



























# ...UNLOCKING POTENTIAL

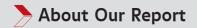
SIX MONTHS REPORT Period Ended 31 December 2018











We remain committed to creating long-term value for our stakeholders, backed by our proven track record of over four decades in developing sustainable communities. Our continuing mission is to meet the evolving property needs of a developing Malaysia and its future generations.

Since our listing in 2017, this is our second annual report. It covers the Financial Period 2018 (FP2018) and is 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 FP2018 report of Sime Darby Property Berhad (hereafter referred to as Sime Darby Property), covers the period of 1 July 2018 to 31 December 2018 unless otherwise stated.

#### SCOPE

The report covers the main activities, key business areas and operations of Sime Darby Property, its subsidiaries as well as joint ventures 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's 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 their outcomes. Our business model on page 30 contextualises how the capitals are deployed, how we apply our internal governance and systems, 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 32 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 35.

#### **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 Spheres – People, Planet and Prosperity. Our sustainability commitments and achievements for the period under review are included in this report on page 168.

### 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 unforeseen events or matters beyond management's control.

### **Rationale**

Sime Darby Property has established itself as one of the leading property developers in Malaysia. With our listing on Bursa Malaysia in 2017, 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.



# **Corporate Book**

#### Contents

 Provides a comprehensive assessment of the Group's performance for the Financial Period 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

Township,
Integrated and
Niche Developments:

Land bank to be Developed:

Total Estimated
Gross Development
Value (GDV):

23

20,411 acres

RM88.7

# WHO WE ARE AND WHAT WE DO

Sime Darby Property has a 46-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.

- We are Malaysia's biggest property developer in terms of land bank, with a balance developable area of 20,411 acres and a total estimated GDV of RM88.7 billion. We also have a footprint in the United Kingdom through the redevelopment of the iconic Battersea Power Station (BPS) project in London.
- 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.
- 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 soughtafter addresses and vibrant population centres throughout the years.
- The Group 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 a stronger future.

# **VISION**

Leader in Building Sustainable Communities

# MISSION

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

# CORE VALUES

- P assion
- R espect & Teamwork
- ntegrity & Accountability
- M ake it happen
- E ntrepreneurial spirit



# MARKET CAPITALISATION

RM **6.8** billion as at 31 December 2018



TOTAL ASSETS

RM **15.1** billion as at 31 December 2018



TOTAL EMPLOYEES

1 552

**1,553** as at 31 December 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

91.4%

Contribution to

Group Revenue

RM 1.34 billion

Net Sales Value

RM 2.18 billion

**Unbilled Sales** 

# > PROPERTY INVESTMENT

Our Property Investment arm undertakes leasing and property management services for assets in Malaysia and Singapore which include corporate offices and retail spaces.

.....



Key Highlights

RM 1.39 billion

Total Value of Assets

1.3 million sq.ft.

Total Net Lettable Area **89** %

Average Occupancy Rate

### LEISURE & HOSPITALITY

The Leisure and Hospitality arm of our business manages assets which include a convention centre, two golf courses in Malaysia and a serviced residence located in Vietnam.



Key Highlights in Malaysia

Received

achievements
at the 2018 Asian Golf Awards,
including Best Championship Course
for TPC

Achieved over

84.9%

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** 

4 institutions of higher learning

Over

**7,000** students

# **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 2.0
- 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

# **BOARD MEMBERS**

**CHAIRMAN** 

**Datuk Tong Poh Keow** 

**Board of Directors** 

Tan Sri Dr. Zeti Akhtar Aziz

Dato' Sri Amrin Awaluddin

**GROUP MANAGING DIRECTOR** 

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

# NUMBER OF **UNITS LAUNCHED:** 801

NUMBER OF UNITS SOLD: 1,793

**NET SALES VALUE:** RM1,338 million

#### SALES PERFORMANCE

Sales by Region (%)

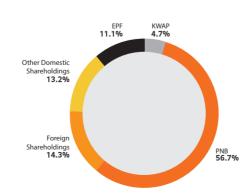
 Selangor : 83.6%

Kedah

(Bukit Selarong): 6.6% • Negeri Sembilan : 5.7% : 3.8% Kuala Lumpur Johor : 0.3%

# **Shareholding Structure**

as at 31 December 2018







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

Thursday, 2 May 2019

10.00 a.m

# Overview of Sime Darby Property Berhad

- About Our Report
- Who We Are & What We Do
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- Mission
- Core Values
- Our Presence
- Core Business Segments & Segment Highlights
- Our Competitive Strengths
- Our Distinctive Developments

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Go online to our website at:



# SIME DARBY PROPERTY BERHAD SIX MONTHS REPORT Period Ended 31 December 2018

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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.









he global economy peaked in 2018 and showed some signs of moderation in the second half of 2018. Concern over certain geopolitical developments, increased volatility in the international financial and commodity markets have increased uncertainty in the global environment.

Closer to home, our domestic economy remains sound and stable amid these external headwinds with the growth expected to be 4.9 percent in 2019 compared with 4.7 percent in 2018. The government continues to be cautious with fiscal policies amid a background of high public debt and the volatility in crude oil and commodity prices.

Nonetheless, public policies remain supportive of the local property industry. A number of measures were announced in Budget 2019, targeted at resolving the current supply and demand mismatch in the sector. These have been well received by the industry at a time when consumers have remained cautious about spending on large ticket items.

### **Financial Performance**

The Group continued to maintain its resilient performance in the six-month period until 31 December 2018. Revenue increased by 7.9 percent to RM1.27 billion for the period under review, while the core net profit grew 16 percent to RM153 million.

The Group's underlying operating performance remains positive despite making a number of one-off adjustments that have had an impact on the corporation's bottomline. In fact, the Group has exceeded its sales target for the period under review and the unbilled sales continue to be healthy.

#### **Dividend**

In line with the positive operating performance, the Board declared the payment of an interim dividend of 1.0 sen per share for the financial period ended 31 December 2018.



# **Corporate Governance**

We remain steadfast in our commitment to corporate governance as the revised Code of Business Conduct (COBC) has been successfully rolled out to all employees. The Group Compliance Office has completed its roadshow to provide a better understanding of the code and how best to apply it in the daily work.

As part of the efforts to have a high performing and effective Board, several initiatives were made on several fronts. We have also appointed a new addition to the Board, Datuk Poh Pai Kong, an experienced leader in the property industry, as an independent and non-executive director on 1 December 2018.

# Risk Management and Internal Controls

The Board is resolute in its commitment to maintain a robust risk management framework to support our business objectives. For the period under review, we engaged with the heads and support functions of the key business units to obtain perspective, insight and better understanding of the principal risks and challenges impacting the Group. This also includes understanding the process in which risks are managed and mitigated.

# Sustainability

The Group is the only Malaysian developer that has received recognition in the Dow Jones Sustainability Indices. This has spurred us to further our sustainability journey. We are working to strengthen our governance arrangements and practices, improve our internal policies and to also explore ways to enhance and unlock sustainability values for our customers. At the same time, we continue to raise awareness of the sustainability agenda with internal and external stakeholders.

# Our people

Human capital development is crucial in our efforts to be a leader in building sustainable communities. Our vision does not only capture our customers but encapsulates our employees, the key driver for the organisation. We remain committed in building the capacity and skills of our current employees as they navigate in the rapidly shifting marketplace and the dynamic progress of the digital technology.

The Group has successfully completed its first group wide employee survey during the period under review, obtaining a baseline measure for future employee engagement initiatives. The survey has provided insights and findings that will help the Group to develop more customised initiatives and engagement that resonate with employees.

# Acknowledgement

I would like to express my appreciation to our shareholders for the continued trust and support for the Group.

A special thank you is also in order for Datuk Tong Poh Keow, who will be leaving her position as Group Chief Financial Officer after being with the Sime Darby Group in various capacities for 36 years. We are grateful for her invaluable service and contributions to the Group.

I would like to thank my colleagues on the Board for their effort and contributions during the financial period and my sincere appreciation to the Senior Management team and all the employees for their commitment, hard work and dedication to our agenda.

Tan Sri Dr. Zeti Akhtar Aziz

Non-Independent Non-Executive Chairman









"The property market is expected to take time to adjust and it is important for the public and private sectors to combine their resources in order to stimulate recovery."



# DEAR SHAREHOLDERS,

The property market remained subdued in the last six months of 2018 as consumer sentiment continued to be impacted by concerns over the broader economy. In addition, the ongoing trade dispute among major economies and China's slowing economy are also weighing on sentiment.

Amid these external headwinds, the Malaysian economy is forecast to continue its growth trajectory with Gross Domestic Product (GDP) expected to show a steady expansion this year.

On 2nd November 2018, the Government announced measures to inject greater optimism into the property market, particularly for the affordable housing segment and also to support home ownership. The waiver of stamp duties for residential properties valued between RM300,000 to

RM1.0 million per unit, for firsttime home buyers would spur the demand of first-time home ownerships and, to an extent, address the existing property overhang in the country.

The new National Housing Policy was also launched recently, with the objective of combining public and private resources to address the industry's supply and demand mismatch. These measures and policy announcement certainly augur well for the industry.

The culmination of these measures is a national level Home Ownership Campaign that takes place from January to June 2019, mainly to address the significant surplus situation for the industry. The property market is expected to take time to adjust and it is important for the public and private sectors to combine their resources in order to stimulate recovery.



# **Performance Highlights**

The Group demonstrated a resilient performance in the period under review. Operationally, its core earnings rose 16 percent to RM153 million for the six months ended 31 December 2018, mainly due to the improved performance of the property development and concession arrangement segments.

The Group achieved and exceeded its sales target with a net sales value of RM1.34 billion. This was evident from the results of our launches which drew strong demand. The market continues to prefer landed units, especially those that are in strategic locations and this is a clear advantage for us. Sime Darby Property is well known for having townships with superior connectivity due to their locations next to major highways and other transport infrastructures. Serenia City for instance had a take up rate of 99 percent for its second phase residential launch while Bandar Bukit Raja reported take up rate of more than 80 percent for its most recent launch of Ayra.

Revenue for the period also improved 7.9 percent to RM1.27 billion. Although its operational performance was positive, the Group has also recognised certain one-off items by way of impairments, provisions and write offs in view of the prolonged weakness in the market. This resulted in a net loss of RM318.7 million for the period under review. These non-recurring impairments, provisions and write offs are a necessary proactive measure in order to put the Group on a stronger financial footing, moving forward without concerns on historical impediments and challenges.

For a more detailed discussion of the financial performance, please refer to pages 48 to 59.

# **Key Highlights**

In November 2018, as part of our active land bank management strategy, the Group signed an agreement to dispose 300 acres in Bukit Selarong, Kedah to China's Zhejiang XSD Holding Group Co., Ltd (Zhejiang XSD). This is a strategic transaction as Zhejiang XSD has plans to expand its operations in Malaysia and Asia with their sizeable investment into a paper making facility. As China's second largest paper producer by market share, there is potential for Zhejiang XSD to seek land for industrial purposes in the future.

A major milestone for the Group was the signing of an agreement in December 2018 to reorganise the ownership of commercial assets in the iconic Battersea Power Station building. Permodalan Nasional Berhad and the Employees Provident Fund Board agreed to buy this commercial complex for a base consideration of £1.58 billion, giving Malaysia's leading investment institutions interest in the crown jewel of an iconic landmark in London. This will also allow the Group as a developer to focus on completing the remaining phases of this significant development. The transaction was completed on 14 March 2019.

Another important milestone in the financial period under review was the launch of the Malaysia Vision Valley 2.0 (MVV 2.0) by the Menteri Besar of Negeri Sembilan in December 2018. Covering an area twice the size of Singapore, MVV 2.0 has been launched at an opportune time. We have built our presence in Negeri Sembilan for more than 20 years and the state is now ready to develop its economy to the next level. The initial development is targeted to be a high-tech industrial park that will serve the burgeoning commercial and enterprise needs in Negeri Sembilan and the southern Klang Valley area.

#### STRATEGIC PRIORITIES:

1	Expanding development portfolio income	
2	Launching new growth areas	<b>EP</b>
3	Enhancing overall customer experience	(iii)
4	Achieving cost and operational efficiencies	\$\text{\$\ext{\$\text{\$\exitting{\$\text{\$\exittit{\$\text{\$\exitin}\$\$\\ \eta}\$\text{\$\text{\$\text{\$\text{\$\text{\$\text{\$\text{\$\text{\$\text{\$\text{\$\tex{
5	Elevating organisational effectiveness	& & <sup>\</sup> &



The growth in e-commerce has resulted in increased demand for warehousing capacities and facilities

# Key Challenges, **Opportunities and** Strategies Moving **Forward**

A major challenge for the property industry continues to be a soft market, weighed down by weak consumer sentiment and tight lending conditions. Competition has intensified with the emergence of smaller, boutique developers and even new entrants looking to diversify their earnings by developing existing land.

This has led property developers to offer competitive marketing promotions and price discounting to address high unsold inventory units, low absorption rates, and tight lending conditions. The Group has also carried out a tactical price review of all unsold inventories particularly the completed development units. However, we do expect positive developments such as the Budget 2019 initiatives to provide a boost to the property market.

Having said that, there are certain bright spots in the market such as landed products in the right locations and at the right price. This fits in well with our strength of developing great townships in very well connected locations such as City of Elmina and Bandar Bukit Raja in Selangor.

In addition, the Group will continuously review its launch and pricing strategies in order to ensure that our products are aligned and

responsive to market demand. The bulk of our new launches in Financial Year 2019 will be products priced between RM500,000 to RM800,000.

We are also well positioned to take advantage of the growth in demand for industrial products, thanks to the resilient domestic economy as well as the burgeoning interest in online transactions. The growth in e-commerce has resulted in increased demand for warehousing capacities and facilities, and our land banks' superior connectivity is a major draw for these enterprises.

Moving forward, we will implement our strategic priorities which were outlined in the 2018 Annual Report in our effort to deliver sustainable value to shareholders. One of the main initiatives is to prioritise the development of our high performing townships to extract the highest value from our land bank. Part of this also involves carrying out our active land bank management strategy and we have seen early results from the disposal of land in Kedah for betterthan-expected value.

The Group is also setting up an Industrial & Logistics segment to capture the opportunities of this market, focusing on Bandar Bukit Raja, Serenia City and City of Elmina. Another potential opportunity for this segment is in the development of the MVV 2.0 where we currently have about 3,000 acres in Negeri Sembilan. The MVV 2.0 project is well supported by the Negeri Sembilan State Government with new

infrastructure development and we are already in talks with parties that are keen to be part of this.

# Acknowledgements

On behalf of the Senior Management team, we would like to express our gratitude to the Board of Directors and shareholders for their confidence and support. We would also like to record our sincere thanks and appreciation to Group Chief Financial Officer, Datuk Tong Poh Keow who is retiring after serving the Sime Darby Group for almost four decades. We are pleased to welcome Ms Betty Lau Sui Hing, who will be succeeding Datuk Tong Poh Keow as the new Group Chief Financial Officer.

To all our colleagues across the Sime Darby Property Group, our heartfelt appreciation for your dedication and unstinting commitment.

And finally, Sime Darby Property would not have been where we are without the support of the government, the various regulatory bodies and our multitude of business partners. Most importantly, to all our customers, we are grateful for your trust in us.

Dato' Sri Amrin Awaluddin

Group Managing Director

# Financial Period 2018 Key Highlights

## **BUSINESS HIGHLIGHTS**

# Sale of 300 acres of land in Kedah in November 2018

Entered into sale and purchase agreement for a consideration of RM88.9 million



# Launch of Malaysia Vision Valley 2.0 in December 2018. **Unveiling of:**

- Comprehensive Development Plan (CDP)
- MVV 2045 Local Plan

Number of units sold

1,793 units

# **Delivery of** completed units 5



2,012 units mainly in Elmina, Taman Melawati and Bandar Bukit Raja



- Improved Occupancy Rate in Melawati Mall
  - Occupancy increased to

O from 70% in December 2017

8 million Shoppers

# Joint Venture with Mitsui & Co. Ltd. and Mitsubishi Estate Co. Ltd. On-Track

- Obtained all regulatory approvals in December 2018 and is in execution phase
- Received **strong** interest from local and foreign logistics players

# Completion of Battersea Phase 2 **Commercial Assets** Disposal

Completed in March 2019 for a base consideration of

£1.58 billion

#### **AWARDS AND ACHIEVEMENTS**



Top 2 Best Employer Brands in Real Estate/ **Property Category** 





Gold Award **Property Category** 



Choice Award







THE EDGE

Top 3 Property **Developers Awards**  Malaysian Institute Planners Planning **Excellence Awards** (MIPPEA)

Design Excellence Award (above 500 acres) for Elmina West





*i*Property Development Excellence Awards (iDEA)

Wellness Living Innovation Award for City of Elmina

## FINANCIAL HIGHLIGHTS

Revenue

RM1,269.1 million

Net Sales Value

RM1,337.7 million

**Unbilled Sales** 

RM2,182.1 million

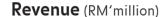
**Total Equity** 

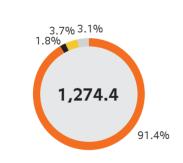
RM9,446.4 million

Net Assets per share attributable to Owners of the Company

Gross Debt-to-Equity ratio 34.6%

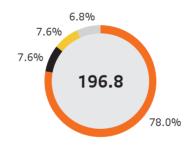
## **SEGMENT HIGHLIGHTS**



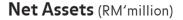


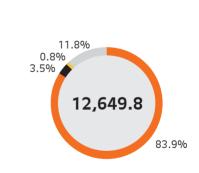
Before elimination





Before elimination





Before elimination

Property Development

Property Investment

Leisure & Hospitality

Concession Arrangement

Property Development recorded Gross Profit of

RM153.5 million

Property Investment registered Gross Profit of

RM15.0 million

Leisure and Hospitality achieved Gross Profit of

RM14.9 million

Concession Arrangement's Gross Profit rose more than threefold to

RM13.3 million

# Key Milestones





# Group Corporate Structure (Operating Entities)



#### MALAYSIA: WHOLLY-OWNED SUBSIDIARIES

Golfhome Development Sdn Bhd Golftek Development Sdn Bhd Harvard Hotel (Jerai) 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 (Jerai) 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 (Vietnam) Pte Ltd Sime Darby Property Singapore Limited Group

#### FOREIGN: JOINT VENTURES

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

Battersea Power Station Estates Limited

# 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)
- Rizal Rickman Ramli (Non-Independent Non-Executive Director)
- Datuk Poh Pai Kong (Independent Non-Executive Director)

# **Group Managing Director**

Dato' Sri Amrin Awaluddin

# Secretary

Moriami 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

@simedarbyproperty.com

Website: www.simedarbyproperty.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

#### **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 50470 Kuala Lumpur Wilayah Persekutuan 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



# GROWTH MARKET STATES

We leverage on key areas with high development potential. We assess and develop each land parcel based on its potential, taking into account location in growth areas, connectivity and infrastructure.





# Market Review and Outlook

# The Malaysian Economy and General Operating Landscape

Despite global economic headwinds, the Malaysian economy grew by 4.7 percent in the fourth quarter of 2018 (3Q 2018: 4.4 percent). On a quarter-on-quarter seasonally-adjusted basis, the economy grew by 1.4 percent (3Q 2018: 1.6 percent). Private sector expenditure remained the main driver of domestic demand, while a positive growth in real exports of goods and services (+1.3 percent; 3Q 2018: -0.8 percent) contributed correspondingly to net exports, reflecting the susceptibility of the Malaysian economy to external economic trends. "For 2018 as a whole, the economy expanded by 4.7 percent (2017: 5.9 percent). Growth in 2018 was further affected by unanticipated supply disruptions in the commodity-related sectors" (BNM, 2019)<sup>1</sup>.

"Headline inflation declined to 0.3 percent (3Q 2018: 0.5 percent), mainly due to transport inflation turning negative. The combined outcome of the zerorisation of the Goods and Services Tax (GST) and the implementation of the Sales and Services Tax (SST) continued to exert an overall downward impact to headline inflation during the quarter" (BNM, 2019)<sup>1</sup>.

#### Malaysia: Real GDP Growth



Source: Bank Negara Malaysia

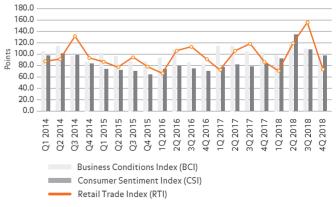
"Foreign Direct Investments (FDIs) improved in the quarter, registering a larger net inflow of RM12.9 billion (3Q 2018: net inflow of RM4.3 billion). FDI inflows were channelled mainly into the manufacturing sector, and the non-financial services sectors" (BNM, 2019)<sup>2</sup>.

The fourth quarter MIER Consumer Sentiments Index (CSI) dipped to below the optimism threshold (100 points) at 96.8 points.

Similarly, the overall MIER Business Conditions Index (BCI) for the fourth quarter slipped below the 100-point threshold to 95.3 (Q3 2018: 108.8, Q2 2018: 116.3) demonstrating a consecutive double drop. According to the MIER report, "businesses are still upbeat about outlook for the first quarter of 2019 and also expected that the employment prospects to remain stable but wages would be rising" (MIER, 2019)<sup>3</sup>.

The Retail Trade Index (RTI) returned to 71.9 points in 4Q 2018 after rebound strongly to close at 153.8 points in 3Q 2018.

# Malaysia: Business Conditions Index, Consumer Sentiments Index and Retail Trade Index



Source: Malaysia Institute of Economic Research (MIER) 2019, Department of Statistics Malaysia (DOSM) 2019, CBRE | WTW Research, January 2019

<sup>&</sup>lt;sup>1</sup> Bank Negara Malaysia, Economic and Financial Developments in the Malaysian Economy in the Fourth Quarter of 2018, 14th February 2019

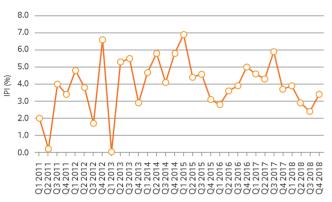
Bank Negara Malaysia, Press Release of Economic and Financial Developments in the Malaysian Economy in the Fourth Quarter of 2018, 14th February 2019

<sup>&</sup>lt;sup>3</sup> Malaysian Institute of Economic Research (MIER), Malaysian Economic Outlook, 30th January 2019

The Malaysian Industrial Production Index (IPI) for 4Q 2018 increased to 3.4 percent. The increase was contributed by the growth in Manufacturing (4.8 percent) and Electricity (3.7 percent) sectors.

"Risks to growth remain tilted to the downside. These results mainly from further escalation of trade tensions and tightening of global financial conditions". (BNM, 2019)<sup>2</sup>.

#### Malaysia: Industrial Production Index, IPI%



Source: Malaysia Institute of Economic Research (MIER), 2018; CBRE | WTW Research, January 2019

The Malaysian economy is expected to expand at a steady pace in 2019. "Private sector demand is expected to remain the main driver of growth amid continuing fiscal rationalisation while the external sector is likely to soften by moderating global demand. Although sentiments have moderated from recent highs, private sector expenditure will continue to be supported by fundamental factors such as continued income and employment growth" (BNM, 2019)<sup>1</sup>.

# **Market Commentary on Property Sectors**

## **Residential Sector**

In 2018, loans applied for residential property and non-residential property purchase constituted 27.9 percent and 11.2 percent respectively from RM859.4 billion of total loans applied. The loan approval rate for purchase of residential properties in 2018 increased marginally to 42.9 percent compared to 42.3 percent in 2017.

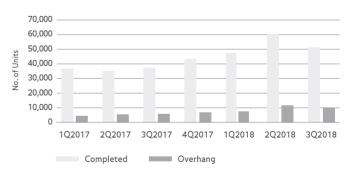
As at 3Q 2018, NAPIC estimated the existing supply of residential units in the Klang Valley was 2.16 million units while incoming supply and planned supply recorded 245,346 units and 266,843 units respectively. Units that were launched and completed for Klang Valley were 50,957 units while overhang units (refers to "completed units but remained unsold") recorded 10,052 units.

#### Malaysia: Klang Valley Supply of Residential Units



Source: National Property Information Centre, 3Q 2018; CBRE | WTW Research, January 2019

#### Malaysia: Klang Valley Completed and Overhang Residential Units



Source: National Property Information Centre, 3Q 2018; CBRE | WTW Research, January 2019

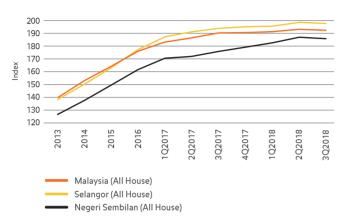
According to NAPIC, the Malaysian House Price Index (MHPI) showed a slow increase with 192.1 points as at 3Q 2018 compared to y-o-y 190.1 point in 3Q 2017 (at base year 2010). The House Price Index for 3Q 2018 in Selangor was 197.3 points (3Q 2017: 193.6 points), whilst in Negeri Sembilan, it registered at 186 points (3Q 2017: 175.6 points). The developments of various new townships have contributed to the increase of house prices in Negeri Sembilan particularly in Seremban and Nilai.

<sup>&</sup>lt;sup>1</sup> Bank Negara Malaysia, Economic and Financial Developments in the Malaysian Economy in the Fourth Quarter of 2018, 14th February 2019

<sup>&</sup>lt;sup>2</sup> Bank Negara Malaysia, Press Release of Economic and Financial Developments in the Malaysian Economy in the Fourth Quarter of 2018, 14th February 2019

## Market Review and Outlook

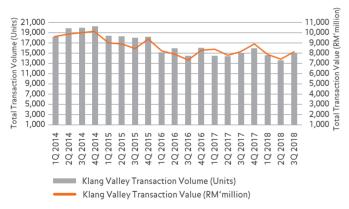
#### Malaysian House Price Index (MHPI) 2018



Source: National Property Information Centre, 3Q 2018; CBRE | WTW Research, January 2019

Total transaction value in Klang Valley's residential property market as of 3Q 2018 was worth RM7.9 billion. Overall, the market has been subdued since 2016.

Malaysia: Klang Valley Residential Property Transaction Volume and Value

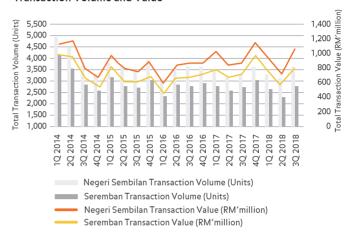


Source: National Property Information Centre, 3Q 2018; CBRE | WTW Research, January 2019

Negeri Sembilan also showed an increase in transactions as at 3Q 2018, given of the new and large township developments that have successfully attracted households from the Klang Valley.

New township developments in Seremban and Nilai features low density, greenery and large open spaces. Such concepts effectively attract Klang Valley's households where space equates to luxury and exclusivity. These townships with access by highway interchanges are important considerations for Klang Valley buyers who require timely, convenient commuting between workplace and home.

Malaysia: Negeri Sembilan & Seremban Residential Property Transaction Volume and Value



Source: National Property Information Centre, 3Q 2018; CBRE | WTW Research, January 2019

#### RESIDENTIAL SECTOR OUTLOOK

The Klang Valley residential sector although sluggish remains the leader of the Malaysian property market. In 2019, the hotspots and areas of heightened activities in the Klang Valley (KV) are likely to focus southwards, especially Bukit Jalil and Sepang. While in Negeri Sembilan, hotspots and areas remained in the district of Seremban particularly at Nilai and Seremban 2.

#### **Commercial Sector**

#### PURPOSE-BUILT OFFICE

Klang Valley's purpose-built office market in 2018 remained soft, dampened by cautious economic market sentiment and impending over-supply in the pipeline.

Malaysia: Klang Valley Supply and Performance of Purpose-built Office in 2018

Existing Supply	110.585 million sq ft
Future Supply	14.912 million sq ft
Average Occupancy Rate, %	81%

Notes: \*Supply is in terms of estimated net lettable area

Future Supply = forecast 2021

Source: CBRE | WTW Research, January 2019

There were eight (8) completions in Klang Valley in 2018 which increased accumulated Klang Valley purpose-built office supply to 110.585 million sq ft. Upcoming projects in the pipeline amount to about 14.912 million sq ft contributed by twenty-four (24) developments which are expected to be completed by end of 2021.

#### Malaysia: Klang Valley Annual Supply, Demand and Vacancy Rate of Purpose-Built Office in Klang Valley 2018



Source: CBRE | WTW Research, January 2019

The annual supply of purpose-built office space in the Klang Valley in 2018 was about 3.5 million sq ft despite a declining demand trend since 2016 (4.3 million sq ft). The vacancy rate of these space climbed to 42.3 percent in 2018.

#### PURPOSE-BUILT RETAIL

Despite a very challenging retail market condition, Klang Valley's retail sales reported a growth rate of 6.7 percent in 3Q 2018. As at the end of 2018, the existing supply for purpose-built retail in the Klang Valley stood at 57.289 million sg ft with another 14.994 million sg ft in the pipeline by 12 new developments. Overall the occupancy rate for the Klang Valley was 85 percent.

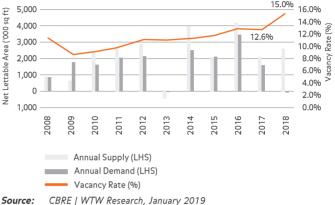
Malaysia: Klang Valley Supply and Performance of Purpose-built Retail

	Klang Valley	MKL-East
Existing Supply (million sq ft)	57.289	4.962
Future Supply (million sq ft)	14.994	0.492
Average Occupancy Rate, %	85%	87%

Note: Supply is in terms of net lettable area CBRE | WTW Research, January 2019 Source:

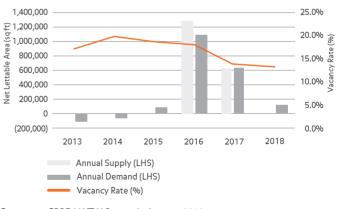
While for MKL-East<sup>4</sup> existing supply for purpose-built retail recorded about 4.9 million sq ft with approximately 87 percent of occupancy rate. Another 0.492 million sq ft will be added to the supply by year 2021.

#### Malaysia: Klang Valley Annual Supply, Demand and Vacancy Rates of Purpose-Built Retail in 2018



The vacancy rate for Purpose-built Retail space in Klang Valley increased to 15.0 percent in 4Q 2018 compared to 12.6 percent in 2017, reflecting weak demand. However, MKL-East recorded improvements in vacancy rate since 2014 (19.6 percent) to 2018 (13 percent).

#### Malaysia: MKL-East<sup>4</sup> Annual Supply, Demand and Vacancy Rate of Purpose-Built Retail in 2018



CBRE | WTW Research, January 2019 Source:

Based on retail rents reported by retail real estate investment trusts (REITs) in their latest annual reports, the average gross rental for prime retail space in Kuala Lumpur was about RM17.00 to RM35.00 per sq ft, whilst for prime malls located outside Kuala Lumpur, the average gross rental was RM8.00 to RM12.00 per sq ft.

MKL-East or east of the Metropolitan Kuala Lumpur is defined by CBRE | WTW Research to include Melawati, Wangsa Maju, Maluri, Pandan Indah, Ampang Jaya and Hulu Klang areas.

#### Market Review and Outlook

#### COMMERCIAL SECTOR OUTLOOK

The large incoming supply of purpose-built office will challenge Kuala Lumpur as Malaysia's prime business hub and shopping destination by the large incoming supply. The pressure will be felt more by older office buildings and malls as newcomers enter the market.

For purpose-built office sector, advancement of technology and flexible working culture, especially amongst the younger generation, have contributed to the birth of co-working operators, locally and internationally. Adoption of modern technology in the design of office building layout with high-speed internet connectivity, power backup and work-play setting are increasingly becoming a necessity for operators to engage in the tech-enabled workplace. Attaining MSC status and Green Building certification is a definite advantage.

In the purpose-built retail market, prime malls in Klang Valley with on-site access to public rail transport (Transit Oriented Development) will top retailers' preferences. The challenging year ahead is marked by the growth of e-commerce which will affect overall retail space demand.

Malls are increasingly becoming a venue for social interactions, meetings and entertainment experience rather than 'shopping'. The market shift has resulted into F&B outlets being large contributors to rental income, especially in leading retail malls.

Majority of retail malls in MKL-East form neighbourhood or lifestyle centres, which are mainly occupied by general retailers such as F&B outlets, financial institutions and non-branded retailers. There were two malls within this areas which recently opened, namely Melawati Mall and Sunway Velocity Lifestyle Mall, completed in 3Q 2017 and 4Q2016 respectively. Future supply for purpose-built retail centres in MKL-East remained low and occupancy rates have remained positive.

## **Industrial Sector**

Total approved investments for the Klang Valley, January to June 2018, was RM3.1 billion, accounting for about 25 percent of all approved investments nationwide. Foreign investors accounted for around RM1.6 billion of the investments.

Malaysia: Klang Valley Annual Transaction Volume and Value for Industrial Property

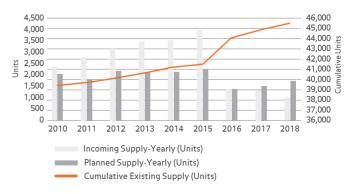


**Source:** National Property Information Centre, 3Q 2018; CBRE | WTW Research, January 2019

As at 3Q 2018, 551 industrial properties worth around RM2 billion were transacted where most of the transaction took place in Petaling District. The average rental reported was between RM1.50 and RM2.50 per sq ft for prime areas and RM0.70 to RM1.50 per sq ft for other areas. The average yield for prime industrial properties was estimated in a range of 7 percent to 9 percent.

Based on the CBRE | WTW Research survey, there were approximately 155 million sq ft of industrial space exists within the Klang Valley with a 96.5 percent occupancy rate for 2018. About 149.5 million sq ft of space are occupied by manufacturing, followed by services sectors. As for the services sector, 26 percent or 39.5 million sq ft are occupied by 3-PL<sup>6</sup> and logistic players.

Malaysia: Klang Valley Supply of Industrial Property



**Source:** National Property Information Centre, 3Q 2018; CBRE | WTW Research, January 2019

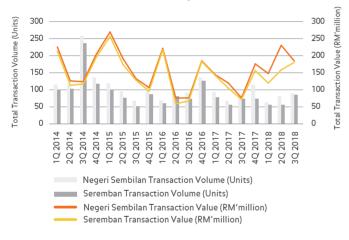
<sup>&</sup>lt;sup>5</sup> Prime area as defined by CBRE | WTW refer to selected industrial properties located in Shah Alam, Subang Jaya, Port Klang, Klang and Petaling Jaya.

<sup>&</sup>lt;sup>6</sup> 3PL refers to Third-party Logistics. An outsourcing logistic company that provides services to any manufacturer or retailer. For example: DHL, Gdex, ABX, Pos Laju et cetra. As compared, logistic company only serve their own trading group. For example: Giant, AeonBig, Ikano and others.

In 3Q 2018, NAPIC estimated there were 45,407 existing industrial units in Klang Valley, with an incoming and planned supply of 1,032 and 1,740 units respectively. There was a significant increase of units completed in 2016 followed by a slowdown in construction as developers become more cautious. District of Klang and Hulu Klang are the most active areas with industrial properties.

In Negeri Sembilan, there were 5,503 existing industrial units at end 2018; incoming supply was 22 units and planned supply was 561 units.

# Malaysia: Negeri Sembilan and Seremban Annual Transaction Volume and Value for Industrial Properties



**Source:** National Property Information Centre, 3Q2018; CBRE | WTW Research, January 2019

The transaction volume and value of industrial properties in Negeri Sembilan remained active, with the majority of activities concentrated in Seremban.

Recent industrial developments incorporating the concept of greenery, cleanliness, security all of which would reshape the image of industrial properties alongside commercial/office and residential products. Industry occupants will create more job opportunities and attract new households into the township.

#### INDUSTRIAL SECTOR OUTLOOK

Future industrial developments in Klang Valley will focus in Sepang, Kuala Langat and Klang, areas that are easily accessible and well-connected via road networks. Industrial growth may spur to attract more interest following the announcement of Free Trade Zone in Pulau Indah, the launch of the Digital Free Trade Zone (DFTZ) and the introduction of Logistics and Trade Facilitation Masterplan 2015-2020 by the government.

In the upcoming years, logistics and warehousing activity in particular, is expected to spearhead the local industrial market development. For example, the launch of the Digital Free Trade Zone (DFTZ) to facilitate e-Commerce Malaysia will also enliven the logistics sector. E-commerce shall steer demand for warehouses, logistics services and last mile delivery capacity. The introduction of automation and technology enhancements the industrial operations and the reduced dependency on labour could transform industrial space use in the longer term.

The new rail development and other infrastructure developments in the Klang Valley such as the Damansara-Shah Alam Highway (DASH), Kinrara-Damansara Expressway (KIDEX), and light rail transit (LRT) to Shah Alam and Klang area will further encourage a positive outlook with regards to the rental and capital value of industrial properties.

Upcoming infrastructure improvements in Selangor such as the West Coast Expressway (WCE) connecting to Shah Alam, Klang and Port Klang are expected to encourage further industrial expansion, especially logistics.

For Negeri Sembilan, industrial market remained stable and steady in 2018. Industrial areas in strategic locations around Seremban shall remain at the forefront of demand, especially areas that enjoy highway accessibility to Port Klang and Kuala Lumpur International Airport (KLIA). For instance, notable factories such as Coca Cola Bottlers (Malaysia) Sdn. Bhd., Kelloggs Asia and other major industrial players are seen occupying Enstek Techpark, which is very near to KLIA.

# **Key Regulatory Developments in 2019**

Several positive measures were announced during the review period by the government to elevate the nation's growth. To address some of the prevalent issues affecting the property market, the Budget 2019 introduces some positive measures to encourage growth in the affordable housing segment, assisting first-time house buyers and to curb speculation.

Regulation	Description	Impact to the business/industry
National Housing Policy 2018-2025 (Ministry of Housing and Local Government)	<ul> <li>The policy's five core focuses are:</li> <li>Improving accessibility and affordability Quality housing for all;</li> <li>Cohesive neighbourhoods;</li> <li>Improving coordination between housing development and transportation;</li> <li>Strengthening institutional relations for the National Housing Policy.</li> <li>Highlights of updated policy: more focus will be placed on the rent-to-own scheme; prices of affordable homes will be capped at RM300,000; better quality homes will be built for B40 Malaysians; prices and rent for low-cost homes will be more strictly regulated</li> </ul>	<ul> <li>Direct impact to developers who are building affordable houses priced RM300,000 and below for the B40 group</li> <li>A possibility of developers increasing the prices of other products to accommodate the squeeze in margin of the affordable homes.</li> </ul>
Home Ownership Campaign (HOC) by the Government and Private Sectors	Six months campaign to reduce property overhang with stamp duties exempted from RM300,000 to RM1 million. For houses above RM1 million to RM2.5 million, stamp duty exemption applies for first RM1 million and followed by 3 percent for the rest.	An initiative that can assist developers to boost sales and clear unsold stocks
	Discount of at least 10 percent will also be offered during Malaysia Property Expo (MAPEX) during HOC (effective 1 January 2019 to 30 June 2019).	
Extended financing term under Public Sector Home Financing Board (LPSSA) (Bank Negara Malaysia / LPSSA)	The repayment term increased from 30 years to 35 years for first-time financing; 25 years to 30 years for second-time financing (effective January 2019).	
Fund For Affordable Housing By Allocation to Cagamas Berhad	RM25 million in allocation for Cagamas Berhad to provide mortgage guarantee (jaminan pajak gadai) to ensure that first-time house buyers with a household income of up to RM5,000 will receive a higher margin, including the deposit. This is expected to lower the cost by 7 percent to 11 percent for buyers, apart from the discounts given by developers.	An initiative that can assist developers to boost sales and clear unsold stocks especially for the B40 and M40 groups

Regulation	Description	Impact to the business/industry
Stamp duty exemption for the purchase of first residential property (Ministry of Finance)	Stamp duty exemption on instrument of transfer for first time house buyers for properties priced between RM300,000 to RM1 million purchased directly from a housing developer (effective 1 January 2019 to 30 June 2019).	An initiative that can assist developers to boost sales and clear unsold stocks within the price of RM300,000 to RM1 million
	Stamp duty exemption on the instrument of transfer and the loan agreement for house priced up to RM300,000 (effective 1 January 2019 to 31 December 2020).	
	House price between RM300,001 to RM500,000, the instrument of transfer and loan agreement is exempted but limited to the first RM300,000 (effective 1 July 2019 to 31 December 2020).	
Fund set up by Bank Negara Malaysia	RM1 billion fund is set up for Malaysians earning not more than RM2,300 per month to buy affordable houses priced at RM150,000 and below at an interest rate of as low as 3.5 percent. Available at participating financial institutions such as AmBank, CIMB Bank, Maybank, RHB Bank and BSN (effective from 1 January 2019 to 31 December 2020, or until the fund exhausted).	An initiative that would help spur home ownership among the B40 segment and help developers boost sales and clear unsold stocks within the price of RM150,000 and below
Increase in Stamp Duty (Ministry of Finance)	The increase of 1 percent stamp duty from 3 percent to 4 percent of the instrument of transfer for property exceeding RM1 million to RM2.5 million (effective 1 July 2019).	The increase of stamp duty may help to curb speculation for properties priced at over RM1 million.
Revision of the Real Property Gain Tax (RPGT) (Ministry of Finance)	For disposal in the 6th year and after, RPGT to be increased from 5 percent to 10 percent for foreigners and corporations; 0 percent to 5 percent for Malaysian individuals.	The imposition of RPGT of 5 percent for all properties sold after 5 years of ownership would mainly impact the sub-sale market. This could help to regulate housing price growth which has impacted affordability.
	Exemption applies to low cost houses, low to medium cost houses and houses priced below RM200,000 (effective from 1 January 2019).	

# > Trends and Growth Opportunities for the Group

Group-Level Megatrends	Trend Description
Growth in Digitalisation	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 & 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.  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.  With the growing digitalisation trends, consumers are increasingly participating in digital platforms to gather information, compare housing options and ultimately, make purchase decisions.
Changes in Supply-Demand Fundamentals	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 over two terms of governing and provide tax incentives to property developers who focus on affordability.  Bank Negara Malaysia has set up a RM1 billion fund for Malaysians earning not more than RM2,300 per month to buy affordable houses priced at RM150,000 and below at an interest rate of as low as 3.5%.
Enhanced Accessibility, Mobility and Connectivity of Public Transportation System	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, Taiwan and 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.
Accelerating Economic Growth in Greater Klang Valley and Negeri Sembilan	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.

