursuant to Sections 340(1) and (2) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
  - (c) this shareholders' mandate is revoked or varied by a resolution passed by the shareholders of the Company in a general meeting,

whichever is the earlier;

THAT the Directors of the Company and/or any one of them be and are hereby authorised to complete and do all such acts, deeds and things as they consider necessary or expedient in the best interest of the Company, including executing all such documents as may be required or necessary and with full powers to assent to any modifications, variations and/or amendments as the Directors of the Company in their discretion deem fit and expedient to give effect to the Recurrent Related Party Transactions contemplated and/or authorised by this Ordinary Resolution."

*Refer to Explanatory Note 8*

**(Resolution 10)**

## Notice of Annual General Meeting

### 9. SPECIAL RESOLUTION

#### PROPOSED ADOPTION OF THE NEW CONSTITUTION OF THE COMPANY

"THAT approval be and is hereby given to revoke the existing Constitution of the Company with immediate effect and in place thereof, the proposed new Constitution of the Company as set out in Appendix II of the Circular to Shareholders dated 2 October 2018 accompanying the Company's Annual Report for the financial year ended 30 June 2018, be and is hereby adopted as the Constitution of the Company, AND THAT the Directors of the Company be and are hereby authorised to assent to any modifications, variations and/or amendments as may be required by the relevant authorities and to do all acts and things and take all such steps as may be considered necessary to give full effect to the foregoing."

*Refer to Explanatory Note 9*

**(Resolution 11)**

10. To transact any other business for which due notice shall have been given in accordance with the Companies Act 2016 and the Constitution of the Company.

**FURTHER NOTICE IS HEREBY GIVEN THAT** for the purpose of determining a member whom shall be entitled to attend, speak and vote at this Forty-Fifth Annual General Meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd in accordance with Rule 73 of the Constitution of the Company and Section 34(1) of the Securities Industry (Central Depositories) Act 1991, to issue a General Meeting Record of Depositors as at 23 October 2018. Only a depositor whose name appears on the Record of Depositors as at 23 October 2018 shall be entitled to attend the said meeting or appoint proxies to attend, speak and vote on his/her behalf.

By Order of the Board

**Moriami Mohd**  
(MAICSA 7031470)  
Group Secretary

Petaling Jaya, Malaysia  
2 October 2018

#### Notes:

1. A Member entitled to attend and vote at the Meeting is entitled to appoint not more than two (2) proxies to exercise all or any of his rights to attend, participate, speak and vote at the Meeting on his/her behalf. Where a Member appoints more than one (1) proxy, the appointment shall be invalid unless he/she specifies the proportion of his/her shareholdings to be represented by each proxy. A proxy may, but need not, be a Member of the Company.
2. A Member may appoint any person to be his/her proxy without any restriction as to the qualification of such person.
3. Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in the Notice of the Forty-Fifth AGM of the Company shall be put to vote by way of a poll.
4. Where a Member of the Company is an Authorised Nominee as defined under the Securities Industry (Central Depositories) Act 1991 ("SICDA"), he/she may appoint not more than two (2) proxies in respect of each Securities Account he/she holds with ordinary shares of the Company standing to the credit of the said Securities Account to attend and vote at a meeting of the Company instead of him.



5. Where a Member of the Company is an Exempt Authorised Nominee as defined under SICDA which holds ordinary shares in the Company for multiple beneficial owners in one (1) Securities Account (Omnibus 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 PROVIDED THAT each beneficial owner of ordinary shares, or where the ordinary shares are held on behalf of joint beneficial owners, such joint beneficial owners, shall only be entitled to instruct the Exempt Authorised Nominee to appoint not more than two (2) proxies to attend and vote at a general meeting of the Company instead of the beneficial owner or joint beneficial owners.
6. The instrument appointing a proxy shall be in writing signed by the appointor or his/her attorney duly authorised in writing or, if the appointor is a corporation, either under its common seal or signed by an officer or attorney so authorised. Any alteration to the instrument appointing a proxy must be initialled.
7. The Form of Proxy and the Power of Attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority, must be deposited at the office of the Share Registrar of the Company, Tricor Investor & Issuing House Services Sdn Bhd at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia not less than 24 hours before the time appointed for the taking of the poll or no later than on 30 October 2018 at 12.00 noon.
8. Only Members registered in the Record of Depositors as at 23 October 2018 shall be entitled to attend, speak and vote at the Forty-Fifth AGM or appoint proxy(ies) to attend, speak and/vote on their behalf.

## EXPLANATORY NOTES

1. **Audited Financial Statements for the Financial Year Ended 30 June 2018**  
The Audited Financial Statements are laid before the shareholders pursuant to the provisions of Sections 266(1)(a) and Section 340(1)(a) of the Companies Act 2016 ("Act") for discussion only and will not be put forward for voting.

2. **Ordinary Resolution 1:  
Payment of Directors' Fees to the Non-Executive Directors ("NEDs") for the financial year ended 30 June 2018 and for the period from 1 July 2018 until the next AGM of the Company to be held in 2019**

The Board had, at its meeting held in August 2017, approved the Directors' fees in accordance with the remuneration structure as follows:

	Board (RM/Year)	Governance and Audit Committee (RM/Year)	Other Committees (RM/Year)
Chairman	540,000	80,000	60,000
Member			
i) Resident	220,000	50,000	35,000
ii) Non-resident	360,000		

Rule 92.1 of the Constitution of the Company provides that the remuneration of the NEDs shall be determined by the Company by an ordinary resolution at a general meeting.

The shareholders' approval is hereby sought under Resolution 1 on the payment of NEDs' fees for the financial year ended 30 June 2018 and for the period from 1 July 2018 until the next AGM of the Company. If passed, it will give approval to the Company to make the payment of the NEDs' fees on a monthly basis instead of in arrears after every AGM for their services to the Board and Board Committees.

Any NEDs who are shareholders of the Company will abstain from voting on Resolution 1 concerning the remuneration to the NEDs at the Forty-Fifth AGM.

Please refer to page 235 of the Notes to the Financial Statements for the amount of Directors' Remuneration of the Company, to be approved at this AGM. The remuneration of each Director is set out in the Corporate Governance Overview Statement on page 130 of the Company's Annual Report.

3. **Ordinary Resolution 2:  
Payment of benefits payable to the NEDs for the period from 1 November 2018 until the next AGM of the Company to be held in 2019**

Pursuant to Section 230(1) of the Act, any "fees" of the directors and "any benefits" payable to the directors of a listed company and its subsidiaries shall be approved at a general meeting.

## Notice of Annual General Meeting

The Company is seeking shareholders' approval on the benefits/emoluments payable to the NEDs for the period commencing 1 November 2018 until the next AGM to be held in 2019 in accordance with the remuneration (excluding Directors' fees) structure set out below, as and when incurred:

Description	
Discount on purchase of Group/Company products	
Key Benefits	<p>Club membership fees, medical, insurance coverage, telecommunication devices, use of local holiday bungalows and apartments maintained by Sime Darby Property Group and claimable benefits*.</p> <p><i>* Claimable benefits include reimbursable expenses incurred in the course of carrying out their duties as Directors.</i></p>

Any NEDs who are shareholders of the Company will abstain from voting on Resolution 2 concerning the remuneration to the NEDs at the Forty-Fifth AGM.

#### 4. Ordinary Resolutions 3 to 5:

##### Re-election of Directors Pursuant to Rule 109 of the Constitution

Rule 109 of the Constitution expressly states that at every AGM, at least one-third (1/3) of the Directors for the time being shall retire from office. In addition, Rule 110 of the Constitution states that all Directors shall retire from office once at least in each three (3) years. A retiring Director shall be eligible for re-election.

Datuk Tong Poh Keow, Dato' Jaganath Derek Steven Sabapathy and Tengku Datuk Seri Ahmad Shah Alhaj ibni Almarhum Sultan Salahuddin Abdul Aziz Shah Alhaj being eligible, have offered themselves for re-election at the Forty-Fifth AGM pursuant to Rule 109 of the Constitution.

The Board recommends the re-election of the Directors standing for re-election. All Directors standing for re-election (including Tan Sri Dr. Zeti Akhtar Aziz and Encik Rizal Rickman Ramli who retire pursuant to Rule 90.2 of the Constitution) have abstained from deliberations and decisions on their own eligibility to stand for re-election at the relevant Nomination and Remuneration Committee and Board meetings and will continue to abstain from deliberations and decisions on their own eligibility to stand for re-election at this AGM.

#### 5. Ordinary Resolutions 6 to 7:

##### Re-election of Directors Pursuant to Rule 90.2 of the Constitution

Rule 90.2 of the Constitution provides that any Director appointed during the year shall hold office only until the next AGM and shall then be eligible for re-election. The Director shall not be taken into account in determining the Directors to retire by rotation at the AGM.

Tan Sri Dr. Zeti Akhtar Aziz and Encik Rizal Rickman Ramli who were appointed on 23 July 2018 and 5 April 2018, respectively, shall hold office until the Forty-Fifth AGM and shall then be eligible for re-election pursuant to Rule 90.2 of the Constitution.

#### 6. Ordinary Resolution 8:

##### Re-appointment of Auditors

The Governance and Audit Committee ("GAC") had, at its meeting held on 23 August 2018, undertook an annual assessment of the suitability effectiveness of the external audit process, performance suitability and independence of the external auditors, PricewaterhouseCoopers PLT ("PwC").

In its assessment, the GAC considered several factors before recommending the re-appointment of the external auditors, PwC, as follows:

- i) Calibre of external audit firm
- ii) Quality processes/performance
- iii) Audit team
- iv) Independence and objectivity
- v) Audit scope and planning
- vi) Audit fees
- vii) Audit communications

The GAC was satisfied with the suitability of PwC based on the quality of audit, performance, competency and sufficiency of resources the external audit team provided to the Sime Darby Property Group as prescribed under Paragraph 15.21 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The Board had, at its meeting held on 28 August 2018, approved the GAC's recommendation for the shareholders' approval to be sought at the Forty-Fifth AGM on the re-appointment of PwC as external auditors of the Company for the 6 months ending 31 December 2018, under Resolution 8. The present external auditors, PwC, have indicated their willingness to continue their services for the next financial period.

## EXPLANATORY NOTES ON SPECIAL BUSINESS

### 7. Ordinary Resolution 9:

#### **Authority to Issue Shares pursuant to Sections 75 and 76 of the Act**

The proposed Resolution 9 is to seek a renewal of the general mandate obtained from the shareholder of the Company at the Forty-Fourth AGM held on 17 November 2017 and which will lapse at the AGM to be held on 31 October 2018.

The general mandate, if passed, will provide flexibility for the Company and empower the Directors to allot and issue new shares in the Company for any fund raising activities, including but not limited to the placing of shares, for working capital, funding future investments and/or funding of strategic development of the Group. The renewal of the general mandate is sought to avoid any delay arising from and cost in convening a general meeting to obtain approval of the shareholders for such issuance of shares, up to an amount not exceeding in total ten percent (10 percent) of the issued and paid-up share capital of the Company, as the Directors consider appropriate in the best interest of the Company. The authority, unless revoked or varied by the Company at a general meeting, will expire at the next AGM of the Company.

There are no new shares issued pursuant to the general mandate approved at the Forty-Fourth AGM held on 17 November 2017.

At as the date of this Notice, there is no decision to issue new shares. Should there be a decision to issue new shares after the authorisation is sought, the Company will make an announcement of the actual purpose and utilisation of proceeds arising from such issuance of shares.

### 8. Ordinary Resolution 10:

#### **Proposed Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature**

The proposed Ordinary Resolution 10, if passed, will enable the Company and/or its subsidiary companies to enter into Recurrent Related Party Transactions of revenue or trading nature pursuant to the provisions of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. Please refer to the Circular to Shareholders dated 2 October 2018 for further information.

### 9. Special Resolution 11:

#### **Proposed Adoption of the new Constitution of the Company**

The proposed Special Resolution, if passed, will bring the Company's Constitution in line with the amended Main Market Listing Requirements of Bursa Malaysia Securities Berhad which was issued on 29 November 2017 and will enhance administrative efficiency. The proposed new Constitution is set out in the Circular to Shareholders dated 2 October 2018 accompanying the Company's Annual Report.

## Statement Accompanying Notice of the Forty-Fifth Annual General Meeting

(Pursuant to Paragraph 8.27(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad)

The profile of the Directors who are standing for re-election (as per Resolutions 3 to 7 as stated above) at the Forty-Fifth Annual General Meeting of Sime Darby Property Berhad are set out in the "Profile of Directors" section on pages 97 to 106 of the Company's Annual Report.

The details of the Directors' interest in the securities of the Company as at 30 August 2018 are stated on page 310 of the Company's Annual Report.

# Administrative Details for the Forty-Fifth (45<sup>th</sup>) Annual General Meeting ("AGM") of Sime Darby Property Berhad

**Date** : Wednesday, 31 October 2018

**Time** : 10.00 a.m.

**Meeting venue** : Grand Ballroom, 1st Floor, Sime Darby Convention Centre, 1A, Jalan Bukit Kiara 1, 60000 Kuala Lumpur, Malaysia

## Parking

- Indoor parking is available at Sime Darby Convention Centre ("SDCC") (subject to availability).
- Outdoor parking is available at Stadium Juara which is adjacent to SDCC (subject to availability).

## Shuttle Service

- Shuttle service is available at designated drop off/pick up points between Stadium Juara and SDCC.