#### Sime Darby Property's Response

### Link to Strategic Priorities and Key Initiatives

- 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 industrial facilities of:
  - Klang Valley (Bandar Bukit Raja, Serenia City and Elmina)
  - Negeri Sembilan (Nilai Impian and MVV 2.0)
  - Johor (Bandar Universiti Pagoh)
- Leverage on the expertise and network of international industrial players via strategic partnerships, e.g., Joint venture between Sime Darby Property, Mitsui & Co. Ltd. and Mitsubishi Estate Co. Ltd. in Bandar Bukit Raja to develop a 39-acre industrial site.
- Increase usage of digital platforms to enhance the end-to-end customer experience across all our customer touchpoints.

- SETTING UP NEW BUSINESS SEGMENT FOR INDUSTRIAL AND LOGISTICS DEVELOPMENT
- EXECUTING THE OPTIMAL STRATEGIC AND CATALYTIC PARTNERSHIP MODEL
- 1 ROLLING-OUT ONLINE COMMUNITY MARKETPLACE AND DIGITAL INNOVATION
- Expand residential offerings across a wider range of price points, in support of state and federal initiatives to address existing issues surrounding housing affordability.
- Launch *Inspirasiku* microsite that provides easy access to the inventory list of Rumah Selangorku developments to enhance customers' experience in the affordable housing segment.
- Adopt Divergent Dwelling Design (D3) an innovative building design to develop quality and affordable D3 Sustainable Homes addressing communities' need for affordable housing solutions.
- LAUNCHING PROFITABLE AFFORDABLE HOUSING BUSINESS
- DRIVING MORE SALES AND IMPROVING END-TO-END CUSTOMER JOURNEY

- Leverage on existing and planned connectivity of key townships (below) to major expressways.
  - Elmina East and West
    - > Guthrie Corridor Expressway
    - > Damansara-Shah Alam Elevated Expressway
  - Bandar Bukit Raja
    - > Shapadu Expressway
    - > West Coast Expressway
  - Serenia City
    - > ELITE Expressway
    - > Maju Expressway
  - > Malaysia Vision Valley 2.0
    - > Nilai-Labu-Enstek Expressway
    - > North South Expressway

- Actively engage with relevant authorities to ensure the seamless integration of projects (below) to dedicated public transportation hubs
  - The Ridge, KL East
    - > Gombak LRT
    - > Rapid KL Bus Terminal
  - Lot 15, SJCC
    - > Subang Jaya LRT
    - > Subang Jaya KTM Station
  - Cantara, Ara Damansara
  - > Ara Damansara LRT
  - Putra Residence, Putra Heights
    - > Subang Alam LRT

- PRIORITISING PROJECTS & IMPROVING PROFITABILITY FOR TOWNSHIP DEVELOPMENT
- 2 STRENGTHENING CAPABILITIES & INCOME CONTRIBUTION FROM INTEGRATED DEVELOPMENT

- Prioritise developments on existing land banks located along the Guthrie Corridor Expressway
  totalling over 10,297 acres (remaining developable area of 6,387 acres). 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.
- Implement the Malaysia Vision Valley 2.0 (MVV 2.0) blueprint, positioning it as a regional hub for business, innovation and talent via a Comprehensive Development Plan (CDP), in collaboration with multiple stakeholders.
- PRIORITISING PROJECTS & IMPROVING PROFITABILITY FOR TOWNSHIP DEVELOPMENT
- 6 LAUNCHING MALAYSIA VISION VALLEY 2.0 (MVV 2.0)

# 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 our listing as we leverage the experiences and skills of our people to deliver quality homes and properties for our customers.

# **KEY INPUTS**





#### MANUFACTURED CAPITAL

Owns 20,411 acres of freehold land bank and physical assets in strategic locations and good connectivity

23 active townships, integrated and niche developments 1.3 million sq ft of total net lettable area

4 hospitality and leisure assets

Please refer pages 67 to 89 for Operations Review

# **KEY DRIVERS OR COMPETITIVE ADVANTAGES**

#### ACTIVE LAND BANK MANAGEMENT

A rigorous approach to expand the role as master developer, enhance the value of existing townships and execute strategic land disposals and acquisitions

#### TOWNSHIP & INTEGRATED DEVELOPMENT

Effectively conceptualise and plan property development projects which meets the demand and high quality standards of buyers



#### FINANCIAL CAPITAL

Prudent in protecting the Group's financial position through optimal liquidity management and efficient capital structure

Net Assets: RM9.4 billion Gross Gearing Ratio: 34.6%

Please refer pages 48 to 66 for Performance Review

#### **ROBUST CAPITAL MANAGEMENT**

To deliver sustainable net profit, rewarding distribution to shareholders while maintaining efficient cash and capital management

#### STRONG FINANCIAL DISCIPLINE

Improve the effectiveness to deliver quality and profitable performance through constant review of product feasibility, sales performance and inventory management



#### **HUMAN CAPITAL**

1,553 skilled and motivated employees across 5 countries, led by an experienced **Executive Leadership** team

Please refer pages 108 to 115 for Executive Leadership and pages 168 to 191 Sustainability Report

#### SUSTAINABLE TALENT & PERFORMANCE MANAGEMENT

Focused on effective people management to groom talent and optimise work strength across all operations



#### SOCIAL CAPITAL

Maintains strong and effective relationships with key stakeholders namely shareholders, customers, local authorities, communities and suppliers

Please refer pages 20 to 89 for Management Discussion & Analysis

#### **EFFECTIVE GOVERNANCE & STAKEHOLDER** MANAGEMENT

Periodic enhancement on our Policies & Operating Procedures to meet compliance requirements and expectations of stakeholders particularly strategic partners, shareholders and regulatory bodies



#### **NATURAL CAPITAL**

Embed **Sustainability** in our value chain to manage natural resources i.e. land, water and energy in order to minimise environmental harm

Please refer pages 168 to 191 for Sustainability Report

#### CORPORATE SUSTAINABILITY MODEL

Strengthen efforts on governance of the sustainability practices across the value chain through implementation of Sustainability Index and sustainability strategies



#### INTELLECTUAL CAPITAL

More than 40 years of track record with strong brand name, market experience and formidable network with partners

Please refer pages 20 to 89 for Management Discussion & Analysis

#### **PRODUCT & DIGITAL INNOVATION**

Enhance overall brand equity and customer experience through a healthy pipeline of innovation projects which can be commercialised successfully

Our Values and Culture: 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



**MARKET TRENDS** 

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

#### MATERIAL RISKS

Market	Development and Product Strategy
Competition	JVs, Collaborations & Strategic Partnerships
Talent Management	Project Development & Execution
Environmental, Safety & Health	Regulatory & Compliance
Cybersecurity	Utilities Supply

Please refer pages 40 to 47 for Key Risks and Mitigation

## **5 STRATEGIC PRIORITIES** EXPANDING DEVELOPMENT PORTFOLIO INCOME 1 **ELEVATING** LAUNCHING NEW GROWTH ORGANISATIONAL SHIFT20 **EFFECTIVENESS** ARFAS **TRANSFORMATION PLAN** Please refer pages 38 to 39 for Strategic Roadmap ACHIEVING COST **ENHANCING** & OPERATIONAL **OVERALL CUSTOMER EFFICIENCIES** EXPERIENCE

# OUR OUTCOMES



#### MANUFACTURED CAPITAL

- 14 projects successfully completed with a total delivery of 2,012 completed units in the Financial Period 2018
- 30 ongoing projects, total 7,737 units with expected completion of up to 2021

Please refer pages 67 to 89 for Operations Review



#### FINANCIAL CAPITAL

- RM9,209.5 million shareholders' funds
- · 44% dividend payout, excluding one-off items

Please refer pages 48 to 66 for Performance Review



#### **HUMAN CAPITAL**

- 42% of our workforce and 27% of the Board are represented by women
- Enhanced talent management via 52 learning and development programmes for employees

Please refer pages 168 to 191 for Sustainability Report



### SOCIAL CAPITAL

- 17 organisations supported through donations and 296 volunteer hours contributed
- 19,089 trees replanted and 2,287 kg recyclable household materials collected

Please refer pages 168 to 191 for Sustainability Report



#### NATURAL CAPITAL

- 21% reduction in overall carbon intensity
- · Awarded for Sustainable Development

Please refer pages 168 to 191 for Sustainability Report



#### INTELLECTUAL CAPITAL

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

Please refer pages 20 to 89 for Management Discussion & Analysis

Supported by strong governance and effective Board leadership

**Robust Corporate** Governance Framework

review our framework to align with stakeholders' best interest



# Stakeholder Engagement

Stakeholders	How We Engage	Their Expectations	How We Address Their Expectations
INVESTORS AND ANALYSTS	1) Strategic and effective engagement with the investment community via face-to-face and/or virtual communication 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  Other communication channels include the following:  a. IR Corporate Website b. Quarterly briefings c. One-on-one meetings d. Site visits e. Email communication  1) Active engagement with	1) Consistent financial and operational performance on a regular basis 2) Good governance and risk management framework 3) Disciplined growth strategy with clear emphasis on long-term, sustainable shareholders' returns 4) Transparent disclosure of financial information for better understanding of company's strategies	1) Organise quarterly presentation and earning calls for results announcement and updates on key projects 2) Communicate clear strategic direction, goals & outcomes, broad risk exposures as well as performance targets of the Company via:  a. One-on-one/Group meetings, large group virtual meetings and conference calls  b. Conferences  c. Non-deal roadshows  d. Informative quarterly announcements and annual reports 3) Allow direct access to the Board members and Senior Management at Annual General Meetings 4) Site visits for investors
PROVIDERS	existing and potential lenders via one-on-one meetings, email communication and site visits  2) Regular reporting on covenant requirements	and interest payments  2) Adherence to covenants  3) Good governance and risk management framework	dedicated treasury team for monitoring of debt covenants and management of overall debt profile  2) Implementation of prudent capital management policies to ensure optimal and sustainable capital structure  3) Transparent disclosure of operational updates on key projects
MEDIA	Consistent engagement with the media community via the following multiple channels, but not limited to:  1) Press releases/statements 2) Networking sessions 3) Media briefings 4) Press conferences 5) Interviews 6) Township/project visits	1) Timely, accurate and transparent update on performance and financials 2) Real time updates on financial or material developments 3) Insights on the market and industry 4) Updates on business strategies	<ol> <li>Organise biannual press conferences with Senior Management on financial results</li> <li>Share regular updates on operational developments, including information on various launches, sales campaigns etc.</li> <li>Relay information on business strategies, market insights and outlook</li> <li>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
EXISTING AND POTENTIAL CUSTOMERS	Regular engagement with customers across all touchpoints	<ol> <li>A fulfilling and pleasant experience throughout the entire customer journey from searching and purchasing a property to handover of keys and owning a property</li> <li>A trusted and responsible developer that provides regular engagement opportunities for both individuals and communities</li> </ol>	1) Promote our Customer First philosophy and create a culture of prioritising customers' needs 2) Introduce and encourage use of all available engagement channels to promptly respond to all customer related queries and concerns
EMPLOYEES	Active employee engagement via the following initiatives:  1) Internal team meetings  2) Annual individual performance review  3) Personal and professional development through learning & development programmes  4) Focus group discussions  5) Quarterly townhalls  6) Lunch talk sessions  7) Employee engagement surveys  8) Volunteering opportunities  9) Internal digital platform and corporate collaterals	1) Updates on business strategies and operational performance 2) Clear communication channels 3) Clear career opportunities and development within the Group 4) Knowledge and skills enhancement and effective talent & welfare management 5) Fair and competitive remuneration practices 6) Work-life balance 7) Safe and conducive working environment	<ol> <li>Update employees regularly using internal channels</li> <li>Establish effective Talent Management Framework</li> <li>Conduct benchmarking exercise with market practices to remain competitive</li> <li>Continuously provide training programmes and project assignments that align with business goals to allow skills enhancement</li> <li>Conduct employee engagement sessions such as Quarterly Townhalls, Festive Events and Teh Tarik Sessions with Senior Management</li> <li>Promote work-life balance via Staggered Working Hours, 90 Days Maternity Leave, expectant mothers may leave 1.5 hours earlier, 1 Week Paternity Leave, Volunteer Initiatives, etc.</li> </ol>
REGULATORS AND INDUSTRY AFFILIATIONS	Active engagement with relevant regulators and authorities     Proactive participation in industry forums, advisory group, standard-setting bodies and government consultation initiatives	1) Compliance to rules and regulations, with the Group being kept abreast of various requirements 2) Share, contribute and co-create industry best practices or new policies and regulations	Ensure full compliance to the applicable rules and requirements     Engage with all stakeholders, with transparency, honesty and integrity

# > Stakeholder Engagement

Stakeholders	How We Engage	Their Expectations	How We Address Their Expectations
SUPPLIERS/ CONTRACTORS/ STRATEGIC PARTNERS	1) Regular relationship building/networking sessions 2) Vendor Development workshops for vendors and third parties	1) Fair treatment 2) Professional and transparent Group-wide procurement processes 3) Safe and conducive construction sites	1) Implement the vendor development programme and provide full disclosure of the procurement policies on corporate website  2) Mandate a Letter of Declaration by all vendors commiting to adhere to Sime Darby Property's Code of Business Conduct  3) Mandate all suppliers, contractors and sub-contractors to provide details of their Occupational, Health & Safety (OHS) plans in keeping with the Group's Standard Operating Procedures on OHS

# 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 Senior Management team, which includes the Group Managing Director and Group Chief Financial Officer. Key deliberations made by the team during the period under review include 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 includes the key steps of identification, prioritisation and validation.

### Identification

Based on the internal analysis of our business and feedback gathered through various stakeholder engagement platforms, we identified relevant material topics that merit inclusion, based on their impact on our financial and non-financial performance and in the context of the six capitals.

2 Prioritisation

After our assessment of the impact of each of the material topics on stakeholders' decisions and our business, we arrived at 11 material topics to focus on for FP2018.

3 Validation

We underwent an intensive exercise to further analyse and agree on the scope of the material topics, their boundaries as well as an organisation-wide database for reporting.

### Priority Material Topics Endorsed by the Board

- Financial Performance
- Strategic Partnerships
- Product Delivery Timeliness
- Product Quality
- Occupational Health & Safety
- People Management
- Change Management and Communication Plan
- Community Development
- Environmental Stewardship
- Sustainable Development Pipeline
- Innovation



# > Our Capitals, Material Matters & Value Creation

FINANCIAL CAPITAL	MANUFACTURED CAPITAL	HUMAN CAPITAL
Income from core businesses and monetisation of non-core, non-strategic assets ensures a sustainable flow of financial capital for the continuous expansion of existing and future business segments	Business infrastructure, including our land bank, physical assets and technology, our flagship products, and physical assets that help us to conduct business in a profitable and sustainable manner	Human capital development initiatives, including our investments in acquiring and strengthening our talent, knowledge, and skill base that improves our competitive advantage
Material Matter/s: Financial Performance Strategic Partnerships	Material Matter/s: Product Delivery Timeliness Product Quality	Material Matter/s:  Occupational Health & Safety  People Management  Change Management and Communication Plan
Risks and Opportunities:  Challenging global and domestic economic conditions dampened consumer and business sentiment resulting in underwhelming demand Intensifying competition in the sector coupled with high property supply resulted in slower house price growth Tightening financial requirements and rising operating costs continue to constrain our ability to increase profit margins and create higher shareholders' return Challenge in identifying the right products and price-points to address the gap between market demand and supply Need for strategic partnerships/joint ventures to maximise returns/leverage on partner expertise	Risks and Opportunities:  Ever-changing customer expectations and preferences in relation to timeliness and quality of product delivery influence our market approaches  Market volatility that negatively affected cost and margins increase pressure to maintain product quality at compressed margins	Risks and Opportunities:  Dynamic and disruptive marketplace continue to drive the need for our people to develop new skills and competencies  Technological disruptions influence expectations of quality and service  Hazards at workplace and compromised labour practices remain an area for close monitoring
<ul> <li>Mitigation Strategies:</li> <li>Focused on re-balancing the Group's income by enhancing our operational efficiencies and expanding into new growth areas to overcome the volatility of the property sector</li> <li>Focused on re-planning of launches and re-visiting pricing of completed unsold units to better align with market needs and preferences</li> <li>Focused on executing an optimal strategic and catalytic partnership model</li> </ul>	Mitigation Strategies: Focused 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 QLASSIC Focused on improving speed to market and shortening end-to-end development cycle	Mitigation Strategies:  Focused on effective performance management, robust talent management & development framework and inclusive employee engagement platforms to motivate performance, build competencies and deliver positive employee experiences  Enforced ESH Compliance controls such as GPA A.9, ESH Management Systems, Safety & Health Management Plan etc
<ul> <li>Key Strategic Priorities in FP2018:</li> <li>Expand Development Portfolio Income</li> <li>Launch New Growth Areas</li> </ul>	<ul> <li>Key Strategic Priorities in FP2018:</li> <li>Enhance Overall Customer Experience</li> <li>Achieve Cost &amp; Operational Efficiencies</li> </ul>	<ul> <li>Key Strategic Priorities in FP2018:</li> <li>Elevate Organisational Effectiveness</li> <li>Achieve Cost &amp; Operational Efficiencies</li> </ul>
How do we measure value creation?  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	How do we measure value creation?  • Sellable high-quality products delivered to the market  • Innovative products and solutions  • Service excellence  • Product quality & appreciation  • Socio-economic growth  • Customer satisfaction	How do we measure value creation?  Succession pipeline  Talent mobility and growth  Diversity for development  Future-proof talent

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.	More than 20,000 of land bank strategically located in growth corridors, with high connectivity that continues to support our current and future growth plans, 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, formidable network and intellectual property, all of which enhance our capacity to innovate and strengthen our brand equity and reputation
Material Matter/s: Community Development	Material Matter/s:  • Environmental Stewardship  • Sustainable Development Pipeline	Material Matter/s: Innovation
<ul> <li>Risks and Opportunities:</li> <li>Changes in political and regulatory landscape often affect the pace of our project delivery and increase cost of compliance</li> <li>Lack of resources and focus for community-based initiatives such as the delivery of affordable homes compared to more profitable openmarket initiatives/products</li> <li>Unresponsive and dissatisfied stakeholders due to lack of information or misinformation as well as inconsistent and unclear communication pose a threat to our reputation and business</li> </ul>	Risks and Opportunities:  Negative impact on the environment and ecosystem due to externalities from our operations and supply chain activities  Water scarcity in high risk areas can potentially affect the development of new townships  Biodiversity and environmental preservation to enhance the value of townships	Risks and Opportunities:     Constant change in business landscape, technological disruptions and rising population of millennials require the Group to respond swiftly and innovatively     Digitalisation has lowered the barrier of entry, making it easier for new entrants to disrupt incumbents
<ul> <li>Mitigation Strategies:</li> <li>Focused on enhancing our Policies and Operating Procedures to meet compliance requirements, while monitoring regulatory developments in areas where we operate</li> <li>A dedicated affordable housing unit to focus on delivering homes priced within the range of RM200,000 to RM400,000 per unit</li> <li>Focused on ensuring consistent and clear corporate messaging</li> </ul>	Mitigation Strategies: Focused on monitoring operational eco-efficiency (i.e., water, waste, carbon emissions), while achieving internal reduction targets Implemented an active land bank management approach which includes strategic land sales and acquisition Introduced specific targets on the planting of endangered, rare and threatened (ERT) tree species within our townships	Mitigation Strategies: Focused on maintaining a healthy pipeline of innovation projects which can be commercialised successfully and replicated across multiple platforms Partnered with external parties and engage in brainstorming sessions to resolve problems and achieve the desired innovation portfolio mix
Key Strategic Priorities in FP2018: • Elevate Organisational Effectiveness	Key Strategic Priorities in FP2018:  Expand Development Portfolio Income Launch New Growth Areas	Key Strategic Priorities in FP2018:  • Enhance Overall Customer Experience
How do we measure value creation?  Value partnerships Positive social impact	How do we measure value creation?     Sustainable land bank management     Acquisition of new land for development     Sale of non-strategic land bank     Efficient management of natural resources	How do we measure value creation?  High brand value Global presence and footprint Quality and innovative end-to-end product chain

# Our Strategic Road Map

# Our SHIFT20 Transformation Plan

comprises of 20 initiatives which we have identified based on 5 Strategic Priorities to transform the Group over the next five years by 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
   Stakeholder Value
- Enhancing and Developing
   Human Capital and
- uman Capital and Capabilities
- Driving Innovation and Operational Excellence
- Strengthening
   Fundamentals and
   Business Focus
- Organisational Transformation 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** 

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

#### **SHIFT20 INITIATIVES**

- 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
- Implementing Active Land Bank Management
- Reducing Unsold Stocks

#### PRIORITY 2: Launching New Growth Areas

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

- 6 Launching Malaysia Vision Valley 2.0 (MVV 2.0)
- Setting up a New Business Segment for Industrial And Logistics Development
- Improving Property Investment Profitability
- Launching Profitable Affordable Housing Business

#### 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

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

# PRIORITY 4: Achieving Cost and Operationa Efficiencies

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

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

#### PRIORITY 5: Elevating Organisational Effectiveness

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

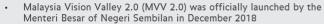
- 17 Enhancing Project Management Governance and Competency
- 18 Executing the Optimal Strategic and Catalytic Partnership Model
- 19 Strengthening Company-Wide People Management Framework
- 20 Executing Change Management and Communication Plan

#### **FINANCIAL PERIOD 2018 KEY HIGHLIGHTS**

- Launched a total of 801 units with combined Gross Development Value of RM675.5 million. A total of 14 projects comprising of 2,012 units were successfully completed over the course of 6 months
- Net sales value increased by 33% YoY to RM1,337.7 million
- Entered into a Sale and Purchase agreement for the sale of Bukit Selarong, Kedah in November 2018 for a consideration of RM88.9 million
- Entered into a Sale & Purchase agreement with a Joint Venture Company of Permodalan Nasional Berhad and Employees Provident Fund for the disposal of commercial assets within Battersea Power Station at a base consideration of £1.583 billion. The transaction was completed in March 2019

#### **PRIORITIES FOR FINANCIAL YEAR 2019**

- Prioritise bringing in catalysts (hospitals, malls, schools, aged-care facilities, etc.) into our Township and Integrated developments to enhance its overall value
- · Complete the sale transaction for Bukit Selarong, Kedah
- Expedite the disposal of remaining non-strategic land bank outside key development focus areas, as well as, remaining non-core assets located in Malaysia and overseas
- Execute sustainable management of natural resources and focus on reduction in carbon intensity
- Execute detailed action plan to reduce inventory for completed and ongoing developments by reviewing campaign strategies as well as pricing and positioning of product offerings



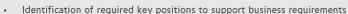
- A Memorandum of Agreement was signed between MVV Holdings Sdn. Bhd. and the State Government to outline the roles and functions of Sime Darby Property as a master developer for MVV 2.0
- Entered into a Sale & Purchase agreement for the disposal of Darby Park Executive Suites, Singapore in November 2018. The transaction was completed on 31st January 2019 for a consideration of SGD 93.0 million
- Launched various awareness campaigns on affordable housing, innovative housing solutions and our community projects
- Embark on the first phase of MVV 2.0 development
- Establish a new segment for Industrial & Logistics development, with a focus on Bandar Bukit Raja, Serenia City and Elmina
- Expand recurring income portfolio, capitalising on strong demand in Industrial assets
- Focus on low to mid-range housing projects from RM300,000 to RM800,000



- "dto", Malaysia's first online home co-creation and crowd sourcing platform, was introduced
- Improve Customer Satisfaction Index to 80%
- Enhance data-driven customer insights and data analytics to increase sales and repeat purchases
- Launch and roll-out of "dto" online home co-creation platform to the general public. "dto" is expected to change the sales approach for two of our high-rise projects in Subang Jaya City Centre (SJCC) and Putra Heights.



- Reduction of procurement cycle time from 4 months to 2.5-3 months
- Negotiated pricing and bulk purchasing of key materials as part of the strategic sourcing exercise
- Revised and roll-out of Code of Business Conduct group-wide to maintain our high standard of corporate governance, integrity and ethical conduct
- Drive cost reduction initiatives via value engineering and strategic sourcing to enhance profitability
- · Roll-out enhanced leisure division business model
- Shorten end-to-end development cycle for both township and integrated projects
- Review and execute overhead cost management initiatives



- Enhanced Talent and Performance Framework approved
- Launched Sime Darby Property Bridging Series with Minister of Housing and local government to align the Group's aspirations with the government's direction moving forward
- Formulate and execute optimal strategic and catalytic partnership model for our industrial, commercial and mixed development segments
- Roll-out strong culture and change management initiatives
- Roll-out enhanced talent and performance management framework
- Continuously engage relevant government stakeholders via the Sime Darby Property Bridging Series







# Key Risks and Mitigation

"The achievement of our set business objectives relies on our ability to take appropriate risk that will provide the expected level of returns."

It cannot be denied that the Group's activities involve elements of risk-taking and the key is to manage these risks appropriately. Our approach to risk management practices is influenced and impacted by internal and external factors, such as economic and market conditions, political environments, technology, competition and human capital management, where certain risks faced by the Group cannot be fully mitigated as the circumstances are beyond the Group's control. In those instances, the Group will attempt to minimise the impact of these risks as far as possible.

The Group's objective is to balance the level of risk that the business can take with the Group's profitability and growth goals to ensure these objectives can be met on a sustainable manner. Our approach at the Group level is to align our risk appetite with our Group's overarching strategies, while embedding the risk process within our business operations.

The Group adopts both a top-down and bottom-up approach to identify, manage and monitor the risks and challenges across the Group. The Board sets the business strategies and appetites to manage risk, while Management is responsible to manage risk within set business strategy, risk framework and appetite. Business and functional units, on the other hand, are responsible for identifying, assessing and mitigating the risks affecting their respective operating areas, in line with their respective strategy, objectives and operational parameters. The Board has also empowered the Group Risk Management (GRM) Department to assist the Board, Risk Management Committee and Management with the coordination, consultation and validation (where required) of risk management framework. The Board has also provided the mandate to the Group Corporate Assurance (GCA), an in-house internal audit function to undertake regular and systematic review of the internal control systems to provide reasonable assurance that such system continue to operate satisfactorily and effectively for the Group. Such integrated approach in managing and monitoring risks supports the implementation of key business, operational and risk management strategies.

For the financial period under review, we have identified 10 key risks that had impacted and continue to impact the Group's business.

The 10 key risks, including their impact to our business performance and relevant mitigation plans and strategies implemented during the period under review are as follows:

Key Risk Areas	Risk Evaluated	Impact on Value	Stakeholders Affected	Strategy	Measures Taken
STRATEGIC	1. MARKET  Macro-economic factors, including continued subdued property market, hindering our ability to sustain the business, manage our liquidity requirements and ensure our growth strategy and financial targets are achieved.  Capital Inputs	Diminishing Financial Capital due to:  ✓ Poor Group performance and returns;  ✓ Unsold stocks;  ✓ Prolonged deferment or delayed launches;  ✓ Insufficient operational cash flow to fund projects; and  ✓ Tight capital market to raise funds.	V Investors/ Lenders V Customers V Employees V Suppliers/ Business Partners	Expanding Development Portfolio Income. Launching New Growth Areas. Enhancing Overall Customer Experience. 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> <li>✓ Continuously assessed and realigned strategy to market conditions;</li> <li>✓ Closely monitored performance across core business units, including cash requirements and availability of funding facilities;</li> <li>✓ Launched products such as landed properties within affordable to medium price range in established townships where the underlying demand is still strong;</li> <li>✓ Gathered market intelligence on product and service offerings for similar/comparable developments;</li> <li>✓ Launched sales campaigns, with innovative packages for new products;</li> <li>✓ Performed tactical price review for unsold stocks; and</li> <li>✓ Created an affordable housing design and packages.</li> </ul>

# > Key Risks and Mitigation

Key Risk Areas	Risk Evaluated	Impact on Value	Stakeholders Affected	Strategy	Measures Taken
STRATEGIC	2. DEVELOPMENT AND PRODUCT STRATEGY  Ineffective development portfolio and low demand products delivered to the market (portfolio, product, price and timing to market).  Capital Inputs	Diminishing Financial Capital due to:  ✓ Poor take-up rate of products resulting in higher holding costs;  ✓ Low profit margin or losses incurred on products;  ✓ Loss of market share; and  ✓ Low return on capital due to low demand.	√ Investors/ Lenders  √ Customers  √ Employees  √ Suppliers/ Business Partners	Expanding Development Portfolio Income. Launching New Growth Areas. Achieving Cost & Operational Efficiencies. To improve execution by focusing on the right products at the right price and to explore new growth areas.	<ul> <li>✓ Implemented and monitored the achievement of 5-year implementation Blueprint;</li> <li>✓ Commissioned market research and built a business case for each product developed and launched;</li> <li>✓ Monitored the implementation of a 'check and balance' approach to aligning and implanting strategies along the product supply chain;</li> <li>✓ Improved product development cycle to significantly reduce time to market; and</li> <li>✓ Continued to implement the 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.</li> </ul>

Key Risk Areas	Risk Evaluated	Impact on Value	Stakeholders Affected	Strategy	Measures Taken
	3. COMPETITION  Business model being disrupted by new and/or current entrant through either new innovation (products and services) or technology advancement.  Capital Inputs	Diminishing Financial Capital due to:  ✓ Loss of market share; and  ✓ Lower than expected performance and returns.	√ Investors/ Lenders  √ Employees  √ Suppliers/ Business Partners	Launching New Growth Areas. Achieving Cost & Operational Efficiencies. To manage costs, improve quality and deliver products on time.	<ul> <li>✓ Maintained market- watch to monitor existing and new industry entrants and technology; and</li> <li>✓ Launched innovative products and/or processes and/or systems.</li> </ul>
STRATEGIC	4. JOINT VENTURES, COLLABORATIONS AND STRATEGIC PARTNERSHIP  Misaligned investment objectives/interest, lower than expected returns, weak JV management team and disagreement with JV Partners.  Capital Inputs	Diminishing Financial Capital, Compromised Intellectual Capital, and Deteriorating Human Capital due to:  √ Lower returns than expected;  √ Additional capital requirements to sustain JV businesses;  √ Potential litigation arising from claims/ disputes; and  √ Potential reputational damage.	√ Investors/ Lenders  √ Business Partners  √ Employees	Elevating Organisational Effectiveness. To forge partnerships to develop a portfolio of more vibrant and higher-yielding developments and leverage on the expertise/ strengths of the JV partner.	<ul> <li>✓ Conducted due diligence exercise prior to formalising collaborations/joint ventures;</li> <li>✓ Planned investments according to risk and approval criteria set out by the Group governance framework;</li> <li>✓ Closely monitored the performance of the JVs through periodic reports and representation on the board/management of the JV Company; and</li> <li>✓ Continued to improve the governance of JVs, where required.</li> </ul>

# > Key Risks and Mitigation

Key Risk Areas	Risk Evaluated	Impact on Value	Stakeholders Affected	Strategy	Measures Taken
HUMAN CAPITAL	5. TALENT AND RESOURCE MANAGEMENT Inability to attract, maintain and retain competent talents to execute strategies for sustainable growth.  Capital Inputs	Deteriorating Human Capital due to:   √ Lack of skills and competencies needed to implement Group strategies and deliver the expected performance;  √ Misaligned performance measurements; and  √ Loss of key talents.	√ Employees	Elevating Organisational Effectiveness. To continuously improve coaching capabilities necessary to build a high-performance culture.	<ul> <li>✓ Ensured remuneration packages are comparable to industry norms;</li> <li>✓ Implemented succession planning;</li> <li>✓ Improved performance management system;</li> <li>✓ Reviewed competency and training gaps;</li> <li>✓ Enhanced the recruitment of 'young talent' and retention strategies; and</li> <li>✓ Continuous training and support to build key expertise under major growth areas.</li> </ul>
OPERATIONAL	6. PROJECT DEVELOPMENT & EXECUTION  Development projects not delivered on time and not meeting expected returns or product quality.  Capital Inputs	Diminishing Financial Capital and Compromised Intellectual Capital due to:  √ Additional cost of rectification/ replacement, compensation, settlement, overruns and/or LAD;  √ Poor product quality and late delivery of product; √ Potential claims/ legal action from purchasers; and √ Potential reputational damage.	✓ Investors/ Lenders  ✓ Customers  ✓ Employees  ✓ Suppliers/ Business Partners	Achieving Cost & Operational Efficiencies.  To manage costs, improve quality and deliver products on time.	<ul> <li>✓ Strengthened the pool of competent and experienced consultants and contractors with good track record to support project requirements, based on a prequalified, and preapproved set of criteria for their performance assessment;</li> <li>✓ Dedicated and experienced project teams to monitor project performance and coordinate with key stakeholders;</li> <li>✓ Increased frequency and timeliness of quality audits and inspection at various stages of construction; and</li> <li>✓ Executed steps to improve project management, cost control and procurement process.</li> </ul>

Key Risk Areas	Risk Evaluated	Impact on Value	Stakeholders Affected	Strategy	Measures Taken
OPERATIONAL	7. ENVIRONMENTAL, SAFETY & HEALTH  Major safety, health and/or environmental breach occurring at workplace.  Capital Inputs	Diminishing Financial Capital; Compromised Intellectual Capital and Loss of Human Capital:  ✓ Loss of productivity and performance as a result of potential accidents, injuries and casualties;  ✓ Significant penalties/ disruptive stop-work orders imposed by authorities;  ✓ Potential environmental harm and additional cost arising from possible claims and litigation; and  ✓ Potential reputational damage.	✓ Customers ✓ Community ✓ Employees ✓ Suppliers/ Business Partners ✓ NGOs	Achieving Cost & Operational Efficiencies. Elevating Organisational Effectiveness. To build skillsets and competencies in project management, construction management and environmental, safety & health standards.	
	Inability to secure adequate water & electricity supply and connection for future projects in growing townships and/or new townships.  Capital Inputs	Compromised Manufactured Capital and Diminishing Financial Capital due to:  √ Inability to meet strategic development and growth targets; √ Inability to meet financial targets; and  √ Loss of market share.	<ul> <li>✓ Investors/ Lenders</li> <li>✓ Authorities</li> <li>✓ Customers</li> <li>✓ Suppliers/ Business Partners</li> </ul>	Elevating Organisational Effectiveness. To deliver projects as planned, with seamless implementation support from critical authorities and suppliers.	<ul> <li>✓ Engaged with authorities and utility suppliers at various stages of the development;</li> <li>✓ Maintained compliance with utility suppliers' requirements; and</li> <li>✓ Signed an Integrated Water Supply Scheme Agreement with other developers.</li> </ul>

# > Key Risks and Mitigation

Key Risk Areas	Risk Evaluated	Impact on Value	Stakeholders Affected	Strategy	Measures Taken
INFORMATION TECHNOLOGY	Infrastructure and systems failure or breaches arising from cyber-attacks, potentially crippling core systems and controls.  Capital Inputs	Compromised Manufactured and Intellectual Capitals and Diminishing Financial Capital due to:  ✓ Business disruptions;  ✓ Loss of valuable business data;  ✓ Penalties/fines by authorities and/or legal action by 3 <sup>rd</sup> parties; and  ✓ Potential reputational damage.	V Investors/ Lenders V Customers V Employees V Suppliers/ Business Partners V Authorities	Achieving Cost & Operational Efficiencies.  To manage costs, improve quality and deliver products on time.	<ul> <li>✓ Deployed various infrastructure security protection solutions and Intrusion Prevention System 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;</li> <li>✓ Implemented Advanced Persistent Threat (APT) solution to detect and prevent advanced targeted attacks; and</li> <li>✓ Utilised multi-layer infrastructure security protection solutions (such as Firewall, Anti-Spam/Virus) to prevent malicious threats to corporate network and data centers as well as user computers.</li> </ul>

Key Risk Areas	Risk Evaluated	Impact on Value	Stakeholders Affected	Strategy	Measures Taken
-	Risk Evaluated  10. REGULATORY AND CONTRACTUAL COMPLIANCE  Non-compliance with local, international laws and regulations and contractual obligations due to: Complex and voluminous legislation/ regulations; and Lack of awareness of existing and new legislation/ regulations and lack of understanding of contractual	Compromised Financial and Intellectual Capitals due to:  √ Non-compliance costs arising from penalties and fines;  √ Failure to meet contractual obligations and potential claims/ litigation;  √ Additional compliance costs; and  √ Potential reputational		Elevating Organisational Effectiveness. To deliver projects as planned, with seamless implementation support from key authorities and suppliers.	Measures Taken  √ Continued to instill a culture of compliance in the organisation, with complementing internal processes, external legal support to operational teams when required;  √ Maintained close collaboration with trade associations on emerging regulatory requirements and industry trends and standards;  √ Appointed dedicated project teams to monitor compliance with specific regulations and
	provisions.  Capital Inputs			contractual provisions; and  √ Defined an escalation matrix and a stringent monitoring, resolution and reporting mechanism to manage	

# Group Financial Review

The second half of 2018 proved to be a challenging period for corporate Malaysia, fraught with economic uncertainties and market volatility on both domestic and global fronts. The prolonged softness of the property market in Malaysia, largely on the back of cautious consumer sentiment, broad mismatch in demand and supply and stringent lending conditions have led to high volume of unsold properties. The recent announcements of the concerted efforts from both the public and private sectors are positive for the property market and should, to a large extent, provide the impetus for an upturn in the sector.

## Financial Focus into the Second Year of our Listing

The Group remains committed to the three key financial drivers which are crucial in ensuring the long-term sustainability of the Group namely balance sheet management, financial discipline and an efficient financial framework.

During the financial period, the Group focused on strengthening its balance sheet despite the soft market, which has taken a toll on the Group's borrowings. Total Group borrowings increased from RM2.54 billion as at 30 June 2018 to RM3.27 billion as at 31 December 2018, correspondingly increasing the Group's debt-to-equity ratio from 25.5 percent to 34.6 percent, respectively.

The Balance Sheet enhancement measures taken include:

Measures	Projects
Disposal of non-core and low-yielding assets	The Group signed the sale and purchase agreement for the sale of Darby Park Executive Suites in Singapore on 1 November 2018 for a total cash consideration of SGD93.0 million. The disposal was completed on 31 January 2019. The gain on disposal will be recognised in the first quarter of the financial year ending 31 December 2019 (FY2019) and the proceeds from the disposal will be channeled towards the development activities of the Group and to build the investment portfolio of the Group's industrial and logistics assets.
	The Group has also entered into sale and purchase agreements for the disposal of certain other assets which are pending completion.
Capital and cash management	The Sale and Purchase Agreement (SPA) for the sale of the commercial assets of the Phase 2 development of the Battersea Power Station (Battersea) Project to Permodalan Nasional Berhad (PNB) and the Employees Provident Fund Board (EPF) was signed on 14 December 2018. The sale was completed on 14 March 2019, upon the fulfillment of the conditions precedent stated in the SPA and the settlement of the initial cash purchase price payable of £676.1 million (equivalent to RM3.6 billion).
	The Group's core operations is property development and it has always been the intention of the Group to monetise the commercial assets of Battersea, subject to appropriate timing. The disposal would enable the Group to direct its cash resources for its property development operations as no further commitment to equity injection would be required for the commercial asset development.
Expand capital for recurring income portfolio	• The Group had entered into a joint-venture arrangement with Mitsui & Co. Ltd. and Mitsubishi Estate Co. Ltd. for the development of a managed industrial park on a 39-acre site in Bandar Bukit Raja. The project has received all regulatory approvals in December 2018 and is now at the execution phase.
	This project marks the Group's maiden entry into managed logistics and industrial parks, which has received wide interest from both local and foreign logistics players. This is the Group's second major investment in the recurring income portfolio, in addition to the Group's 60 percent equity interest in the Pagoh Education Hub under the Concession Arrangement segment.

In the Balance Sheet review, cognisant of the uncertainty in the property market and the intense competition in the marketing of our products, the Group took firm measures to address some of its legacy projects, which include re-pricing of aged inventories and a thorough review of the products in its pipeline launches so that the Group can move forward on a clean slate in the new financial year. As a result, the Group took a one-off write-down/write-off, impairment and provisions totalling RM438.4 million, in respect of the following:

**Aged Inventories, Capitalised Development Expenditure and Outstanding Receivables:** The Group took a one-off charge totalling RM236.8 million in respect of the following:

- the write-down of aged inventories amounting to RM110.9 million to mark its inventories, mainly in the Alya development in Kuala Lumpur to its estimated net realisable value;
- the write-off of the development expenditure totalling RM99.8 million following a review and re-planning of two long deferred projects in the Alya development in Kuala Lumpur to ensure that the products in the pipeline launches are aligned to the current market demand; and
- the impairment of receivables of RM26.1 million, mainly in relation to a dispute arising on land acquisition.

## Group Financial Review

**Obligation for an Investment Property:** A provision of RM24.1 million was made in relation to an undertaking arrangement entered on the disposal of a property with the purchaser.

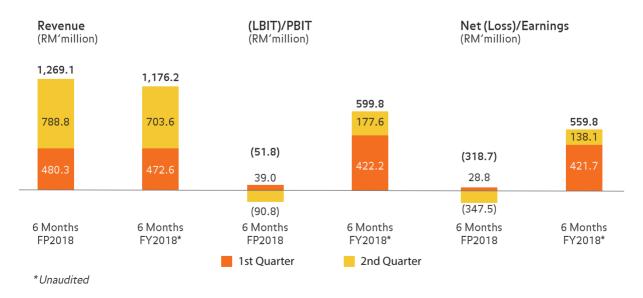
**Taxation Related Matters:** The Group has taken the prudent approach of providing additional provision of RM177.5 million, particularly in relation to ongoing tax audits by the Inland Revenue Board (IRB). The additional provisions are based on management's judgement and is purely for the purposes of complying with the relevant accounting standards. The Group will continue to pursue the matter by engaging with the IRB on their preliminary findings of the tax audits and the basis of the treatments and assumptions used by the IRB in computing the purported additional taxes.