## Registration

- Registration will commence at **7.00 a.m.** at Ballroom 3, 1st Floor, SDCC.
- Please read the signage to ascertain the registration area and proceed to register yourself for the meeting.
- Please produce your ORIGINAL national Identification Card (I/C) or Passport (for foreign shareholder) during registration for verification purposes. Only original I/C or Passport is valid for registration. Please note that you are not allowed to register on behalf of another shareholder/proxy, even with the production of original I/C or Passport of that other shareholder/proxy. Please make sure you collect your I/C or Passport after the registration.
- Upon verification of your I/C and signing the Attendance List, you will be given an identification wristband to be secured around your wrist. If you are attending the AGM as a shareholder as well as proxy, you will be registered once and will be given only one identification wristband to enter the meeting hall. No person will be allowed to enter the meeting hall without wearing the identification wristband. There will be no replacement in the event that you lose/misplace the identification wristband.
- The registration counters will only handle verification of shareholdings and registration for the AGM. For any other clarification or query, you may proceed to the Registration Help Desk or Secretariat Help Desk.
- After registration, please proceed to Banyan Room (Ground Floor) to redeem your breakfast pack. Light refreshments (coffee/tea) will be available from 7.00 a.m. to 11.30 a.m.

## Registration Help Desk

- The Registration Help Desk is located at Ballroom 3, 1st Floor, SDCC.
- You may proceed to the Registration Help Desk for any clarification or query on registration matters.

## Secretariat Help Desk

- The Secretariat Help Desk is located at the entrance of the Grand Ballroom.
- The Secretariat Help Desk handles any general clarification or enquiry.

## Breakfast and Gift Voucher

- The distribution of the breakfast pack will start at 7.00 a.m. at Banyan Room, Ground Floor, SDCC.
- A shareholder entitled to attend and vote at the AGM is entitled to appoint not more than two (2) proxies. Each shareholder/proxy who is present will be given one (1) breakfast pack and one (1) gift voucher upon registration. A proxy will only be entitled to one (1) breakfast pack irrespective of the number of shareholders he/she represents.
- If the proxy/proxies has/have obtained the breakfast pack earlier, shareholder(s) who register subsequently will not be given any breakfast pack.
- No food or beverages are allowed in the Grand Ballroom. Meals can be consumed at the dining areas located on the Ground Floor and LG2 of SDCC.
- There will be no replacement in the event that you lose/misplace your breakfast pack.

## Seating arrangement for the AGM

- Free seating. All shareholders/proxies will be allowed to enter the Grand Ballroom from 9.00 a.m. onwards.
- All shareholders/proxies are encouraged to be seated at least ten (10) minutes before the commencement of the AGM.

## Entitlement to Attend and Vote

- Only members whose names appear on the Record of Depositors as at 23 October 2018 shall be eligible to attend, speak and vote at the AGM or appoint proxy/ies to attend and vote on his/her behalf.
- If you wish to attend the Meeting yourself, please do not submit any Form of Proxy for the Meeting. You will not be allowed to attend the Meeting together with a proxy appointed by you.
- If you have submitted your Form of Proxy prior to the Meeting and subsequently decide to attend the Meeting in person, please proceed to the Help Desk to revoke the appointment of your proxy(ies).



## Corporate Representatives

- Any corporate member who wishes to appoint a representative instead of a proxy to attend the AGM should submit the original certificate of appointment under the seal of the corporation to the office of the Share Registrar at any time before the time appointed for holding the AGM or to the registration staff on the AGM day for the Company's records.

## Voting at Meeting

- Pursuant to the Paragraph 8.29A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Malaysia"), all resolutions to be tabled at the meeting will be voted by poll instead of by show of hands. For this purpose, the Company has appointed Tricor Investor & Issuing House Services Sdn Bhd ("Tricor") to conduct the poll voting electronically ("e-voting") via Tricor e-Vote application ("Tricor e-Vote App") and Deloitte Risk Advisory Sdn Bhd (formerly known as Deloitte Enterprise Risk Services Sdn Bhd) as Independent Scrutineers to verify the poll results.
- E-voting for each of the resolutions as set out in the Notice of AGM will take place upon the conclusion of the deliberations of all the business transacted. The registration for attendance will be closed, to facilitate commencement of the poll.
- Each shareholder/proxy will be directed to the e-voting counter or kiosk for voting using tablet where he/she must produce the identification tag issued during registration.
- Alternatively, shareholder/proxy could cast vote using your own smartphone device with access to Tricor e-Vote App. Shareholder/proxy are advised to download the Tricor e-Vote App onto your smartphone device before attending the meeting. Kindly refer to Appendix 1 on how to download the Tricor e-Vote app.

## Results of the voting

- The resolutions proposed at the AGM and the results of the voting will be announced at the AGM and subsequently via an announcement made by the Company through Bursa Malaysia at <https://www.bursamalaysia.com>.

## Mobile Devices

- Please ensure that all mobile devices, ie phones/pagers/ other sound emitting devices are switched off or put on silent mode during the AGM to ensure smooth and uninterrupted proceedings. Any recording of the proceedings, either vocal or audio visual is strictly prohibited.

## No Smoking Policy

- A no smoking policy is maintained inside the SDCC building. Your co-operation is much appreciated.

## WI-FI

- Free Wi-Fi is available at SDCC wifi for the convenience of shareholders/proxies.

## Surau/Prayer Room

- The Surau is located at 1st Floor, SDCC, near Halia Restaurant.

## First Aid

- An ambulance is on standby for any medical emergency. Please refer to the Secretariat Help Desk/First Aiders should you require any assistance.

## Personal Belongings

- Please take care of your personal belongings. Sime Darby Property Berhad and SDCC will not be held responsible for any missing items.

## Evaluation Form

- An evaluation form is available at the Secretariat Help Desk. To enable us to improve on the administration and quality of services, we would appreciate your completed Evaluation Form. Please leave it at the Secretariat Help Desk once completed.

## Annual Report 2018

- The Annual Report is available on the Company's website at <https://www.simedarbyproperty.com> and Bursa Malaysia at <https://www.bursamalaysia.com> under Company's announcements.

## Enquiry

- If you have any enquiry prior to the meeting, please call Tricor Investor & Issuing House Services Sdn Bhd at +603-2783 9299 during office hours i.e. from 8.30 a.m. to 5.30 p.m. (Monday to Friday).

## Location Map to SDCC








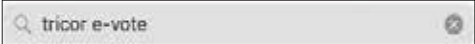






Administrative Details for the Forty-Fifth (45<sup>th</sup>)  
Annual General Meeting (“AGM”) of Sime Darby Property Berhad

Appendix 1

A. For voting using your own smartphone device

- Shareholders and proxies are advised to download Tricor e-Vote App onto your smartphone device before attending the meeting.
- Tricor e-Vote App download is available at no cost from Google Play Store or Apple App Store.
- Please follow the steps below on how to download the Tricor e-Vote App.