## Growth in Core Profit Despite Weak Property Market

In spite of the challenging market, the Group recorded a 7.9 percent year-on-year (YoY) increase in total revenue of RM1,269.1 million for the six months period ended 31 December 2018. This was supported by resilient demand of our residential products and the sale of the industrial land in Bandar Bukit Raja to our 50 percent owned joint venture company with Mitsui & Co. Ltd and Mitsubishi Estate Co. Ltd, Sime Darby MIT Development Sdn Bhd of RM154.1 million as compared to a land sale of RM85.5 million a year earlier.

In accordance with the relevant accounting standard (IFRS 15), the recognition of revenue for the Battersea Project in the UK is only upon completion and hand-over of the property units to the buyers. Accordingly, the first round of revenue recognition for Phase 1 of the Battersea Project has occurred in the period between the end of 2016 and 2017, upon completion of the residential units. Hence, for the period, the Group recognised a share of loss from Battersea of RM7.7 million versus a share of profit of RM112.1 million in the corresponding period of the previous year.

The Group reported a loss before interest and taxation (LBIT) of RM51.8 million compared to a profit before interest and taxation (PBIT) of RM599.8 million a year earlier, whilst reported earnings saw a loss of RM318.7 million as compared to a profit of RM559.8 million registered in the corresponding period of the previous year. Notedly, the results for the current period include the one-off write-down/write-off, impairment and provisions totalling RM438.4 million as compared to the gain of RM317.8 million recorded in the previous corresponding period attributable to the disposal of the Group's 40 percent equity interest in Seriemas Development Sdn Bhd and a subsidiary, Malaysia Land Development Company Berhad.



Note: The performance of the Group for the financial period under review is compared to the corresponding six months period, a year earlier to provide a relevant comparison.

Excluding the one-off write-down/write-off, impairment, other gains and losses and share of results from joint ventures and associates, the Group's core operational PBIT and Net Earnings during the period under review were higher by 50 percent and 16 percent, respectively. This reflects the Group's resilient core operational performance in this financial period.

(RM'million)	6 Months FP18	6 Months FY18*	(RM'million)	6 Months FP18	6 Months FY18*
Reported (LBIT)/PBIT  Add/(Less):  - Write-down/Write-off & Impairment  - Other Losses/(Gains)	(51.8) 236.8 25.9	599.8 - (316.0)	Reported Net (Loss)/ Earnings Add/(Less): - Write-down/Write-off, Impairment, Other Losses/(Gains) & Share	(318.7)	559.8
<ul> <li>Share of results from Joint Ventures &amp; Associates</li> </ul>	47.4	(111.6)	of results, net of taxation – Additional Tax Provisions	294.3 177.5	(427.6) -
Core PBIT	258.3	172.2	Core Net Earnings	153.1	132.2

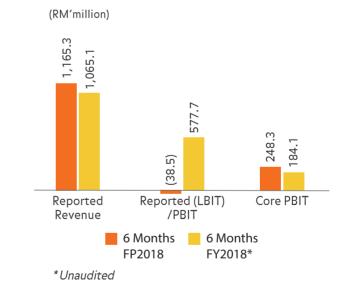
<sup>\*</sup>Unaudited

## Segmental Analysis

#### PROPERTY DEVELOPMENT

The Property Development segment continued to be the key contributor to total Group Revenue, contributing 91.4 percent. This segment delivered higher revenue of 9.4 percent compared to the corresponding period, a year earlier.

The segment recorded a loss of RM38.5 million, net of the elimination of RM46.6 million attributable to the sale of the Group's industrial land in Bandar Bukit Raja to the joint venture company. The result was impacted by the write-down/write-off and impairment in this financial period versus the significant other gains registered in the previous corresponding period from the disposal of the Group's 40 percent equity interest in Seriemas Development Sdn Bhd.



In the United Kingdom, the Group saw a hand-over of only 3 units in Phase 1 of the Battersea project compared to 494 units in the previous corresponding period, resulting in a share of loss from Battersea of RM7.7 million as compared to a share of profit of RM112.1 million recorded in the corresponding period of the previous year.

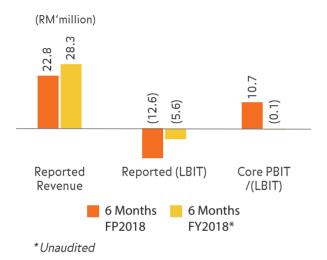
Excluding the one-off write-down/ write-off and impairment, other gains and losses and share of results from joint ventures and associates, the Property Development segment registered a higher PBIT of 34.9 percent primarily due to the higher profit from Bandar Bukit Raja and Denai Alam townships, Cantara Residences and Melawati.

## Group Financial Review

#### PROPERTY INVESTMENT

The revenue contribution from Property Investment declined 19.4 percent to RM22.8 million, mainly due to the smaller asset portfolio size as a result of the Group's asset monetisation exercise.

The Property Investment segment registered a loss before interest and taxation of RM12.6 million as compared to a loss of RM5.6 million a year earlier, as a result of the provision on obligation for an investment property disposed in prior year.



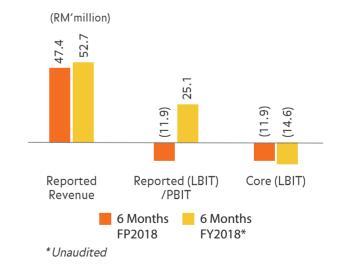
The segment recorded a lower share of loss of RM1.1 million from our 50 percent owned joint venture company, Sime Darby CapitaLand (Melawati Mall) Sdn Bhd as compared to a share of loss of RM7.9 million a year earlier. Melawati Mall, which was opened on 26 July 2017, has recorded an occupancy rate of 85 percent, a significant improvement from a year earlier of 70 percent.

Excluding the provision and share of results from our joint venture, the property investment segment registered a profit of RM10.7 million, an increase of more than tenfold YoY. This was due to an income recognition amounting to RM7.0 million on the commencement of tenancy of Wisma Zuellig and the gain on disposal of two investment properties in the United Kingdom totalling RM5.6 million.

#### LEISURE AND HOSPITALITY

Revenue from the Leisure and Hospitality segment declined 10.1 percent due to weaker performance from its hospitality assets in Singapore and Vietnam and loss in revenue from assets in Australia which have been monetised.

The segment registered a loss before interest and taxation of RM11.9 million as compared to a profit of RM25.1 million a year earlier, which included a gain of RM39.6 million from the disposal of a subsidiary, Malaysia Land Development Company Berhad. On a like-for-like basis, the performance improved from a loss of RM14.6 million a year earlier, mainly due to the disposal of Darby Park Serviced Residences, Margaret River, which resulted in a gain of RM3.2 million.



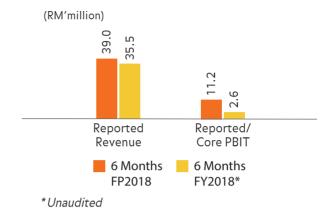
As part of the Group's strategy to dispose its non-core and low-yielding assets, subsequent to the end of the financial period, the Group had completed the disposal of the Darby Park Executive Suites in Singapore.

The transaction will be accounted for in the first quarter of FY2019. Moving forward, the assets retained under this segment include TPC Kuala Lumpur, Sime Darby Convention Centre and the Impian Golf and Country Club.

#### **CONCESSION ARRANGEMENT**

The Concession Arrangement segment consists of the facilities and infrastructure management services under the concession agreements for the Pagoh Education Hub. The segment recorded revenue of RM39.0 million, higher by 9.9 percent from a year earlier and a fourfold increase in PBIT of RM11.2 million.

The better performance was mainly attributed to the supply of teaching equipment totalling RM7.1 million and contribution from facility and asset management services.



### **FINANCE COSTS**

Finance costs incurred for the period was RM51.8 million, net of capitalised interests of RM34.7 million. Total finance costs of RM86.5 million consist of borrowing cost from conventional and Islamic borrowings, in the proportion of about 37 percent and 63 percent, respectively.

The Group's weighted average cost of borrowings was 5.1 percent per annum as compared to 5.4 percent per annum in the previous period.

#### **TAXATION**

The effective tax rate of the Group for the financial period was significantly high. The high taxation charge for the period of RM273.0 million, include the following:

- under provision for prior years of RM17.1 million;
- additional provision for prior years in relation to preliminary tax audit findings by the IRB amounting to RM177.5 million which is provided in compliance with relevant accounting standards. The matters on the audit findings by the IRB are still being deliberated and reviewed;

- absence of group relief for losses incurred by certain subsidiaries; and
- write-down of deferred tax assets of RM26.4 million, mainly due to the deferment of launches and a change in tax legislation in Finance Act 2018, whereby utilisation of tax losses would be limited to the next seven years as compared to previously, for an unlimited period.

Excluding the additional taxation provisions, the current period effective tax rate excluding one-off write-down/write-off, impairment and provisions is approximately 24.0 percent, which is at the Malaysian corporate tax rate.

## **Group Financial Position**

	<b>2.5%</b>	<b>18.5%</b>	<b>√ 5.2%</b>
As at 30 June 2018	RM14,750.0 MILLION	RM4,784.6 MILLION	RM9,965.4 MILLION
As at 31 December 2018	RM15,116.4 MILLION	RM5,670.0 MILLION	RM9,446.4 MILLION
	Total Assets	Total Liabilities	Total Equity

#### Inventories

Total inventories remained relatively flat at RM6,752.6 million compared to RM6,779.5 million as at 30 June 2018:

Land held for property development (non-current):
 Stood at RM2,127.6 million, an increase of RM261.8 million mainly from the reclassification of property development costs for projects that have been deferred and are being reviewed in light of the current market situation.

#### Completed inventories (current):

The carrying value of completed inventories at RM871.3 million increased marginally by RM35.8 million. The increase is attributable to the completion of development of Serini in Taman Melawati and Rimbun Sanctuary in Bukit Jelutong. The completed unsold units comprise largely of products in Alya, Taman Melawati, KL East, Bukit Jelutong and Planters' Haven.

During the financial period, in view of the soft market and the slower take-up of certain aged inventories, the Group wrote down the carrying value of its inventories by RM110.9 million, largely for the Alya development, to bring the carrying value to its estimated net realisable value.

#### • Property development costs (current):

Property development cost in relation to projects where development is in progress amounted to RM3,752.2 million, a reduction by about RM324.5 million, mainly due to write-off of RM99.8 million and reclassification of deferred projects into land held for property development, net of an increase from the acceleration of development activities in flagship townships such as Bandar Bukit Raja, City of Elmina and Serenia City.

#### Joint Ventures

The Group's interest in Joint Ventures rose by 15.7 percent from RM2,223.9 million to RM2,574.0 million, largely due to additional equity injection into Battersea and Sime Darby MIT Development Sdn Bhd during the financial period, amounting to RM389.5 million (£72.0 million) and RM25.2 million, respectively.

#### Cash Position

Total cash and cash equivalents of the Group decreased by 13.4 percent from RM749.4 million as at 30 June 2018 to RM649.1 million as at 31 December 2018. Cash in Housing Development Accounts (HDA) has reduced from RM493.0 million to RM343.5 million, largely due to close monitoring on development expenditure and diligently reviewing withdrawals from HDA accounts.

(RM'million)	FP2018	FY2018
Operating cash flow	(66.6)	(595.9)
Investing cash flow	(509.8)	(434.5)
Proceeds from disposals, net of transaction costs	22.3	746.8
Dividend received	2.7	6.7
Net finance cost paid	(75.3)	(115.4)
Dividends paid	(204.0)	(210.7)
Net borrowings raised	730.1	235.6
Foreign exchange differences	0.3	(12.4)
Net Cash Flow	(100.3)	(379.8)

For the six months ended 31 December 2018, net cash flow was lower by RM100.3 million due to negative operating and investing cash flows of RM66.6 million and RM509.8 million, respectively. The negative operating cash flow was for higher working capital requirements, mainly on property development cost incurred for projects in key townships while investing cash flow includes the equity injection for Battersea and Sime Darby MIT Development Sdn Bhd amounting to RM389.5 million and RM25.2 million, respectively.

## **Debt and Liquidity Management**

The Group constantly monitors its liquidity position and total borrowings via a quarterly rolling forecast of its cash flow projections, reviewing the maturity profile of borrowings and the nature and requirements of additional borrowings to ensure that the total debt level is maintained at sustainable level. The Group uses gearing ratio to assess the appropriateness of its debt levels.

#### **BORROWINGS**

(RM'million)	FP2018	FY2018
Total Borrowings Cash and bank balances (including cash under Housing Development	3,273.0	2,542.4
Accounts)	649.1	749.4
Total Equity	9,446.4	9,965.4
Gross Gearing Ratio (%)	34.6	25.5
Net Gearing Ratio (%)	27.8	18.0

Total borrowings of the Group, wholly denominated in Ringgit Malaysia, stood at RM3,273.0 million as at 31 December 2018. The borrowings increased by 28.7 percent, from RM2,542.4 million as at 30 June 2018, mainly attributable to the additional equity injection into the Battersea joint venture during the financial period and higher development activities in key townships.

The Group maintains a manageable gross gearing ratio of 34.6 percent as at 31 December 2018, though higher than the level at 30 June 2018 of 25.5 percent. Maintaining a manageable gearing ratio is crucial, particularly in a market where consumer sentiment is weak.

#### **DEBT REPAYMENT PROFILE**

(RM'million)	Short Term	< 1 year	1 to 2 years	2 to 5 years	> 5 years
FP2018	940.6	407.2	378.2	745.5	801.6
Percentage by time buckets (%)	28.7	12.4	11.6	22.8	24.5
FY2018 Percentage by time buckets (%)	170.1 6.7	325.7 12.8	505.6 19.9	761.2 29.9	779.7 30.7

As at 31 December 2018, the composition of Total Group Borrowings between current and non-current were largely in the ratio of 41 percent and 59 percent, respectively. The Group's debt repayment profile has a well-spread tenure, thereby reducing concentration and refinancing risks for the Group.

### Group Financial Review

#### **FUNDING MIX**

The Group continues to have a well-balanced borrowing profile between conventional and Islamic borrowings. Borrowings raised in accordance with Islamic principles amounted to RM1,626.1 million or 49.7 percent of total Group borrowings. Conventional debt as a percentage of Total Assets of the Group amounted to 10.9 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 25.8 percent as at 31 December 2018, had reduced from 34.5 percent as at 30 June 2018. Given the moderate economic outlook and interest rate sensitivity, the Group is reviewing to enhance the current mix of fixed rate to floating rate borrowings.

#### (RM'million) 1,626.1 1,646.9 1,564.8 977.5 (49.7%)(61.6%) (38.4%)(50.3%)FP2018 FY2018 Conventional Islamic 845.0 878.2 2,428.0 (25.8%)1,664.1 (34.5%) (74.2%)(65.5%) FP2018 FY2018 Fixed Rate Floating Rate

#### FINANCIAL RISK AND CAPITAL MANAGEMENT

As part of the Group's Financial Risk and Capital Management, the Group has put in place funding facilities to provide the Group with greater flexibility in managing its operational requirements. Financing facilities in place are summarised below:

(RM'million)	Facility Limit	Facility Limit Available
Bank Borrowings	4,175	316
ICP/IMTN Programme	4,500	4,500
Total	8,675	4,816

## **Moving Forward**

Having addressed the Group's legacy assets, the Group expects to have more flexibility to focus on our profitability, manage our inventories at sustainable levels, improve our cash management and strengthen our gearing profile. More importantly, the Group expects to return to profitability as operationally our performance is positive.

The Group is committed to continue to enhance shareholders value through delivering on our strategic goals:

- Improve return on assets via cost efficiency and higher margins;
- Unlock value of our sizeable land bank:
- Expand into the key growth sector of managed industrial and logistics park, to increase the Group's recurring income portfolio by leveraging on the strategic location of our land bank and our strategic partnerships; and
- Strengthen our balance sheet and managing the fine balance between expansion for growth and stretching our financial resources.

# Quarterly Performance

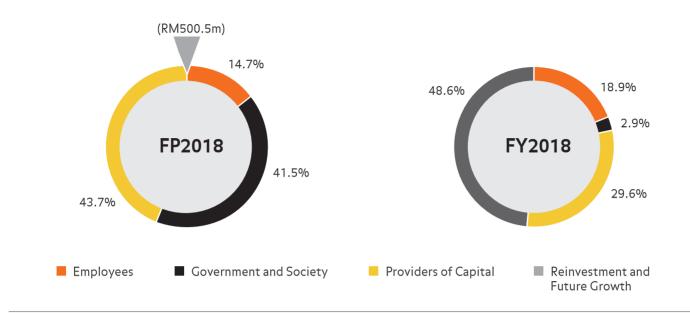
(RM'thousand)	1QFP2018 30-Sep-18	2QFP2018 31-Dec-18	FP2018 Total
Revenue	480,337	788,808	1,269,145
Operating profit/(loss)	42,699	(21,250)	21,449
Other gains/(losses)	205	(26,111)	(25,906)
Share of results from JVs & associates	(3,953)	(43,413)	(47,366)
Profit/(Loss) before interest and taxation (PBIT)	38,951	(90,774)	(51,823)
Profit/(Loss) before taxation	52,998	(91,144)	(38,146)
Profit/(Loss) after taxation	35,890	(347,069)	(311,179)
Profit/(Loss) attributable to owners of the Company	28,799	(347,499)	(318,700)

The results of 2QFP2018 included the write-down/write-off and impairment of aged inventories, development
expenditure and receivables totalling RM236.8 million, provision on obligation for an investment property of
RM24.1 million and additional taxation provision of RM177.5 million.

(RM'thousand)	1QFP2018 30-Sep-18	2QFP2018 31-Dec-18	FP2018 Total
SEGMENT RESULTS			
Revenue			
Property Development	435,260	729,942	1,165,202
Property Investment	11,463	6,202	17,665
Leisure and Hospitality	23,668	23,634	47,302
Concession Arrangement	9,946	29,030	38,976
Total	480,337	788,808	1,269,145
PBIT			
Property Development	36,504	(75,049)	(38,545)
Property Investment	10,393	(23,019)	(12,626)
Leisure and Hospitality	(9,839)	(2,036)	(11,875)
Concession Arrangement	1,893	9,330	11,223
Total	38,951	(90,774)	(51,823)

• The Property Development segment in 2QFP2018 includes **an elimination amounting to RM46.6 million** from the sale of land to the 50 percent owned joint venture, Sime Darby MIT Development Sdn Bhd.

# > Statement of Value Added



The Statement of Value Added illustrates how Sime Darby Property delivers value to its stakeholders. For the financial period 2018, despite the challenging market environment, the Group remained committed in distributing sustainable value to its stakeholders, which includes its employees, government and society and shareholders.

### **VALUE ADDED**

(RM'thousand)	6 Months FP2018	12 Months FY2018
Turnover	1,269,145	2,353,104
Direct and Indirect Costs	(1,093,973)	(1,783,910)
Value Added from Operations	175,172	569,194
Other Operating Income	13,607	35,854
Other (Losses)/Gains	(25,906)	316,207
Share of Results of Joint Ventures	(48,306)	88,349
Share of Results of Associates	940	1,205
Finance Income	65,475	121,773
Total Value Added	180,982	1,132,582

## **VALUE DISTRIBUTED**

(RM'thousand)	6 Months FP2018	12 Months FY2018
Employees	100,451	213,536
Government and Society (Corporate Taxation and CSR Expenses)	283,033	32,496
Providers of Capital Dividends Finance Costs Non-controlling Interests	204,025 86,487 7,521	136,017 155,485 44,278
	298,033	335,780
Reinvestment and Future Growth (Retained profits, Depreciation and Amortisation)	(500,535)	550,770
Total Value Distributed	180,982	1,132,582

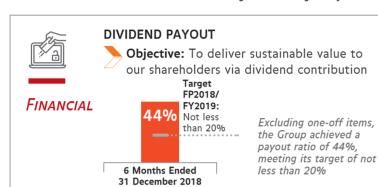
# > Financial Summary

(RM'thousand)	6 Months Dec 2018 FP2018	12 Months Jun 2018 FY2018	12 Months Jun 2017 FY2017	12 Months Jun 2016 FY2016	12 Months Jun 2015 FY2015	12 Months Jun 2014 FY2014
FINANCIAL RESULTS	112010	112010	112017	112010	112010	
Revenue	1,269,145	2,353,104	2,610,852	3,371,089	3,624,264	2,629,849
(Loss)/Profit before interest and	1,205,110	2,333,101	2,010,032	3,371,003		2,023,013
taxátion	(51,823)	682,516	823,747	1,203,323	931,422	419,414
(Loss)/Profit before taxation (PBT)	(38,146)	728,382	888,830	1,220,269	865,574	284,898
(Loss)/Profit after taxation	(311,179)	684,286	709,101	954,758	688,220	383,893
Non-controlling interests	(7,521)	(44,278)	(85,072)	(81,533)	(68,391)	(26,353)
(Loss)/Profit attributable to owners of the Company (PATAMI)	(318,700)	640,008	624,029	873,225	619,829	357,540
FINANCIAL POSITION						
Share capital	6,800,839	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	2,408,680	2,933,748	2,417,681	1,792,955	1,295,797	814,192
Shareholders' Funds	9,209,519	9,734,587	6,323,177	5,333,857	4,269,861	3,483,807
Non-controlling interests	236,881	230,837	264,724	174,510	105,741	39,519
TOTAL EQUITY	9,446,400	9,965,424	6,587,901	5,508,367	4,375,602	3,523,326
Property, plant and equipment	640,445	735,159	825,333	846,083	851,770	815,656
Investment properties	644,206	605,961	474,221	331,754	491,807	588,173
Inventories	6,752,621	6,779,463	5,806,663	5,607,700	4,540,317	3,703,787
Joint ventures	2,574,020	2,223,949	1,967,983	1,408,539	929,100	590,699
Other non-current assets	2,187,493	2,130,691	2,123,925	2,644,861	1,863,331	1,449,837
Cash (including cash in Housing Development Accounts)	649,090	749,395	1,129,154	906,010	806,215	737,741
Other current assets	1,588,963	1,525,360	1,331,624	1,208,025	1,719,519	1,092,993
Assets held for sale	79,519	-	359,125	-	133,710	138,262
Total Assets	15,116,357	14,749,978	14,018,028	12,952,972	11,335,769	9,117,148
Borrowings	3,273,037	2,542,352	2,064,281	2,140,692	1,734,509	1,201,182
Non-current liabilities (excl.	405 405	400 500	0.000.104	0.000.400	2 127 262	0.050.000
borrowings) Current liabilities (excl. borrowings)	426,406	429,590	2,808,124	3,030,483 2,273,430	3,107,363	2,869,209
Liabilities associated with assets	1,970,514	1,812,612	2,552,727	2,273,430	2,034,886	1,439,271
held for sale	-	-	4,995	-	83,409	84,160
Total Liabilities	5,669,957	4,784,554	7,430,127	7,444,605	6,960,167	5,593,822
NET ASSETS	9,446,400	9,965,424	6,587,901	5,508,367	4,375,602	3,523,326
FINANCIAL RATIOS (%)						
PBT margin	(3.0)	31.0	34.0	36.2	23.9	10.8
PATAMI margin	(25.1)	27.2	23.9	25.9	17.1	13.6
Return on average shareholders' funds	(3.4)	8.0	10.7	18.2	16.0	9.8
Gross gearing ratio	34.6	25.5	31.3	38.9	39.6	34.1
SHARE INFORMATION						
Basic (loss)/earnings per share (sen)	(4.7)	11.1	16.5	26.9	22.1	17.1
Net dividend per share (sen)	1.0	5.0	5.0	25.0	20.0	20.0
Net assets per share attributable to owners of the Company (RM)	1.4	1.4	6.3	5.3	4.3	3.5

<sup>\*</sup> The Group was listed on Bursa Malaysia on 30 November 2017

# Key Performance Metrics

Our financial and operating metrics are aligned to our six capital inputs and outcomes - **Financial**, **Manufactured**, **Human**, **Social**, **Natural** and **Intellectual**. These capitals are critical to our value creating business model. The key metrics below allow us to assess our effectiveness in achieving our strategic objectives and in creating sustainable value for our stakeholders.



#### **UNBILLED SALES**





The Group met its RM2.2 bn target as at 31 December 2018 and has set a target of RM2.0 bn for FY2019



#### MANUFACTURED

### **CUSTOMER SATISFACTION INDEX**



**Objective:** To deliver the highest standard of value and service to our customers



Despite falling slightly short of its target, the Group maintained its FY2018 achievement of 76%



### NATURAL

#### **CARBON INTENSITY**



Objective: To actively monitor and reduce our carbon emissions



12 Months Ended 31 December 2018 Carbon intensity, which is measured on an annual calendar year basis, achieved a 21% reduction from the 2016 baseline in calendar year 2018 against a target of 0.5%

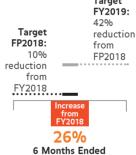


### SOCIAL

#### LOSS TIME INJURY FREQUENCY RATE

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

Target



31 December 2018

The Group saw an increase in Loss Time Injury Frequency Rate of 26% in the 6 months period compared to 12 months in FY2018



### HUMAN

#### **FEMALE REPRESENTATION**



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



Women represent 42% of total workforce, with 32% female representation in top management and 36% in middle management



### INTELLECTUAL

# RECOGNISED AS AN ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG)-CONSCIOUS BRAND



**Objective:** To uphold our recognition and commitment in meeting high standards in ESG practices

Remain as a constituent of

FTSE4Good and Dow Jones Sustainability Indices

# Financial Calendar

For the Financial Period ended 31 December 2018

# ANNOUNCEMENT OF UNAUDITED CONSOLIDATED RESULTS

1st Quarter

ended 30 September 2018 : 27 November 2018

2nd Quarter

ended 31 December 2018 : 27 February 2019

# DIVIDENDS

Interim Single Tier Dividend of 1.0 sen Per Ordinary Share

Announcement of the Notice of Entitlement and Payment : 27 February 2019

Date of Entitlement : 29 March 2019

Date of Payment : 26 April 2019

# 46th ANNUAL GENERAL MEETING

Notice Date : 3 April 2019

Meeting Date : 2 May 2019

## Investor Information

## **Investor Relations (IR)**

The Group's Investor Relations Department plays a crucial role in engaging and disseminating information on the financial performance, strategies and ongoing key developments of the Group to existing shareholders and the broader investment community. 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 Senior Management team, led by 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.

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

#### FINANCIAL PERIOD 2018 INVESTOR RELATIONS CALENDAR

An active Investor Relations annual calendar and periodic communication is a key prerequisite to establishing a transparent and interactive engagement channel with investors, analysts, shareholders and the investing community at large. Despite the short reporting period of 6 months, the Group continues to actively engage with the investment community on various platforms.



#### **COMMUNICATION CHANNELS**



#### Investor Relations Website Information

- The IR team maintains the IR section of the corporate website at www.simedarbyproperty.com/ investor-relations in a timely and accurate manner
- The website is our 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 investor.relations@ simedarbyproperty.com



### **Analyst Briefings**

- Sime Darby Property holds analyst briefings for its quarterly results announcements at the Sime Darby Convention Centre and TPC Kuala Lumpur
- Webcast sessions are available to both local and foreign participants
- Presentation materials provided during the briefings are clear and concise to respond to key matters and can be easily downloaded from the website



#### Meetings, Roadshows & Conferences

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

#### **BROAD RESEARCH COVERAGE**

During the financial period under review, research coverage on Sime Darby Property has increased from 8 to 11 research houses. As at 4 March 2019, the Group had garnered a 36 percent Buy Recommendation and 36 percent Hold Recommendation, with an average Target Share Price of RM1.23. This compares favorably to the average traded share price during the period under review of RM1.13. The average Target Price translates to a discount on Revalued Net Asset Value (RNAV) of 55 percent. The summary of the research analysts' rating recommendation and target price is detailed below.





### SUMMARY OF INVESTOR INTEREST

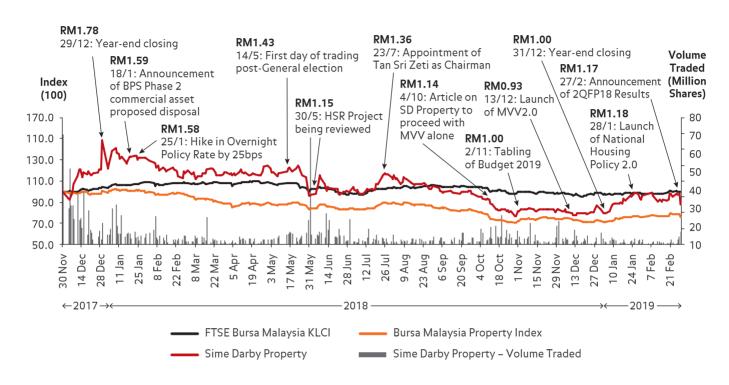
The investors' key focus areas and our responses are tabulated as below:

Focus Area	Our Response
Value Proposition	<ul> <li>The Group is the largest property developer by land bank size in Malaysia, owning more than 20,000 acres in strategic growth regions, of which more than 50 percent are located in Bandar Bukit Raja, Serenia City and along the Guthrie Corridor Expressway. The Group is well-positioned to leverage on existing and planned expressways that provide seamless connectivity and on public transportation hubs in Subang Jaya City Centre, Ara Damansara, Putra Heights and KL East. In addition to the Group's existing land bank, it also has access to an additional 20,000 acres within Malaysia via option agreements</li> <li>The Group's 5-Year Strategic Blueprint is focused on maximising value from its vast land bank and enhancing profitability of its core property development activities</li> </ul>
	• A key pillar in the Group's growth plan is to expand into a key growth segment, i.e. the industrial logistics segment. Our exposure in this segment is via the Group's joint venture with Mitsui & Co. Ltd and Mitsubishi Estate Co. Ltd. on a 39-acre site in Bandar Bukit Raja. The Group has also identified other parcels of land which are attractive for this segment, largely along the Guthrie Corridor Expressway and also those in close proximity to the port and airport, mainly in Bandar Bukit Raja and Serenia City

# > Investor Information

Focus Area	Our Response				
Financial Performance	The 6 months ended 31 December 2018 was a challenging period for the Group, given the headwinds in both economic and property industry fronts. Notwithstanding this, the demand for the Group's landed residential products remains resilient, contributing to the Group's strong core profit during the period under review				
	The Group had taken firm measures in addressing its balance sheet and future profitability via the write-down/write-off and impairment of aged inventories, development expenditure and receivables				
	The Group will continue to unlock value from non-core, non-strategic assets to enable reallocation and rebalancing of its portfolio for more value accretive and higher return assets. Since its listing, the Group has realised total cash proceeds of more than RM1.0 billion, with corresponding gains of more than RM500 million from its asset monetisation programme				
Capital Management and Dividend Policy	The Group's capital management strategy is focused to deliver long-term shareholders' value				
	The debt-to-equity ratio as at 31 December 2018 is 34.6 percent as compared to 22.2 percent at the point of the Group's listing. The increase is mainly utilised for the acquisition of land in Malaysia Vision Valley and equity injection into the Battersea project to generate future returns. The Group will monitor closely its gearing at sustainable levels to fund existing and future developments in our key growth areas within Selangor, Negeri Sembilan and Johor				
	The Group is committed in delivering consistent and sustainable dividend payouts to its shareholders. In its first year of listing, for the financial year ended 30 June 2018, the Group had declared a dividend of 5.0 sen per share. For the current financial period, despite operating in a challenging environment, the Group has declared a 1.0 sen dividend payable to its shareholders on 26 April 2019				
Overseas Exposure	The Group's investment in Battersea Power Station, London in 2012 marked its first significant foray in property development in the United Kingdom				
	The Group's exposure in London proved to be a challenging one, given the economic and political headwinds in recent times such as Brexit and the softening London property market. Nevertheless, the Group remains committed to this iconic development				
Board and Management Leadership as well as Employee Capabilities	Chaired by Tan Sri Dr. Zeti Akhtar Aziz, the Group's Board of Directors consists of experienced Board Members with broad and deep expertise on the economy, industry, regulations and governance				
	The Group is helmed by a Management team with proven track record in the property industry and in their respective fields				
	The Group will prioritise on developing its talent pool for seamless succession planning in order to maintain a competent and sustainable pool of employees within the Group				

#### **Share Price Movements & Performance**

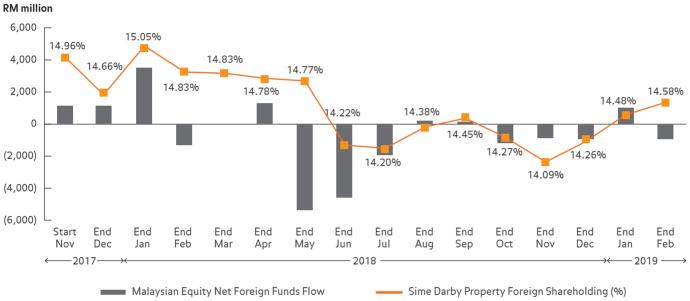


Sime Darby Property	Dec 17	Jan 18	Feb 18	Mar 18	Apr 18	May 18	Jun 18	Jul 18	Aug 18	Sep 18	Oct 18	Nov 18	Dec 18	Jan 19	Feb 19
Price – Highest (RM)	1.78	1.69	1.55	1.46	1.50	1.49	1.38	1.41	1.39	1.24	1.15	1.20	1.04	1.19	1.19
Price – Lowest (RM)	1.11	1.46	1.35	1.34	1.38	1.15	1.16	1.17	1.23	1.18	0.92	0.97	0.93	0.95	1.05
Average Volume Traded (Million Shares)	16.85	8.59	5.09	3.28	2.38	9.18	7.24	3.28	2.53	3.29	5.85	7.40	3.36	2.38	1.95

#### **Monthly Foreign Shareholdings**

Foreign shareholdings continue to be within the range of 14 – 15 percent. Data suggests that movement of foreign shareholdings are largely in tandem with market trends.

#### Foreign Shareholding (%) Against Net Foreign Fund Flows



Source: Bloomberg, MIDF Research Reports



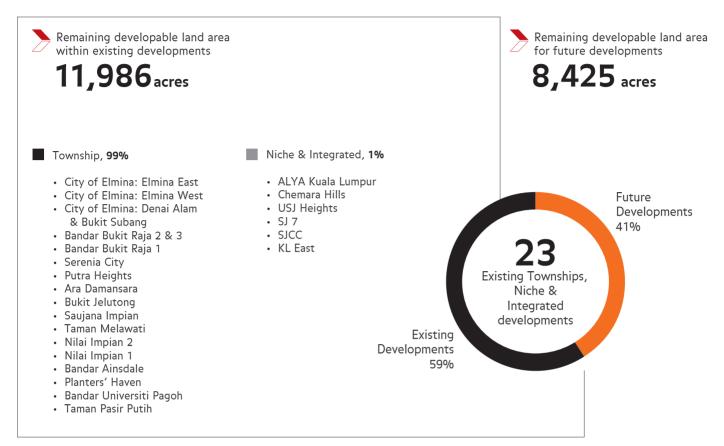


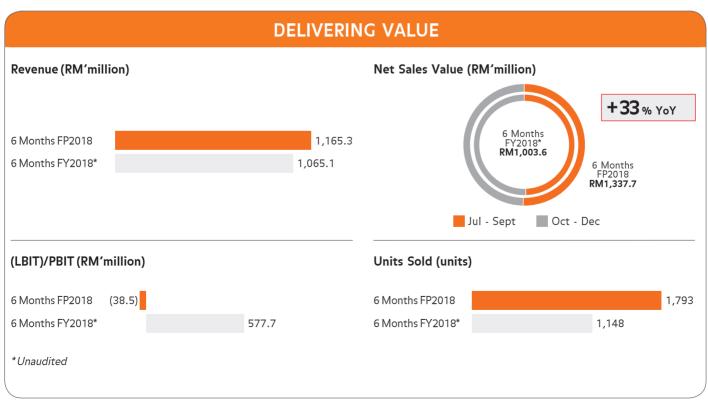
# Property Development

Our remaining land bank totalling 20,411 acres are mainly situated within strategic locations in Klang Valley, Negeri Sembilan and Johor with a combined estimated GDV of RM88.7 billion. Almost 60 percent of these remaining land bank are located within our 23 active townships, integrated and niche developments. These active developments with a combined estimated GDV of about RM80.3 billion are strong income generating portfolios with development pipelines contributing to earnings over the next 15 to 20 years.

- ▶ 20,411 acres total remaining developable area
- PM 88.7 billion total estimated GDV of remaining developable area

#### Property Development







#### **Review of Performance**

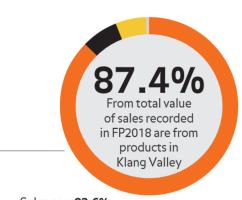
Sime Darby Property prides itself on being an established property developer with a track record of over 40 years in delivering landed to strata properties covering residential, commercial and industrial developments. Our townships are where generations of families live in safe environments and

vibrant communities emerge and thrive. We offer a broad product spectrum from affordable to luxury homes, office buildings, retail malls and industrial business parks that captures various market segments, and suited for different lifestyle preferences, affordability, and business needs.

Sime Darby Property currently has a total of 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.

Property development registered a higher revenue of 9.4 percent YoY but recorded a loss before interest and taxation of RM38.5 million which was mainly impacted by write-down of aged inventories, write-off of development expenditure and impairment of receivables. The period under review included the profit from sale of land in Bandar Bukit Raja while the previous corresponding period included a gain on disposal of the Group's 40 percent equity interest in Seriemas Development Sdn Bhd.

#### **Launches and Operational Progress**



- Selangor, 83.6%
- Kedah (Bukit Selarong), 6.6%
- Negeri Sembilan, 5.7%
- Kuala Lumpur, 3.8%
- · Johor, 0.3%



Note: Klang Valley: Selangor & Kuala Lumpur

- In FP2018, the Group launched a total of 801 units with a combined Gross Development Value of RM675.5 million, strategically priced in the mid-range between RM500,000 to RM800,000. The demand for residential products at reasonable price points and in strategic locations remain positive for us which is proven by the increase of 33 percent YoY in our Net Sales Value to RM1,337.7 million. The property development segment achieved its sales target for the period under review which was one third higher than the initial target of RM1 billion.
- We entered into a sale and purchase agreement for the sale of Bukit Selarong, Kedah in November 2018 for a consideration of RM88.9 million.
- During the period under review, a total of 14 projects comprising 2,012 units were successfully completed over the course of six months.
- As at end of FP2018, the property development segment has a total of 30 on-going projects (7,737 units) with an estimated Gross Development Value of RM4,878.7 million, with expected completion of up to year 2021.

#### **PRODUCT LAUNCHES**

FP2018



Launch: 28 July 2018 and 03 November 2018

Phase: AYRA 1 & 2 (R3A & R3B)
Township: BANDAR BUKIT RAJA 2

GDV (RM'million): 212.5



Launch: 21 SEPTEMBER 2018 Phase: ANGGERIK (NU3A6) Township: NILAI IMPIAN GDV (RM'million): 76.3



Launch: 06 OCTOBER 2018 Phase: ADIVA (SCA3-1) Township: SERENIA CITY GDV (RM'million): 105.4



Launch: 26 OCTOBER 2018
Phase: ELMINA GREEN 1 (EG1C)
Township: ELMINA WEST
GDV (RM'million): 137.2

#### **Updates on Major Projects**



Total Area:

Estimated remaining GDV:

Status:

5,000 acres **RM18,413** million

8 on-going phases with an estimated GDV of

RM959.7 million

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:

Estimated remaining GDV:

Status:

4,333 acres

RM12,617 million

**9 on-going phases** with an estimated GDV of

RM922.1 million

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:

Estimated remaining GDV:

Status:

2,370 acres

RM9,101 million

4 on-going phases with an estimated GDV of

RM544.1 million

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 has 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:

Estimated remaining GDV:

360 acres

RM7,147 million

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.

**KL®EAST** 

Total Area:

Estimated remaining GDV:

Status:

160 acres

RM2,234 million

1 on-going development with an estimated GDV

of RM806.5 million

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 percent 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:

Estimated remaining GDV:

Status:

1.809 acres

RM3,907 million

2 on-going phases with an estimated GDV of

RM143.9 million

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: 4.099 acres

Estimated remaining GDV:

Status :

RM5,425 million

**2 on-going phases** with an estimated GDV of RM137.1 million

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.

#### Malaysia Vision Valley 2.0

Malaysia Vision Valley 2.0 (MVV 2.0), a state-led, private sector-driven development spanning across 379,087 acres (153,411 hectares) was officially launched by the Menteri Besar of Negeri Sembilan in December 2018. The overall development covers the districts of Seremban and Port Dickson, in Negeri Sembilan.

The launch also saw the unveiling of the Comprehensive Development Plan (CDP) for MVV 2.0 and the MVV 2045 Local Plan. The CDP defines the growth development plan for MVV 2.0, along with its catalytic development

focus, economic and social benefits, as well as sustainability and environmental aspirations. The Local Plan sets out land use zoning, development initiatives, action plans for the enhancement of the environment, accessibility, infrastructure, liveability and industries within the MVV 2.0.

MVV 2.0 marked its first milestone through the signing of a Memorandum of Agreement (MoA) between the State Government and MVV Holdings Sdn. Bhd. (MVVHSB) which outlines the roles and functions of MVV 2.0

master developer, Sime Darby Property Berhad, through its subsidiary MVVHSB, and the State Government, through MVV Secretariat (MVVS), in relation to the preliminary development stages of MVV 2.0.

In addition, a Memorandum of Understanding (MoU) was signed between the Malaysia Green Technology Corporation and the state government via MVVS, whereby the parties have agreed to collaborate on the adaptation and implementation in delivering green concepts and green technology enablers for MVV 2.0.

#### **MVV 2.0**

#### **ECONOMIC DRIVERS**



#### High Technology Manufacturing

Clean Technology Industries

High Technology Industries

Aviation and Maritime Industries General Industries

SME's



#### Wellness Tourism

Wellness & Health

Family Eco Fun (Ecotourism)

Culture & Heritage

Sports

MICE

Shopping

Beach

Army Town



#### Skill Based Education & Research

Training
Institutions,
Colleges &
Universities

Developing & Retaining Talent

New Skills for Clean Technology

#### Specialised Services

Integrated

Logistics Services

R&D

Principal Hub

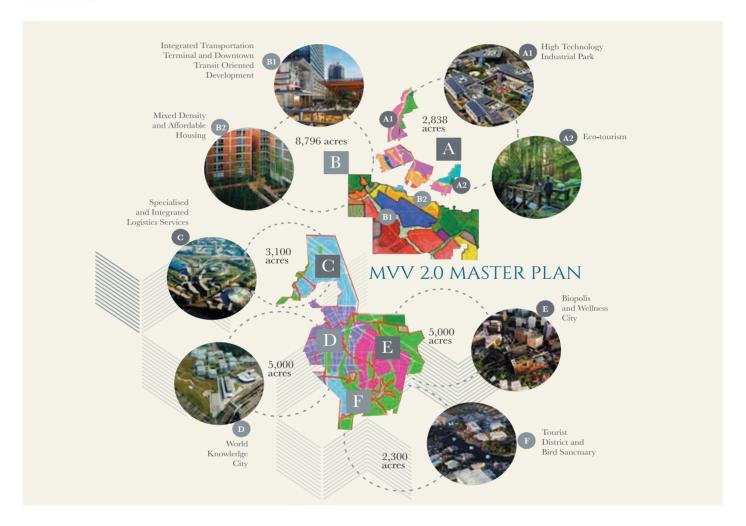
Representative Offices & Regional Offices etc

Data Centre

#### **GROWTH ENABLERS**



The first phase of MVV 2.0 spans over a 30-year development period covering 27,000 acres. There are several heartbeat projects within the first phase of the development, with Parcel A: High Technology and Industrial Park being the first to be activated.



MVV 2.0 is envisioned to be a world-class metropolis that is competitive, inclusive and clean driven by Public-Private Partnerships. MVVS will act as the governing body in ensuring that the development follows the guidelines and initiatives outlined in the CDP for MVV 2.0.

MVV 2.0 is part of the National Physical Plan (NPP), where it has been identified as one of the 17 Promoted Development Zones to be given priority at national level. It is also part of the Negeri Sembilan State Structure Plan (NSSP), aimed at positioning the Seremban and Port Dickson districts as extensions of Greater Kuala Lumpur.

Sime Darby Property currently owns 3,236 acres (Parcel A: 2,838 acres and Labuan Bileh: 398 acres) within MVV 2.0; and has the option to acquire another 8,796 acres from Sime Darby Berhad within five to eight years from the date of its listing.

As the Master Developer, Sime Darby Property will be able to extract and enhance the value of our land bank within the development area, embarking on key projects that will become among the principal drivers of Malaysia's future economic growth and social development. This further underlines our commitment towards the development of Negeri Sembilan.

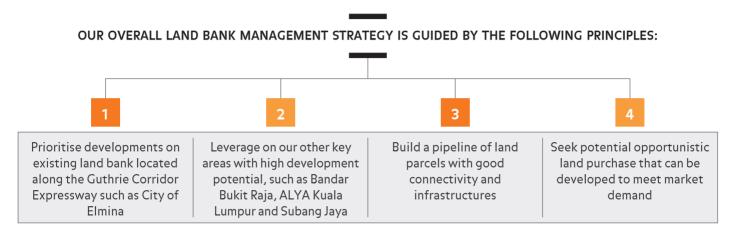
For more information about the MVV 2045 Local Plan, please visit PLANMalaysia@Negeri Sembilan at http://jpbd.ns.gov.my/en/

#### Property Development

#### **Active Land Bank Management**

Sime Darby Property currently owns approximately 20,411 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 signed with Sime Darby Berhad.
- 11,806 acres of land bank under the Land Option Agreements signed with Sime Darby Plantation.





We earlier announced our plans to monetise identified non-strategic assets in efforts to reallocate resources for future developments within key growth areas in the central region. During the period under review, we entered into a sale and purchase agreement for the sale of Bukit Selarong, Kedah on 29 November 2018 for a consideration of RM88.9 million. The completion is subjected to the fulfilment of conditions precedent set.

#### **United Kingdom**

The Battersea Power Station (BPS) project is one of Central London's largest new town centres which covers an area of 42 acres. Upon completion of all the phases, BPS will comprise an approximately 3.5 million sq ft of mixed commercial space of retails shops, F&B outlets and office space, combined with a total of 4,364 homes. The development will also have a six-acre public park and a town square. It will benefit from the 3 kilometer extension of the Northern Line underground which is due to open in late 2020, to a new Zone 1 station within BPS.

Circus West Village, the neighbourhood centre within Phase 1 of BPS opened to the public in early 2017 and over two million visitors have enjoyed the events, shops and restaurants since then. More than 1,000 residents have moved into Circus West and continue to do so.

Accommodating 253 new homes, the Power Station (Phase 2) will be transformed into a historic visitor attraction with a 6-acre Power Station Park, over 100 new shops, 18,500 sq ft food hall, 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, the largest commercial tenant accounting about 50 percent of the commercial space in Phase 2. Opening in 2021, will house over 3,800 Apple employees.

During the review period, BPS also announced that the remaining 40,000 sq ft of office space within the Power Station had been leased to a business members club, No18, which will sit alongside Apple in the iconic building, when it opens in 2021. No18 is a cosmopolitan members club for businesses with beautifully designed lounges, meeting rooms and high-end workspaces tailored to support all its members' needs. It currently has two venues in Stockholm, Sweden.

Battersea Power Station unveiled visuals of a major new London attraction in October 2018, the Chimney Lift Experience, a glass elevator which will travel 109 metres to the top of one of the iconic chimneys. The Chimney Lift, along with another two new and exciting event / attraction spaces within the iconic Power Station, The Venue and Control Room A, which will be open to the public in 2021.



Further to Sime Darby Property's earlier announcements, a wholly-owned subsidiary of Battersea Project Holding Company Limited which is our 40 percent owned joint venture company, entered into a Sale and Purchase Agreement with a joint venture company of Permodalan Nasional Berhad (PNB) and Employees Provident Fund (EPF) on 14 December 2018 for the disposal of commercial assets within the Power Station building, for a base consideration of £1.583 billion.

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.

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.

Follow @BatterseaPwrStn to keep up with the latest news and events at Battersea Power Station and visit batterseapowerstation.co.uk to find out more.

### Initiatives Adopted for the Financial Period

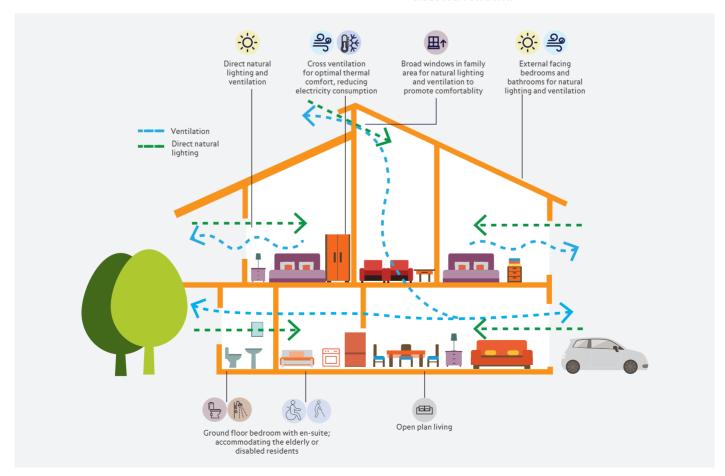
#### Our Design Principles

At Sime Darby Property, we believe in conducting continuous research to better understand our consumer needs and demands, considering the emerging challenges and opportunities behind developing homes. This equips us with rich customer insights, taking us beyond home structures, and applying 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.

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 the best 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.

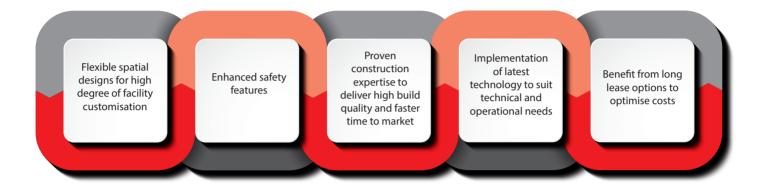
The idea for lifetime home innovation was inspired by a concept initially developed by Joseph Rowntree Foundation and Habinteg Housing Association in 1991. The concept supports universal design, which incorporates features that enhance accessibility for multiple generations and needs. The lifetime home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

- Lifetime Generation Homes in Bandar Bukit Raja
- Presented a unique approach to modern urban living, with a focus on sustainability
- · Design principles applied;
  - Cross ventilation for optimal thermal comfort
  - Maximising Natural Light
  - Ground floor bedroom accommodating the elderly or disabled residents



#### 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 products according to customers' needs. The tenants are able to customise specifics with added design features, such as floor loading capacity, optimum number of loading bays, and even height clearance to ensure efficient manoeuvring of vehicles.



The rise in demand for general consumer goods and e-commerce in Malaysia have contributed towards the need for logistics facilities and warehouses. Bandar Bukit Raja is one of the earmarked townships set to fulfil this demand as the integrated township is strategically located within close proximity to Port Klang, the largest port facility in Malaysia.

The Built-To-Suit industrial facilities in Bandar Bukit Raja has obtained all regulatory approvals on 18 December 2018 and is now in its execution phase.

#### dto - Shaping the future of the property industry in Malaysia



We believe we have a responsibility toward 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.

dto (pronounced as 'ditto') is an innovative co-creation and crowd sourcing platform that is expected to transform the future of property buying. dto is a result of a shift in mindset from building with our potential customers in mind to building with our potential customers involved. dto allows potential customers to vote for their preferred development concept, design and amenities of a future property.

dto emphasises on guiding potential customers through their journey towards owning a property, by giving them a say in the properties that Sime Darby Property is building today. The idea is to change the future of the property landscape through an engaging, empowering, educational and collaborative online platform that connects the developer and potential home buyers. The process will take dto users through different experiences on an online platform that would allow the developer to first understand the preferences of potential homebuyers via an online survey.

The co-creation of development concepts and design options will take place via a voting system where the results will be considered to be incorporated into the final building plans. Users may also enjoy the interactive engagement, educational features, knowledge sharing and polls on the platform. dto is expected to change the sales approach for two of our high-rise projects in Subang Jaya City Centre (SJCC) and Putra Heights.

#### Property Development

#### - Rediscovering Hidden Gems

Sime Darby Property launched a "Rediscover Our Hidden Gems" campaign which took place from September to November 2018 as an effort to promote our new and completed developments. As the Group turns 45, we released a "Rediscover Our Harmony" video to celebrate not just the beginning of a new campaign, but also in conjunction with Malaysia Day. Our products featured in this campaign were given rebates, discounts as well as other exciting incentives.

# REDISCOVER OUR HIDDEN GEWS





Exclusive preview of Serenia Adiva at Serenia City

Food Fair at Bandar Bukit Raja







Durian Flowering Event at Planters' Haven with Chef Wan













28 OCT Special Preview of The Alcove at The Glades, Putra Heights

#### Strategies Moving Forward

The Malaysian property market remains muted and challenging and this is expected to persist in the near term. The Group hopes to benefit from the recent introduction of new policies and incentives aimed at the property market, such as the National Housing Policy 2.0 and the funding initiative announced by Bank Negara Malaysia, which are expected to encourage greater home ownerships and improve the current lending constraints, thereby boosting the property sector.

The Property Development segment is focused 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. Our focus on affordable-mid range products between RM500,000 and RM800,000 will continue in FY2019 along our growth areas of City of Elmina, Bandar Bukit Raja and Serenia City.

The Group will take firm measures to carefully review launches by taking into account existing inventories. This is to ensure that inventories are at sustainable levels in efforts to manage our working capital.

Moving forward, our focus is set to cater for a "Better Housing" model that makes our property solutions more inclusive. 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.

- Operations Review



## Property Investment

The Property Investment segment of Sime Darby Property comprises retail, office and industrial assets which are located within the 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

**Average Occupancy Rate** 

89%

Retail, Office & Industrial Buildings

**Total NLA** 

1.3 million sqft

**Total Value** 

RM 1,388 million



# Property Investment Revenue (RM'million) 6 Months FP2018 22.8 6 Months FY2018\* (LBIT)/PBIT (RM'million) 6 Months FP2018 (12.6) 6 Months FY2018\* (5.6)

\*Unaudited

Our office assets that are located within the Klang Valley include Wisma Zuellig, Wisma MRT (previously known as Wisma Guthrie) and Oasis Square (Block F & G), which is held under a subsidiary of the Group, Sime Darby Brunsfield Holding Sdn Bhd.

As for our retail assets, Melawati Mall is held under our 50 percent owned joint venture company, Sime Darby CapitaLand (Melawati Mall) Sdn Bhd. KL East Mall, which is wholly owned by Sime Darby Property, will be the neighbourhood shopping mall and catalyst for The Ridge. The mall in KL East will open its doors to the public by the end of 2019.

Our remaining assets located in Singapore are owned through a 25 percent stake of a joint venture company of the Group.

The Property Investment segment registered a loss of RM12.6 million compared to a loss of RM5.6 million in the previous year. This was mainly due to a provision of RM24.1 million on obligation for an investment property disposed in prior year. The result was partially offset by an income recognition on the commencement of tenancy of an investment property and the gain on disposal of investment properties in the United Kingdom.

The segment recorded a lower share of loss of RM1.1 million from our Melawati Mall joint venture as compared to a share of loss of RM7.9 million a year earlier.

### Initiatives adopted for the Financial Period

#### OFFICE

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 occupied as our Corporate Headquarters.

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

In our collaborative effort with ReGen Rehabilitation International Sdn Bhd (ReGen), we have successfully completed Wisma Zuellig's Asset Enhancement Initiative (AEI) in early 2018 and the premise has now opened as Regen Rehabilitation Hospital. Owned by Khazanah and Select Medical Holdings Corporation, the hospital provides crucial tertiary treatment dedicated to the provision of inpatient and outpatient rehabilitation medicine. This initiative proves our capability in asset management and value creation, by improving the asset life cycle through upgrading and restoration works which enhances its marketability.

#### Property Investment

#### **RETAIL**

#### Melawati Mall

Our partnership with CapitaLand Malls Asia began with the announcement in 2012 to jointly build a shopping mall on a prime commercial land in Taman Melawati. Amidst the challenging landscape of the Klang Valley retail sector, Melawati Mall is set to attract customers from the underserved surrounding areas with its line-up of brands that fulfils demand for a modern and quality retail. The mall recorded an improved occupancy rate of 85 percent. (December 2017: 70 percent) since its opening in July 2017.

Due to its strategic location and contemporary design, Melawati Mall stands out as the new landmark in the Taman Melawati township. 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. Its design encapsulates vertical voids at strategic locations in the façade to allow natural daylight into the mall, providing a retail experience embedded from its external surroundings.

Social media through the convergence of many technological developments, plays a huge role in shaping and re-shaping the retail landscape of today. Melawati Mall continues to make social media an integral element of its marketing campaign by promoting the shopping experience in the mall's first year anniversary celebration. This platform allows us to engage with thousands of customers and followers.

Our tenants include Golden Screen Cinemas, Village Grocer, Padini, Brands Outlet, Max Fashion, Next, FoodEmpire, Toys"R"Us, MPH, KidsZone, Kaison, Sports Direct, Mr. D.I.Y, Fitness First, SenQ, Daiso, SSF, Tony Roma's and many more. Retailers new to the Malaysian market for the first time such as Erke sportswear, Abu Samad al Quraishi specialty perfume and Hyrem designer tableware have also made Melawati Mall a part of their brand launch plans.



Melawati Mall has a dedicated zone on Level 2 with a collection of retailers specialising in Muslimah ready-to-wear collection, serving the predominant community of the immediate area - a segment which has boomed in recent years. This includes brands such as Ashura, Creacion, Rina Salleh, Siti Khadijah and Omar Ali.

The eight-storey mall with more than 200 shops 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 Mall

KL East Mall is Sime Darby Property Berhad's first 100 percent-owned retail mall development with a gross build-up of approximately 1.2 million sq ft which is scheduled to open by the end of 2019. The retail mall is strategically located at KL East 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 the Integrated Transport Terminal (Gombak), TAR College, International Islamic University Malaysia (IIUM) and Universiti Kuala Lumpur British Malaysian Institute (UniKL BMI).

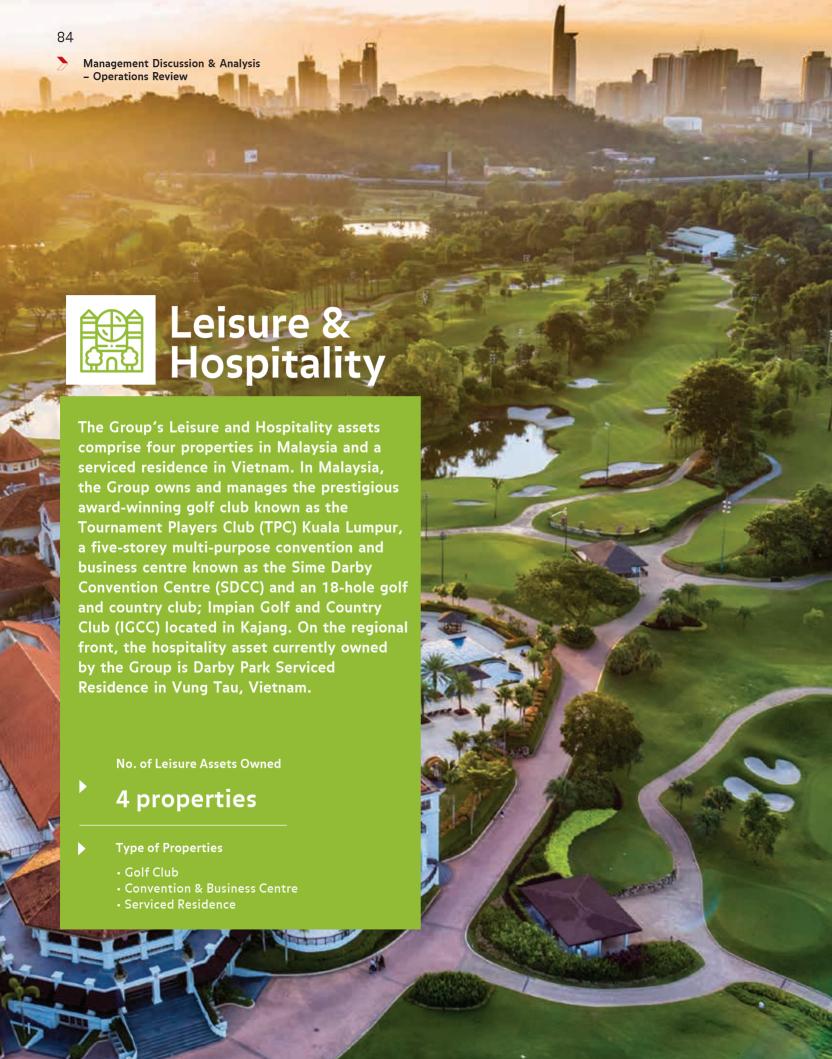
The mall aspires to become the catalyst for Sime Darby Property's KL East development in the context of the overall mixed development, The Ridge. As part of an integrated Transit Adjacent Development (TAD), the mall will be positioned as a boutique lifestyle retail mall that will serve the surrounding upmarket neighbourhood of middle to middle-upper income brackets. It is expected to be the urban and hip gathering destination which offers unique lifestyle experiences that go well beyond traditional shopping.

#### **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, a highly connected industrial and residential township in Klang, Selangor. The joint-venture project is estimated to have a Gross Development Value of approximately RM530 million, which consists of built-to-suit (BTS) industrial facilities for warehousing and logistics.

The partnership is aligned with the Group's active land bank management strategy and objective to unlock value through direct development, strategic partnerships and joint-ventures or strategic monetisation. This catalytic venture of industrial logistics development will provide us with the competitive advantage to grow our recurring income and act as a key driver in spurring socio-economic developments through a spill over effect within our developments. Negotiations with potential tenants are underway and are expected to conclude by the first half of 2019.





# Leisure & Hospitality Revenue (RM'million) 6 Months FP2018 6 Months FY2018\* 52.7 (LBIT)/PBIT (RM'million) 6 Months FP2018 (11.9) 6 Months FY2018\* 25.1

During the financial period under review, the Leisure & Hospitality segment registered a loss of RM11.9 million from PBIT of RM25.1 million in the previous year. The higher PBIT a year earlier was mainly due to the gain on disposal of a subsidiary, Malaysia Land Development Company Berhad of RM39.6 million, whereas the loss recorded in the period under review was partially offset by the gain on disposal of Darby Park Serviced Residences, Margaret River in Australia of RM3.2 million.

The Group continues to unlock value from its non-core assets to re-invest and expand its recurring income asset portfolio. The disposal of the Darby Park Executive Suites in Singapore was completed on 31 January 2019, for a total cash consideration of SGD93.0 million. The gain on disposal will be recognised in the first quarter of the financial year ending 31 December 2019. Two other non-core hospitality assets namely Genting View Resort and Karri Valley in Australia were successfully divested in March 2018.

The Malaysian assets comprising TPC Kuala Lumpur, Sime Darby Convention Centre and Impian Golf and Country Club continue to show great quality of service as they recorded high average Customer Satisfaction Index score of 84.9 percent, above its set target of 80 percent.

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

### Initiatives adopted for the Financial Period

#### TPC KUALA LUMPUR

- TPC Kuala Lumpur's championship West Course reopened in August 2018 after a 10-month intensive upgrading on all 18-holes. The renovations were completed a month ahead of the original schedule.
- The eighth and final edition of the CIMB Classic event was held at the TPC Kuala Lumpur's West Course from 11 to 14 October 2018 and the winner was an Australian, Marc Leishman.
- With the reopening of the new West Course, a campaign on Corporate Golf Tournament packages was launched to promote the club.
- A new business initiative by the golf course team was established to offer landscape, course maintenance services, and supply of grass focusing on the business to business segment.
- To encourage the younger generation to enjoy the game of golf, SpeedGolf Malaysia was launched in August 2018, a new and innovative way of playing golf. It is a fitness-oriented athletic golf experience in which the result is based on the number of strokes to the amount of time it takes a player to complete the course.

<sup>\*</sup> Unaudited

#### Leisure & Hospitality

#### Financial Period 2018 - Highlights

The club achieved the highest recognition in Asia Pacific with six outstanding achievements at the 2018 Asian Golf Awards held in November 2018, including Best Championship Course in the region. The Asia Pacific Order of Zenith and the Legion of Leaders awards, which recognise outstanding roles in golf management, were received by the club's Chief Executive Officer.

In addition, TPC Kuala Lumpur's Head of Agronomy bagged the Best Golf Course Superintendent of the Year award for the third time, Best HR Manager Award for the second year in a row, and Best Marcomm Manager of the Year.

- A marketing campaign by TPC Kuala Lumpur in collaboration with Enrich Miles and CIMB Bank was launched to attract new members. In addition, the Junior Golf Pass programme designed for players between 12 to 20 years old was introduced.
- TPC Kuala Lumpur participated in the Audubon
  Cooperative Sanctuary Programme for Golf Courses
  (ACSP), which is an international programme established
  by Audubon International to help landowners preserve
  and enhance the environment and quality of their
  property. Out of the six categories criteria set by ACSP,
  the club attained the first certification which is the
  "Environmental Planning" category in September 2018.
- An additional split-level event space called "The Gallery" with a capacity of 80 to 100 persons is now available at TPC Kuala Lumpur.



#### IMPIAN GOLF AND COUNTRY CLUB

- A new F&B outlet, a Korean café known as Café Breeze officially opened in November 2018.
- Impian Golf and Country Club (IGCC) provides catering services for the Deputy Prime Minister of Malaysia' official residence in Putrajaya for the fist time.
- IGCC was host venue to the PGM Qualifying School Leg 3 and PGM UMW Championship (ADT) PGM Ladies Championship.
- IGCC was appointed as the Landscape Consultant for TH Properties and awarded with two landscape maintenance contracts at its development in Nilai, Negeri Sembilan.



**87.1%**TPC Kuala Lumpur Customer Satisfaction Index (CSI)



**85.4%**IGCC's Customer Satisfaction
Index (CSI)

#### SIME DARBY CONVENTION CENTRE

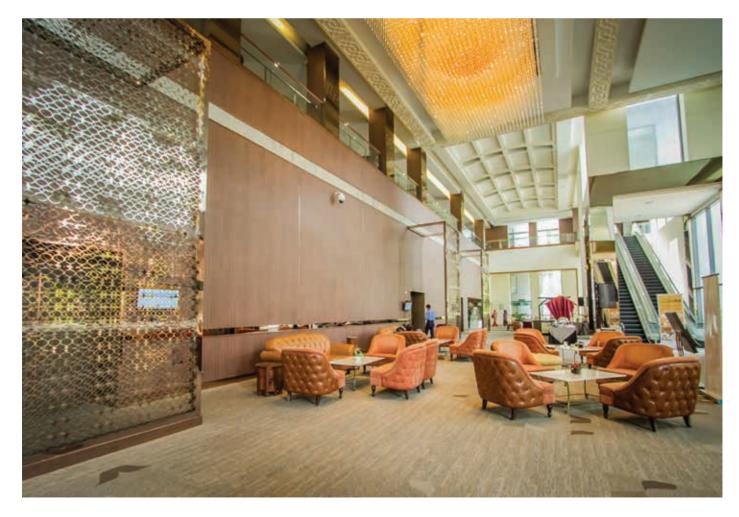
The Sime Darby Convention Centre (SDCC) continues to maintain its reputation as one of the most sought-after venues for F&B and events in the Klang Valley. A total of 114 Outside Catering Business with a revenue of RM1.8 million was achieved in December 2018 since the new Outside Catering Business was launched in July 2018.

- A new Japanese F&B outlet called SUMIRE opened in July 2018 as well as D'Atap Gazeebo Steamboat & Grill located at Halia Courtyard.
- Flame, the Western Fine Dining Restaurant was relaunched offering a list of sumptuous set lunch and dinner promotions.
- Additional privileges were added to SDCC's loyalty card programme that can be purchased for RM50 with a validity period of 1 year.

 SDCC's loyalty card is a privilege card created for China Treasures, Halia and East Café. Up to December 2018, a total of 428 memberships were recorded. Card members can enjoy a 25 percent discount on non-promotional priced products at China Treasures and Halia, and a 10 percent discount at East Café.



**82.1%**SDCC's Customer Satisfaction Index (CSI)





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 30 minutes 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 dubbed the Pagoh Education Hub. It aims to be a world-class education hub with quality residential offerings, vibrant retail options and a 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

#### **Consession Arrangement**

Revenue (RM'million)

# 6 Months FP2018 39.0 6 Months FY2018\* 35.5 PBIT (RM'million)



<sup>\*</sup> Unaudited

#### Pagoh Education Hub (PEH)

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

With over 7,000 students, the education hub which opened its doors in October 2017 covers an area of approximately 506 acres. It features 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, multi-purpose hall, a data centre, a guest house complex as well as a modern sports complex which include a swimming and diving pool.



#### **Concession Arrangement**

Sime Darby Property, under its four Concession Arrangements via its 60 percent owned subsidiary, Sime Darby Property Selatan and its subsidiaries, undertook the construction works for the Malaysian Government and 4 higher learning institutions over a period of three years. The arrangements include being 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.

The Concession Arrangement segment ended the financial period with a profit of RM11.2 million, largely from the supply of teaching equipment and the contribution from facility and asset management 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 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.





# RESOURCE LEONALIA DE LA DELLA DELLA

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.





#### Seated from left to right:

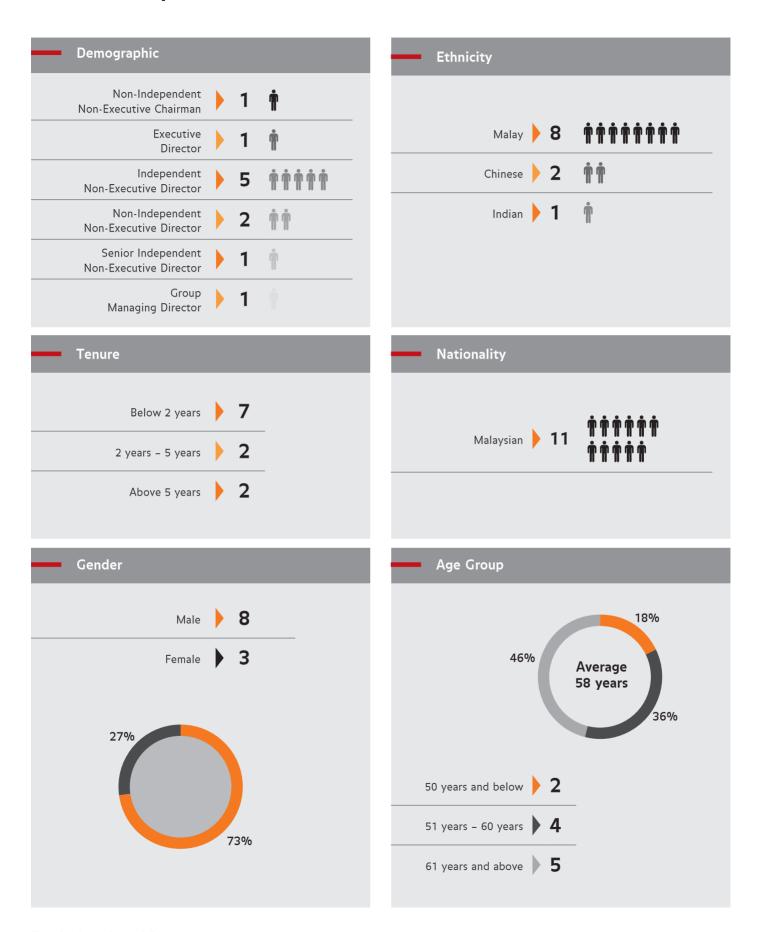
Tan Sri Dr. Zeti Akhtar Aziz (Chairman), Datuk Tong Poh Keow (Executive Director/Group Chief Financial Officer), Dato' Sri Amrin Awaluddin (Group Managing Director)

#### Standing from left to right:

Datuk Poh Pai Kong, 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 19 March 2019)

• 8 months

#### **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 of Economic Action Council
- 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

- She does not have any conflict of interest with the Company or any family relationship with any other Director and/or major shareholders of the Company except being a Nominee Director of Permodalan Nasional Berhad (PNB), of which she is the Group Chairman of 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 six (6) months period ended 31 December 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 19 March 2019)

• 1 year 8 months

#### **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
- Trustee, Yayasan Sime Darby
- · Director, Alhijrah Media Corporation (TV Alhijrah)

#### **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

- He does not have any conflict of interest with the Company 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 six (6) months period ended 31 December 2018.



03

#### DATUK TONG POH KEOW

Executive Director/
Group Chief Financial Officer

#### Malaysian/64/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 19 March 2019)

• 3 years 4 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
- 9 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

- She does not have any conflict of interest with the Company 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 six (6) months period ended 31 December 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 19 March 2019)

• 5 years

#### **Membership of Board Committees**

- Risk Management Committee (Chairman)
- 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 Entities

- · Director, Microlink Solutions Berhad
- · Director, Omesti 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
- 1999-2013 Director, Mieco Chipboard 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

- He does not have any conflict of interest with the Company 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 six (6) months period ended 31 December 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 19 March 2019)

• 8 years and 3 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

- He does not have any conflict of interest with the Company 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 six (6) months period ended 31 December 2018.

#### Board of Directors' Profile



06

#### DATO' JOHAN ARIFFIN

Independent Non-Executive Director

#### Malaysian/60/Male

Date of Appointment: 31 December 2010

#### Length of Tenure as Director (as at 19 March 2019)

• 8 years and 3 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 Companies

- · Director, Permodalan Nasional Berhad
- · Chairman, Pelaburan Hartanah Nasional Berhad
- · Director, Maybank Ageas Holdings Berhad
- Director, Etiqa Life Insurance Berhad
- Director, Etiga General Insurance Berhad
- Director, Etiga Family Takaful Berhad
- Director, Etiqa General Takaful 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
- Director, Etiga International Holdings Sdn Bhd

#### **Past Relevant Experience**

- 2015-2018 Chairman of Battersea Project Holding Company Limited
- 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

- He does not have any conflict of interest with the Company 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 six (6) months period ended 31 December 2018.



# DATUK DR. MOHD DAUD BAKAR

Non-Independent Non-Executive Director

#### Malaysian/55/Male

Date of Appointment: 12 July 2017

#### Length of Tenure as Director (as at 19 March 2019)

• 1 year 8 months

### **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 Malava
- 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

- He does not have any conflict of interest with the Company 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 six (6) months period ended 31 December 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 19 March 2019)

• 1 year 8 months

#### **Membership of Board Committees**

- 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 in 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

Nil

#### Other Public Company

Nil

#### Present Appointment(s)

 Board Member, Institute of Corporate Directors Malaysia

#### **Past Relevant Experience**

- 2014-2019 Non-Executive Director, Eco World International Berhad
- 2016-2017 Non-Executive Director, AMMB Holdings Berhad
- 2014-2016 Senior Advisor and Director, AMMB Holdings Berhad
- 2010-2012 Board Member, Kumpulan Wang Persaraan (Diperbadankan)
- 2009-2012 Member, the Financial Stability Executive Committee, Bank Negara Malaysia
- 2008-2012 Trustee, Yayasan Sultan Azlah Shah
- 2005-2012 Board Member and Audit Committee Chairman, Putrajaya Corporation
- 2004-2012 Member, the International Advisory Panel of the Labuan Financial Services Authority
- 2003-2009 Chairman, the Financial Reporting Foundation
- 1992-2012 Held various positions in PricewaterhouseCoopers Malaysia and retired as Executive Chairman
- 1990-1992 Manager and Senior Manager, Price Waterhouse London, United Kingdom
- 1981-1990 Robson Rhodes Chartered Accountants, United Kingdom

- He does not have any conflict of interest with the Company 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 six (6) months period ended 31 December 2018.



# DATIN NORAZAH MOHAMED RAZALI

Independent Non-Executive Director

#### Malaysian/48/Female

Date of Appointment: 12 July 2017

#### Length of Tenure as Director (as at 19 March 2019)

• 1 year 8 months

### **Membership of Board Committees**

- Nomination and Remuneration Committee (Chairman)
- · 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, Boston Consulting Group

#### **Past Relevant Experience**

- 2000-2017 Held various positions at Boston
   Consulting Group (BCG), including Partner
   and Managing Director and part of BCG's
   SE Asia Executive Leadership
- 1998-2000 Consultant, Booz Allen & Hamilton, Singapore
- 1994-1997 Solicitor, Sidek, Teoh, Wong & Dennis

- She does not have any conflict of interest with the Company 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 six (6) months period ended 31 December 2018.

#### Board of Directors' Profile



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#### RIZAL RICKMAN RAMLI

Non-Independent Non-Executive Director

#### Malaysian/41/Male

Date of Appointment: 5 April 2018

#### Length of Tenure as Director (as at 19 March 2019)

• 11 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
- · Director, Lanjut Golf Berhad

#### Present Appointment(s)

 Executive Vice President, Property/Real Estate, Permodalan Nasional Berhad

#### Past Relevant Experience

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

- He does not have any conflict of interest with the Company 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 six (6) months period ended 31 December 2018.



# DATUK POH PAI KONG

Independent Non-Executive Director

#### Malaysian/66/Male

Date of Appointment: 1 December 2018

#### Length of Tenure as Director (as at 19 March 2019)

• 4 months

# **Membership of Board Committees**

Audit Committee

#### Academic Qualification(s)

 Bachelor of Science (Building), National University of Singapore

#### Present Directorship(s)

Other Listed Entity

Nil

#### Other Public Company

Nil

#### Present Appointment(s)

- Chief Executive Officer and Director, Amphil Corporation Sdn Bhd
- Director, Malaysian Green Technology Corporation
- Committee Member, Real Estate & Housing Developers' Association (Wilayah Persekutuan)

#### **Past Relevant Experience**

- 2007-2015 Advisor and Director, Tradewinds Corporation Berhad
- 1992-2007 Group Managing Director, Tropicana Corporation Berhad (formerly Dijaya Corporation Berhad)

- He does not have any conflict of interest with the Company 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 six (6) months period ended 31 December 2018.

### Board of Directors' Profile



MORIAMI MOHD
Group Secretary

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### Malaysian/45/Female

Date of Appointment: 18 March 2005

#### Professional Qualification/Membership(s)

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

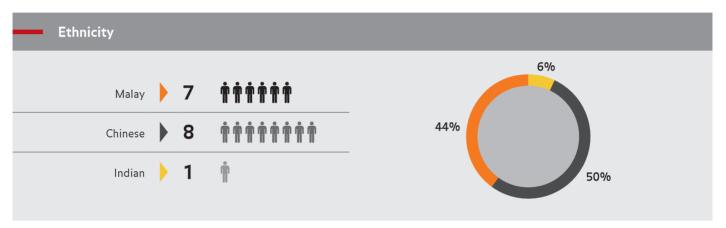
#### **Skills and Experience**

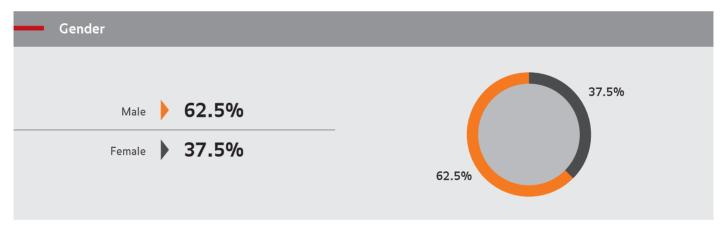
 She has more than 20 years working experience in corporate secretarial practice and advisory works, which include various corporate exercises such as mergers, acquisitions, joint ventures and listing. She is responsible for the overall corporate secretarial functions of Sime Darby Property Berhad Group.

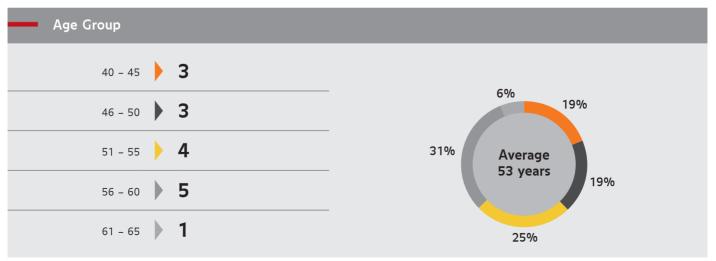
- 2004-2007 Joined Kumpulan Guthrie Berhad Group in year 2004 and last held position was Group Secretary of Kumpulan Guthrie Berhad, Highlands & Lowlands Berhad and Guthrie Ropel Berhad
- 2000-2004 Appointed as Assistant Company Secretary of Malaysia Airports Holdings Berhad (MAHB) in year 2000. Subsequently 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 96 of this Annual Report.