How to download Tricor e-Vote from	
Google Play Store (Android) – Minimum version of Android 4.0.3 or later	Apple App Store (IOS) – Minimum version of IOS 8.0 or later
<p>1. Locate the Play Store icon and tap on it to open</p> 	<p>1. Open the <b>App Store</b> application</p> 
<p>2. Type in the name of the app: <b>“Tricor e-Vote”</b>, into the menu bar and search</p> 	<p>2. Tap the <b>Search icon</b> at the bottom of the screen.</p> 
<p>3. Tapping the three dots on the right side of the box will provide options to install right away.</p> 	<p>3. Enter the <b>app name: “Tricor e-vote”</b> and tap Search.</p> 
<p>4. Tap the Install button to start downloading. You will be prompted to provide certain device permissions for the installation to continue.</p> 	<p>4. Tap on ‘Get’ button</p> 
<p>5. Once the download and installation are completed, you can tap the Open button in the Play Store listing, or tap the icon from the notification tray to open your app. Otherwise, the app will be accessible by tapping the App icon in the bottom of your home screen, assuming an icon has not been put on your home screen.</p>	<p>5. Tap on ‘Install’ button to start downloading</p> 
	<p>6. Enter your Apple ID Password. Click ‘Buy’ to proceed (please note that there is no cost incurred)</p> 
	<p>7. Once the download and installation are completed, you can tap the Open button in the App Store listing. Otherwise, the app will be accessible by tapping the App icon in your home screen.</p>

B. For access to Tricor e-Vote App

- To use Tricor e-Vote App, you need to connect the Wi-Fi network provided by Tricor during the voting session:

Wi-Fi Name: Tricor\_eVote

Password: simeprop3110
- An identification tag with passcode will be issued to you by Tricor upon registration of attendance for the meeting.
- Please retain the identification tag for voting purpose during the meeting.
- You will be required to use the camera function of your device to capture the passcode to access Tricor e-Vote App.
- Detailed instruction on how to vote will be provided in the meeting before the start of the voting session.

Voters who do not have a suitable device

- Voting kiosks equipped with tablet will be set up by Tricor in the voting area.
- Once the voting session begins, you may proceed to the kiosks to cast your vote.

Form of Proxy

SIME DARBY PROPERTY BERHAD (Company No. 15631-P)  
(Incorporated in Malaysia)

Number of ordinary shares held	CDS Account No.													
				-			-							

I/We (FULL NAME OF SHAREHOLDER AS PER NRIC/PASSPORT/CERTIFICATE OF INCORPORATION IN CAPITAL LETTERS)

(NRIC/Passport/Company No. ) of (ADDRESS)

(ADDRESS)

Tel. No. being a member/members of SIME DARBY PROPERTY BERHAD hereby appoint (NRIC/Passport No. ) (FULL NAME OF PROXY AS PER NRIC/PASSPORT IN CAPITAL LETTERS)

of (ADDRESS)

\*and/or (NRIC/Passport No. ) (FULL NAME OF PROXY AS PER NRIC/PASSPORT IN CAPITAL LETTERS)

of (ADDRESS)

\*\*or failing him/her, the Chairman of the Meeting, as my/our proxy/proxies to attend and vote for me/us and on my/our behalf at the Forty-Fifth Annual General Meeting of Sime Darby Property Berhad (“Sime Darby Property” or “the Company”) to be held at the Grand Ballroom, First Floor, Sime Darby Convention Centre, 1A, Jalan Bukit Kiara 1, 60000 Kuala Lumpur, Malaysia, on Wednesday, 31 October 2018 at 10.00 a.m. and at any adjournment thereof.

NO.	AGENDA			
1.	To receive the Audited Financial Statements for the financial year ended 30 June 2018 together with the Reports of the Directors and the Auditors thereon			
ORDINARY BUSINESS		RESOLUTION	FOR	AGAINST
2.	To approve the payment of Non-Executive Directors’ fees for the financial year ended 30 June 2018 and for the period from 1 July 2018 until the next Annual General Meeting of the Company to be held in 2019	1		
3.	To approve the payment of benefits payable to the Non-Executive Directors for the period from 1 November 2018 until the next Annual General Meeting of the Company to be held in 2019	2		
4.	To re-elect Datuk Tong Poh Keow who retires in accordance with Rule 109 of the Constitution of the Company	3		
5.	To re-elect Dato’ Jaganath Derek Steven Sabapathy who retires in accordance with Rule 109 of the Constitution of the Company	4		
6.	To re-elect Tengku Datuk Seri Ahmad Shah Alhaj ibni Almarhum Sultan Salahuddin Abdul Aziz Shah Alhaj who retires in accordance with Rule 109 of the Constitution of the Company	5		
7.	To re-elect Tan Sri Dr. Zeti Akhtar Aziz who retires pursuant to Rule 90.2 of the Constitution of the Company	6		
8.	To re-elect Encik Rizal Rickman Ramli who retires pursuant to Rule 90.2 of the Constitution of the Company	7		
9.	To re-appoint PricewaterhouseCoopers PLT as Auditors of the Company for the 6 months ending 31 December 2018 and to authorise the Directors to determine their remuneration	8		
SPECIAL BUSINESS		RESOLUTION	FOR	AGAINST
10.	To approve the Renewal of Authority for Directors to Allot and Issue New Ordinary Shares	9		
11.	To approve the Proposed Shareholders’ Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature	10		
12.	To approve the Proposed Adoption of the New Constitution of the Company	11		

My/Our proxy is to vote on the resolutions as indicated by an “X” in the appropriate space above. If no indication is given, my/our proxy shall vote or abstain from voting as he/she thinks fit.

For appointment of two (2) proxies, percentage of shareholdings to be represented by the proxies must be indicated below:	
	Percentage (%)
First proxy	
Second proxy	

IMPORTANT: Disclosure of Shareholder’s and Proxy’s Personal Data

Please refer to the Notice to Shareholders under the Personal Data Protection Act 2010 (PDPA Notice) in the Annual Report concerning the Company’s collection of your personal data for the purpose of the Company’s General Meeting(s).

You hereby declare that you have read, understood and accepted the statements and terms contained in the PDPA Notice.

In disclosing the proxy’s personal data, you as a shareholder, warrant that the proxy(ies) has/have given his/her/their explicit consent for his/her/their personal data being disclosed and processed in accordance with the Notice to Proxies under the Personal Data Protection Act 2010 attached.

Dated this day of 2018 Signature/Common Seal of Member(s)

- \* Please delete as applicable.
- \*\* If you do not wish to appoint the Chairman of the Meeting as your proxy/one of your proxies, please strike out the words “or failing him/her, the Chairman of the Meeting” and insert the name(s) of the proxy(ies) you wish to appoint in the blank space(s) provided.