02

### DATUK TONG POH KEOW

Executive Director/Group Chief Financial Officer

#### Malaysian/64/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 97 of this Annual Report.



# **DATO' WAN HASHIMI ALBAKRI BIN WAN AHMAD AMIN JAFFRI**Chief Operating Officer – Township Development

#### Malaysian/60/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 (Project Management Co.)



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

# Executive Leadership Profile



05

#### DATUK REDZA RAFIQ ABDUL RAZAK

Chief Executive Officer, Malaysia Vision Valley 2.0 & Director of Investment

Malaysian/50/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

#### Past Relevant Experience

 2015-2018 - Board Member, Kulim Technology Park Corporation

- 2010-2018 Chief Executive, Northern Corridor Implementation Authority
- 2004-2009 Managing Director, Cyberview Sdn Bhd (Cyberjaya Development)
- 2002-2004 Chief Operations
   Officer, Cyberview
   Sdn Bhd (Cyberjaya
   Development)



06

# BETTY LAU SUI HING

Chief Financial Officer Designate

Malaysian (Permanent Resident)/56/Female Date Joined: 3 December 2018

#### Professional Qualification/ Membership(s)

- Examination of the Institute of Chartered Secretaries and Administrators, United Kingdom
- Examination of Association of Chartered Certified Accountants, United Kingdom
- Associate of Institute of Chartered Secretaries and Administrators, United Kingdom (ACIS)
- Fellow of Association of Chartered Certified Accountants, United Kingdom (FCCA)
- Member of Malaysia Institute of Accountants (MIA)

- 2018 Chief Financial Officer, Malaysia Land Group of Companies
- Officer, Hatten Land Limited, Singapore
- 2010-2017 Group Financial Controller and last position held was Chief Financial Officer, IOI Properties Group Berhad
- 2009-2010 Group Financial Controller, INTI Education Group, Laureate International Universities
- 2004-2009 Chief Financial Officer, Cosmos Discovery Sdn Bhd



# **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)

- 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





# **CHOO SUIT MAE**Group General Counsel

#### Malaysian/58/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

- 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

# Executive Leadership Profile



09

#### MOHAMMAD FAIRUZ MOHD RADI

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

#### Malaysian/41/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

- 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



10

# **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)

 Member of the International Coaching Council (ICC)

- 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



#### **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



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### 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

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

# Executive Leadership Profile



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#### ARAVINDAN S/O K. DEVAPALAN

Chief Assurance Officer

Malaysian/46/Male

Date Joined: 5 March 2018

#### Professional Qualification/ Membership(s)

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



# 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 Malaysian Institute of Certified Public Accountant

- 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





#### AHMAD SHAHRIMAN JOHARI Head, Corporate Communications

#### Malaysian/43/Male

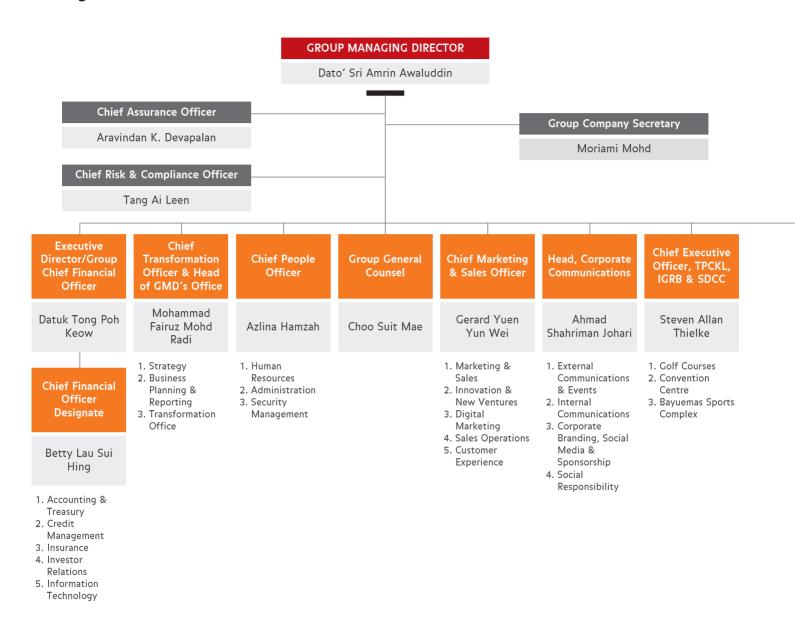
#### Date Joined: 1 July 2017

#### Academic Qualification(s)

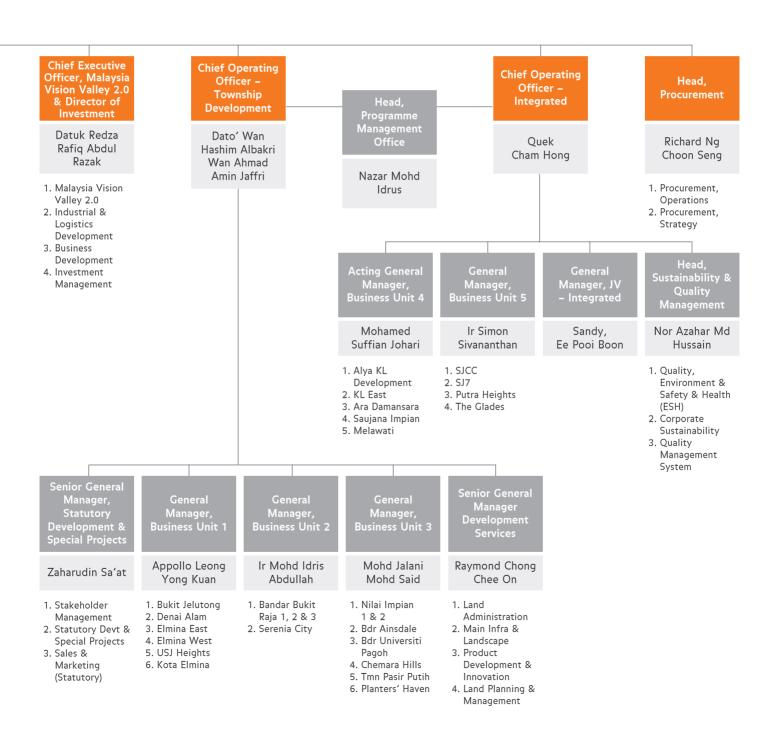
 Bachelor of Arts, Acadia University, Canada

- 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







### Introduction

The Board of Directors ("Board") of Sime Darby Property Berhad ("Sime Darby Property" or "the Group") is resolute in its view that the highest standards of corporate governance in the conduct of the Group's business is imperative for achieving long term shareholders' value. The Board affirms that upholding good governance is vital in order to sustain long-term performance and create economic value for the shareholders, while aligning this with the interests of other stakeholders. The Board actualises this commitment through fostering across Sime Darby Property Group ("Group"), a culture that places uncompromised integrity, transparency, accountability and professional business ethics as the mainstay of the Group's continuous growth.

The Board is guided by a Board Charter and has a corporate governance framework in place which conforms to the following requirements, statutory provisions, guidelines, principles and best practices:



 Main Market Listing Requirements ("Listing Requirements") issued by Bursa Malaysia Securities Berhad ("Bursa Malaysia")



2) Companies Act 2016



3) Malaysian Code on Corporate Governance 2017 ("MCCG")

Sime Darby Property's corporate governance framework outlines a clear organisational structure with robust internal controls and risk management mechanisms together with various levels of oversight that operate across the Group's business and functional activities. This framework serves as the basis for effective governance and oversight of the Group's overall business strategies.

The Board is required to report on the application of the practices set out in the MCCG as outlined in Paragraph 15.25 and Practice Note 9 of the Listing Requirements. In making the disclosures in the Corporate Governance Overview Statement ("CG Overview Statement") and the Corporate Governance Report ("CG Report"), the Board must ensure that the CG Overview Statement and the CG Report contain sufficient information to enable an informed assessment by the shareholders and potential investors of the Group's corporate governance practices in line with the spirit and Intended Outcomes of the MCCG.

The CG Overview Statement in this Annual Report provides shareholders and investors with an overview of Sime Darby Property's application of the three (3) key Principles set out in the MCCG during the six (6) months financial period from 1 July 2018 to 31 December 2018 ("FP2018 or the financial period under review"). This CG Overview Statement is intended to provide shareholders and investors with insight into the corporate governance practices of the Group with reference to the three (3) key Principles during this period.

The application of each Practice as set out in the MCCG as well as departures and alternative measures in place within the Group during the FP2018 are disclosed in the CG Report.

The CG Overview Statement is to be read together with the CG Report. The CG Report is available on Sime Darby Property's corporate website at



www.simedarbyproperty.com.

# **Key Focus Areas**

During the financial period under review, the Board's focus areas were the review and identification of the Group's key corporate governance practices and processes and aligning them with the best practices promulgated in the MCCG. The Board acknowledged that the following areas were important tenets of good corporate governance and agreed that these be strengthened going forward:

- ensuring Board balance and independence
- sourcing the right candidates to achieve diversity in Board composition
- having a majority of Independent Directors on the Board

We are pleased therefore to present our application of the three (3) Principles of the MCCG throughout this CG Overview Statement. We hope you will better understand the manner in which your Board operates, our decision-making process, how we manage risks and monitor internal control.

# Principle A: Board Leadership and Effectiveness

#### **BOARD RESPONSIBILITIES**

The Board's primary role is fundamentally to provide effective leadership, to promote and protect the interests of the shareholders and stakeholders of the Group. The Board is collectively responsible for formulating and meeting the Group's goals and objectives, strategic plans and significant policies. It is accountable to shareholders in ensuring the long term success of the Group and delivery of sustainable value to its stakeholders. The Board directs, strategises and monitors the business and affairs of the Group on behalf of shareholders to ensure the Group operates with integrity and ethically. The Board is also responsible for the Group's overall corporate governance and remains cognisant of the need for sustainable practices to manage the economic, environmental and social impact to address the long-term interests of the stakeholders.

The Board's stewardship mandate means that it also bears ultimate responsibility to provide strategic guidance to the succession plan of the Group, to monitor effectively management goals, accountability to the Group and stakeholders and to ensure that the Group's internal procedures are well in place.

The Board sets the Group's core values, charts, determines and drives the strategic business direction of the Group and its capacity for growth thereby ensuring the long term success and the delivery of sustainable value to stakeholders. In discharging this responsibility, the Board provides expertise, thought leadership and advice, champions good governance, high ethical standards and practices.

In discharging its roles and responsibilities, the Board is guided by a Board Charter which sets out the role, functions, composition, operation and processes of the Board, decisions and issues that the Board reserves for itself as well as the matters that the Board may delegate to the Board Committees and the Management.

During the second quarter of the FP2018, the Board, having considered the findings of the Board Effectiveness Evaluation ("BEE") exercise conducted in the previous financial year which recommended for a clear policy to be drawn up on Directors' appointment to address the potential issue on conflict of interest, as well as the concern raised by Minority Shareholders Watch Group ("MSWG") at the last Annual General Meeting ("AGM") of the Group on the Group Managing Director's directorships in other listed companies, made the necessary revisions to its Board Charter to reflect the issues raised.



The updated Board Charter is available on Sime Darby Property's corporate website at www.simedarbyproperty.com. under the Corporate Governance section.

Nonetheless, the Board is of the view that the current external directorships held by the Directors do not give rise to any conflict of interest nor do they impair the Directors' ability to discharge their duties effectively.

#### **GROUP SECRETARY**

The Group Secretary is a Fellow member of the Malaysian Institute of Chartered Secretaries and Administrators ("MAICSA") and has twenty-four years of experience in corporate secretarial practice.

The Group Secretary, reports directly to the Chairman and is responsible for supporting the effective functioning of the Board in discharging its fiduciary role and obligations. She ensures the Board's compliance with good corporate governance practices and advises the Board on its constitution, policies and procedures and regulatory compliance matters. In this regard, the Group Secretary ensures there is good information flow to the Board and between the Board, Board Committees and Senior Management and focuses on maintaining the highest standards of probity and corporate governance. All Directors have unrestricted direct access to the advice and services of the Group Secretary to facilitate the discharge of their duties.

The Group Secretary attends all Board meetings and ensures that deliberations of the Board and Board Committees are properly documented and recorded in a timely manner, and subsequently communicated to the Management for appropriate actions. The Group Secretary further ensures that outstanding action items are properly tracked and monitored until such items are addressed and reported to the Board where applicable. As part of good governance, pertinent comments and observations of each Director are also recorded.

The minutes of Board meetings are circulated to all Directors for their perusal and comments. The Directors may request for further clarification or raise comments on the minutes prior to the minutes being confirmed as a correct record of the proceedings of the Board at the subsequent meeting.

The Group Secretary also assists the Board in organising and facilitating the induction programme or on-boarding session for newly appointed Directors and making arrangements for their professional development and training.

The Group Secretary keeps abreast of the evolving regulatory changes and developments in corporate governance through continuous training.

Based on the findings of the BEE exercise conducted for the financial period under review, the Board had commended the effectiveness of the Board administration and processes and noted that the Group Secretary had provided effective, adequate and timely support to the Board.

The roles and responsibilities of the Group Secretary as Company Secretary of Sime Darby Property are clearly defined in the Board Charter.

The profile of Puan Moriami Mohd is set out on page 106 of this Annual Report.

#### **BOARD COMMITTEES**

In order to ensure the effective discharge of its functions and responsibilities, the Board has put in place a Corporate Governance Framework where certain responsibilities of the Board are delegated to Board Committees and the Group Managing Director to assist it in carrying out its responsibilities and functions. These Committees operate within their own defined terms of reference approved by the Board, and report to the Board on matters considered and their recommendations thereon. The ultimate responsibility for the final decision on all matters however, lies with the Board.

The roles and responsibilities of the Board Committees are as follows:



#### **Audit Committee**

Comprises four (4) members, all of whom are Independent Non-Executive Directors

Oversees the Group'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.

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.



# Nomination and Remuneration Committee

Comprises four (4) members, three (3) of whom are Independent Non-Executive Directors. All members are Non-Executive Directors Assists the Board in fulfilling its 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 Group and recommends to the Board the remuneration framework for the Non-Executive Directors, Executive Directors and key critical positions of Sime Darby Property Group.



#### **Risk Management Committee**

Comprises five (5) members, the majority of whom are Independent Non-Executive Directors. All members are Non-Executive Directors



#### **Board Tender Committee**

Comprises five (5) members, three of whom are Independent Non-Executive Directors while the other two (2) members are the Group Managing Director and a Non-Independent Non-Executive Director

Oversees the risk management framework and policies of the 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.

Evaluates and reviews tender awards valued above RM50 million up to RM300 million. (The revision on the limits of authority was made by the Board on 27 November 2018).

# BOARD MEETINGS AND ACCESS TO INFORMATION

Prior to Board and Board Committee Meetings, a formal and structured agenda together with a set of Board and Board Committee papers are forwarded to all Directors at least five (5) working days before the relevant Board and Board Committee meetings. This is to enable Directors to have sufficient time to review, consider and if necessary, obtain further information on the matters to be deliberated. Occasionally, the Board or Board Committee meetings may be called at shorter notice when critical decisions are required to be made. Urgent papers may be presented for tabling at Board meetings under 'Any Other Business' subject to the approval of the Chairman and the Group Managing Director.

Access to Board papers is carried out on-line, through a collaborative software which allows the Directors to securely access, to read and review Board documents and confer with each other and the Group Secretary electronically.

The Board meets at least once every quarter in a financial year to fulfil its role, and as and when necessary to consider and deliberate urgent proposals or matters that require the Board's expeditious review or consideration. Meeting dates are scheduled in advance (before the commencement of each financial year) to enable the Directors to plan ahead. Directors are expected to allocate sufficient time to perform their responsibilities effectively, including adequate time to prepare for Board meetings.

Key decisions are always made at a Board meeting while Directors' Circular Resolutions are confined to administrative matters or to formalise matters that have been deliberated at a Board meeting.

Board meetings are convened immediately following the finalisation of the Group's quarterly and annual results for the Board's review and approval prior to announcement to Bursa Malaysia.

At Board meetings, management progress reports and updates on the Group's performance are reviewed against their expected targets and against the industry. The Board also deliberates and assesses amongst others, the viability of business propositions and corporate proposals that are presented for consideration.

During its meetings, the Board practices a strong culture of open debate and engages in robust deliberations of key matters in the agenda.

Relevant members of the Senior Management attend Board meetings by invitation and 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 Chairman of the Audit Committee and Chairman of the Nomination and Remuneration Committee would also brief the Board on the salient views, recommendations, significant issues and findings which require the Board's attention and approval. The Board would likewise be briefed by the Chairman of the Risk Management Committee on the salient risk issues raised by the Committee which require the Board's direction.

Where a potential conflict of interest arises, Directors are required to make an immediate declaration to the Board if they have any interest in transactions to be entered into directly or indirectly with the Group. 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. In the event a corporate proposal is required to be approved by the shareholders, the interested Director will also abstain from voting in respect of his/her shareholding in Sime Darby Property, on the resolution(s) relating to the corporate proposal and will further undertake to ensure that persons connected with him/her will similarly abstain from voting on the resolution(s).

The Directors continued to be fully committed in carrying out their duties and responsibilities as reflected by their attendance at the Board meetings held during the FP2018. They have shown exemplary commitment in terms of time devoted to prepare and attend Board meetings and by having a sound understanding of the Group's business as well as relevant regulatory and market developments.

During the FP2018, the Board met four (4) times, all of which were scheduled meetings. Save for Tan Sri Dr. Zeti Akhtar Aziz and Datuk Poh Pai Kong who were appointed on 23 July 2018 and 1 December 2018 respectively, all Directors attended all the Board meetings held during the financial period under review. Directors who were unable to attend a particular Board or Board Committee meeting, were encouraged to provide their views and comments on matters to be discussed to the Chairman in advance.

All Directors have more than adequately complied with the minimum requirements on attendance at Board meetings as stipulated in the Listing Requirements (50 percent attendance).

Details of attendance of each Director at Board meetings held during the FP2018 are depicted below:

Tan Sri Dr. Zeti Akhtar Aziz (Appointed on 23 July 2018) Non-Independent Non-Executive Chairman	3/3*	Datuk Dr. Mohd Daud Bakar Non-Independent Non-Executive Director	4/4
Dato' Sri Amrin Awaluddin Group Managing Director	4/4	Dato' Seri Ahmad Johan Mohammad Raslan Independent Non-Executive Director	4/4
Datuk Tong Poh Keow Executive Director/ Group Chief Financial Officer	4/4	Datin Norazah Mohamed Razali Independent Non-Executive Director	4/4
Dato' Jaganath Derek Steven Sabapathy Senior Independent Non-Executive Director	4/4	Encik Rizal Rickman Ramli Non-Independent Non-Executive Director	4/4
Tengku Datuk Seri Ahmad Shah Alhaj ibni Almarhum Sultan Salahuddin Abdul Aziz Shah Alhaj Independent Non-Executive Director	4/4	Datuk Poh Pai Kong (Appointed on 1 December 2018) Independent Non-Executive Director	nil#
Dato' Johan Ariffin Independent Non-Executive Director	4/4		

- \* reflects the number of meetings held following her appointment as Director on 23 July 2018
- # not applicable (there was no Board meeting scheduled following his appointment as Director on 1 December 2018)

#### BOARD COMPOSITION, BALANCE, DIVERSITY AND INDEPENDENCE

The Board is committed to ensuring diversity and inclusiveness in its composition based on the Board Composition Policy Framework, having regard to the skills, background, knowledge, international and industry experience, culture, independence, age, ethnicity, gender, and other factors which the Board thinks fit. The sourcing of and recruitment exercise to achieve the right diversity in the Board remains a priority on the Board's Corporate Governance agenda.

The Board believes that a diverse Board would have a positive value-add impact on the Group and offer in-depth deliberations during Board meetings. The Board is of the view that a truly diverse and inclusive Board will not only be able to leverage the differences in perspectives, industry experience, knowledge and skill, it will help the Group retain its competitive industry edge.

The Board continued to enhance its independent oversight role during the financial period under review, and through the Nomination and Remuneration Committee, reviewed the selection of an additional Independent Non-Executive Director. An executive search firm was engaged to assist in sourcing for/assessing the right candidate to be appointed. The position was filled by Datuk Poh Pai Kong whom the Board appointed on 1 December 2018 in view of his extensive experience in the property development industry. Datuk Poh Pai Kong was also simultaneously appointed as a member of the Audit Committee.

With Datuk Poh Pai Kong's appointment, the current composition of the Board comprises a majority of Independent Non-Executive Directors, which represents an increase to 54.5 percent from 50 percent and complies with paragraph 15.02 of the Listing Requirements and the MCCG.

As of the date of this CG Overview Statement, the Board comprises eleven (11) Directors as follows:



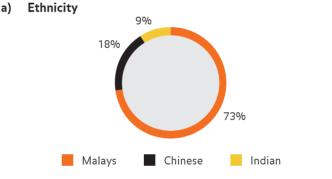
- Six (6) Independent Non-Executive Directors;
- Three (3) Non-Independent Non-Executive Directors including the Chairman; and
- Two (2) Executive Directors, who serve as the Group Managing Director and Group Chief Financial Officer, respectively.

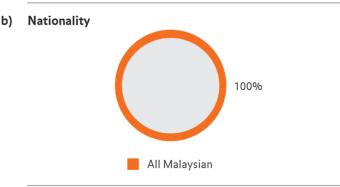
The profile of each member of the Board is presented on pages 95 to 105 of this Annual Report.

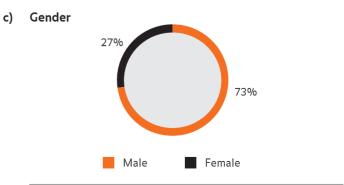
The Board's composition of two (2) Executive Directors and a strong presence of nine (9) Non-Executive Directors reflects its commitment to ensure effective check and balance in the functioning of the Board to safeguard the interests of the Group and all stakeholders.

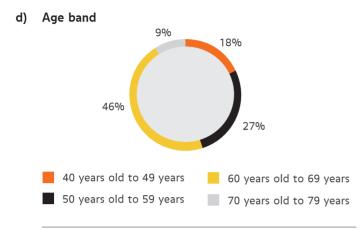
The Board is of the view that its size and composition of the Board are presently adequate to provide for diversity of opinions, facilitate effective decision-making and provide an appropriate balance of Executive, Independent and Non-Independent Directors. The MCCG calls for Boards to have at least 30 percent women directors. The Board currently has three (3) women Directors, one of whom is the Chairman. In its pursuit to have gender diversity, the Board had prior to the appointment of Datuk Poh Pai Kong, achieved the target of 30 percent women Directors during the financial period under review. However, with Datuk Poh Pai Kong's appointment, the percentage of women Directors on the Board is now reduced to 27 percent. Although the Board has met its internal target of maintaining at least two (2) women Directors as per its Board Composition Policy, it will continue nonetheless to actively source for suitable women candidates to increase the representation of women on the Board.

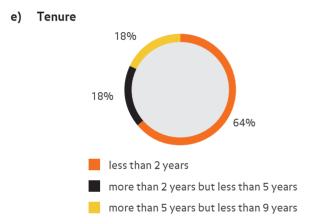
The current Board's diversity is depicted in the following matrix:











The Board continues to build a talent pool which is essentially a database of potential candidates from talent resourcing and recruitment consultants as a tool to facilitate new appointments and recruitments.

The Board takes cognisance of the MCCG's best practice on the tenure of independent directors. In line with the MCCG, the Board Charter has adopted a nine (9) years rule for its Independent Non-Executive Directors. Upon completion of nine (9) years, an Independent Non-Executive Director shall be re-designated 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 shareholders' approval annually.

As of the date of this CG Overview Statement, none of the Independent Non-Executive Directors have served on the Board for more than nine (9) years.

However, Tengku Datuk Seri Ahmad Shah Alhaj ibni Almarhum Sultan Salahuddin Abdul Aziz Shah Alhaj will reach a cumulative term of nine (9) years on 30 December 2019. The Nomination and Remuneration Committee ("NRC") and Board, save for Tengku Ahmad Shah, had considered the suitability of Tengku Ahmad Shah to continue to act as Independent Non-Executive Director of the Group.

In accordance with the MCCG, the Board, through the NRC, has undertaken relevant assessments and being satisfied, recommended for Tengku Ahmad Shah to continue to serve as Independent Non-Executive Director based on the following justifications:

- (a) Tengku Ahmad Shah has fulfilled the criteria under the definition of Independent Non-Executive Director as stated in the Listing Requirements and continues to exercise independent judgment and due care during his present tenure;
- (b) Tengku Ahmad Shah and the other Independent Non-Executive Directors each function as a check and balance to the Board and exercise objectivity as Independent Non-Executive Directors;
- (c) Tengku Ahmad Shah has contributed in his roles as Independent Non-Executive Director, Chairman of the Board Tender Committee and Member of the Risk Management Committee;
- (d) Tengku Ahmad Shah has vast experience and strong knowledge in the property sector; and
- (e) Tengku Ahmad Shah has devoted sufficient time and attention to his professional obligations to the Group for informed and balanced decision making.

# DEMARCATION OF RESPONSIBILITIES BETWEEN THE NON-EXECUTIVE CHAIRMAN, GROUP MANAGING DIRECTOR AND NON-EXECUTIVE DIRECTORS

The Board has established the roles and responsibilities of the Non-Executive Chairman which are distinct and separate from the duties and responsibilities of the Group Managing Director. This segregation between the duties of the Non-Executive Chairman and the Group Managing Director ensures an appropriate balance of role, responsibility and accountability at Board level.

During the financial period under review, Tan Sri Dr. Zeti Akhtar Aziz was appointed as the new Non-Executive Chairman of Sime Darby Property and a Board representative of Permodalan Nasional Berhad ("PNB"), a major shareholder of Sime Darby Property effective 23 July 2018. Prior to that, Encik Rizal Rickman Ramli, who is a Non-Independent Non-Executive Director and a nominee of PNB served as Acting Chairman for the period from 30 June 2018 until the appointment of Tan Sri Dr. Zeti Akhtar Aziz as the new Chairman.

The positions of the Non-Executive Chairman and the Group Managing Director, who has the same function as a Chief Executive Officer, are held by two (2) different individuals.

The roles and responsibilities of the Non-Executive Chairman and the Group Managing Director, Dato' Sri Amrin Awaluddin are markedly distinctive given that they both have different expectations and serve different primary audiences. Demarcation of their functions which are defined and documented in the Board Charter ensures the smooth running of the Group's business and operations. Adherence to the separation of power accords a balance of authority within the Board. The hierarchical structure with its focused approach ensures an appropriate balance of power and authority and facilitates efficiency and robust decision making.

The Chairman's overarching responsibilities are to provide appropriate leadership to the Board and the Group, to ensure its smooth functioning and the fulfilment of its obligations to the Group. The Chairman who primarily presides over meetings of Directors is responsible for instilling good corporate governance practices, leadership and effectiveness of the Board and ensures that procedures and processes are in place to facilitate effective conduct of the business of the Board. The Chairman also ensures that decisions are taken on a sound and well-informed basis and that all strategic and critical issues are considered by the

Board. The Chairman leads the Board in setting key policies and direction and ensures that the Board fulfils its obligations under the Board Charter.

Based on the findings of the BEE exercise conducted during the financial period under review, it was noted that Tan Sri Dr. Zeti Akhtar Aziz had effectively managed the Boardroom dynamics by providing an open environment where active debate during discussions and Board meetings was encouraged.

The Group Managing Director is principally responsible for the overall management and operations of the business of the Group. He is also responsible for developing the business direction of the Group and ensuring that the business strategies and policies are effectively implemented in line with the Board's direction. He is assisted in the management of the Group's business by the Group Management Committee.

The Non-Executive Directors are independent of Management. The Non-Executive Directors scrutinise the performance of the Management in meeting key performance targets and monitor the reporting of performance. The Non-Executive Directors must be satisfied on the integrity of financial information and that financial controls and system of risk management are robust and defensible. Their role is to constructively challenge the Management and monitor the successful delivery of approved targets and business plans within the risk appetite set by the Board. Whilst they provide an effective oversight over the Management, they do not participate in the day-to-day management of the Group. They do not engage in business dealings or other relationships with the Group (other than in situations permitted by applicable regulations) that could be reasonably perceived to materially interfere with their unfettered and independent judgement.

The Independent Non-Executive Directors engage proactively with the Management and with both the internal and external auditors. They play a significant role in bringing objectivity and scrutiny to the Board's deliberations and decision-making and provide independent views, suggestions and assessments to ensure that there is check and balance in the functioning of the Board.

Dato' Jaganath Derek Steven Sabapathy, the Senior Independent Non-Executive Director acts as a sounding board for the Chairman and serves as an intermediary for the other Non-Executive Directors where necessary and on matters that are deemed sensitive. He also provides an alternative avenue of communication for shareholders and stakeholders to convey their concerns and raise issues so these can be chanelled to the relevant parties. The Senior Independent Director, in common with all Non-Executive Directors, has the same legal responsibilities to the Group as any other Director.

The Non-Executive Directors are at liberty to seek independent professional advice on matters relating to the fulfilment of their roles and responsibilities. The cost of procuring these professional services will be borne by the Group.

#### **BOARD EFFECTIVENESS**

#### **Nomination and Appointment Process of Directors**

The Board believes orderly succession will be achieved through careful planning. While the majority of the current Directors have only served the Board for less than five (5) years, 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 appointment of new Directors, re-election of existing Directors and the annual assessment of Directors are set out in a formal and transparent procedure. The principle of achieving Board balance through diversity and inclusivity is encapsulated in the Board Composition Policy Framework and the Terms of Reference of the NRC.

The Board has delegated to the NRC the responsibility of carrying out the above function.

The NRC is responsible to first of all, identify the gap in the Board composition before sourcing, screening, conducting the initial selection of potential candidates for a proposed directorship and assessing the ability to perform effectively on those who have been identified. Based on the Board's composition and requirements, the NRC considers primarily the candidates' propriety and suitability for appointment based on their skills, perceived ability to work cohesively with other members of the Board, specialist knowledge, experience, probity and integrity. The NRC submits its recommendation thereafter to the Board for decision.

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.

During the financial period under review, the NRC recommended the nomination of a new Director after due consideration of his competency, experience and knowledge of the industry. The Board accepted the NRC's recommendation and approved the appointment of Datuk Poh Pai Kong as an Independent Non-Executive Director on 1 December 2018.

In determining the independency of the new Independent Director, the NRC had used the following criteria:

- Criteria for Independent Directors as set out in the Listing Requirements; and
- The manner in which the Independent Director carries out and discharges his/her responsibilities as set out in the Board Charter.

The Board, through the NRC, conducts an annual review and assessment on effectiveness of the Board, the Board Committees and each of the Directors individually. This assessment focuses mainly on the performance of individual Directors, training and development, participation and contribution to the Group. It is especially important in deciding whether a Director who is subject to re-election can be recommended accordingly at the next AGM.

Pursuant to and in line with the best practices of the MCCG, the NRC engaged an independent consultant, namely PricewaterhouseCoopers ("PwC"), to conduct and facilitate its second BEE exercise for the financial period under review. The BEE was undertaken through Directors' Self and Peer Evaluation Questionnaire as well as structured one-on-one interview sessions between representatives of PwC, the NRC Chairman and Board Chairman respectively, to obtain views on key strengths and areas for improvement.

The Board was satisfied with the results of the BEE which indicated that there had been improvements across all areas since the previous BEE exercise. The results indicated that there was better focus and oversight in key Board responsibilities, supported by an improvement in the performance of the Board Committees. The Board as a whole had discharged its responsibilities effectively and there was a positive Boardroom environment and healthy Boardroom dynamics. Board discussions were open and constructive and Board members were encouraged to have active participation at Board meetings including participating in active debate and questioning. Most of the Directors had been highly engaged when required to address issues and challenges faced by the Group.

The outcome of the BEE results also indicated that the current composition of the Board reflects balance and fit to provide governance and stewardship to the organisation. Moving forward, the Board would further enhance the composition with more in-depth experience in the right type of property development.

Specific disclosures on other activities of the NRC are disclosed in the NRC Report on pages 141 to 145 of this Annual Report.

#### **Re-Election of Directors**

Pursuant to the Group's Constitution, one-third (1/3) of the Directors, or if their number is not a multiple of three, the number nearest to 1/3 and those Directors newly appointed subsequent to the preceding AGM, shall retire from office and may offer themselves for re-election at the next AGM.

Datuk Poh Pai Kong, who was appointed as an Independent Non-Executive Director on 1 December 2018, would retire pursuant to Rule 92.3 of the Group's Constitution and being eligible, had offered himself for re-election at the forthcoming AGM.

The NRC assessed during the financial period under review, the performance of three (3) Directors, namely, Datuk Dr. Mohd Daud Bakar, Dato' Seri Ahmad Johan Mohammad Raslan and Datin Norazah Mohamed Razali, all of whom would be retiring by rotation pursuant to Rule 111 of the Group's Constitution at the forthcoming AGM of the Group. The NRC had recommended to the Board their re-election as Directors. The Board had agreed for their proposed re-election to be tabled to the AGM for approval.

#### **Directors Training and Development**

The Board acknowledges that Directors' training is an ongoing process to ensure that Directors keep themselves abreast of the latest developments in areas related to their duties and to ensure that they are equipped with the necessary skills and knowledge to meet the challenges faced by the Board. The Board has delegated the role of reviewing the training and development needs of the Directors to the NRC.

All Directors are provided with ongoing professional development and training opportunities to enable them to develop and maintain their skills and knowledge. Directors are also encouraged to personally undertake appropriate training and refresher courses as appropriate to maintain the skills required to discharge their obligations to the Group.

During the FP2018, save for Datuk Poh Pai Kong who was appointed on 1 December 2018, all 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/Speaker
TAN SRI DR. ZETI AKHTAR AZIZ	30 November 2018	Sime Darby Property Bridging Session – Shaping the Future: Navigating Through Uncertainty	YB Zuraida Kamaruddin, Minister of Housing & Local Government
DATO' SRI AMRIN AWALUDDIN	16 - 19 July 2018	Financial Institutions Directors' Education Programme (FIDE) Core Programme Module B: Bank	The Iclif Leadership and Governance Centre
	8 – 9 October 2018	Khazanah Megatrend Forum	Khazanah Nasional Berhad
	22 – 25 October 2018	Financial Institutions Directors' Education Programme (FIDE) Core Programme Module C: Bank	The Iclif Leadership and Governance Centre
	30 November 2018	Sime Darby Property Bridging Session – Shaping the Future: Navigating Through Uncertainty	YB Zuraida Kamaruddin, Minister of Housing & Local Government
DATUK TONG POH KEOW	6 August 2018	ESG Seminar for FTSE4Good Bursa Malaysia Index	Bursa Malaysia Securities Berhad
DATO' JAGANATH DEREK STEVEN SABAPATHY	29 August 2018	Risk Management Conference 2018	Malaysian Institute of Accountants
	22 October 2018	Emerging Risks, the Future Board and Return on Compliance	The Iclif Leadership and Governance Centre
	21 November 2018	Utilisation of ERM for Commercial Sustainability, Agility and Resilience	Institute of Enterprise Risk Practitioners
	30 November 2018	Sime Darby Property Bridging Session – Shaping the Future: Navigating Through Uncertainty	YB Zuraida Kamaruddin, Minister of Housing & Local Government
TENGKU DATUK SERI AHMAD SHAH	30 November 2018	Sime Darby Property Bridging Session – Shaping the Future: Navigating Through Uncertainty	YB Zuraida Kamaruddin, Minister of Housing & Local Government
DATO' JOHAN ARIFFIN	4 July 2018	Annual Risk Workshop	Etiqa (Maybank Ageas Holdings Berhad)
	5 July 2018	Investing In Integrated Strata Development Briefing	Permodalan Nasional Berhad
		Understanding Owner's Rights and Obligations under the Strata Titles Act 1985 and Strata Management Act 2013	

Directors	Date of Training/ Programme	Training/Programme Attended	Organiser/Speaker
DATO' JOHAN ARIFFIN (continued)	9 October 2018	Malaysia: A New Dawn 2018 Conference	Ministry of Finance Malaysia
	8 November 2018	FIDE Forum  Identifying your next Board Talent: Optimising Board Composition and Board Director Recruitment	The Iclif Leadership and Governance Centre
	15 November 2018	PIDM Dialogue with the Board Members of Life Insurance Companies – Briefing on Differential Levy System (DLS) Framework to the Board of Directors	Life Assurance Association of Malaysia
	21 November 2018	Utilisation of ERM for Commercial Sustainability, Agility and Resilience	Institute of Enterprise Risk Practitioners
	17 December 2018	ICDM PowerTalk By Professor CK Low – Would A Business Judgement Rule Help Directors Sleep Better At Night	Pelaburan Hartanah Nasional Berhad
DATUK DR. MOHD DAUD BAKAR	21 November 2018	Utilisation of ERM for Commercial Sustainability, Agility and Resilience	Institute of Enterprise Risk Practitioners
	30 November 2018	Sime Darby Property Bridging Session – Shaping the Future: Navigating Through Uncertainty	YB Zuraida Kamaruddin, Minister of Housing & Local Government
DATO' SERI AHMAD JOHAN MOHAMMAD	20 September 2018	Overview of General Data Protection Regulation (GDPR)	D.L.A. Piper
RASLAN	8 – 9 October 2018	Khazanah Megatrend Forum	Khazanah Nasional Berhad
	9 – 10 October 2018	MIA Conference 2018	Malaysian Institute of Accountants
	21 November 2018	Utilisation of ERM for Commercial Sustainability, Agility and Resilience	Institute of Enterprise Risk Practitioners

Directors	Date of Training/ Programme	Training/Programme Attended	Organiser/Speaker
DATIN NORAZAH	8 – 9 October 2018	Khazanah Megatrend Forum	Khazanah Nasional Berhad
MOHAMED RAZALI	21 November 2018	Utilisation of ERM for Commercial Sustainability, Agility and Resilience	Institute of Enterprise Risk Practitioners
	30 November 2018	Sime Darby Property Bridging Session – Shaping the Future: Navigating Through Uncertainty	YB Zuraida Kamaruddin, Minister of Housing & Local Government
	4 December 2018	Breakfast Series – Companies of the Future – The Role for Boards	Institute of Corporate Directors Malaysia
RIZAL RICKMAN RAMLI	5 – 6 July 2018	Mandatory Accreditation Programme	The Iclif Leadership and Governance Centre
	4 September 2018	Property Division – MISD Business Planning Workshop	Permodalan Nasional Berhad
	4 October 2018	Corporate Exercise & Asset Pricing in Malaysia (Response to Some Financial Challenge/Crisis/ Renegotiation and Re- Contracting)	Permodalan Nasional Berhad
	14 November 2018	AMLATFPUAA 2001: The Law, Compliance & Case Studies for Senior Management	Permodalan Nasional Berhad

The Board is satisfied that the Directors have received the necessary training during the financial period under review which has enhanced their individual effectiveness and contribution to the Board.

A comprehensive induction programme has been established to ease new Directors into their new role and to assist them in their understanding of the Group's business, challenges and issues faced and strategies adopted by the Group. During the financial period under review, two (2) on-boarding sessions were conducted to provide new members of the Board with detailed knowledge of the business operations, strategies, financial performance, organisation structure and manpower under the Group. They were also provided with information packs containing the Board Charter, Code of Business Conduct, Terms of Reference of Board Committees, Constitution of the Group, previous year's Annual Report, previous year's financial results and relevant Board materials to ease them into their new role.

#### **DIRECTORS' REMUNERATION**

The Board's approach to remuneration is to align its policies and practices to sustainable shareholders' 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 NRC'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, level of responsibilities, industry benchmark as well as complexity of business.

The remuneration of Non-Executive Directors consists of fixed directors' fees and other benefits, all of which are subject to the approval of shareholders at the forthcoming AGM. The Group had, at its Forty-Fifth AGM held on 31 October 2018, obtained the approval of the shareholders to pay the fees of the Non-Executive Directors for their services to the Board and Board Committees on a monthly basis instead of in arrears after every AGM.

Each individual Director abstains from the Board decision in respect of his/her own remuneration package.

Key details of Directors' Remuneration Framework for the financial period under review are set out below:

Fees/Benefits	Amount/Description					
Directors' Fees		Board	AC	Other Committees		
	Chairman	RM540,000	RM80,000	RM60,000		
	Member i) Resident ii) Non-resident	RM220,000 RM360,000	RM50,000	) RM35,000		
Per diem allowance (on official events and Government related matters within Malaysia or overseas)	RM1,000 per day					
Transportation (official business assignments)	Business class air travel					
Accommodation (on official duty)	Group designated hotels Unreceipted Local Business Travel					
	Region	Meals		Accommodation		
	Malaysia	RM200/day		RM200/day		
	Unreceipted Overseas Business Travel					
	Continent	Meals		Accommodation		
	Asia (incl. Oceania) United Kingdom Europe America	USD80 €100 €100 USD150		USD100 €200 €200 USD200		

Fees/Benefits	Amount/Description					
Entertainment	Reasonable entertainment expenses for the promotion of the Group's interest will be reimbursed against receipts.					
Club Membership/Privileges	Honorary membership at Tournament Players Club Kuala Lumpur ("TPC KL")/other club owned by Sime Property Group with free monthly subscription fees.					
	Non-Executive Director ("NED' life time honorary member of t	') who becomes President of the TPC KL will be made a the Club.				
Insurance	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.				
Medical and Hospitalisation	For NED:					
	Free medical treatment (excluding major surgeries), dental and optical subject to treatment being given by the:  i) Group/Company's Panel of Doctors.  ii) Physician referred to by the Group/Company's Panel of Doctors.					
	For NED's Spouse and Dependent Children:					
	Medical treatment (excluding major surgeries) subject to treatment given as stated in items no. (i) and (ii) above.					
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/Chief Financial Officer do not receive the above Fees/Benefits as they are employed under their respective contracts of employment.

The details of aggregate remuneration of Directors for the financial period under review are as follows:

		Fees			Benefits	
	Salary RM	Company RM	Subsidiaries RM	Others RM	in-kind <sup>(2)</sup> RM	Total RM
Executive Directors						
Dato' Sri Amrin Awaluddin	1,267,676	_	-	202,869	21,788	1,492,333
Datuk Tong Poh Keow	1,278,675	_	-	204,592	5,463	1,488,730
Non-Executive Directors						
Tan Sri Dr. Zeti Akhtar Aziz (Appointed on 23 July 2018) <sup>(1)</sup>	-	238,065	-	-	160	238,225
Dato' Jaganath Derek Steven Sabapathy	_	211,389	-	-	160	211,549
Tengku Datuk Seri Ahmad Shah Alhaj ibni Almarhum Sultan Salahuddin Abdul Aziz Shah Alhaj	_	157,500	-	-	20,140	177,640
Dato' Johan Ariffin	_	176,667	_	-	310	176,977
Datuk Dr. Mohd Daud Bakar	-	145,000	-	-	11,977	156,977
Dato' Seri Ahmad Johan Mohammad Raslan <sup>(3)</sup>	-	255,000	-	-	160	255,160
Datin Norazah Mohamed Razali	-	161,452	-	-	3,406	164,858
Rizal Rickman Ramli	-	145,000 <sup>(4)</sup>	-	-	1,400	146,400
Datuk Poh Pai Kong (Appointed on 1 December 2018) <sup>(1)</sup>	-	22,500	-	-	-	22,500

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

<sup>(2)</sup> Comprises petrol claims, telecommunication devices/facilities, medical and insurance coverage, where relevant.

<sup>(3)</sup> Non-Resident Director.

<sup>(4)</sup> Fees as nominee Director paid to Permodalan Nasional Berhad.

#### **GROUP REMUNERATION POLICY**

The Group 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.

# REMUNERATION DISCLOSURE FOR TOP FIVE (5) SENIOR MANAGEMENT

The Board is of the view that disclosure on a named basis of the top five (5) Senior Management's remuneration components in bands of RM50,000 as being disadvantageous to the Group given the competitiveness in the property industry for talent and due to confidentiality of remuneration packages. The Board will continuously undertake a robust internal process to ensure that the remuneration of Senior Management is competitive and fair.

#### SUCCESSION PLAN

Succession planning is an integral part of the Board's corporate governance practices. The Board believes that the membership and composition of the Board should be re-assessed from time to time, while ensuring continuity in meeting the Group's long term goals and objectives. In this regard, the NRC plays an important role in the sourcing, selection and recruitment process of potential candidates to ensure that the Board has steady pool of talent for selection purposes.

In as far as human capital development for the Group's key critical leadership positions is concerned, the NRC is currently working with an external consultant to enhance the Succession Planning Framework of the Group. The NRC would focus on amongst others, the determination of criticality of positions, identification and selection of talents based on pre-defined competency profiles and drawing up individual development plans to bridge the competency gap.

#### 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.

#### 1) Group Policies

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

The Board has formalised a Group's COBC outlining the ethical standards of behaviour expected of all Directors, employees, counterparts and business partners, in line with the Group'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. The COBC was officially launched and implemented across the Group on 28 September 2018. Direct interaction with all employees of the Group and roadshows in respect of the revised COBC were carried out in order to raise awareness and reinforce the desired behavioural shifts set out in the revised COBC as well as to instill commitment to delivering value to stakeholders by conducting business ethically and responsibly.