Notes:

1. A Member entitled to attend and vote at the Meeting is entitled to appoint not more than two (2) proxies to exercise all or any of his rights to attend, participate, speak and vote at the Meeting on his/her behalf. Where a Member appoints more than one (1) proxy, the appointment shall be invalid unless he/she specifies the proportion of his/her shareholdings to be represented by each proxy. A proxy may, but need not, be a Member of the Company.

2. A Member may appoint any person to be his/her proxy without any restriction as to the qualification of such person.

3. Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in the Notice of the Forty-Fifth Annual General Meeting (“AGM”) of the Company shall be put to vote by way of a poll.

4. Where a Member of the Company is an Authorised Nominee as defined under the Securities Industry (Central Depositories) Act 1991 (“SICDA”), he/she may appoint not more than two (2) proxies in respect of each Securities Account he/she holds with ordinary shares of the Company standing to the credit of the said Securities Account to attend and vote at a meeting of the Company instead of him.

5. Where a Member of the Company is an Exempt Authorised Nominee as defined under SICDA which holds ordinary shares in the Company for multiple beneficial owners in one (1) Securities Account (Omnibus 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 PROVIDED THAT each beneficial owner of ordinary shares, or where the ordinary shares are held on behalf of joint beneficial owners, such joint beneficial owners, shall only be entitled to instruct the Exempt Authorised Nominee to appoint not more than two (2) proxies to attend and vote at a general meeting of the Company instead of the beneficial owner or joint beneficial owners.

6. The instrument appointing a proxy shall be in writing signed by the appointor or his/her attorney duly authorised in writing or, if the appointor is a corporation, either under its common seal or signed by an officer or attorney so authorised. Any alteration to the instrument appointing a proxy must be initialled.

7. The Form of Proxy and the Power of Attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority, must be deposited at the office of the Share Registrar of the Company, Tricor Investor & Issuing House Services Sdn Bhd at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia not less than 24 hours before the time appointed for the taking of the poll or no later than on 30 October 2018 at 12.00 noon.

8. Only Members registered in the Record of Depositors as at 23 October 2018 shall be entitled to attend, speak and vote at the Forty-Fifth AGM or appoint proxy(ies) to attend, speak and/vote on their behalf.



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THE SHARE REGISTRAR

**SIME DARBY PROPERTY BERHAD** (15631-P)  
c/o Tricor Investor & Issuing House Services Sdn Bhd (11324-H)  
Unit 32-01, Level 32, Tower A  
Vertical Business Suite  
Avenue 3, Bangsar South  
No. 8, Jalan Kerinchi  
59200 Kuala Lumpur  
Malaysia

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## Notice to Shareholders Under The Personal Data Protection Act 2010

Sime Darby Property Berhad (“Sime Darby Property” or “we” or “us” or “our”) strives to protect your personal data in accordance with the Personal Data Protection Act 2010 (the Act). The Act was enacted to regulate the processing of personal data. To comply with the Act, we are required to manage the personal data that we collect from you relating to your shareholding in Sime Darby Property.

The purposes for which your personal data may be used are, but not limited to:

- Internal record keeping including but not limited to the registration and management of your shareholding in Sime Darby Property
- To provide services to you
- To communicate with you as a shareholder of Sime Darby Property
- To better understand your needs as our shareholder
- For security and fraud prevention purposes
- For the purposes of statistical analysis of data
- For marketing activities
- For the purposes of our corporate governance
- To send you event invitations based on selected events
- To comply with any legal, statutory and/or regulatory requirements
- For the purposes of inclusion in media engagements and/or any relevant or related events
- For the purposes of us preparing guest invitations, registration and/or sign-ups for our events
- For the purposes of printed and on-line publications

(collectively, “the Purposes”).

Your personal data is or will be collected from information provided by you, including but not limited to, postal, facsimile, telephone and e-mail communications with or from you, and information provided by third parties, including but not limited to, Bursa Malaysia Berhad and any other stock exchange, and your stockbrokers and remisiers.

You may be required to supply us with your name, NRIC No, correspondence address, telephone number, facsimile number and email address.

If you fail to supply us with such personal data, we may not be able to process and/or disclose your personal data for any of the Purposes.

Please be informed that your personal data may be disclosed, disseminated and/or transferred to companies within the Sime Darby Property Group (including the holding company, subsidiaries, related and affiliated companies, both local and international), whether present or future (collectively, “the Group”) or to any third party organisations or persons for the purpose of fulfilling our obligations to you in respect of the Purposes and all such other purposes that are related to the Purposes and also in providing integrated services, maintaining and storing records including but not limited to the share registrar(s) appointed by us to manage the registration of shareholders.

The processing, disclosure, dissemination and/or transfer of your personal data by us and/or the Group and/or third party organisations or persons may result in your personal data being transferred outside of Malaysia.

To this end, we are committed to ensuring the confidentiality, protection, security and accuracy of your personal data made available to us. It is your obligation to ensure that all personal data submitted to us and retained by us are accurate, not misleading, updated and complete in all aspects. For the avoidance of doubt, we and/or the Group and/or our or their employees or authorised officers or agents will not be responsible for any personal data submitted by you to us that is inaccurate, misleading, not up to date and incomplete.

Further, we may request your assistance to procure the consent of third parties whose personal data is made available by you to us and you hereby agree to use your best endeavours to do so.

You may at any time after the submission of your personal data to us, request for information relating to your personal data by contacting our share registrar, Tricor Investor & Issuing House Services Sdn Bhd if you wish to enquire about any aspects of share registration matters:

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.

Attention : Ms Lim Lay Kiow, Senior Manager  
Tel No. : +603 2783 9299  
E-mail : lay.kiow.lim@my.tricorglobal.com

In addition, you may request for access to your personal data by contacting your broker or alternatively, Tricor Investor & Issuing House Services Sdn Bhd as shown above if:

- you require access to and/or wish to make corrections to your personal data subject to compliance of such request for access or correction not being refused under the provisions of the Act and/or existing laws; or
- you wish to enquire about your personal data.

Any personal data retained by us shall be destroyed and/or deleted from our records and system in accordance with our retention policy in the event such data is no longer required for the said Purposes.

In the event of any inconsistency between the English version and the Bahasa Malaysia version of this Notice, the English version shall prevail over the Bahasa Malaysia version.

We trust that you will consent to the processing of your personal data and that you declare that you have read, understood and accepted the statements and terms herein.