Further details on the COBC are available on the Group's corporate website at



www.simedarbyproperty.com.

#### b) Whistleblowing Policy ("WP")

The Group's WP provides a transparent mechanism and avenue for all stakeholders to report or raise genuine concerns on any misconduct without fear of retaliation.

Confidentiality and anonymity are offered to stakeholders who disclose their concerns in good faith and in doing so, had followed accordingly, the appropriate disclosure procedures. The WP sets a clear procedural guide for stakeholders to follow in raising their concerns to ensure that issues are addressed to the appropriate personnel and definitive action can be taken.

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

The Board approved in February 2018, a "Gift, Entertainment and Travel Policy" across the Group as it believes that such policy will enable the Directors, Management and employees to be committed in conducting the Group's business with integrity and maintaining strong professional relationships with all of their counterparts and business partners based on merit and performance.

#### d) No Gift Policy

The No Gift Policy was introduced and launched in January 2018 to demonstrate 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 engagement activities were conducted to spread awareness of the Policy and to address any concerns.

#### 2) Management Committees

High-level Management Committees have been established to assist the Board in the day-to-day management of the Group.

The Management Committees are as follows:

#### a) Group Management Committee ("GMC")

The GMC 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.

The Group Managing Director is Chairman of the GMC and the current members include the Senior Management team. Heads of departments will be invited to attend meetings of the Committee.

The Group Secretary acts as Secretary to the meetings of the GMC.

The GMC met four (4) times during the financial period under review.

#### b) Group Investment Committee ("GIC")

The GIC reviews and recommends major investment and capital expenditure proposals for tabling to the Board in accordance with the Group Policies and Authorities.

The Group Managing Director is Chairman of the GIC.

The GIC met three (3) times during the financial period under review.

#### c) Group Tender Committee ("GTC")

The GTC reviews Tender Evaluation Reports/ Single Source Appointment for tenders with a value of between RM5 million to RM50 million.

The Group Managing Director is Chairman of the GTC.

The GTC met six (6) times during the financial period under review.

# Principle B: Effective Audit and Risk Management

#### **AUDIT COMMITTEE**

During the FP2018, the Group's Governance and Audit Committee was renamed Audit Committee to be consistent with the standard practice in companies worldwide. The Board also increased its Audit Committee members from three (3) to four (4) with the appointment of Datuk Poh Pai Kong on 1 December 2018.

Pursuant to and in compliance and in conformity with the Listing Requirements and the MCCG, all four (4) members of the Audit Committee are Independent Non-Executive Directors. The Chairman of the Audit Committee is appointed by the Board and is not the Chairman of the Board. Having the positions of Board Chairman and Chairman of the Audit Committee assumed by different individuals allows the Board to objectively review the Audit Committee's findings and recommendations.

Collectively, the members of the Audit Committee have a wide range of relevant skills, knowledge and experience in discharging their duties. Additionally, the Chairman of the Audit Committee is a Fellow of the Institute of Chartered Accountants of England and Wales and a member of both the Malaysian Institute of Certified Public Accountants and the Malaysian Institute of Accountants.

The composition, authority as well as the duties and responsibilities of the Audit Committee are set out under its Terms of Reference approved by the Board.

The 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. Additionally, the 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 Audit Committee for the FP2018 was evaluated as part of the BEE exercise. Based on the results of the BEE exercise, the Board was generally satisfied that the Audit Committee collectively and its members individually, had discharged their functions, duties and responsibilities effectively in accordance with the Terms of Reference of the Audit Committee.

The overall duties and responsibilities of the Audit Committee are set out in the Audit Committee Report on pages 159 to 164 of this Annual Report.

#### **RELATIONSHIP WITH EXTERNAL AUDITORS**

The 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 Audit Committee in this regard assesses and reviews annually among others, the adequacy of their experience and resources, their audit engagements and the experience of the engagement partners and staff in accordance with the requirements of the Group.

The Audit Committee meets with the external auditors to review the scope and adequacy of the audit plan and process, the annual financial statements and their audit findings.

The Audit Committee also meets with the external auditors without the presence of the Management and Group Managing Director to enable the Audit Committee to discuss matters privately with them. During the financial period under review, the Audit Committee met the external auditors once without the presence of the Management.

Aside from the provision of statutory services, the external auditors provide non-audit services to the Group. The proposed fees for the non-audit services are reviewed by the Audit Committee and approved by the Board. In its review, the Audit Committee ensures that the independence and objectivity of the external auditors are not compromised. In addition, the Audit Committee must be satisfied that there is no element of conflict of interest and the fees chargeable are within the allowable threshold set.

The Audit Committee was satisfied with the quality of audit, performance, competency and sufficient resources provided to the Group by the external auditors during the financial period under review. The Audit Committee was also satisfied that the provision of the non-audit services by the external auditors to the Group did not impair their objectivity and independence as external auditors of Sime Darby Property.

Having considered the outcome of the annual assessment of the external auditors, the Board approved the recommendation for the shareholders' approval to be sought at the forthcoming AGM on their re-appointment as external auditors of the Group.

#### INTERNAL AUDIT FUNCTION

The Group has established an internal audit function which is carried out by the Group Corporate Assurance. Internal Audit's main responsibility is to provide an independent and objective assessment on the adequacy and effectiveness of the Group's risk management, internal control and governance processes implemented by the Management.

The Group Corporate Assurance is headed by its Chief Assurance Officer, Encik Aravindan K Devapalan and is staffed by seventeen internal auditors with relevant experience and qualifications.

#### Corporate Governance Overview Statement

The Audit Committee oversees the performance and effectiveness of the Internal Audit Function based on the approved key performance indicators, assesses the competency and experience of the Internal Audit staff as well as the adequacy of the resources in order for the Internal Audit function to carry out its work effectively.

The internal audits include evaluation of the processes where significant risks are identified assessed and managed. Such audits ensure that instituted controls are appropriate and effectively applied to achieve an acceptable level of risk exposure that is consistent with the Group's risk management policy.

To reflect its independence, Internal Audit reports to and has direct access to the Audit Committee while the Chief Assurance Officer reports functionally to the Board through the Audit Committee.

A summary of the activities of the Group Corporate Assurance during the financial period under review is set out in the Audit Committee Report on pages 159 to 164 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 governance structure that is in place ensures effective oversight of risks and controls in the Group.

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.

Primarily, the Risk Management Committee comprising a majority of Independent Non-Executive Directors supports the Board by establishing and overseeing the Group Risk Management Framework of the Sime Darby Property Group and regularly assessing the framework to ascertain its adequacy and effectiveness. On 22 November 2018, the Risk Management Committee agreed that the Group Risk Management Framework be reviewed by an independent party to right size the framework based on current capability to deliver. The Committee also agreed that the Group Risk Management Framework be reviewed and revised yearly, if required.

In terms of internal controls, the 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 of the view that the system of internal control and risk management in place during the financial period under review, is sound and sufficient to safeguard the Group's assets as well as shareholders' investments and the interests of stakeholders. The Board is also satisfied with the performance of the Risk Management Committee in discharging its responsibilities based on the results of the BEE exercise.

Details of the Risk Management and Internal Control Framework are set out in the Statement on Risk Management and Internal Control on pages 151 to 158 of this Annual Report.

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

#### **EFFECTIVE 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 effective, clear, transparent, timely, regular and with quality disclosure. Sime Darby Property continuously discloses and disseminates comprehensive relevant and material 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 Group'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.

Additionally, Sime Darby Property embraces social media, apart from the Group's corporate website, as an important communication channel with stakeholders as these channels allow immediate access to information as well providing a platform for feedback from stakeholders.

The Annual Report, the quarterly financial results announcement and other corporate information are made available on the Group's corporate website at



www.simedarbyproperty.com.

The Group's Annual Report is the primary channel of communication with the Group's stakeholders. The contents of the Annual Report are extensive and meet the disclosure requirements of the Listing Requirements and other regulatory requirements.

The Group has adopted the International Integrated Reporting Framework issued by the International Integrated Reporting Council in its first Annual Report for the financial year ended 30 June 2018 and has continued to adopt the same in this Annual Report. The Board recognises that the integrated process is an ongoing journey to improve the quality of information disclosures to stakeholders in order to promote greater transparency and accountability.

During the FP2018, the Group conducted briefings on its results for the financial year ended 30 June 2018 and for the quarter ended 30 September 2018. The Group also participated in UBS Singapore Day 2018 to engage with potential investors in Singapore.

The Group remains steadfast in its commitment that all communication with stakeholders is conducted in a manner that does not contravene the Code of Business Conduct and/or other applicable regulations as depicted under Group Policies Authorities of the Group.

#### CONDUCT OF GENERAL MEETINGS

The AGM serves as the principal platform for dialogue and direct two-way interaction between the widest range of shareholders, the Board and the Management.

Sime Darby Property held its Forty-Fifth AGM ("45th AGM") on 31 October 2018, being its first AGM post the listing of the Group.

The notice of the 45th AGM was issued to the shareholders on 2 October 2018 together with the Abridged Annual Report which was more than twenty-eight (28) days before the AGM. The notice of the AGM provided details of the resolutions proposed along with relevant information to enable the shareholders to evaluate and vote accordingly.

A total of 3,122 members registered in person or by proxy prior to the commencement of the 45th AGM. The Chairman briefed the voting procedures and programme outlined including proceedings that would take place. The Board encouraged active participation by the shareholders and investors at the meeting. The Chairman also opened the floor for questions as a platform for the shareholders to seek and clarify any issues and to have a better understanding of the Group's businesses. All Directors (excluding Datuk Poh Pai Kong who was appointed after the AGM) and Senior Management together with external auditors and legal counsel were present at the 45th AGM in order to provide responses to questions raised by the shareholders.

The Group Managing Director also presented the overall performance and the moving forward plan of the Sime Darby Property Group at the AGM. In addition, questions raised by MSWG and the Group's reply was presented for the benefit of the shareholders. The said questions and reply were also uploaded onto the Group's website prior to the 45th AGM. Thereafter, a copy of the presentation by the Group Managing Director was made available on the Group's website upon conclusion of the 45th AGM.

All resolutions tabled at the 45th AGM were carried out by way of poll through electronic voting and the results were announced to Bursa Malaysia on the same day. Tricor Investor & Issuing House Services Sdn Bhd was appointed Poll Administrator to conduct the polling process whilst Deloitte Risk Advisory Sdn Bhd was engaged as an independent scrutineer to verify the poll results.

#### Corporate Governance Overview Statement

The Group is committed and will continue to explore the leveraging of technology to broaden its channel of dissemination of information, facilitate voting in absentia and remote shareholders' participation, enhance the quality of engagement with its shareholders and facilitate further participation of shareholders at the Group's general meetings.

#### **INVESTOR RELATIONS**

Sime Darby Property's Investor Relations is principally tasked with facilitating effective communication channels between the Group 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 Group's strategic developments and financial performance.

Any enquiries on investor related matters may be directed to investor.relations@simedarbyproperty.com or:

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

Tel: +603-7849 5000

#### Statement by the Board on Compliance

The Board considers that Sime Darby Property has substantially complied and applied the three (3) Principles and Best Practices of the MCCG for the FP2018. This CG Overview Statement together with the CG Report set out the manner in which the Group observes the Intended Outcomes as prescribed in the MCCG. The Board remains steadfast in upholding the highest standards of corporate governance practices to safeguard the interests of all its stakeholders.

This CG Overview Statement was approved by the Board of Sime Darby Property on 27 February 2019.

#### Nomination and Remuneration Committee Report

The Nomination and Remuneration Committee ("NRC") is pleased to present its report for the six (6) months financial period ended 31 December 2018 ("financial period under review") in compliance with Paragraph 15.08A (1) of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad and the Malaysian Code on Corporate Governance ("MCCG").

#### Roles of the NRC

In line with Paragraph 15.08A (1) of the MMLR, the NRC of Sime Darby Property Berhad ("Sime Darby Property" or "the Group") is instituted comprising exclusively of Non-Executive Directors, the majority of whom are Independent Non-Executive Directors. The NRC is chaired by an Independent Non-Executive Director, which is consistent with Practice 4.7 of the MCCG.

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

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

#### **Terms of Reference**

The NRC is governed by a clearly defined and documented Terms of Reference ("TOR"). The TOR of the NRC is consistent with the MMLR of Bursa Malaysia and the MCCG. All the requirements under the TOR are complied with. The TOR is 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.

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;
- 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; and
- 5) Provide recommendations to the Board for its consideration and approval.



For more information on the TOR of the NRC, please refer to Sime Darby Property's corporate website at 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 NRC is chaired by an Independent Director.

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

The NRC met four (4) times during the financial period under review to discharge its duties and functions as a Committee of the Board. The composition of the NRC and the attendance record of its members for the financial period under review are as follows:

Members	Designation	No. of Meetings Attended
Datin Norazah Mohamed Razali (Chairman)	Independent Non-Executive Director	4/4
Dato' Seri Ahmad Johan Mohammad Raslan (Member)	Independent Non-Executive Director	4/4
Dato' Johan Ariffin (Member)	Independent Non-Executive Director	4/4
Datuk Dr. Mohd Daud Bakar (Member)	Non-Independent Non-Executive Director	3/4

During the financial period under review, meetings of the NRC were attended by the Group Managing Director, Chief People Officer and when required, the Executive Director/ Group Chief Financial 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 via a secured collaborative software. The software not only eases the process of distribution of meeting papers and minimises leakage of sensitive information, it also enables the Directors access to the proposal papers electronically.

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, Sime Darby Property has three (3) women directors which comprised 27 percent on its Board.

#### 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 Sime Darby Property.

#### 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, six (6) out of eleven (11) directors of Sime Darby Property are Independent Directors.

The NRC is responsible for the implementation of the Policy and for monitoring progress towards the achievement of the Board's objectives and strategic goals.

#### **Board Appointment Process**

Sime Darby Property maintains a formal and transparent Board Appointment Process for the sourcing, selection, nomination and 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.

During the financial period under review, the Board approved the appointment of Datuk Poh Pai Kong as an Independent Non-Executive Director and a Member of the Audit Committee effective 1 December 2018, as recommended by the NRC.

The Group Secretary ensures that all appointments adhere to the governance process and that all necessary information is obtained from the Director, both for the Group's own records and for the purposes of meeting statutory obligations as well as obligations arising from the MMLR of Bursa Malaysia.

Datuk Poh Pai Kong had attended the Mandatory Accreditation Programme required under the MMLR of Bursa Malaysia. He also attended an Orientation Programme organised by the Management of Sime Darby Property on 15 January 2019, which is a programme specifically designed for new directors to ease them into their new role and assist them in their understanding of the Sime Darby Property Group's business and operation matters.

#### **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 ("AGM") pursuant to and in accordance with the Constitution of Sime Darby Property.

The Board recommends the re-election of the following Directors who will be retiring pursuant to Rules 92.3 and 111 respectively, of Sime Darby Property's Constitution at the forthcoming Forty-Sixth Annual General Meeting ("46th AGM") and who being eligible, will be standing for re-election:

#### Rule 92.3 of the Constitution

· Datuk Poh Pai Kong

#### Rule 111 of the Constitution

- · Datuk Dr. Mohd Daud Bakar
- Dato' Seri Ahmad Johan Mohammad Raslan
- · Datin Norazah Mohamed Razali

The NRC acknowledges the role played by Independent Directors in bringing independent and objective judgement to the Board's deliberations, which are independent of the Management and free from any business or other relationship or circumstance that could materially affect the best interests of Sime Darby Property as a whole.

Sime Darby Property has adopted the nine (9) years rule for Independent Non-Executive Directors. Upon completion of nine (9) years, an Independent Non-Executive Director may continue to serve on the Board subject to him/her being re-designated as a Non-Independent Director or upon approval obtained from the shareholders annually.

# Evaluating the Performance of Directors: Board Effectiveness Evaluation

PricewaterhouseCoopers ("PwC"), an independent consultant, conducted and facilitated the Board Effectiveness Evaluation ("BEE") exercise for the financial period under review. The BEE was undertaken through a Directors' self and peer evaluation questionnaire to obtain views on key strengths and areas for improvement.

The NRC believes that the engagement of an independent consultant will lend greater objectivity to the evaluation process.

The NRC reviewed the outcome of the BEE results and discussed areas of improvement and enhancement that the Board should address. The BEE results for the financial period under review indicated that the Board had discharged their duties and responsibilities effectively and the overall ratings for the Directors were satisfactory.

#### **Audit Committee Performance Review**

The Board at its meeting held on 27 November 2018, approved the renaming of the Governance and Audit Committee to Audit Committee to be aligned to the TOR of the Committee and consistent with standard practice in companies worldwide.

Pursuant to Paragraph 15.20 of the MMLR of Bursa Malaysia, the NRC, through the BEE exercise for the financial period under review, also reviewed the terms of office and performance of the Audit Committee and was satisfied that the Audit Committee as a whole and its members individually had discharged their functions, duties and responsibilities in accordance with the Committee's 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 respectively in providing sound advice and recommendations to the Board.

#### **Board Remuneration**

The fees and allowances for Non-Executive Directors are determined by the Board and are subject to the approval of the shareholders of Sime Darby Property.

The breakdown of the fee structure of individual Directors of Sime Darby Property on a named basis paid during the financial period under review is provided in the Corporate Governance Report which is accessible to the public for reference at the Group's corporate website www.simedarbyproperty.com.

#### **Succession Planning**

A structured succession plan addresses the composition and effectiveness of the Board. This responsibility has been given to the NRC to ensure the orderly identification and selection of new Non-Executive Directors in the event of a vacancy or an opening by reason of an anticipated retirement or expansion in the size of the Board.

In addition to the succession plan for the Board, the NRC with the assistance from an external consultant is in the process of enhancing the Succession Planning Framework which encompasses talent management and human capital development for the key critical management positions.

#### Summary of Activities of the NRC

During the financial period under review, the NRC carried out the following key activities in discharging its functions and duties:

- 1) Assessed and evaluated the selection criteria, process and timeline for the appointment of a new independent director.
- Reviewed and recommended the appointment of Datuk Poh Pai Kong as a new Independent Non-Executive Director.
- Reviewed and recommended the change of directorship and memberships of committees for the Battersea Group of Companies.
- 4) Discussed the recruitment process for the appointment of a Chief Financial Officer Designate.
- 5) Reviewed and recommended to the Board the appointment of Ms. Betty Lau Sui Hing as Chief Financial Officer Designate.
- 6) Reviewed the Balanced Scorecard Framework, Group Managing Director ("GMD") Scorecard and the GMD-1 Scorecard.
- 7) Reviewed the 2018 bonus and salary increment for the Sime Darby Property Group.
- 8) Reviewed and recommended the fees and benefits of the Non-Executive Directors for the financial year ended 30 June 2018 and the period from 1 July 2018 until the 2019 AGM.
- 9) Recommended the appointment of Dato' Jaganath Derek Steven Sabapathy as Senior Independent Non-Executive Director.

- 10) Recommended the retiring Directors who were eligible for re-election at the Group's 45th AGM.
- 11) 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 it was prepared in compliance with the relevant regulatory requirements and guidelines.
- 12) Reviewed and recommended to the Board, the revised Board Charter.
- 13) Assessed and evaluated the training needs of the Directors.
- 14) Reviewed and recommended to the Board, the revised TOR of the NRC.
- 15) Reviewed the People Strategy and Transformation Plan.

Subsequent to the financial period under review, the NRC carried out the following activities:

- Reviewed and recommended the fees and benefits of the Non-Executive Directors for the period from 3 May 2019 until the 2020 AGM.
- 2) Recommended the retiring Directors who would be eligible for re-election at the 46th AGM.
- Assessed and recommended the retention of Independent Non-Executie Director who will reach the nine (9) year term on 30 December 2019, for shareholders' approval at 46th AGM.
- 4) Reviewed and endorsed the disclosures in the NRC Report for the financial period under review for inclusion in this Annual Report to ensure that it was prepared in compliance with the relevant regulatory requirements and guidelines.
- Assessed and evaluated the training needs of the Directors.
- 6) Recommended the appointment of PwC to conduct an annual assessment of the BEE for the period from 1 July 2018 to 31 December 2018.

#### 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 six (6) months period ended 31 December 2018.

#### 2. Audit and Non-Audit Fees

The amount of audit and non-audit fees paid to external auditors and their affiliated companies or firms by the Group and the Company for the six (6) months period ended 31 December 2018 are as follows:

	Group RM'000	Company RM'000
Audit fees	1,929	260
Non-Audit fees	231	65

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 six (6) months period ended 31 December 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.

ASB is a major shareholder and also the largest shareholder of Sime Darby Property. 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, totalling 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.

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) 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 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:

#### Additional Compliance Information

- (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.

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.

#### (IV) TRADEMARK AND BRAND LICENCE AGREEMENT

Sime Darby Property had, on 1 November 2017, entered into the Trademark and Brand Licence Agreement ("Trademark and Brand Licence Agreement") with Sime Darby Malaysia Berhad ("SD Malaysia"), pursuant to which SD Malaysia granted to Sime Darby Property a non-exclusive, non-assignable and non-transferable licence to use:

- (a) the "SIME DARBY" mark, Sime Darby Shield Device Logo, Shield Device Logo, Sime Darby in Chinese Characters, "DEVELOPING SUSTAINABLE FUTURES" tagline and "DELIVERING SUSTAINABLE FUTURES" tagline worldwide; and
- (b) the "DARBY PARK" mark only in those countries it is currently registered,

(collectively, "Trademarks"), solely in the course of or in connection with the business of Sime Darby Property.

Sime Darby Property may grant a sub-licence to its affiliates, subject to the terms and conditions of the Trademark and Brand Licence Agreement.

The Trademark and Brand Licence Agreement is effective as of the Listing Date and shall, unless terminated earlier, continue for a period of 5 years thereafter ("Term"). Upon the expiry of the Term, Sime Darby Property has the option to renew the term of the Trademark and Brand Licence Agreement for a further period as the parties may agree upon giving notice of no later than 6 months prior to the end of the Term, subject to SD Malaysia's approval and provided that Sime Darby Property is not in breach of any of the provisions of the Trademark and Brand Licence Agreement.

In consideration of the rights and licence granted by SD Malaysia under the Trademark and Brand Licence Agreement, Sime Darby Property shall pay to SD Malaysia an annual non-refundable licence fee of RM2,000,000.00 ("Annual Fee"). The Annual Fee may on the determination of SD Malaysia be reviewed from time to time, whereupon the parties agree to negotiate in good faith the quantum thereof to a mutually agreeable sum.

SD Malaysia may terminate the Trademark and Brand Licence Agreement in the following circumstances:

- (a) material breach of any provision of the Trademark and Brand Licence Agreement by Sime Darby Property and failure on the part of Sime Darby Property or any of its affiliates or sub-licensees to fully cure such breach within 30 days after provision of notice by SD Malaysia of such breach;
- (b) voluntary or compulsory liquidation of Sime Darby Property or the appointment of a receiver of its assets; or
- (c) where there is a change of control of Sime Darby Property from the Listing Date. Such "control" is presumed to exist upon:
  - possession of beneficial ownership or power to directly more than 50 percent of the voting rights of Sime Darby Property; or
  - power to control the composition of its board.

The parties are entitled to terminate the Trademark and Brand Licence Agreement without cause by serving a 6 months' notice in writing to the other party only after the expiry of the third anniversary of the Listing Date. In the case of a voluntary or compulsory liquidation of Sime Darby Property and change in controlling interest of Sime Darby Property vested as at the Listing Date, SD Malaysia has the right to terminate the Trademark and Brand Licence Agreement immediately.

PNB and ASB are deemed interested in the Trademark and Brand Licence Agreement.

SD Malaysia is a wholly-owned subsidiary of SDB.

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. ASB is also a major shareholder of SDB and indirect major shareholder of SD Malaysia.

#### (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).

#### Additional Compliance Information

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 SDB and SD Plantation.

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.

#### 4. Contracts Relating to Loans

There were no contracts relating to loans by the Group involving interests of Directors and Major Shareholders during the six (6) months period ended 31 December 2018.

#### 5. Recurrent Related Party Transactions

At the last Annual General Meeting held on 31 October 2018, the Company had obtained a general mandate from its shareholders for the Group to enter into recurrent related party transactions of a revenue or trading nature ("RRPT mandate").

The aggregate value of the recurrent related party transactions of revenue nature incurred by the Group pursuant to the RRPT mandate for the six (6) months period ended 31 December 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 and systems that support the achievement of our business objectives and safeguard shareholders' investment and the Group's assets.

The Board is pleased to provide the following Statement on Risk Management and Internal Control, which outlines the key features of Sime Darby Property Berhad's risk management and internal control framework and systems and its integration into our business processes and activities. As the business environment constantly undergo different challenges and changes, the Group's risk management and internal control framework will undergo ongoing review process to ensure adequacy of the system to address these challenges and changes.

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 on 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

The responsibility and accountability for risk management and internal control systems at the Board and operational level is outlined below:

#### 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 formulation of strategy and performance objectives, control and accountability systems, corporate governance and risk management framework and practices, defining a clear risk appetite for Management to operate, as well as ensuring that a sound risk management framework and processes are embedded within the business operations to identify, analyse, evaluate, manage and monitor the significant financial and non-financial risks which affect the Group.

In fulfilling its oversight responsibility, the Board, as a whole or through delegation to the Audit Committee (AC) and Risk Management Committee (RMC), reviews the adequacy, effectiveness and integrity of the Group's risk management system and internal control systems.



For the full list of responsibilities of the Board, AC and RMC, please refer to the Corporate Governance Overview Statement on pages 118 to 140.

#### > Statement on Risk Management and Internal Control

#### Audit Committee (AC):

As part of the delegated role from the Board, the AC's scope include overseeing the internal control framework to ensure its operational effectiveness and adequacy.

The AC assesses the effectiveness and adequacy of internal controls through the results of internal audit 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 AC and minutes of AC 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 engagements with key managers from the Group's operations, business units and support services as well as through the quarterly risk reports presented 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 AC, 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.

#### 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 noncompliance 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 and compliance framework and its activities. GRM supports and reports to the RMC in the discharge of its duties, while GCO provides support and reports to AC for compliance-related matters. As both GRM and GCO report direct to the RMC and AC, respectively, both functions remain objective and independent of Management.

As of 1 January 2019, the reporting line for GCO has been changed from AC to RMC.



The mandates and key activities of GRM and GCO for the financial period under review can be seen in the AC and RMC report, respectively, on pages 159 and 165.

#### GCA:

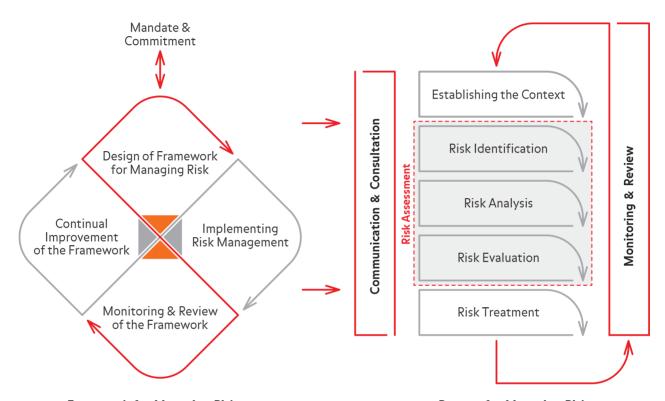
GCA is an independent internal audit function of the Group, which is tasked to provide independent, reasonable and objective assurance, as well as internal consulting services to improve the overall efficiency of operations. GCA reports directly to AC, which allows GCA to exercise objectivity and independence in the discharge of its duties. GCA's internal audit work is based on an annual audit plan approved by the AC, after taking into consideration feedback from Management. Internal audit work covers, amongst others, risk exposure as well as compliance with policies, procedures and relevant laws and regulations. Wherever practical, internal audit findings are benchmarked against best practices.



The mandate and key activities of GCA for the financial period under review can be seen in the AC report on page 159.

#### Risk Management and Internal Control Framework

The Group's risk management framework is in line with the principles of ISO 31000 for risk management. The framework is integrated into the Group's business activities and processes, and becomes an integral decision-making tool for Management. An overview of the framework can be seen in the diagram below:



Framework for Managing Risk

**Process for Managing Risk** 

As part of the framework, the Group has put in place a structured process to continuously identify, assess, treat, communicate, monitor and review risks impacting the Group at both enterprise and operational level. Identified risks are captured in the risk register, where each risk is individually rated, guided by a matrix of 'possibility of occurrence' and the associated 'impacts' which represents the Group's risk appetite and tolerance level, covering both financial and non-financial consequences. Thereafter, owners of these risks (risk owners) will be responsible to drive and monitor the implementation of risk mitigation measures towards achieving a residual risk that is within the acceptable tolerance. This process allows a robust risk culture to be embedded at every layer of the organisation, where risk and mitigation actions are managed and form part of day-to-day business processes and transactions.

The Group's risk profile is updated and reported to Management and 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 ventures.

The AC reviews the adequacy and effectiveness of internal controls through the audit findings presented by GCA during the quarterly AC meetings. The AC 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 40 to 47.

#### Statement on Risk Management and Internal Control

#### CONTROL ENVIRONMENT

Other than the specific risk mitigation action plan that has been put in place to manage the Group's exposure to those risks as stated in pages 40 to 47, the Group has also maintained the following control environment that covers culture and employee conduct, authority and responsibilities, policies and procedures, people, communication & reporting as detailed below to support the implementation of the risk management framework and its internal control system:

#### **Culture and Employee Conduct**

#### a) Vision, Mission and Core Values

The vision, mission and core values set the tone from the Board to the employees and shape the culture for the entire Group.

The Group's Core Values, PRIME, which include Passion, Respect & Teamwork, Integrity & Accountability, Make it Happen and Entrepreneurial Spirit support the Group's Vision of being a leader in building sustainable communities and are reflective of the Group's value and its identity.

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

The Group's COBC is our testament to our commitment in various areas such as our workplace, preservation & protection of the Group's assets and information, fostering an open and honest communication, ethical conduct, interaction with counterparties, business partners, customers, environment & communities, working with joint venture partners & business alliances and when we deal with Government, regulators, political parties and non-governmental organisations (NGOs).

Since its launch in September 2018, the Group's revised COBC has been made available to all employees and external stakeholders by means of the Group's intranet and website. A hard copy of the COBC is also provided to the employees.

To strengthen the knowledge of the revised COBC, COBC roadshows to engage all employees were conducted from October 2018 to December 2018 and expected to be completed within the first half of 2019. The roadshow aims to share key features and principles of the COBC as well as to address any questions from the employees.

#### c) No Gift Policy

The Group has implemented the No Gift Policy in 2018 as one of the key supporting policies on our commitment to Ethical Conduct. This policy outlines the prohibition on offering, giving, soliciting or accepting any form of gifts, regardless of its reasons. This key policy has been included as part of the Group Policies and Authorities and has been approved by the Board.

To support the implementation and awareness of the No Gift Policy, the Group has made this policy available on the Group's internal and external website, communicated the implementation of the policy to our vendors, made available and displayed the "No Gift Policy" at all our operational areas, conducted roadshows on the policy and reiterated the policy during the COBC roadshow and donated unsolicited unreturnable gifts such as hampers to various charities during the year. The Group will continue to conduct various engagement activities and awareness campaigns in the upcoming year to reinforce the No Gift culture across operations.

#### **Culture and Employee Conduct**

#### d) Whistleblowing

The Group has established a whistleblowing policy which 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 provided to whistle-blowers whom have raised the concern in good faith and covers 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 available on the Group's intranet and external corporate website.

The AC, led by its Chairman, 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 AC, where material cases are subsequently highlighted to the Board.

#### **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 have been given specific authority and responsibilities, which are stipulated in their respective terms of reference.

The structure, terms of reference and compositions of these committees are periodically reviewed to ensure that they remain 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 reviewed, challenged and approved by the Board prior to implementation. The Group adopted a rolling forecast to monitor the achievement of the budgets and on a quarterly basis report the Group's actual performance against the budget to the Board.

The Board is provided with and has access to a suite of reports, which enables it to monitor performance against the Group's strategy and business plan.

In addition, the Group has an in-house internal audit team, the GCA, that has been tasked to provide independent, reasonable and objective assurance, as well as internal consulting services to improve the overall efficiency of operations. The GCA assists the Group to achieve its objectives by bringing a systematic and disciplined approach in evaluating the effectiveness of the risk management, control and governance processes.

#### Statement on Risk Management and Internal Control

#### Policies and Procedures

#### a) Group Policies and Authorities (GPA)

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 covers a wide range of areas, including functional policies, ethics and conduct, protection of assets, key group processes and limits of authority.

The GPA is reviewed annually to ensure that they remain effective and relevant to support the Group's activities and business environment. The GPA is accessible by all employees via the intranet.

#### b) Tender Committee and Group Procurement Policies and Authorities (GPPA)

Tender Committees have been established at Board and Management levels and is the platform to discuss and authorise major purchases and contracts according to the prescribed limits of authority. The members of Management tender committees are drawn from a range of departments. One of the main duties of the tender committees is to ensure that the highest level of integrity, objectivity, accountability and transparency are maintained for each tender exercise, and the requirements as stated in the GPA for Procurement and GPPA are adhered to.

#### c) Vendor Letter of Declaration (VLOD)

The VLOD is one of the Group's key initiatives which formally aligns the Group's expectation on the standard of behavior of our suppliers and vendors with the business principles articulated in the COBC. The VLOD is a formal affirmation for the vendors/suppliers that they will respect and comply with the business principles articulated in the COBC as well as to not be involved in or engaged with any offences relating to bribery, corruption or fraud when dealing with the Group.

#### People

#### a) Human Resource Management

The Group has issued Employee Handbooks for different job categories and job levels which outlines the employment terms and conditions, including working hours, annual leave, 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 Group is affiliated with the National Union of Commercial Workers (NUCW), and employees who fall under the Union category will have their terms of employment stipulated in a Collective Agreement which will be reviewed every 3 years through a collective bargaining process. The Group will endeavour to continue working closely with the Union representatives in fostering a harmonious working relationship.

The Group will continue with efforts to improve the Group's HR initiatives such as the revision to the recruitment policy, procedures and mechanism.

#### People

#### b) People, Processes and System Integration

The current HR management system infrastructure comprises various systems serving different HR functions. The core system in place is SAP HR that maintains employee data, processes payroll, provides the Employee Self-Service (ESS)/Manager Self-Service (MSS) features and formalises employee movements. In addition, other strategic HR components, particularly Performance Management, Recruitment and Learning, are maintained in PeopleSoft (Oracle), while the HR reporting and analytics features are conducted in Qlikview.

The Group will continue to seek a holistic and integrated, cloud-based solution for human resource management with the capabilities and tools to carry out comprehensive HR work processes and Employee Empowerment activities in the areas of HR Service Delivery, Talent Management, Workforce Management and Administrative HR.

#### c) Talent Management and Performance Management

The Group continues to focus on attracting highly skilled and competent employees as well as grooming and developing internal talents to gradually assume greater responsibilities as part of our succession plan and strengthening our leadership pipeline.

Talent management reviews are conducted to further improve our employees' competencies and capabilities. Classroom training programmes are made available to all employees to ensure that they are adequately trained and competent in carrying out their duties and responsibilities. All talent and succession management matters are guided by our Talent Management framework to ensure that initiatives and decisions taken are aligned to business needs and deliver the necessary outcomes.

Programmes and initiatives have been established to ensure that the Group's employees are equipped with the qualities and skills to drive the Group to achieve its business objectives through ongoing emphasis on performance management and employee development.

The Group has in place a Key Performance Indicators (KPI) performance measurement process to link performance and compensation in order to create a high performance work culture. This process also seeks to provide clarity, transparency and consistency in planning, reviewing, evaluating and aligning employees' actions and behaviours to that of the Group's vision and mission.

#### **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.

#### **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 as these areas fall within the control of their shareholders and management.

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. These provide the Board with performance-related information to enable informed and timely decision-making on the Group's investments in such companies.

#### Review of this Statement

As required by Paragraph 15.23 of the Bursa Malaysia Securities Berhad Main Market Listing Requirements, the external auditors have reviewed this Statement on Risk Management and Internal Control. Their limited assurance review was performed in accordance with Audit and Assurance Practice Guide (AAPG) 3 issued by the Malaysian Institute of Accountants. AAPG 3 does not require the external auditors to form an opinion on the adequacy and effectiveness of the risk management and internal control systems of the Group.

#### Conclusion

The Board acknowledges that the risk management and internal control system need to be responsive to the ever-changing business environment. Therefore, the Board is committed to maintaining a sound system of risk management and internal control that is aligned to and reflective of current business needs, and can support the achievement of the Group's strategic objectives, while allowing the Group to tap into growth opportunities and minimise the impact of material risks to the business. The Board strives for continuous improvement by providing feedback to Management, 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. Management have also provided the commitment to continuously review and strengthen 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 27 February 2019.

#### Audit Committee Report

#### Introduction

#### **OVERVIEW**

The name of the committee changed from Governance and Audit Committee to Audit Committee (AC) on 27 November 2018.

#### COMPOSITION OF THE AC AND ATTENDANCE AT ITS MEETINGS

The AC comprised solely of independent non-executive directors. This is in line 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.

Datuk Poh Pai Kong was appointed as an AC member on 1 December 2018. The profiles of all the AC members are disclosed on page 105 of the Annual Report.

The details of the AC membership and meetings held during the 6 months' financial period ended 31 December 2018 are as follows:

Members	Membership/Designation	Appointment		ance at tings
Datoʻ Seri Ahmad Johan Mohammad Raslan (MIA member)	Chairman/Independent Non-Executive Director	12 July 2017	3/3	100%
Dato' Jaganath Derek Steven Sabapathy	Member/Senior Independent Non-Executive Director	29 February 2016	3/3	100%
Datin Norazah Mohamed Razali	Member/Independent Non-Executive Director	12 July 2017	3/3	100%
Datuk Poh Pai Kong	Member/Independent Non-Executive Director	1 December 2018	*	*

Notes: \*No meeting has convened following the appointment of Datuk Poh Pai Kong

The minutes of all AC meetings are provided to the Board. The Board is briefed on significant matters deliberated during the AC meetings.

#### 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 AC meetings. They attend all AC meetings in order to provide explanations and answer queries. Where required, the managers are called to provide explanations to the AC on specific matters.

The external auditors are invited to the AC meetings to brief the committee on relevant matters.

#### **TERMS OF REFERENCE**

In discharging its duties, the AC has authority to investigate any matter within its terms of reference. The full terms of reference for the AC are available online in the Corporate Governance section at www. simedarbyproperty.com.

## SUMMARY OF WORK OF THE AC DURING THE FINANCIAL PERIOD

#### 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 all matters highlighted by the external auditors in relation to the audited financial statements and significant judgements made by Management.
- (c) Reviewed the audited financial statements of the Group and ensured that they comply with Malaysian Financial Reporting Standards, for recommendation to the Board for approval.
- (d) Reviewed the dividends proposed by management for recommendation to the Board.

#### 2. INTERNAL AUDIT

- (a) Approved Group Corporate Assurance Department (GCAD) scope of work, audit plan and budget and made enquiries as to GCAD's resources, expertise, professionalism and independence to meet planned audit activities across the Group.
- (b) Considered GCAD's major findings and recommendations and Management's responses and follow-up actions, and reported these to the Board. Recommended that senior management hold the relevant individuals accountable.
- (c) Reviewed GCAD's reports on how managements implementation of the internal audit recommendations are being followed up.
- (d) A private session was held between AC and Chief Assurance Officer (CAO) without the presence of management.
- (e) Assessed and approved the KPIs for the CAO, and appraised the CAO 's performance for his employment confirmation process.
- (f) Deliberated and approved the KPIs for the CAO for the financial year ending 31 December 2019.

#### 3. EXTERNAL AUDIT

- (a) Reviewed the external auditors' Group Audit Plan, which outlines the scope of work, audit strategy and approach, for the 6 months' financial period ended 31 December 2018.
- (b) Considered, together with management, the group audit fees and provision for non-audit services by 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 a private meeting with the external auditors without the presence of Management.

## 4. SUITABILITY, OBJECTIVITY AND INDEPENDENCE OF THE EXTERNAL AUDITORS

- (a) In recommending the suitability of the external auditors for re-appointment at the forthcoming Annual General Meeting, the AC 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.
- b) The external auditors confirmed their firm's professional independence in relation to the audit engagement for the 6 months' financial period ended 31 December 2018.

#### 5. RELATED PARTY TRANSACTIONS

- (a) Reviewed significant related party transactions entered into by the Group 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 Main Market Listing Requirements (MMLR), and to ensure that related parties are appropriately identified and that related party transactions are declared, approved and reported appropriately.

#### 6. COMPLIANCE AND WHISTLEBLOWING

- (a) Reviewed the reports on compliance matters presented by the Chief Risk & Compliance Officer (CRCO).
- (b) Reviewed the whistleblowing matters presented by Group Compliance Office (GCO), including the Whistleblowing Framework.
- (c) Reviewed and approved the revised GCO Charter, the 5year Compliance Management Strategy Blueprint (2018 2022), GCO Annual Plan and KPI for financial year ending 31 December 2019.
- (d) Reviewed and provided the necessary feedback to the proposed revised Compliance Management Framework which has been tailored to the Group's structure and operations.
- (e) Reviewed and provided feedback on the proposed revised structure of the Group Policies and Authorities (GPA).

#### 7. ANNUAL REPORT

- (a) Reviewed and endorsed the Statement on Risk Management and Internal Control for Board approval and inclusion in the Annual Report for the financial year ended 30 June 2018.
- (b) Reviewed and approved the AC report for inclusion in the Annual Report for the financial year ended 30 June 2018.

# **Group Corporate Assurance Department** (GCAD)

GCAD is the Group's in-house internal audit function and reports functionally to the AC and administratively to the Group Managing Director (GMD) to ensure its independence. GCAD is guided by its Group Audit Charter which defines the mission & objective, responsibility, accountability, authority, independence & objectivity and professionalism & ethical standards of GCAD.

GCAD is headed by the Chief Assurance Officer (CAO).

#### **Group Compliance Office (GCO)**

GCO is the Group's in-house independent function which reports functionally to AC and administratively to the GMD. GCO is guided by its own Charter and by the Group Policies and Authorities in the planning and execution of corporate compliance programs and addressing key compliance issues within the Group.

Effective 1 January 2019, GCO will be reporting to the Risk Management Committee (RMC).

GCO is headed by the Chief Risk and Compliance Officer (CRCO).

#### 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)
	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.	GCO's primary responsibility is to assist the Board and Management in achieving the compliance strategy and objectives by coordinating key compliance risk management activities across the Group.
ilities	Provide recommendations in improving risk management, governance and internal control processes.	
Principal Responsibilities	<ul> <li>As of 31 December 2018, GCAD was staffed with 17 auditors with relevant experience and qualification. The total cost incurred for the internal audit function was approximately RM2.3 million, comprising mainly salaries and audit activities.</li> </ul>	
	The internal audit processes and activities are governed by the Group's Code of Business Conduct and the IIA's mandatory guidance, which includes the Core Principles for the Professional Practice of Internal Auditing, the Definition of Internal Auditing, the Code of Ethic and the International Standards for the Professional Practice of Internal Auditing.	

# (ey Activities

#### **Group Corporate Assurance (GCAD)**

The key activities carried out by GCAD during the 6 months' financial period ended 31 December 2018 included:

- Evaluated 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.
- Prepared and tabled the annual risk-based audit plan to AC for review and approval.
- Devised a program of work taking into consideration the risk profile and identification for key business cycles audited.
- Reviewed and appraised the adequacy and application of internal controls.
- Evaluated the systems established to ensure adherence with those policies, plans and procedures which could have a significant impact on the Group.
- During the course of work, identified potential cost savings and prevention of income leakage.
- Performed investigative audits on allegations of mismanagement or improper acts reported through the whistleblowing procedures and other channels.
- Worked together in collaboration with the external auditors on specific reviews.
- Participated in a joint audit with the audit team of the JV partner on review of a jointly controlled entity.
- GCAD confirmed its organisational independence to the AC 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).
- The CAO attends the meetings of the AC on a quarterly basis to brief the AC on audit results and significant matters raised in GCAD's reports.

#### **Group Compliance Office (GCO)**

The key activities carried out by GCO during the 6 months' financial period ended 31 December 2018 included:

- Rolled out and conducted COBC Awareness Sessions across the Group and commenced the translation of COBC to Bahasa Malaysia.
- Proposed to AC for deliberation and approval, the revised structure of Group Policies and Authorities ("GPA") within the Group.
- Completed the review and alignment exercise of key senior management internal committees to ensure that the structure is effective and aligned to the Group's needs.
- Conducted training for new joiners and trainees on the Group's governance structure, GPA and COBC.
- Managed the whistleblowing process to ensure that all complaints received are properly recorded, assigned to investigation teams, reported to AC and concluded.
- Presented the Group's Whistleblowing Framework to AC for noting.
- Proposed to AC the revised draft Compliance Management Framework which has been tailored to the Group's structure and operations.
- Proposed to AC for deliberation and approval, GCO's Charter, the 5-year Compliance Management Strategy Blueprint, GCO Annual Plan and KPI for the financial year ending 31 December 2019.

#### > Audit Committee Report

	Group Corporate Assurance (GCAD)	Group Compliance Office (GCO)
	The key activities carried out by GCAD during the 6 months' financial period ended 31 December 2018 included (continued):	
	<ul> <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> </ul>	
ivities	Reported status of outstanding audit findings to AC.     Undue delays in the implementation of agreed action plans were escalated to the relevant authority for appropriate decision.	
Key Activities	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.	
	All internal audit functions during the financial period were conducted by GCAD.	
	Management feedback on GCAD's overall performance was sought via the annual customer feedback survey.	
	Updated the Group Audit Charter to align with the Terms of Reference of AC and 2017 IPPF of Institute of Internal Auditors (IIA).	

This report is made in accordance with a resolution of the Board of Directors dated 27 February 2019

#### Risk Management Committee Report

#### Introduction

The Risk Management Committee (RMC) is established as a committee of the Sime Darby Property Berhad Board of Directors and supports the Board by overseeing the implementation of the Group's Risk Management Framework and regularly assessing the Risk Management Framework and its supporting environment to ascertain its adequacy and effectiveness. The formation of the RMC complies with Principle B, Chapter II of the Malaysian Code on Corporate Governance 2017, Step Up 9.3.

#### Role of the Committee

Since its formation in July 2017, there is no change to the roles and responsibilities of RMC. The roles and responsibilities of the RMC are summarised in the Corporate Governance Overview Statement on pages 118 to 140. The terms of reference of RMC is available from the Group's website at www.simedarbyproperty.com. For the period under review, the RMC continued its effort in

supporting Management to improve the risk culture of the Group, providing input to the Group's Risk Management Framework as part of its enhancement process and continued its engagement with Management and operations to obtain a better understanding of the key risks impacting the Group and the manner in which these risk are managed at Enterprise and Operational level.

#### 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	2/2

RMC comprises five (5) diversely experienced members of the Board, who are independent of Management. Out of the five (5) members, three (3) are Independent Non-Executive Directors.

#### Risk Management Committee Report

The RMC is chaired by Dato' Jaganath Derek Steven Sabapathy, a Senior Independent Non-Executive Director who 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 Alhai 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, and En. Rizal Rickman, who has a vast consulting experience as the Country Managing Partner of a global consulting firm, complement 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 98 to 104 or at the Group's website at 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 faced by the Group.

The Group Managing Director, Executive Director & Group Chief Financial Officer, Chief Operating Officer of Township Development, Chief Operating Officer of Integrated, Chief Marketing and Sales Officer, 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.

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.

At the operational level, RMC is supported by Group Risk Management (GRM) in the discharge of its duties and responsibilities.

For the financial period 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 128 to 131.

#### 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 for the financial period under review 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.

# Summary of RMC's Work during the Financial Period

For the short 6 months of the financial period under review, RMC has carried out the following activities:

- 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 nonfinancial risks identified, including the evaluation of existing and new or emerging risks identified by Management and/or GRM. The principal risks considered and monitored by the RMC can be seen in the Key Risks and Mitigation section on pages 40 to 47.
  - Challenged management on the effectiveness of mitigation action plans for key risks impacting the Group.
  - 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.
  - Conducted engagement sessions with key Business
    Unit Heads and support functions to obtain
    perspective, insight and better understanding of
    the principal risks and challenges impacting the
    Group and the process through which risks are
    managed and escalated operationally.
  - Reviewed and provided the necessary feedback to the proposed revised Group Risk Management Framework which has been tailored to the Group's structure and operations.
  - Reviewed and approved the revised GRM Charter, the 5 year Risk Management Strategy Blueprint (2018 – 2022), GRM Annual Plan and KPI for financial year ending 31 December 2019.
  - Worked with GRM to enhance the quality and timeliness of information reported to the RMC.

- b. Reviewed and recommended to the Board for the inclusion of the Group's Statement on Risk Management and Internal Control (SORMIC), RMC Report and Key Risk write up in the Annual Report 2018.
- c. 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.

#### **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.
- 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 to Management and RMC.
- Review key corporate activities and transactions that are considered significant from the Group's perspective.

Key activities for the financial period under review include but not limited to:

- Reviewed the risks identified by business or functional department on proposals relating to major investment or commencement of development projects prior to the submission to Management or the Board for approval.
- Coordinated the quarterly risk review for reporting to RMC, which includes providing the necessary challenge and feedback to the risk owners to improve the quality of report on risks and related information to Management, RMC and the Board.
- Prepared the Group's Quarterly Risk Report that was presented to RMC.
- Followed through with business and functional unit Heads and reported to RMC on the status of implementation for matters raised during RMC engagement with the respective Heads.
- Coordinated risk workshops at selected business units and functional departments to assist operations in identifying and assessing the risks that impact their operations.
- Reviewed and proposed to RMC the revised Group Risk Management Framework which has been tailored to the Group's structure and operations.
- Proposed to RMC for deliberation and approval, the GRM's Charter, the 5-year Risk Management Strategy Blueprint, GRM Annual Plan and KPI for financial year ending 31 December 2019.
- Participated as one of the key trainers for risk module for new employees' on-boarding training.





**86**SUSDEX frameworks have been developed in 2009

#### Our Sustainability Journey

Sime Darby Property became the only Malaysian real estate company to be recognised as an index component of the Dow Jones Sustainability Indices (DJSI), as announced in September 2018 by S&P Dow Jones Indices and RobecoSAM, the investment specialist that focuses exclusively on sustainability investing.

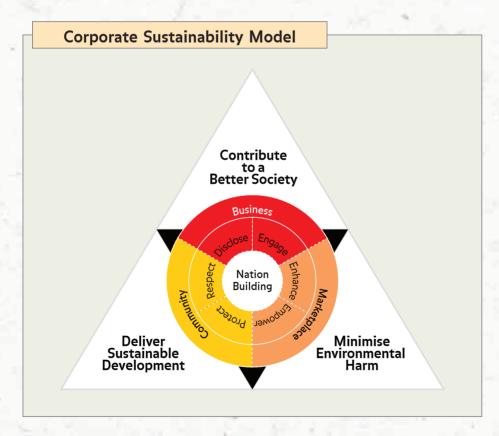
Sime Darby Property was qualified as a constituent of the Dow Jones Sustainability Emerging Markets Index, which comprises emerging-market sustainability leaders. The index represent the top 10 percent of the largest 800 companies in 20 emerging markets, based on long-term economic, environmental and social criteria.

Our sustainability journey has evolved from focusing on operational efficiency and Corporate Social Responsibility (CSR), to gradually broadening the approach to holistically embed sustainability into our business model and value chain.



Our Corporate Sustainability Model captures and delivers on the Three Ps – People, Planet and Prosperity – of sustainability, as defined by the 'Brundtland Report 1987'. Our sustainability purpose is to:





For the period under review, our efforts were focused on strengthening the governance of sustainability functions, aligned with the requirements of DJSI. This involves the improvement of internal sustainability policies and strategic framework; continuous monitoring of sustainability targets, exploring ways to enhance and unlock sustainability value for customers as well as raising awareness on sustainability with both internal and external stakeholders.

Sime Darby Property applies holistic solutions to integrate sustainability into our townships and communities to achieve meaningful place-making and a sense of community for each of these townships.

#### Sustainability Governance

The Sime Darby Property Board of Directors is appraised of our sustainability goals and targets every quarter. Sustainability key performance indicators (KPIs) are built into our performance management framework and monitored regularly.

For over four decades, Sime Darby Property has gained reputation as a trusted and credible company, committed to developing sustainable communities.

Driven by salient corporate values such as integrity, disciplined approach to operational excellence and cost optimisation, we continue to improve our performance and accelerate growth whilst building on our strengths for a sustainable future.

We remain committed to creating value by transforming and evolving with the market, the industry as well as the nation.

# Contributing to a Better Society

The concept of a better society is in line with our vision and we strongly believe in it. We develop to ensure a safe and sustainable society, one where people are able to work to their best capacity, lead a healthy quality life, and contribute meaningfully to build a stable economy. 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.









# 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 endeavour 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 period under review, we achieved zero fatality rate and a 50 percent increase in average monthly concern reports received from the previous year, with 706 report submissions from operations.



# **ZERO** fatality rate



in average monthly 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.

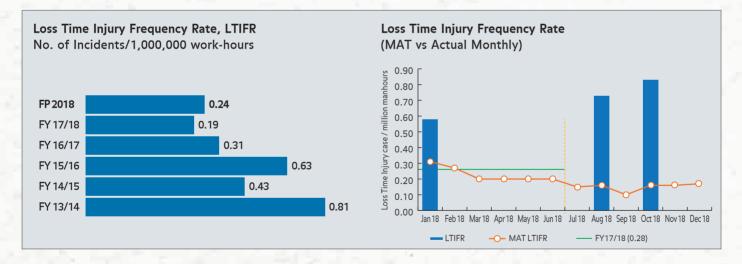
We conduct periodical checks, internal and external audits and assurance activities such as the OSH Risk Based Assessment, Site Evaluation Verification and Surprise Checks to determine the level of compliance at our project sites.

We have also extended our assessment to completed projects by assessing the common facilities for any safety risks that may be present.



#### 5-Year OSH Performance

The Fatal Accident Rate graph during the period under review shows a positive and consistent performance, with zero fatality rate. This success was achieved through various promotional and awareness campaigns to promote occupational safety and health (OSH) culture across our operations.



The graph above shows that Loss Time Injury cases occurred in August and October 2018. For the last financial year, the target Loss Time Injury Frequency Rate (LTIFR) was 0.28, whereas the actual performance recorded was at 0.19.

For the period under review, the target LTIFR\* was 0.17 with an actual performance of 0.24. The shorter 6-month financial period contributed to reduced man-hours, which reflected an increase in LTIFR. Moving Annual Target (MAT) in the graph shows a downward trend as the year progresses. Only two cases of Loss Time Injury (LTI) were recorded for the period under review resulting in the loss of five days, compared to four cases recorded in the previous year.

^ 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).

# **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 (CAR) 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 Common Facilities Safety Assessment (CFSA)

The objective of this assessment to assess the safety risks in using common facilities at our high rise property development, such as swimming pools, gyms, etc., by our home buyers. This assessment will in return reduce the exposure of safety risks to our customers.

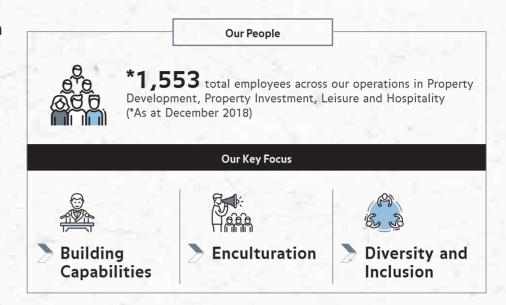


# OSH Surprise Visits

OSH Surprise visits is an initiative in ensuring all Sime Darby Property operations are operating at optimum OSH

# **Enablers of Growth**

As we strive to provide a positive employee work experience, our initiatives have been focused on delivering efficiency in the areas of people, processes and business performance.





#### **Building Capabilities: Developing Talent**

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 building *individual* capabilities that involve learning and development.

During the financial period under review:

- We are strengthening our talent management initiatives to ensure a robust and healthy succession and leadership pipeline;
- We have instituted a Talent Council that acts as a sponsor and champion for all talent and succession initiatives to ensure alignment to our business strategies; and
- Our employees participated in 52 learning and development programmes, mainly focusing on functional and technical skills.

#### **Engagement Session:**







#### **Enculturation: Engaging the Employees**

Our focus in developing a winning and passionate culture begins with our engagement initiatives that in turn will drive business performance, attract new talents, retain and engage top talents, that will lead to a sustainable high performance culture.

During the financial period under review:

- We have carried out a survey, branded as "Your Voice" to obtain the baseline measure for employee engagement;
- The focus is to strengthen our performance against the key drivers of Engagement, Enablement and Energy;
- Our Engagement Champions will assist in the implementation of initiatives to improve the baseline in achieving a more conducive work environment and result oriented culture;
- We have strengthened the performance management processes through greater alignment for desired business outcomes; and
- We are enhancing our overall employee experience by establishing an integrated platform to address People Challenges, increasing operational efficiency and ensuring strategic enablers to drive our Company aspiration of "Building a Culture of Excellence".





## Diversity and Inclusion: Enhancing the workplace environment

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 will positively help to create a dynamic work environment that is conducive to high performance and improved productivity.

### During the financial period under review:

- Our focus in improving our operational efficiency is to eliminate redundancy and streamline processes to ensure a more productive work environment for a more diverse and inclusive workforce;
- We have reviewed the workplace environment and will be enhancing it to create a more conducive environment for greater teamwork and collaboration;
- We have achieved 27 percent of women representation on our Board as at 31 December 2018;
- As at 31 December 2018, women represent 42 percent of our workforce and 52 percent of our population are Gen-Y.





women representation on our Board as at 31 December 2018

women represent
42%\*
of our workforce



of our workforce as at 31 December 2018



## Sime Darby Property Annual Dinner 2018





# 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.



#### TOTAL AMOUNT OF CHARITABLE CONTRIBUTION

Support for good causes in response to the needs and appeals of charitable and community organisations, requests from employees, or in reaction to external events such as emergency relief situations)

RM201,300.94



15

Number of CSR initiatives conducted

17



Number of organisations supported through donations



# TOTAL AMOUNT OF COMMUNITY INVESTMENT & PARTNERSHIP

(Long-term strategic involvement in, and partnership with, community organisations to address specific social issues

RM27,698.00



#### TOTAL AMOUNT OF COMMERCIAL INITIATIVES

(Business-related activities in the community to directly support the success of the Group, promotion of corporate and brand identities and other policies, in partnership with charities and community-based organisations)

RM374,800.00





Number of trees planted

15



Number of commercial initiatives

6



Number of volunteer initiatives conduct

296

Number of volunteer hours contributed



78

Number of volunteers engaged



7

partnerships

Number of corporate sponsorships/

1,473



Number of donated item (products, clothes, school supplies, personal hygiene, etc)

2,286.85



202<sub>kg</sub>



Amount of unwanted fabric collected

The following programmes highlight Sime Darby Property's CSR initiatives, based on five (5) core thematic areas:



#### 1. Societal Engagement and Economic Inclusion

- Malaysia's first Inclusive Playground We partnered UNICEF (The United Nations Children's Fund) to build Malaysia's first Inclusive Playground at the City of Elmina Township. A Memorandum of Understanding (MOU) was signed in July 2018 and completion is expected in 2019. A Best Business Practice Circular and Guidance Toolkit will be created, enabling other parties such as property developers to utilise the open source toolkit and build inclusive spaces and playgrounds. The inclusive playground applies the Universal Design Principles and the Malaysian Standard in the creation of public spaces. Two (2) key stakeholder workshops were conducted in August 2018 to gain user-experience inputs, co-design data and feedback. The data gathered from the workshops and standard playground requirements by the relevant authorities were incorporated into the design and is awaiting approval from the local authority.
- Sime Darby Property Volunteers Programme The Sime Darby Property Volunteers Programme (SDPVP) kicked off in June 2018 with the objective of fostering teamwork and enhancing employee engagement. Initiatives were designed to leverage and match wherever possible, volunteers' skills and preferences with projects developed based on feedback, interest, and stakeholder needs. Volunteering efforts range from assisting the community, to efforts that promote care for the environment. For the financial period under review, six (6) projects were implemented with a total of 296 volunteer hours contributed by 78 volunteers.

Drop Everything and Roll (D.E,A.R) Programme

 Two (2) orphanage homes namely Rumah Anak
 Yatim & Perlindungan Nur Qaseh in Taman
 Melawati and Pusat Jagaan Kasih Bestari in Kg
 Melayu Subang received help with their spring cleaning and items collected from a donation drive in October 2018. Our volunteers rolled up their sleeves and gave these two (2) homes a good cleaning as well as spending time with the children.
 A talk on "How to take care of yourself as a child and safe touch" was also conducted by our programme partner, Malaysian Aids Council for about 30 children of Pusat Jagaan Kasih Bestari, Kg Melayu Subang.





# 2. Empowering Cities and Communities by Building Resilience

Edible Community Garden Programme - Sime Darby Property and the Melati Apartment community at Bukit Subang launched the Melati Community Garden on 8 July 2018 as one of its efforts in maximising the use of green areas and assisting the urban community in addressing the rising cost of living. The community garden project provides low income families in Bukit Subang township with basic facilities for cultivating crops such as vegetables for their own need as well as to generate income from the sale of the crops. We contributed to the provision of the gardening infrastructure such as the plant fertigation system, and plant management methods. More than 30 families benefitted from this pilot programme. 15 Sime Darby Property volunteers helped the families to set up the garden in October 2018 and in only three (3) months, the families have harvested more than 1,500 kilos of chilies worth more than RM15,000. An initial evaluation of the collective monthly income showed that on average, the beneficiaries' monthly income increased 10 percent.







Number of Corporate Sponsorships/partnerships

Back to School Programme – Sime Darby Property collaborated with Yayasan Sime Darby in distributing new uniforms, school supplies and backpacks to 935 underprivileged students to nine (9) selected schools located within and nearby Sime Darby Property townships in Kajang, Labu and Pagoh. This programme aims to alleviate the financial burden of families with monthly household incomes of below RM3,000 by providing school supplies for the children.



Fabric Recycling Movement Campaign – We collaborated with Kloth Malaysia Sdn Bhd as the "Fabric Recycling Partner" and Lifeline Clothing Malaysia Sdn Bhd as the "Fabric Recycling Operator" in September 2018. A few fabric bins have been installed at the identified location(s) within our business operations. This initiative is aimed at educating employees to recycle unwanted fabrics and to prevent them from ending up in landfills. To date, more than 200 kilos of unwanted fabrics have been collected in Head Office and the campaign has been rolled out at selected sales galleries.

• We have also been involved in environmental initiatives, such as providing ample green spaces and landscaping in our projects, organising community events to raise environmental awareness, and environmental enhancement through planting of endangered, rare and threatened tree species. One of the key environmental initiatives is the "Waste to Wealth Carbon Footprint Project" at Bandar Bukit Raja. It is aimed at raising awareness on recycling culture at home. 25 recycle collection points have been installed within the township and for the past six (6) months, 2,286.85 kilos of recyclable household materials were collected.

#### 3. Enhancing Lives through Education & Healthcare

- Rising Star Junior (RSJ) Programme Initiated by TPC Kuala Lumpur in partnership with Yayasan Sime Darby and MST Golf, the RSJ programme is a golf programme specially dedicated for underprivileged juniors aged between 7 and 14 from various local charity homes in Klang Valley that aims to develop juniors into a well-rounded, successful and educated young individuals through the game of golf. The selected juniors were exposed to various exciting events, tours and activities during their two years of training. To date, 11 juniors have graduated from the programme.
- Darby Park Serviced Residences, Vung Tau in Vietnam has actively contributed to distributing vegetarian meals to patients and visitors of Le Loi Hospital.



#### 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 or religion.
- Sime Darby Property does 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.
- Among workplace initiatives include work-life balance, rewards and recognition, and diversity and fairness at the workplace. Please refer to our People section on pages 174 to 177 for further updates.

#### 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. In the property development sector, the construction supply chain is complex and multi-layered. We have embedded the responsibility to respect human rights into our Code of Business Conduct which includes preventing modern day slavery and human trafficking to foster and support appropriate behaviours, belief and values.

# 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.

#### 1. Environmental Compliance

Beyond legislative and regulatory compliance, we apply a precautionary principle to achieve our target of zero environmental harm. Our precautionary principle state takes 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 socioeconomic 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 nonmonetary 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 Carbon Footprint Project (CFP) 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 important 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**



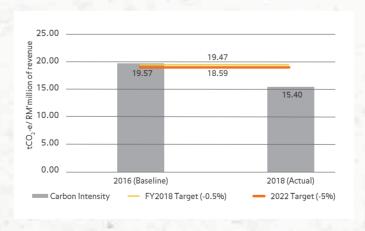
The carbon emissions and intensity results are calculated based on requirements and methodologies of the GHG Protocol by the World Resources Institute (WRI), and the Intergovernmental Panel on Climate Change (IPCC). Our Carbon Reporting follows the calendar year from January to December each year.

Carbon intensity target to be achieved by Sime Darby Property in 2022 is a 5 percent reduction from the 2016 baseline. During the calendar year 2018, we achieved overall emissions intensity reduction of 21 percent, over and above our 2022 target.

# 2022 Reduction Target: 5% reduction of carbon intensity against baseline

Coverage	Unit	Revised 2016 Baseline	FY2018 Target
Property Development			= 2,00 tun geo
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

Property Investment Asset Management (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



## Carbon Footprint Reporting Highlights 2017/2018

- We have covered thirty-three (33) operating units across three (3) countries, where Carbon Inventory was reported for operations under direct management and control of Sime Darby Property.
- The overall carbon intensity (revenue-based) reduced by 21% from 2016 (baseline year), and the overall carbon emissions 37,666.48 tC02-e (absolute) also reduced by 24% from the baseline year.
- The carbon intensity for Property Development (Infra Works) and Asset Management (area-based) has reduced but Hospitality & Leisure's has increased from the baseline year.
- The largest carbon emissions contributor in the business sector was Hospitality & Leisure at 38.83% where they recorded the biggest consumption of purchased electricity.
- In terms of specific emissions sources, purchased electricity remained the largest emission contributor at 40.92% and Hospitality and Leisure contributed more than half from this at 24.0%.
- In terms of fuel usage, construction sites consumed the highest energy, where 40.93% of overall energy consumption was contributed by heavy machineries followed by transportation at 7.11%.



The Water Management Programme is a company-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.

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). A few initiatives have been

executed for water management program:



- Setting a preliminary baseline based on water use monitoring across our business operations.
- Initiated the process to identify areas where optimisation can be achieved through reduction of water use at construction sites etc.
- Initiated eco efficiency assessment that aims to evaluate the current practices toward water management and identify area of improvement for potential reduction initiatives.

الي

Hero project initiated to monitor the progress of potential reduction initiative.

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 manmade water bodies by applying more natural via soft engineering approaches in township infrastructure, e.g., swale drains and wetland systems incorporated in stormwater 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 Group 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	Water intensity Baseline
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





19,089
IUCN Red List trees planted across
21 townships



#### 5. Biodiversity

The initiative to plant Malaysian Native Rare, Threatened and Endangered trees as a part of the Group's 1 to 1 replacement policy, has evolved since 2011 and is today dubbed our flagship Biodiversity Programme. Under the programme, we take a conscious decision to plan our townships' landscaping by including species from the Red List of Trees, issued by the International Union for the Conservation of Nature (IUCN). As at December 2018, we have planted 19,089 of these trees across 21 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. It is a model 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 19,089 IUCN Red List trees planted, 2,911 trees have been planted in the City of Elmina (Elmina West, Elmina East and Denai Alam combined).

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 TPC KL, 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 Tree 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 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 ILAM, UPM, Forest Research Institute of Malaysia (FRIM), and Yayasan Sime Darby (YSD) among 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.



## 13 High QLASSIC

Achievement Awards for exemplary quality of our developments

#### 1. Sustainability-led Business

#### Quality:

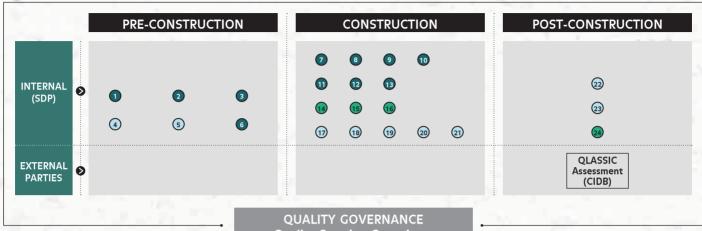
Quality is directly associated with our capability as a reliable and sustainable developer. As the market matures and customers become more sophisticated, it is paramount for us to ensure that we are able to meet this expectation. We place great emphasis on the importance of design, workmanship quality and action on feedback from our customers.

In order to overcome these challenges, we have strengthened our Quality Assurance (QA) value chain by expanding its scope from construction activities to pre-construction (designing and planning) and post-construction activities.

During Pre-Construction, an audit of our material suppliers will allow us to ensure that chosen materials are reliable, lasting and suitable for the product. Findings from our internal inspections will also be compiled and documented as lessons learned. This continuous improvement cycle aims to further reduce defects and aligns us closer towards the goal of achieving zero defects.

During the Construction stage, the frequency, scope and intensity of our inspections have also been increased. On top of the existing inspection activities, we have included additional architectural stage quality checks, common area facilities inspection (for

stratified development), in-phase infra inspection (for landed development), and a pre-mock-up unit inspection. Requirements are also more stringent with the introduction of compulsory material testing on site, rationalisation of requirements for the construction of mock-up units by contractors to ensure timely completion for benchmarking purposes and enhancing the quality construction checklist to ensure all construction activities are carried out in accordance to specification. These various assurance activities were implemented with the aim of reducing defects and improving the overall quality of the product.



**Quality Steering Committee** 

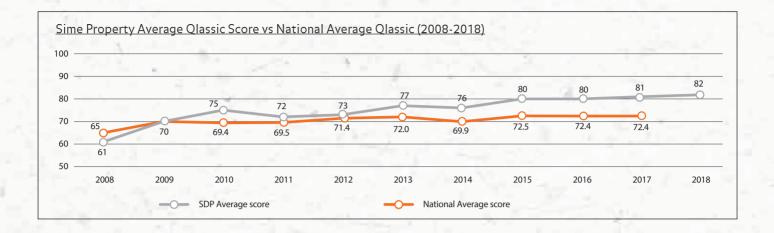
- Assurance
- **Continuous Improvement** Programs (New)
- Engagement
- 1. Quality at Source
- 2. Enhanced Design Review Process
- 3. Enhanced Project Quality Plan (PQP)
- 4. Site Visit (for new contractors)
- 5. Tender Clarification
- 6. Sharing of Lessons Learnt
- 7. Compulsory Material Testing
- 8. Enhanced Quality Inspection Checklist
- 9. Architectural Stage Quality Check
- 10. Common Facilities Quality Inspection (Stratified Development)
- 11. In-phase Infra and M&E Site Inspection
- 12. Rationalisation of mock-up unit requirements
- 13. Pre-Mock-up Unit Inspections
- 14. Campaigns
- 15. Vendor Engagement

- 16. Trainings & Awareness Briefings
- 17. Structural Inspection
- 18. Mock Up Unit Assessment
- 19. Architectural Inspection
- 20. Pre-CPC Inspection
- 21. Merit Demerit System
- 22. Pre-Handling Over Inspection
- 23. Pre-VP Inspection
- 24. Performance Recognition

# Our Commendable Performance on QLASSIC

QLASSIC enables the quality of workmanship between construction projects to be objectively compared through a scoring system. QLASSIC assessments are carried out through site inspection and is based on the principles of first time inspection. The objective of this principle is to encourage the contractor to "Do Things Right the First Time and Every Time". Our QLASSIC results have shown tremendous improvements year-on-year and the reduction in defects in many of our projects were evident. All Sime Darby Property projects are subjected to our own stringent internal assessments before undergoing the QLASSIC quality assessments in the final stages.

For the period under review, we continued the positive increase of our QLASSIC score average year on year and continued the trend of averaging much higher than the national average QLASSIC score since 2010. In the future, QLASSIC assessments will be more stringent and this calls for our organisation's ability to adapt and improve our internal standards.



- Our performance on this measure has been recognised by the industry, with multiple awards conferred by CIDB since 2014. Sime Darby Property once again emerged as a major winner at the Construction Industry Development Board (CIDB) Malaysia's annual QLASSIC Award 2018, by taking home 13 High QLASSIC Achievement Awards for exemplary quality of our developments. We were presented with top honours for our projects in Bukit Jelutong, Elmina East, Bandar Bukit Raja, Saujana Impian, USJ Heights, Bandar Ainsdale, Nilai Impian, Chemara Hills and Bandar Universiti Pagoh. The awarded projects comprise a mix of residential and commercial developments.
- Sime Darby Property was also the most awarded developer at the event, bagging 13 out of 37 awards.
   We also received four special awards; three special awards were given for Best QLASSIC Achievement Awards in the Residential and Non-Residential categories and the coveted Best of the Best QLASSIC Achievement Award, receiving the highest score ever in QLASSIC's history by scoring 86 percent for its Nilai Impian project.



# Our Sustainability Index (SUSDEX)

In 2010, Sime Darby Property developed a holistic, quantitative and empirical township sustainability rating tool, referred to as SUSDEX. The purpose was to guide township development teams to increase sustainability delivery within townships and guide sustainable practices during the township development process.

The Index has gone through several enhancements and known as SUSDEX version 4 since 2018. The first version was entirely based on Global Reporting Initiative (GRI) framework, developed to outline best practices and coverage in corporate sustainability disclosure with regard to sustainable business practices and township development process. In late 2014, a fully revised framework named SUSDEX*Plus* was developed to include thematic elements from local and international green indexes and safety and crime management, in addition to GRI material issues. The new version was based on an interpretation (mapped to our value chain) of GRI 4.0 ISO, Green Building Index (GBI) Township Tool V1.01, LEED for Neighbourhood Development V4, Green Mark for Landed Houses V1.0 and Crime Prevention Through Environmental Design (CPTED) Guideline by Ministry of Housing, Malaysia. Townships undertaking planning processes are able to apply the revised index.

This index allows us to conduct empirical, objective and evidence-based assessment of our townships, based on 86 Indicators and the 3Ps (People, Planet and Prosperity). The assessment has been applied to 22 of our township developments (16 presently under development and 6 still in the planning stages).

In order to ensure its validity and reliability, we solicited the academic technical services of an international tertiary institutional partner to undertake a validation review. The Centre for Global Sustainability Studies (CGSS), Universiti Sains Malaysia (USM) was appointed to carry out an empirical objective examination to the framework to examine the level of rigour, reliability, correctness of the method and comprehensiveness of the framework as a tool for measuring objective sustainability levels within township developments.





# 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 concept is expected to revolutionise affordable homes by delivering quality homes within a shorter timeframe.

Sime Darby Property is expected to transform the future of property buying by introducing Malaysia's first online home co-creation and crowd sourcing platform, dto which allows us to engage with a new market of young professionals digitally.









# > Statement of Responsibility by the Board of Directors

In Respect of the Audited Financial Statements for the Financial Period Ended 31 December 2018

The Directors are responsible for the preparation, integrity and fair representation of the 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 period ended 31 December 2018, as presented on pages 210 to 309, 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 period and of the financial performance and cash flows for the financial period.

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 19 March 2019.

# **Board Approval of Financial Statements**

The financial statements for the financial year period ended 31 December 2018 are set out in pages 210 to 309. The preparation thereof was supervised by the Executive Director/Group Chief Financial Officer and approved by the Board of Directors on 19 March 2019.





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# Directors' Report

For the six months period ended 31 December 2018

The Directors hereby present their report together with the audited financial statements of the Group and of the Company for the six months period ended 31 December 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 44 to the financial statements.

There has been no significant change in the principal activities of the Group and of the Company during the financial period.

# Change of Financial Year End

The Group and the Company have changed their financial year end from 30 June to 31 December. The financial period covered in these financial statements is for the period of six (6) months from 1 July 2018 to 31 December 2018. Therefore, the subsequent financial years of the Group and Company shall end at 31 December annually.

## **Financial Results**

The results of the Group and of the Company for the financial period ended 31 December 2018 are as follows:

	Group RM thousand	Company RM thousand
(Loss)/Profit before taxation	(38,146)	98,118
Taxation	(273,033)	(55,984)
(Loss)/Profit for the financial period	(311,179)	42,134
(Loss)/Profit for the financial period attributable to:		
– owners of the Company	(318,700)	42,134
- non-controlling interests	7,521	
(Loss)/Profit for the financial period	(311,179)	42,134

In the opinion of the Directors, the results of the operations of the Group and of the Company during the financial period 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.

# Directors' Report

For the six months period ended 31 December 2018

#### **Dividends**

Since the end of the previous financial year, the Company had declared and paid the following dividend:

In respect of the financial year ended 30 June 2018, a second interim single tier dividend of 3.0 sen per ordinary share which was paid on 26 October 2018.

RM thousand
204,025

The Board of Directors has on 27 February 2019, declared an interim single tier dividend in respect of the financial statement ended 31 December 2018 of 1.0 sen per ordinary share amounting to RM68.0 million. The interim dividend is payable on 26 April 2019 to shareholders whose names appear in the Record of Depositors and Register of Members of the Company at the close of business on 29 March 2019.

The Board of Directors do not recommend the payment of any final dividend for the financial period ended 31 December 2018.

#### Reserves and Provisions

All material transfers to or from reserves and provisions during the financial period are shown in the financial statements.

# **Share Capital and Debentures**

There were no issuances of shares and debentures during the financial period.

#### **Directors**

Datuk Poh Pai Kong

Rizal Rickman Ramli

The Directors who have held office since the end of the previous financial year are as follows:

Tan Sri Dr. Zeti Akhtar Aziz (Chairman)
Dato' Sri Amrin Awaluddin (Group Managing Director)
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

(Appointed on 23 July 2018)

(Appointed on 1 December 2018)

By way of relief order dated 30 January 2019, granted by the Companies Commission of Malaysia, the names of Directors of subsidiary companies as required under Section 253(2) of the Companies Act 2016 in Malaysia are not disclosed in this Report. Their names are set out in the respective subsidiaries directors' report for the financial period ended 31 December 2018 and the said information is deemed incorporated herein by such reference and shall form part hereof.

# **Directors (continued)**

In accordance with Rule 111 of the Company's Constitution, Datuk Dr. Mohd Daud Bakar, Dato' Seri Ahmad Johan Mohammad Raslan and Datin Norazah Mohamed Razali will retire by rotation at the forthcoming Annual General Meeting and, being eligible, have offered themselves for re-election.

In accordance with Rule 92.3 of the Company's Constitution, Datuk Poh Pai Kong who was appointed since the date of the last Annual General Meeting will retire at the forthcoming Annual General Meeting and, being eligible, has offered himself 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 11 to the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest except for any benefits which may be deemed to have arisen from the transactions disclosed in Note 40 to the financial statements.

During and at the end of the financial period, 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.

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 period amounted to RM39,313.

#### 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 period, in shares of the Company during the financial period are as follows:

	Number of ordinary shares			
	As at 1.7.2018	Acquired	Disposed	As at 31.12.2018
Datuk Tong Poh Keow (direct interest)	32,000	-	-	32,000
Dato' Johan Ariffin (indirect interest)	880	-	-	880

Other than as disclosed above, none of the Directors in office at the end of the financial period had any interest in shares in, or debentures of, the Company during the financial period.

# Directors' Report

For the six months period ended 31 December 2018

# 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 so 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 period 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 period 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.
- 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 period which will or may 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 period 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 period ended 31 December 2018 are disclosed in Note 10 to the financial statements.

The auditors, PricewaterhouseCoopers PLT have expressed their willingess to continue in office.

This Report was approved by the Board of Directors on 19 March 2019.

Tan Sri Dr. Zeti Akhtar Aziz Chairman

Petaling Jaya 19 March 2019 **Dato' Sri Amrin Awaluddin**Group Managing Director

# Statement by Directors

Pursuant to Section 251(2) of the Companies Act 2016

We, Tan Sri Dr. Zeti Akhtar Aziz 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 210 to 309 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 31 December 2018 and of the financial performance of the Group and of the Company for the six months period ended 31 December 2018.

Signed on behalf of the Board of Directors of Sime Darby Property Berhad and dated on 19 March 2019.

Tan Sri Dr. Zeti Akhtar Aziz Chairman

Petaling Jaya

**Dato' Sri Amrin Awaluddin**Group Managing Director

# Statutory Declaration

Pursuant to Section 251(1)(b) 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 210 to 309 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 19 March 2019.

Before me:

**Zulkifly B. Mahmud** (No. B384) Commissioner for Oaths

**Reports and Financial Statements** 

# Independent Auditors' Report

To the members of Sime Darby Property Berhad (Incorporated in Malaysia) (Company No. 15631-P)



# 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 31 December 2018, and of their financial performance and their cash flows for the six months period 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 31 December 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 period then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 210 to 309.

#### **BASIS FOR OPINION**

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the "Auditors' responsibilities for the audit of the financial statements" section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### INDEPENDENCE AND OTHER ETHICAL RESPONSIBILITIES

We are independent of the Group and of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

#### **OUR AUDIT APPROACH**

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements of the Group and the Company. In particular, we considered where the Directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the Group and of the Company, the accounting processes and controls, and the industry in which the Group and the Company operate.

# Independent Auditors' Report

To the members of Sime Darby Property Berhad (Incorporated in Malaysia) (Company No. 15631-P)



# Report on the Audit of the Financial Statements (continued)

## **KEY AUDIT MATTERS**

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current period. 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.

The key audit matters for the Group and the Company for the financial period are as described in the table below:

Key audit matters	How our audit addressed the key audit matters
Revenue and cost recognition – property development activities	
The Group and 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	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.  We checked the stage of completion of property development projects, on a sample basis, to internal or external quantity surveyors' certifications.
by professional consultants.  The Group and Company recognised revenue of RM834.5 million and RM110.3 million respectively and costs of RM619.7 million and RM75.7 million respectively from property development activities recognised over time for the financial period ended 31 December 2018.	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.  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.
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:	We agreed, on a sample basis, costs incurred to supporting documentation such as subcontractor claim certificates and invoices from vendors.  We checked the reasonableness of the estimated total property development costs of major projects, allocation of costs and subsequent
<ul><li>Stage of completion;</li><li>Extent of property development costs incurred to date; and</li></ul>	changes to the costs by agreeing to supporting documentation such as approved budgets, letter of awards, contracts, quotations, correspondences, contracts and variation orders with sub-contractors.
• Estimated total property development costs.	Based on the above procedures performed, we noted no material exceptions.
Refer to Notes 5(a), 7 and 8 to the financial	

statements.



# 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 period are as described in the table below: (continued)

#### Key audit matters

# Recoverability of the carrying amount of inventories (completed development units)

The Group's and the Company's carrying amount of completed development units as at 31 December 2018 amounted to RM871.3 million and RM67.0 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.

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.

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.

Based on management's assessment, the accumulated write-down amount of the long outstanding unsold completed development units for the Group and the Company is RM291.5 million and RM4.7 million, respectively.

Refer to Notes 5(b) and 27 to the financial statements.

#### How our audit addressed the key audit matters

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 comparing to the recent selling prices for similar units stated in the signed sale and purchase agreements, net of discounts given.

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.

We discussed with management on the basis used to write-down certain slow moving inventories balance at period end to its net realisable value.

For those completed development units which are slow moving, the basis used by management to determine net realisable value was to consider the Group's latest sales plan and campaign and expected costs to complete the sale to be incurred. On a sample basis, we assessed the reasonableness of the assumptions used in calculation of the net realisable value.

Based on the above procedures performed, we noted no material exceptions.