# Notis kepada Pemegang Saham Di Bawah Akta Perlindungan Data Peribadi 2010

Sime Darby Property Berhad ("Sime Darby Property" atau "kami") bermatlamat untuk melindungi data peribadi anda selaras dengan Akta Perlindungan Data Peribadi 2010 (Akta). Akta tersebut diperbuat untuk mengawal selia pemprosesan data peribadi. Bagi mematuhi Akta tersebut, kami dikehendaki untuk menguruskan data peribadi yang kami kumpulkan daripada anda berkenaan dengan pemegang saham anda di Sime Darby Property.

Tujuan penggunaan data peribadi anda adalah untuk, tetapi tidak terhad kepada:

- Penyimpanan rekod dalaman termasuk tetapi tidak terhad kepada pendaftaran dan pengurusan pegangan saham anda di Sime Darby Property
- Untuk memberikan perkhidmatan kepada anda
- Untuk berkomunikasi dengan anda sebagai pemegang saham Sime Darby Property
- Untuk lebih memahami keperluan anda sebagai pemegang saham kami
- Bagi maksud-maksud keselamatan dan pencegahan penipuan
- Bagi maksud analisis statistik data
- Untuk aktiviti pemasaran
- Bagi maksud tadbir urus korporat kami
- Untuk menghantar jemputan acara berdasarkan acara-acara terpilih
- Untuk mematuhi apa-apa kehendak di sisi undang undang, statut, dan peraturan
- Bagi maksud penyertaan dalam penglibatan media dan/atau apa-apa acara relevan atau berkaitan
- Bagi maksud kami menyediakan jemputan tetamu, pendaftaran dan/atau kemasukan untuk acara-acara kami
- Bagi maksud penerbitan bercetak dan penerbitan dalam talian kami

(secara kolektif, "Tujuan-Tujuan tersebut").

Data peribadi anda sedang atau akan dikumpul daripada maklumat yang diberikan oleh anda, termasuk tetapi tidak terhad kepada, komunikasi-komunikasi pos, faksimili, telefon dan e-mel dengan atau daripada anda, dan maklumat yang diberikan oleh pihak ketiga, termasuk tetapi tidak terhad kepada, Bursa Malaysia Berhad dan apa-apa bursa saham lain, dan broker saham dan remisier anda.

Anda mungkin diperlukan untuk memberikan kepada kami nama, No. KP Baru, alamat surat-menyurat, nombor telefon, nombor faksimili dan alamat emel anda.

Jika anda gagal untuk memberikan kami data peribadi tersebut, kami mungkin tidak dapat memproses dan/atau menzahirkan data peribadi anda bagi mana-mana Tujuan-Tujuan tersebut.

Sila maklum bahawa data peribadi anda boleh dizahirkan, disebarkan dan/atau dipindahkan kepada syarikat-syarikat di dalam Kumpulan Sime Darby Property (termasuk syarikat induk, anak-anak syarikat, syarikat-syarikat berkaitan dan bersekutu tempatan dan antarabangsa), sama ada pada masa kini atau masa hadapan (secara kolektif, "Kumpulan"), atau kepada mana-mana organisasi atau individu pihak ketiga bagi maksud memenuhi tanggungjawab kami kepada anda berkenaan dengan Tujuan-Tujuan tersebut dan bagi semua maksud lain yang berkaitan dengan Tujuan-Tujuan tersebut dan juga untuk memberikan perkhidmatan-perkhidmatan bersepadu, menyelenggara dan menyimpan rekod-rekod termasuk tetapi tidak terhad kepada pendaftar saham atau pendaftar-pendaftar saham yang dilantik oleh kami untuk menguruskan pendaftaran pemegang saham.

Pemprosesan, penzahiran, penyebaran dan/atau pemindahan data peribadi anda oleh kami dan/atau Kumpulan dan/atau organisasi atau individu pihak ketiga mungkin mengakibatkan data peribadi anda dipindah ke luar Malaysia.

Untuk tujuan ini, kami komited dalam memastikan penyulitan, perlindungan, keselamatan dan ketepatan data peribadi anda yang diberikan kepada kami. Adalah tanggungjawab anda untuk memastikan bahawa semua data peribadi yang diberikan kepada kami dan disimpan oleh kami adalah tepat, tidak mengelirukan, terkini dan lengkap dalam semua aspek. Bagi mengelakkan keraguan, kami dan/atau Kumpulan dan/atau pekerja atau pegawai yang diberi kuasa atau ejen kami tidak akan bertanggungjawab untuk apa-apa data peribadi yang diberikan oleh anda kepada kami yang tidak tepat, mengelirukan, bukan terkini dan tidak lengkap.

Selanjutnya, kami boleh meminta bantuan anda untuk memperolehi persetujuan pihak ketiga yang data peribadinya telah diberikan oleh anda kepada kami dan anda dengan ini bersetuju untuk menggunakan usaha terbaik anda untuk berbuat demikian.

Anda boleh pada bila-bila masa selepas penyerahan data peribadi anda kepada kami, meminta untuk mengakses data peribadi anda dengan menghubungi pendaftar saham kami Tricor Investor & Issuing House Services Sdn Bhd jika anda ingin membuat sebarang pertanyaan berkenaan dengan aspek-aspek pendaftaran saham:

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.

Untuk perhatian : Cik Lim Lay Kiow, Pengurus Kanan  
No. Tel : +603 2783 9299  
E-mel : lay.kiow.lim@my.tricorglobal.com

Anda juga boleh membuat permintaan untuk mengakses data peribadi anda dengan menghubungi broker anda atau secara alternatif Tricor Investor & Issuing House Services Sdn Bhd seperti yang tersebut di atas jika:

- anda memerlukan akses kepada dan/atau ingin membuat pembetulan kepada data peribadi anda, tertakluk kepada pematuhan permintaan untuk akses atau pembetulan itu tidak ditolak di bawah peruntukan Akta tersebut dan/atau undang-undang yang sedia ada; atau
- anda ingin membuat pertanyaan mengenai data peribadi anda.

Apa-apa data peribadi yang dikekalkan oleh kami akan dimusnahkan dan/atau dipadamkan daripada rekod dan sistem kami mengikut polisi penyimpanan kami sekiranya data tersebut tidak lagi diperlukan bagi Tujuan-Tujuan tersebut.

Sekiranya terdapat apa-apa konflik antara versi Bahasa Inggeris dan versi Bahasa Malaysia dalam Notis ini, versi Bahasa Inggeris akan mengatasi versi Bahasa Malaysia.

Kami percaya bahawa anda akan bersetuju kepada pemprosesan data peribadi anda dan anda mengakui bahawa anda telah membaca, memahami dan menerima pernyataan-pernyataan dan terma-terma dalam sini.



## Notice to Proxies Under The Personal Data Protection Act 2010

Sime Darby Property Berhad (“Sime Darby Property” or “we” or “us” or “our”) strives to protect your personal data in accordance with the Personal Data Protection Act 2010 (the Act). The Act was enacted to regulate the processing of personal data. To comply with the Act, we are required to manage the personal data that we collect from you relating to your acting as a proxy for a shareholder in Sime Darby Property.

The purposes for which your personal data may be used are, but not limited to:

- Internal record keeping including but not limited to the registration of attendance at the general meeting(s)
- To communicate with you as a proxy for a shareholder of Sime Darby Property
- For security and fraud prevention purposes
- For the purposes of statistical analysis of data
- For the purposes of our corporate governance
- To comply with any legal, statutory and/or regulatory requirements

(collectively, “the Purposes”).

Your personal data is or will be collected from information provided by you, including but not limited to, postal, facsimile, telephone and e-mail communications with or from you, and information provided by third parties, including but not limited to, Bursa Malaysia Berhad and any other stock exchange, and your stockbrokers and remisiers.

You may be required to supply us with your name, NRIC No. and correspondence address.

If you fail to supply us with such personal data, we may not be able to process and/or disclose your personal data for any of the Purposes.

Please be informed that your personal data may be disclosed, disseminated and/or transferred to companies within the Sime Darby Property Group (including the holding company, subsidiaries, related and affiliated companies, both local and international), whether present or future (collectively, “the Group”) or to any third party organisations or persons for the purpose of fulfilling our obligations to you in respect of the Purposes and all such other purposes that are related to the Purposes and also in providing integrated services, maintaining and storing records including but not limited to the share registrar(s) appointed by us to manage the registration of shareholders.

The processing, disclosure, dissemination and/or transfer of your personal data by us and/or the Group and/or third party organisations or persons may result in your personal data being transferred outside of Malaysia.

To this end, we are committed to ensuring the confidentiality, protection, security and accuracy of your personal data made available to us. It is your obligation to ensure that all personal data submitted to us and retained by us are accurate, not misleading, updated and complete in all aspects. For the avoidance of doubt, we and/or the Group and/or our or their employees or authorised officers or agents will not be responsible for any personal data submitted by you to us that is inaccurate, misleading, not up to date and incomplete.

Further, we may request your assistance to procure the consent of third parties whose personal data is made available by you to us and you hereby agree to use your best endeavours to do so.

You may at any time after the submission of your personal data to us, request for access to your personal data from Tricor Investor & Issuing House Services Sdn Bhd if:

- you require access to and/or wish to make corrections to your personal data subject to compliance of such request for access or correction not being refused under the provisions of the Act and/or existing laws; or
- you wish to enquire about your personal data.

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.

Attention : Ms Lim Lay Kiow, Senior Manager  
Tel No. : +603 2783 9299  
E-mail : lay.kiow.lim@my.tricorglobal.com

Any personal data retained by us shall be destroyed and/or deleted from our records and system in accordance with our retention policy in the event such data is no longer required for the said Purposes.

In the event of any inconsistency between the English version and the Bahasa Malaysia version of this Notice, the English version shall prevail over the Bahasa Malaysia version.

We trust that you will consent to the processing of your personal data and that you declare that you have read, understood and accepted the statements and terms herein.

# Notis kepada Proksi Di Bawah Akta Perlindungan Data Peribadi 2010

Sime Darby Property Berhad ("Sime Darby Property" atau "kami") bermatlamat untuk melindungi data peribadi anda selaras dengan Akta Perlindungan Data Peribadi 2010 (Akta). Akta tersebut diperbuat untuk mengawal selia pemprosesan data peribadi. Bagi mematuhi Akta tersebut, kami dikehendaki untuk menguruskan data peribadi yang kami kumpulkan daripada anda berkenaan dengan perwakilan anda sebagai proksi untuk pemegang saham Sime Darby Property.

Tujuan penggunaan data peribadi anda adalah untuk, tetapi tidak terhad kepada:

- Penyimpanan rekod dalaman termasuk tetapi tidak terhad kepada pendaftaran kehadiran di mesyuarat (-mesyuarat) agung
- Untuk berkomunikasi dengan anda sebagai proksi untuk pemegang saham Sime Darby Property
- Bagi maksud-maksud keselamatan dan pencegahan penipuan
- Bagi maksud analisis statistik data
- Bagi maksud tadbir urus korporat kami
- Untuk mematuhi apa-apa kehendak di sisi undang undang, statut, dan/atau peraturan

(secara kolektif, "Tujuan-Tujuan tersebut").

Data peribadi anda sedang atau akan dikumpul daripada maklumat yang diberikan oleh anda, termasuk tetapi tidak terhad kepada, komunikasi-komunikasi pos, faksimili, telefon dan e-mel dengan atau daripada anda, dan maklumat yang diberikan oleh pihak ketiga, termasuk tetapi tidak terhad kepada, Bursa Malaysia Berhad dan apa-apa bursa saham lain, dan broker saham dan remisier anda.

Anda mungkin diperlukan untuk memberikan kepada kami nama, No. KP Baru dan alamat surat-menyurat.

Jika anda gagal memberikan kami data peribadi tersebut, kami mungkin tidak dapat memproses dan/atau menzahirkan data peribadi anda bagi mana-mana Tujuan-Tujuan tersebut.

Sila maklum bahawa data peribadi anda boleh dizahirkan, disebarkan dan/atau dipindahkan kepada syarikat-syarikat di dalam Kumpulan Sime Darby Property (termasuk syarikat induk, anak-anak syarikat, syarikat-syarikat berkaitan dan bersekutu tempatan dan antarabangsa), sama ada pada masa kini atau masa hadapan (secara kolektif, "Kumpulan"), atau kepada mana-mana organisasi atau individu pihak ketiga bagi maksud memenuhi tanggungjawab kami kepada anda berkenaan dengan Tujuan-Tujuan tersebut dan bagi semua maksud lain yang berkaitan dengan Tujuan-Tujuan tersebut dan juga untuk memberikan perkhidmatan-perkhidmatan bersepadu, menyelenggara dan menyimpan rekod-rekod termasuk tetapi tidak terhad kepada pendaftar saham atau pendaftar-pendaftar saham yang dilantik oleh kami untuk menguruskan pendaftaran pemegang saham.

Pemprosesan, penzahiran, penyebaran dan/atau pemindahan data peribadi anda oleh kami dan/atau Kumpulan dan/atau organisasi atau individu pihak ketiga mungkin mengakibatkan data peribadi anda dipindah ke luar Malaysia.

Untuk tujuan ini, kami komited dalam memastikan penyulitan, perlindungan, keselamatan dan ketepatan data peribadi anda yang diberikan kepada kami. Adalah tanggungjawab anda untuk memastikan bahawa semua data peribadi yang diberikan kepada kami dan disimpan oleh kami adalah tepat, tidak mengelirukan, terkini dan lengkap dalam semua aspek. Bagi mengelakkan keraguan, kami dan/atau Kumpulan dan/atau pekerja atau pegawai yang diberi kuasa atau ejen kami tidak akan bertanggungjawab untuk apa-apa data peribadi yang diberikan oleh anda kepada kami yang tidak tepat, mengelirukan, bukan terkini dan tidak lengkap.

Selanjutnya, kami boleh meminta bantuan anda untuk memperolehi persetujuan pihak ketiga yang data peribadinya telah diberikan oleh anda kepada kami dan anda dengan ini bersetuju untuk menggunakan usaha terbaik anda untuk berbuat demikian.

Anda boleh pada bila-bila masa selepas penyerahan data peribadi anda kepada kami, meminta untuk mengakses data peribadi anda daripada Tricor Investor & Issuing House Services Sdn Bhd jika:

- anda memerlukan akses kepada dan/atau ingin membuat pembetulan kepada data peribadi anda, tertakluk kepada pematuan permintaan untuk akses atau pembetulan itu tidak ditolak di bawah peruntukan Akta tersebut dan/atau undang-undang yang sedia ada; atau
- anda ingin membuat pertanyaan mengenai data peribadi anda

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.

Untuk perhatian : Cik Lim Lay Kiow, Pengurus Kanan

No. Tel : +603 2783 9299

E-mel : lay.kiow.lim@my.tricorglobal.com

Apa-apa data peribadi yang dikekalkan oleh kami akan dimusnahkan dan/atau dipadamkan daripada rekod dan sistem kami mengikut polisi penyimpanan kami sekiranya data tersebut tidak lagi diperlukan bagi Tujuan-Tujuan tersebut.

Sekiranya terdapat apa-apa konflik antara versi Bahasa Inggeris dan versi Bahasa Malaysia dalam Notis ini, versi Bahasa Inggeris akan mengatasi versi Bahasa Malaysia.

Kami percaya bahawa anda akan bersetuju kepada pemprosesan data peribadi anda dan anda mengakui bahawa anda telah membaca, memahami dan menerima pernyataan-pernyataan dan terma-terma di sini.



# Independent Assurance Report

to Management of Sime Darby Property Berhad (2018)

We have been engaged by Sime Darby Property Berhad to perform an independent limited assurance engagement on selected Sustainability Information (hereon after referred to in the Subject Matter as “Selected Information”) as reported by Sime Darby Property Berhad (“Sime Darby Property”) in its Annual Report for financial year 2018 (“Sime Darby Property Annual Report 2018”).

## Management’s Responsibility

Management of Sime Darby Property is responsible for the preparation of the Selected Information included in the Sime Darby Property Annual Report 2018 in accordance with Sime Darby Property’s internal sustainability reporting guidelines and procedures.

This responsibility includes the selection and application of appropriate methods to prepare the Selected Information reported in the Sime Darby Property Annual Report 2018 as well as the design, implementation and maintenance of processes relevant for the preparation. Furthermore, the responsibility includes the use of assumptions and estimates for disclosures made by Sime Darby Property, which are reasonable in the circumstances.

## Our Responsibility

Our responsibility is to provide a conclusion on the Selected Information based on our limited assurance engagement performed in accordance with the approved standard for assurance engagements in Malaysia, International Standard on Assurance Engagements (ISAE) 3000 (Revised) “Assurance Engagements Other Than Audits or Reviews of Historical Financial Information”. This standard requires that we comply with ethical requirements, and plan and perform the assurance engagement under consideration of materiality to express our conclusion with limited assurance.

The accuracy of the Selected Information is subject to inherent limitations given their nature and methods for determining, calculating and estimating such data.

Our limited assurance report should therefore be read in connection with Sime Darby Property’s sustainability reporting guidelines and procedures on the reporting of its sustainability performance.

In a limited assurance engagement, the evidence-gathering procedures are more limited than for a reasonable assurance engagement, and therefore less assurance is obtained than in a reasonable assurance engagement.

## Subject Matter

The following information collectively known as Selected Information on which we provide limited assurance consists of the management and reporting processes with respect to the preparation of the following three (3) Selected Information reported and marked with (\*) in Sime Darby Property Annual Report 2018:

1. Total Carbon Emissions in tonnes of carbon dioxide (CO<sub>2</sub>) equivalent (tCO<sub>2</sub>-e) for the calendar year 2017;
2. Lost Time Injury Frequency Rate (LTIFR) for the financial year ended 30 June 2018; and
3. Leadership positions held by women as at 31 July 2018.

## Criteria

Sime Darby Property’s internal sustainability reporting guidelines and procedures by which the Selected Information is gathered, collated and aggregated internally.

## Main Assurance Procedures

Our work, which involved no independent examination of any of the underlying financial information, included the following procedures:

- Inquiries of personnel responsible for the Selected Information reported in Sime Darby Property Annual Report 2018 regarding the processes to prepare the said report and the underlying controls over those processes;
- Inquiries of personnel responsible for data collection at the corporate and operation unit level for the Selected Information;
- Inspection on a sample basis of internal documents, contracts, reports, data capture forms and invoices to support the Selected Information for accuracy including observation of management’s controls over the processes;
- Inquiries of personnel on the collation and reporting of the Selected Information at the corporate and operation unit level; and
- Checking the formulas, proxies and default values used in the computation of the Carbon Emissions against Sime Darby Property’s sustainability reporting guidelines and procedures.

## Independent Assurance Report

to Management of Sime Darby Property Berhad (2018)



### Independence and Quality Control

We have complied with the relevant independence requirements and other ethical requirements of the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants, which are founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

We apply International Standard on Quality Control 1 "Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements", and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

### Conclusion

Based on our limited assurance engagement, in all material aspects, nothing has come to our attention that causes us to believe that the Selected Information in the Subject Matter has not been fairly stated in accordance with Sime Darby Property's internal sustainability reporting guidelines.

### Restriction on use

This report, including our conclusions, has been prepared solely for the Board of Directors of Sime Darby Property Berhad in accordance with the agreement between us, in connection with the performance of an independent limited assurance on the Selected Information in the Subject Matter as reported by Sime Darby Property in its Annual Report 2018. Accordingly, this report should not be used or relied upon for any other purposes. We consent to the inclusion of this report in the Sime Darby Property Annual Report 2018 and to be disclosed online at [www.simedarbyproperty.com](http://www.simedarbyproperty.com), in respect of the 2018 financial year, to assist the Directors in responding to their governance responsibilities by obtaining an independent assurance report in connection with the Selected Information. As a result, we will not accept any liability or assume responsibility to any other party to whom our report is shown or into whose hands it may come. Any reliance on this report by any third party is entirely at its own risk.

#### PRICEWATERHOUSECOOPERS PLT

LLP0014401-LCA & AF 1146

Chartered Accountants

Kuala Lumpur

25 September 2018







**Property**

**[www.simedarbyproperty.com](http://www.simedarbyproperty.com)**

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