# > Independent Auditors' Report

To the members of Sime Darby Property Berhad (Incorporated in Malaysia) (Company No. 15631-P)



# 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 period are as described in the table below: (continued)

W	II PART IN THE PART IN
Key audit matters	How our audit addressed the key audit matters
Taxation matters	
The Group and Company are subject to periodic challenges by tax authorities from Malaysia on a range of tax matters during the normal course	We evaluated the related accounting policy for provisioning for tax and found it to be appropriate.
of business, including transfer pricing, direct taxes, and transaction related tax matters. As at 31 December 2018, the Group and Company	We gained an understanding of the current status of tax assessments and inspections as well as developments in ongoing disputes.
have current taxes provision of RM261.0 million, deferred tax assets of RM487.2 million and deferred tax liabilities of RM170.2 million. Where the tax position is uncertain, the Group and Company establishes provisions based on management's judgement of the probable	We read recent rulings and correspondence with tax authorities, as well as external tax specialist advice received by the Group where relevant, to satisfy ourselves that the tax provisions had been appropriately recorded or adjusted to reflect the latest external developments.
amount of the liability in accordance with the relevant accounting standards.	We assessed management's key assumptions, in particular on cases where there had been significant developments with tax authorities. We have obtained and evaluated responses from the Group's external
There is significant complexity in the calculation of the tax provision. As such, the Group and Company have engaged external specialist,	lawyers in relation to existing or potential tax proceedings and assessed the Group's position in relation to specific matters disputed.
where necessary, to advise management on its tax position, including objections to the tax	We checked the appropriateness of the related disclosures in notes 17 and 25 of the financial statements.
assessments, where applicable. Evaluation of the outcome of the above, and whether the risk of loss is remote, possible or probable, requires significant judgements given the complexities involved. Hence, this is considered as a key audit matter.	Based on the above procedures performed, we noted no material exceptions.
We focused on the judgements made by management in assessing the quantification and likelihood of potentially material exposures and therefore the level of provision required. In particular, we focused on the impact of changes in tax legislation and ongoing inspections by tax authorities, which could materially impact the amounts recorded in the Group and Company financial statements.	
Refer to Notes 5(d), 5(e), 17 and 25 to the financial statements.	



# Report on the Audit of the Financial Statements (continued)

#### INFORMATION OTHER THAN THE FINANCIAL STATEMENTS AND AUDITORS' REPORT THEREON

The Directors of the Company are responsible for the other information. The other information comprise the Governance and Audit Committee Report, Corporate Governance Overview Statement, Sustainability Report, Statement on Risk Management and Internal Control, Risk Management Committee Report, Directors' Report, Chairman's Message, Group Managing Director's Review, Group Chief Financial Officer's Statement, Operations Review and other sections of the Six Months Report – Period Ended December 2018, which we obtained prior to the date of this auditors' report. 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.

#### 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.

# Independent Auditors' Report

To the members of Sime Darby Property Berhad (Incorporated in Malaysia) (Company No. 15631-P)



# Report on the Audit of the Financial Statements (continued)

#### AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- (a) Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- (d) Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- (e) Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- (f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the financial period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



## Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 44 to the financial statements.

#### Other 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 19 March 2019 **Nurul A'in Binti Abdul Latif** 02910/02/2021 J Chartered Accountant

# > Statements of Profit or Loss

For the six months period ended 31 December 2018

Amounts in RM thousand unless otherwise stated

		Group		Company		
	Note	Financial period ended 31.12.2018	Financial year ended 30.6.2018	Financial period ended 31.12.2018	Financial year ended 30.6.2018	
Revenue	7	1,269,145	2,353,104	414,274	767,073	
Cost of sales	8	(1,077,445)	(1,763,391)	(99,255)	(56,343)	
Gross profit		191,700	589,713	315,019	710,730	
Other operating income	9	13,607	35,854	711	849	
Selling and marketing expenses	10	(45,261)	(92,918)	(3,997)	(9,695)	
Administrative and other expenses	10	(138,597)	(255,894)	(92,754)	(188,695)	
Operating profit		21,449	276,755	218,979	513,189	
Other (losses)/gains	12	(25,906)	316,207	(203,174)	(285,036)	
Share of results of joint ventures	13	(48,306)	88,349	_	_	
Share of results of associates	14	940	1,205	-	-	
(Loss)/Profit before interest and taxation		(51,823)	682,516	15,805	228,153	
Finance income	15	65,475	121,773	106,792	242,253	
Finance costs	16	(51,798)	(75,907)	(24,479)	(64,638)	
(Loss)/Profit before taxation		(38,146)	728,382	98,118	405,768	
Taxation	17	(273,033)	(44,096)	(55,984)	(26,126)	
(Loss)/Profit for the financial period/year		(311,179)	684,286	42,134	379,642	
(Loss)/Profit for the financial period/year attributable to:						
– owners of the Company		(318,700)	640,008	42,134	379,642	
– non-controlling interests		7,521	44,278		-	
		(311,179)	684,286	42,134	379,642	
Basic (loss)/earnings per share attributable to owners of the Company (Sen)	18	(4.7)	11.1			

The notes on pages 219 to 309 form an integral part of these financial statements.

# > Statements of Comprehensive Income For the six months period ended 31 December 2018

Amounts in RM thousand unless otherwise stated

		Group		Company		
	Note	Financial period ended 31.12.2018	Financial year ended 30.6.2018	Financial period ended 31.12.2018	Financial year ended 30.6.2018	
(Loss)/Profit for the financial period/year		(311,179)	684,286	42,134	379,642	
Other comprehensive (loss)/income						
Items which will subsequently be reclassified to profit or loss (net of tax):						
Currency translation differences		(11,980)	(131,756)	-	_	
Net changes in fair value of investments	23	21,411	(5,451)	21,411	(5,451)	
Share of other comprehensive income of associates  Reclassified to profit or loss:	14	776	1,783	-	-	
<ul> <li>share of other comprehensive loss on disposal of an associate</li> </ul>		_	(608)	-	_	
Total other comprehensive income/(loss) for the financial period/year		10,207	(136,032)	21,411	(5,451)	
Total comprehensive (loss)/income for the financial period/year		(300,972)	548,254	63,545	374,191	
Total comprehensive (loss)/income for the financial period/year attributable to:						
- owners of the Company		(307,776)	509,412	63,545	374,191	
<ul> <li>non-controlling interests</li> </ul>		6,804	38,842	-	_	
		(300,972)	548,254	63,545	374,191	

The notes on pages 219 to 309 form an integral part of these financial statements.

# > Statements of Financial Position

As at 31 December 2018

Amounts in RM thousand unless otherwise stated

		Group		Company		
	Note	31.12.2018	30.6.2018	31.12.2018	30.6.2018	
NON-CURRENT ASSETS						
Property, plant and equipment	20	640,445	735,159	3,301	3,498	
Investment properties	21	644,206	605,961	-	_	
Inventories	27	2,127,594	1,865,841	914,525	913,427	
Subsidiaries	22	_	-	4,600,816	4,413,994	
Joint ventures	13	2,574,020	2,223,949	28,910	28,910	
Associates	14	140,492	140,575	44,393	44,760	
Investments	23	59,239	39,451	59,239	39,451	
Intangible assets	24	3,454	3,964	3,104	3,539	
Deferred tax assets	25	487,225	460,284	13,347	12,550	
Receivables	26	88,000	73,000	2,951,201	3,477,191	
Contract assets	28	1,409,083	1,413,417	-	_	
		8,173,758	7,561,601	8,618,836	8,937,320	
CURRENT ASSETS						
Inventories	27	4,625,027	4,913,622	217,872	250,995	
Receivables	26	736,579	754,871	701,901	897,175	
Contract assets	28	773,602	687,869	83,430	8,005	
Prepayments		18,556	26,696	1,833	_	
Tax recoverable		60,226	55,924	-	_	
Cash held under Housing Development Accounts	29	343,518	492,969	62,966	63,735	
Bank balances, deposits and cash	30	305,572	256,426	145,614	59,476	
		6,863,080	7,188,377	1,213,616	1,279,386	
Non-current assets held for sale	31	79,519	-	_		
TOTAL ASSETS		15,116,357	14,749,978	9,832,452	10,216,706	

		Group		Comp	Company		
	Note	31.12.2018	30.6.2018	31.12.2018	30.6.2018		
EQUITY							
Share capital	32	6,800,839	6,800,839	6,800,839	6,800,839		
Fair value reserve		38,063	-	21,411	-		
Available-for-sale reserve		-	15,876	-	-		
Exchange reserve		(63,044)	(51,781)	-	-		
Retained profits		2,433,661	2,969,653	1,991,446	2,158,302		
ATTRIBUTABLE TO OWNERS OF THE COMPANY		9,209,519	9,734,587	8,813,696	8,959,141		
Non-controlling interests	33	236,881	230,837	-	-		
TOTAL EQUITY		9,446,400	9,965,424	8,813,696	8,959,141		
NON-CURRENT LIABILITIES							
Borrowings	34	1,925,221	2,046,521	500,000	545,365		
Provisions	35	-	29,609	-	-		
Contract liabilities	28	256,231	255,552	-	-		
Deferred tax liabilities	25	170,175	144,429	-	_		
		2,351,627	2,476,111	500,000	545,365		
CURRENT LIABILITIES							
Payables	37	1,390,175	1,430,627	368,055	434,573		
Borrowings	34	1,347,816	495,831	95,760	262,056		
Provisions	35	108,823	45,894	-	-		
Contract liabilities	28	210,532	297,930	7,362	8,881		
Tax provision		260,984	38,161	47,579	6,690		
		3,318,330	2,308,443	518,756	712,200		
TOTAL LIABILITIES		5,669,957	4,784,554	1,018,756	1,257,565		
TOTAL EQUITY AND LIABILITIES		15,116,357	14,749,978	9,832,452	10,216,706		

The notes on pages 219 to 309 form an integral part of these financial statements.

# > Statements of Changes in Equity For the six months period ended 31 December 2018

Amounts in RM thousand unless otherwise stated

Group	Note	Share capital	Fair value reserve	Available- for-sale reserve	Exchange reserves	Retained profits	Attributable to owners of the Company	Non- controlling interests	Total equity
Financial period ended 31.12.2018									
At end of previous financial year		6,800,839	-	15,876	(51,781)	2,969,653	9,734,587	230,837	9,965,424
Effect of the adoption of MFRS 9	45	-	15,876	(15,876)	-	(13,267)	(13,267)	(760)	(14,027)
At beginning of the financial period		6,800,839	15,876	1	(51,781)	2,956,386	9,721,320	230,077	9,951,397
(Loss)/Profit for the financial period		-	-	-	-	(318,700)	(318,700)	7,521	(311,179)
Other comprehensive income/(loss) for the financial period		-	22,187	-	(11,263)	-	10,924	(717)	10,207
Total comprehensive income/(loss) for the financial period		-	22,187	-	(11,263)	(318,700)	(307,776)	6,804	(300,972)
Transactions with owners:									
- dividend paid	19	-	-	-	-	(204,025)	(204,025)	-	(204,025)
At end of the financial period		6,800,839	38,063	-	(63,044)	2,433,661	9,209,519	236,881	9,446,400

Group	Note	Share capital	Contribution from former immediate holding company	Available- for-sale reserve	Exchange reserves	Retained profits	Attributable to owners of the Company	Non- controlling interests	Total equity
Financial year ended 30.6.2018									
At beginning of the financial year		2,405,496	1,500,000	20,152	74,539	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		-	-	(4,276)	(126,320)	-	(130,596)	(5,436)	(136,032)
Total comprehensive (loss)/ income for the financial year		-	_	(4,276)	(126,320)	640,008	509,412	38,842	548,254
Disposal of subsidiaries		_	_	-	-	-	_	780	780
Transactions with owners:									
- issuance of shares	32, 36	4,395,343	(1,500,000)	-	-	-	2,895,343	-	2,895,343
<ul> <li>waiver on intercompany loan of RM159.9 million (net of tax of RM16.1</li> </ul>									
million)	36	-	-	-	-	142,672	142,672	1,170	143,842
<ul> <li>dividend paid</li> </ul>	19	-	-	-	-	(136,017)	(136,017)	(74,679)	(210,696)
At end of the financial year		6,800,839	-	15,876	(51,781)	2,969,653	9,734,587	230,837	9,965,424

Company	Note	Share capital	Contribution from former immediate holding company	Fair value reserve	Available- for-sale reserve	Retained profits	Total equity
Financial period ended 31.12.2018							
At end of previous financial year		6,800,839	-	-	-	2,158,302	8,959,141
Effect of the adoption of MFRS 9	45	-	-	-	-	(4,965)	(4,965)
At beginning of the financial period		6,800,839	-	-	-	2,153,337	8,954,176
Profit for the financial period		-	-	-	-	42,134	42,134
Other comprehensive income for the financial period		-	-	21,411	-	-	21,411
Total comprehensive income for the financial period		-	-	21,411	-	42,134	63,545
Transactions with owners:							
- dividend paid	19	-	-	-	-	(204,025)	(204,025)
At end of the financial period		6,800,839	-	21,411	-	1,991,446	8,813,696
Financial year ended 30.6.2018							
At beginning of the financial year		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	32, 36	4,395,343	(1,500,000)	-	-	-	2,895,343
– dividend paid	19	-	-	-	-	(136,017)	(136,017)
At end of the financial year		6,800,839	-	-	-	2,158,302	8,959,141

The notes on pages 219 to 309 form an integral part of these financial statements.

# > Statements of Cash Flows

For the six months period ended 31 December 2018

Amounts in RM thousand unless otherwise stated

	Group		Company		
Note	Financial period ended 31.12.2018	Financial year ended 30.6.2018	Financial period ended 31.12.2018	Financial year ended 30.6.2018	
CASH FLOW FROM OPERATING ACTIVITIES					
(Loss)/Profit for the financial period/year	(311,179)	684,286	42,134	379,642	
Adjustments for:					
Share of results of:					
– joint ventures	48,306	(88,349)	-	_	
- associates	(940)	(1,205)	-	_	
Amortisation of intangible assets	936	2,196	883	2,077	
Depreciation of:					
– property, plant and equipment	18,216	37,810	631	1,525	
- investment properties	3,038	6,773	-	_	
Impairment/(Reversal of impairment) of:					
- property, plant and equipment	_	(1,570)	-	_	
- investment properties	1,223	-	-	_	
– investment	_	1,439	-	1,439	
Write-down/(Reversal of write-down) of					
inventories	110,871	(38,814)	4,701	-	
Write-off of:					
<ul> <li>property, plant and equipment</li> </ul>	303	2,372	-	-	
– intangible assets	22	28	-	-	
<ul> <li>property development expenditure</li> </ul>	99,766	-	-	-	
Net gain on disposal of:					
<ul> <li>property, plant and equipment</li> </ul>	(3,168)	(1,014)	(1)	(12)	
<ul> <li>investment properties</li> </ul>	(5,640)	(11,260)	-	-	
– an associate	-	(278,192)	-	(166,807)	
– subsidiaries	-	(39,628)	-	-	
Changes in fair value of quoted investments	1,623	-	1,623	-	
Other items [note (a)]	26,060	2,355	201,715	449,988	
Finance income	(65,475)	(121,773)	(106,792)	(242,253)	
Finance costs	51,798	75,907	24,479	64,638	
Taxation	273,033	44,096	55,984	26,126	
Unrealised foreign currency exchange (gain)/loss	(3)	49	-		
	248,790	275,506	225,357	516,363	
Changes in working capital:					
- inventories	(150,763)	(304,291)	27,324	(3,445)	
- trade and other receivables	(21,504)	(19,532)	5,845	(24,028)	
- contract assets and contract liabilities	(139,325)	49,790	(78,777)	15,360	
– trade and other payables	49,923	(496,390)	7,463	(210,110)	
Cash (used in)/generated from operations	(12,879)	(494,917)	187,212	294,140	

		Gro	oup	Comp	oany
	Note	Financial period ended 31.12.2018	Financial year ended 30.6.2018	Financial period ended 31.12.2018	Financial year ended 30.6.2018
Cash (used in)/generated from operations		(12,879)	(494,917)	187,212	294,140
Tax paid		(53,560)	(99,829)	(15,657)	(20,473)
Zakat paid		(100)	(1,100)	(100)	(1,100)
Dividends received from joint ventures and associates		2,658	6,675	_	-
Net cash (used in)/from operating activities		(63,881)	(589,171)	171,455	272,567
CASH FLOW FROM INVESTING ACTIVITIES					
Finance income received		10,527	29,219	106,792	239,753
Proceeds from sale of:					
- property, plant and equipment		6,019	12,998	1	12
<ul> <li>investment properties</li> </ul>		16,325	58,577	-	_
– an associate		-	615,846	-	615,846
Net cash inflow from disposal of subsidiaries		-	59,413	-	-
Purchase of:					
<ul> <li>property, plant and equipment</li> </ul>		(3,528)	(23,951)	(434)	(1,998)
<ul> <li>investment properties</li> </ul>		(53,084)	(129,962)	-	-
– intangible assets		(448)	(802)	(448)	(535)
Advances to joint ventures/associates		(38,000)	(7,878)	(9,000)	(672)
Repayment from/(advances to) subsidiaries		-	_	716,702	(560,428)
Subscription of shares in subsidiaries		-	_	(385,553)	(278,541)
Subscription of shares in joint ventures		(414,721)	(271,887)	-	_
Net cash (used in)/from investing activities		(476,910)	341,573	428,060	13,437
CASH FLOW FROM FINANCING ACTIVITIES					
Borrowings raised	34	115,934	558,305	-	500,000
Repayments of borrowings	34	(110,376)	(261,060)	(41,865)	(87,635)
Revolving credits (net)	34	724,500	170,000	(170,000)	170,000
Finance costs paid		(85,860)	(144,659)	(24,275)	(63,846)
Advances from/(repayment to):					
<ul> <li>related companies</li> </ul>	36	-	116,500	-	116,500
<ul> <li>former immediate holding company</li> </ul>	37(c)	-	(348,152)	-	(348,152)
– subsidiaries	37(b)	-	-	(73,981)	(502,856)
Dividends paid on ordinary shares		(204,025)	(136,017)	(204,025)	(136,017)
Dividends paid to non-controlling interests		-	(74,679)	-	-
Net cash from/(used in) financing activities		440,173	(119,762)	(514,146)	(352,006)

## > Statements of Cash Flows

For the six months period ended 31 December 2018

Amounts in RM thousand unless otherwise stated

		Group		Company		
	Note	Financial period ended 31.12.2018	Financial year ended 30.6.2018	Financial period ended 31.12.2018	Financial year ended 30.6.2018	
Net (decrease)/increase in cash and cash equivalents		(100,618)	(367,360)	85,369	(66,002)	
Foreign exchange differences		313	(12,399)	-	_	
Cash and cash equivalents at the beginning of the financial period/year		749,395	1,129,154	123,211	189,213	
Cash and cash equivalents at the end of the financial period/year [note (b)]		649,090	749,395	208,580	123,211	
<ul> <li>a. Other items:</li> <li>Net impairment/(reversal of impairment) of: <ul> <li>investment in subsidiaries</li> <li>investment in associates</li> <li>trade and other receivables</li> <li>amounts due from subsidiaries</li> </ul> </li> <li>Others</li> </ul>		- - 25,470 - 590 26,060	- 2,130 - 225 2,355	198,731 367 209 2,411 (3) 201,715	632,591 1,259 (278) (183,584) - 449,988	
<ul> <li>b. Cash and cash equivalents at the end of the financial period/year:</li> <li>Cash held under Housing Development Accounts</li> </ul>		343,518	492,969	62,966	63,735	
Bank balances, deposits and cash	30	305,572	256,426	145,614	59,476	
		649,090	749,395	208,580	123,211	

The notes on pages 219 to 309 form an integral part of these financial statements.

For the six months period ended 31 December 2018

Amounts in RM thousand unless otherwise stated

#### 1 General Information

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 44.

There has been no significant change in the principal activities of the Group and of the Company during the financial period.

## 2 Change of Financial Year End

The Group and the Company have changed their financial year end from 30 June to 31 December. The financial period covered in these financial statements is for the period of six (6) months from 1 July 2018 to 31 December 2018. Therefore, the subsequent financial years of the Group and Company shall end at 31 December annually.

## 3 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 4. The financial statements are presented in Ringgit Malaysia in thousands (RM thousand) unless otherwise stated.

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 5.

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 period

MFRS 9 Financial Instruments

IC Interpretation 22 Foreign Currency Transactions and Advance Consideration

Amendments to MFRS 2 Classification and Measurement of Share-based Payment Transactions

Amendments to MFRS 4 Applying MFRS 9 with MFRS 4 – Insurance Contracts

Amendments to MFRS 140 Transfers of Investment Property

Annual Improvement to MFRS 128 Measuring an Associate or Joint Venture at Fair Value

The adoption of the above did not result in any significant changes to the Group's and the Company's results and financial position other than MFRS 9. The impact of the adoption of MFRS 9 is shown in Note 45.

For the six months period ended 31 December 2018

Amounts in RM thousand unless otherwise stated

## 3 Basis of Preparation (continued)

#### b. Accounting pronouncements that are not yet effective and have not been early adopted

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 Amendments to MFRS 3 Amendments to MFRS 9

Amendments to MFRS 101 and

MFRS 108

Amendments to MFRS 119 Amendments to MFRS 128

Annual Improvements to MFRS 3

and MFRS 11

Annual Improvements to MFRS 112

Amendments to References to the Conceptual Framework in MFRS

Standards

Insurance Contracts
Definition of a Business

Prepayment Features with Negative Compensation

Definition of Material

Plan Amendment, Curtailment or Settlement Long-term Interests in Associates and Joint Ventures

Previously Held Interest in a Joint Operation

Income Tax Consequences of Payments on Financial Instruments Classified as Equity

ii. Standards where the Group is currently assessing and has yet to quantify the potential impact.

#### 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 ("ROU") asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments.

The standard will affect primarily the accounting for the Group's and the Company's leases previously recognised as operating leases under MFRS 117.

The Group and Company will apply the standard from 1 January 2019 and intends to apply the simplified transition approach without restating the comparatives. At the date of initial application, all ROU assets will be measured at an amount equal to the lease liabilities measured at the present value of the remaining lease payments discounted using the incremental borrowing rate at the date of initial application.

The impact to the Group and the Company is expected to be immaterial.

#### Amendments to MFRS 123 – Borrowing Costs Eligible for Capitalisation

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.

## 3 Basis of Preparation (continued)

#### b. Accounting pronouncements that are not yet effective and have not been early adopted (continued)

ii. Standards where the Group is currently assessing and has yet to quantify the potential impact. (continued)

#### • 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.

## 4 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 period/year 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 period 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.

For the six months period ended 31 December 2018

Amounts in RM thousand unless otherwise stated

## 4 Significant Accounting Policies (continued)

#### a. Basis of consolidation (continued)

#### i. Subsidiaries (continued)

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).

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.

## 4 Significant Accounting Policies (continued)

#### a. Basis of consolidation (continued)

#### iii. Joint ventures (continued)

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 4(a)(iii) above.

#### 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 period/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.

For the six months period ended 31 December 2018

Amounts in RM thousand unless otherwise stated

## 4 Significant Accounting Policies (continued)

#### b. Foreign currencies (continued)

#### iii. Translation of foreign currency financial statements (continued)

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.

#### 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.

## 4 Significant Accounting Policies (continued)

#### 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

Intangible assets are carried 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 annual amortisation rates are 5% to 33.3%. Intangible assets that is in progress are not amortised as these assets are not yet available for use.

#### 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 and 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.

#### ii. Property development costs

Property development costs are stated at the lower of cost 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.

For the six months period ended 31 December 2018

Amounts in RM thousand unless otherwise stated

## 4 Significant Accounting Policies (continued)

#### h. Financial assets

The Group's and the Company's financial assets are classified into three categories and the accounting policy for each of these categories are as follows:

#### i. Amortised cost

Receivables, contract assets, amounts due from subsidiaries, cash held under Housing Development Accounts and bank balances, deposits and cash are held for collection of contractual cash flows. Their contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. These financial assets are measured at fair value at inception plus transaction cost and thereafter at amortised cost less accumulated impairment losses.

Interest income from these financial assets is calculated using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss. Impairment losses are presented as separate line item in the statement of profit or loss or statement of comprehensive income.

For the financial year ended 30 June 2018, financial assets of the Group and Company were classified and measured as Loans and receivables under MFRS 139.

Under MFRS 139, these financial assets are recorded initially at fair value plus transaction costs and thereafter, they are measured at amortised cost using the effective interest rate method less accumulated impairment losses.

#### ii. Fair value through profit or loss ("FVTPL") and Fair value through other comprehensive income ("FVOCI")

Investments in quoted equity instruments are measured at FVTPL. The investments are recorded initially at fair value plus transaction cost and thereafter, they are measured at fair value. Changes in the fair value and dividend income from the investment are recognised in profit or loss.

At initial recognition, the Group and the Company elected to designate the investments in unquoted equity instruments as financial assets measured at FVOCI. The investments are recorded initially at fair value plus transaction costs and thereafter, they are measured at fair value. Changes in fair value of the investments are recognised in other comprehensive income, whilst dividend income are recognised in profit or loss. On derecognition of the investment measured at FVOCI, the fair value reserve is transferred to retained profits.

For the financial year ended 30 June 2018, these financial assets were classified as available-for-sale investments.

Under MFRS 139, available-for-sale investments are recorded initially at fair value plus transaction costs and thereafter, they are measured at fair value. 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.

## 4 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 financial assets measured at FVTPL and FVOCI, 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 coordinated 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.

#### i. 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 concession arrangement, 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 concession arrangement, contract liability is the excess of the billings to date over the cumulative revenue earned. Contract liabilities include the golf club membership fees, down payments received from customers and other deferred income where the Group and the Company have billed or collected the payment before the goods are delivered or services are provided to the customers.

#### 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, investment in subsidiaries and interest in joint ventures and associates are assessed for indication of impairment. If an indication exists, an impairment test is performed. In the case of financial assets and contract assets, impairment is recognised based on expected credit losses.

This exercise is performed annually and whenever events or circumstances occur indicating that impairment may exist.

For the six months period ended 31 December 2018

Amounts in RM thousand unless otherwise stated

## 4 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. Financial assets and contract assets

An impairment loss is recognised based on expected credit losses and recognised in profit or loss. Reversal of impairment loss to profit or loss, if any, is restricted to not exceeding what the amortised cost would have been had the impairment not been recognised previously.

The Group and the Company apply the simplified approach to measure the impairment of trade receivables and contract assets at lifetime expected credit losses. Expected credit losses of all other financial assets are measured at an amount equal to 12 month expected credit losses ("12 – month ECL") if credit risk on a financial asset has not increased significantly. The Group and the Company compare the risk of default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition to ascertain whether there is a significant increase in credit risk. The assessment takes into consideration the macroeconomic information, credit rating and other supportable forward-looking information.

A significant increase in credit risk is presumed if a debt is more than 180 days past due. Where the credit risk has increased significantly, the impairment is measured at an amount equal to lifetime expected credit losses ("Lifetime ECL – Underperforming").

Full impairment is made for financial assets and contract assets that are determined to be credit-impaired ("Lifetime ECL - credit impaired"). These are debtor who have defaulted on payments and are in financial difficulties.

Expected credit losses represent a probability-weighted estimate of the difference between present value of cash flows according to contract and present value of cash flows the Group and the Company expect to receive over the lifetime of the financial instrument.

## 4 Significant Accounting Policies (continued)

#### k. Impairment (continued)

#### iii. Financial assets and contract assets (continued)

For the financial year ended 30 June 2018, financial assets and contract assets are assessed for objective evidence of impairment i.e. based on the incurred loss model. 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.

#### 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 period/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.

The Group and the Company recognise provision for onerous contracts when the expected benefits to be derived from a contract are less than the unavoidable costs of meeting the obligations under the contract.

#### n. Employee costs

#### 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 period/year in which they relate.

For the six months period ended 31 December 2018

Amounts in RM thousand unless otherwise stated

## 4 Significant Accounting Policies (continued)

#### n. Employee costs (continued)

#### 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. 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 borrowings and payables are classified as financial liabilities measured at amortised cost. They are measured 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, deposits held at call with banks and cash held under Housing Development Accounts. 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 sale 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.

## 4 Significant Accounting Policies (continued)

#### q. Revenue recognition (continued)

#### i. Revenue from property development (continued)

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.

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 Agreements, 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 agreements 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.

For the six months period ended 31 December 2018

Amounts in RM thousand unless otherwise stated

## 4 Significant Accounting Policies (continued)

#### q. Revenue recognition (continued)

#### 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.

#### 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 cash 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 incurred on qualifying assets under construction are capitalised to the carrying value of the asset and capitalisation ceases when 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 period/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 period/year is and is measured using the tax rates that have been enacted at the end of the reporting period/year. 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.

## 4 Significant Accounting Policies (continued)

#### t. Taxation (continued)

Deferred tax is recognised on temporary difference arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

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.

#### 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. 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.

For the six months period ended 31 December 2018

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## 5 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 at 31 December 2018, for activities recognised over time using the stage of completion method, the Group and Company recognised revenue of RM834.5 million (financial year ended 30 June 2018: RM1,730.2 million) and RM110.3 million (financial year ended 30 June 2018: RM41.7 million) respectively and cost of RM619.7 million (financial year ended 30 June 2018: RM1,331.8 million) and RM75.7 million (financial year ended 30 June 2018: RM29.3 million), respectively.

#### b. Write-down of inventories to net realisable value

The Group and the Company 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 net of the estimated cost necessary to complete the sale. The estimation of the selling price in particular 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 and the related cost to complete the sale, the estimates will, in all likelihood, differ from the actual transactions achieved in future periods and these differences may, in certain circumstances, be significant.

As at 31 December 2018, the Group's and the Company's accumulated write-down of the inventories balance amounted to RM291.5 million (30 June 2018: RM186.2 million) and RM4.7 million (30 June 2018: RM Nil) respectively.

## 5 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)

#### c. Capitalisation of borrowing costs

The Group capitalises borrowing costs when the Group has incurred the related borrowing costs and continues to undertake activities that are necessary to prepare the asset for its intended use or sale. On completion of each phase of development, the Group ceases capitalisation for those phases and continues capitalisation of borrowing costs on other phases which are under-going development.

Significant judgement is involved in determining whether the development activities carried out meet the criteria for capitalisation of borrowing costs and, management is also required to estimate the appropriate apportionment of borrowing costs eligible for capitalisation to the various development phases.

During the financial period ended 31 December 2018, the Group capitalised RM34.7 million (financial year ended 30 June 2018: RM79.6 million) into property development cost.

#### d. 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 and 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 25.

#### e. 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, tax provisions for the purpose of complying with relevant accounting standards 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.

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## 5 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)

#### e. Income tax (continued)

As at 31 December 2018, based on management's judgement and purely for the purposes of complying with the relevant accounting standards, the Group and the Company have provided an amount of RM177.5 million and RM33.8 million, respectively for tax related purposes. The Group is engaging with the Inland Revenue Board ("IRB") on their preliminary findings of the tax audits and the basis of the treatments and assumptions used by the IRB in computing the purported additional taxes and has engaged external specialists to advise on its tax position.

#### f. Impairment of cost of investment in subsidiaries and recoverability of amount due from 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 31 December 2018, the accumulated impairment losses of investment in subsidiaries and amount due from subsidiaries amounted to RM1,100.3 million (30 June 2018: RM901.7 million) and RM232.2 million (30 June 2018: RM229.8 million), respectively.

## 6 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.

## 6 Financial Risk and Capital Management Policies (continued)

#### a. Financial risk management (continued)

#### 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 investments. The Group and the Company consider the impact of changes in prices of equity securities on the statements of profit or loss and the 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 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.

#### 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.

#### Credit risk arising from golfing and sporting activities

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 advance payment of annual licence fees for individual members. Sales to members are usually suspended when outstanding amounts are overdue exceeding 180 days.

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## 6 Financial Risk and Capital Management Policies (continued)

#### a. Financial risk management (continued)

#### iv. Credit risk (continued)

#### 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

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, joint ventures and associates

The amounts due from subsidiaries, 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 31 December 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.

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.

The Group and the Company maintain centralised treasury functions where all funding requirements are managed. As at 31 December 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 RM315.6 million which it can tap upon at an appropriate time.

Cash and cash equivalents of the Group and of the Company comprise the following:

	Gro	oup	Company		
	31.12.2018	30.6.2018	31.12.2018	30.6.2018	
Cash held under Housing Development Accounts [Note 29] Bank balances, deposits and cash	343,518	492,969	62,966	63,735	
[Note 30]	305,572	256,426	145,614	59,476	
	649,090	749,395	208,580	123,211	

## 6 Financial Risk and Capital Management Policies (continued)

#### a. Financial risk management (continued)

#### v. Liquidity and cash flow risks (continued)

The Group believes that its contractual obligations, including those shown in contingent liabilities and capital commitments in Note 38 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 42(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 its ability to continue as a going concern, provide a competitive cost of capital and to maximise shareholders' value. The Group and the Company are committed towards optimising their capital structure, which includes balancing between debt and equity, and putting in place appropriate dividend and financing policies which influence the level of debt and equity.

The Group and the Company use the gearing ratio to assess the appropriateness of their debt levels, hence determining their capital structure. The Group and the Company maintain a debt to equity ratio that complies with debt covenants and regulatory requirements. The ratio is calculated as total external debt divided by total equity.

The Group's and the Company's gearing ratios are as follows:

	Gro	oup	Company		
	31.12.2018	30.6.2018	31.12.2018	30.6.2018	
Borrowings	3,261,583	2,531,526	594,500	806,365	
Interest payable	11,454	10,826	1,260	1,056	
Total Debt	3,273,037	2,542,352	595,760	807,421	
Total equity	9,446,400	9,965,424	8,813,696	8,959,141	
Gearing ratio	0.35	0.26	0.07	0.09	

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.

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#### 7 Revenue

Revenue comprise the following:

	Group		Company	
	Financial period ended 31.12.2018	Financial year ended 30.6.2018	Financial period ended 31.12.2018	Financial year ended 30.6.2018
Revenue from contracts with customers	1,243,660	2,300,834	193,768	187,976
Revenue from other sources				
– rental income	25,485	52,270	1,306	2,460
<ul> <li>dividend income from subsidiaries</li> </ul>	-	-	217,400	574,837
- dividend income from an associate	-	_	1,800	1,800
	1,269,145	2,353,104	414,274	767,073
Disaggregation of the revenue from contract with customers:				
Property development	1,159,268	2,077,399	140,306	70,177
Leisure and hospitality				
– golf club activities	40,308	86,705	_	_
– others	5,108	11,080	_	_
Concession arrangement				
<ul> <li>supply of teaching equipment</li> </ul>	21,124	90,476	-	-
- maintenance service charges	13,446	28,847	-	_
- others	4,406	6,327	-	_
Management fee charged to subsidiaries	_	-	53,462	117,799
	1,243,660	2,300,834	193,768	187,976
Geographical markets				
Malaysia	1,212,266	2,230,879	193,345	186,896
Australia	29,399	60,245	96	321
Singapore	1,506	7,771	289	582
Vietnam	489	1,939	_	_
United Kingdom	_	,	38	177
	1,243,660	2,300,834	193,768	187,976
Timing of various				
Timing of revenue At a point in time	388,325	553,851	30,031	28,498
Over time	855,335	1,746,983	163,737	159,478
	1,243,660	2,300,834	193,768	187,976

Revenue from contracts with customers of the Group and the Company include RM297.9 million (financial year ended 30 June 2018: RM173.4 million) and RM7.4 million (financial year ended 30 June 2018: RM8.9 million), respectively that were included in contract liabilities at the beginning of the reporting period.

## 8 Cost of Sales

	Group		Company	
	Financial period ended 31.12.2018	Financial year ended 30.6.2018	Financial period ended 31.12.2018	Financial year ended 30.6.2018
Property development costs	619,694	1,331,842	75,740	29,267
Cost of completed development units sold	115,557	152,610	10,290	14,784
Write-down/(Reversal of write-down) of inventories	110,871	(38,814)	4,701	_
Write-off of property development expenditure	99,766	-	-	_
Finished goods and other direct expenses	63,434	144,331	7,397	8,912
Cost under concession arrangement	23,427	84,460	-	_
Employee costs	35,000	72,595	997	3,127
Amortisation of intangible assets	12	34	-	_
Depreciation of:				
<ul> <li>property, plant and equipment</li> </ul>	6,869	11,126	130	253
- investment properties	2,815	5,207	_	
	1,077,445	1,763,391	99,255	56,343

# 9 Other Operating Income

	Group		Company	
	Financial period ended 31.12.2018	Financial year ended 30.6.2018	Financial period ended 31.12.2018	Financial year ended 30.6.2018
Gain on disposal of:				
- property, plant and equipment	3,168	1,014	1	12
<ul> <li>investment properties</li> </ul>	5,640	11,260	-	_
Forfeiture of deposits	1,392	5,210	66	15
Other rental income	791	1,837	26	143
Non-refundable tender deposits	302	783	6	135
Royalty income	186	534	-	-
Maintenance charges	103	119	-	-
Recoveries and other miscellaneous income	2,025	15,097	612	544
	13,607	35,854	711	849

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# 10 Selling, Marketing, Administrative and Other Expenses

	Group		Company	
	Financial period ended 31.12.2018	Financial year ended 30.6.2018	Financial period ended 31.12.2018	Financial year ended 30.6.2018
Selling and marketing expenses	45,261	92,918	3,997	9,695
Administrative and other expenses	138,597	255,894	92,754	188,695
	183,858	348,812	96,751	198,390
Selling, marketing, administrative and other expenses comprise the following:				
Depreciation, amortisation, impairment and write-off				
Amortisation of intangible assets Depreciation of:	924	2,162	883	2,077
- property, plant and equipment	11,347	26,684	501	1,272
<ul> <li>investment properties</li> </ul>	223	1,566	-	-
Impairment of:				
<ul> <li>investment properties</li> </ul>	1,223	-	-	-
- receivables	26,513	2,440	209	-
Reversal of impairment losses of:				
- property, plant and equipment	-	(1,570)	-	-
- receivables	(1,043)	(310)	-	(278)
Write-off of:	202	2 272		
- property, plant and equipment	303	2,372	-	_
- intangible assets Bad debt written off	590	28 225	_	_
Bad debt written on			1 502	2.071
	40,102	33,597	1,593	3,071
Auditors' remuneration				
Fees for statutory audits				
<ul> <li>PricewaterhouseCoopers PLT, Malaysia</li> </ul>	1,023	1,265	260	294
<ul> <li>member firms of PricewaterhouseCoopers</li> <li>International Limited</li> </ul>	905	785	-	-
Fees for other assurance related and non-audit services				
<ul> <li>PricewaterhouseCoopers PLT, Malaysia</li> </ul>	120	907	65	688
<ul> <li>member firms of PricewaterhouseCoopers</li> <li>International Limited</li> </ul>	111	_	_	_
meerinational Emireo	2,159	2,957	325	982

# 10 Selling, Marketing, Administrative and Other Expenses (continued)

	Group		Company	
	Financial period ended 31.12.2018	Financial year ended 30.6.2018	Financial period ended 31.12.2018	Financial year ended 30.6.2018
Selling, marketing, administrative and other expenses comprise the following: (continued)				
Employee and Directors costs				
Employee costs	65,451	140,941	58,860	117,681
Directors' fees	1,513	2,398	1,513	2,398
	66,964	143,339	60,373	120,079
General expenses				
Advertising and promotion	29,600	72,360	3,997	9,695
Hire of plant and machinery	499	2,341	422	1,911
Rental of land and buildings				
– a subsidiary	_	_	4,973	9,946
– others	1,765	7,247	59	42
Contribution payable/(over-accrued) to Yayasan Sime Darby	10,000	(11,600)	10,000	-
Management fees charged by:				
– a subsidiary	-	_	-	28
– others	_	6,422	-	6,422
Other operating expenses	32,769	92,149	15,009	46,214
	74,633	168,919	34,460	74,258
Total	183,858	348,812	96,751	198,390

# 11 Employee and Directors Costs

	Group		Company	
	Financial period ended 31.12.2018	Financial year ended 30.6.2018	Financial period ended 31.12.2018	Financial year ended 30.6.2018
Employee and Directors costs included in: - cost of sales - selling, marketing, administrative	35,000	72,595	997	3,127
and other expenses	66,964	143,339	60,373	120,079
	101,964	215,934	61,370	123,206

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## 11 Employee and Directors Costs (continued)

	Group		Company	
	Financial period ended 31.12.2018	Financial year ended 30.6.2018	Financial period ended 31.12.2018	Financial year ended 30.6.2018
Staff:				
- salaries, allowances, overtime and bonus	74,429	157,107	46,516	86,570
<ul> <li>defined contribution plan</li> </ul>	10,930	20,669	7,149	12,505
<ul> <li>termination benefits</li> </ul>	_	1,147	-	5,335
- training, insurance and other benefits	12,139	31,283	3,239	13,068
	97,498	210,206	56,904	117,478
Executive Directors:				
- salaries, allowances and bonus	2,546	2,882	2,546	2,882
- defined contribution plan	407	448	407	448
	2,953	3,330	2,953	3,330
Non-Executive Directors				
- fees	1,513	2,398	1,513	2,398
Total	101,964	215,934	61,370	123,206

Estimated monetary value of benefits received by the Executive and Non-Executive Directors from the Company amounted to RM27,251 (financial year ended 30 June 2018: RM83,450) and RM37,713 (financial year ended 30 June 2018: RM104,661), respectively. The Directors did not receive any benefits from the subsidiaries.

During the financial period, Directors and key management personnel of the Group and the Company and their close family members purchased properties of the Group amounting to RM0.8 million (financial year ended 30 June 2018: RM1.5 million) and RM Nil (financial year ended 30 June 2018: RM0.6 million), 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 31 December 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.

#### 12 Other Gains and Losses

	Group		Company	
	Financial period ended 31.12.2018	Financial year ended 30.6.2018	Financial period ended 31.12.2018	Financial year ended 30.6.2018
Gain on disposal of:				
– subsidiaries	_	39,628	-	_
– an associate	_	278,192	-	166,807
(Impairment)/Reversal of impairment of:				
- investment in subsidiaries	-	-	(198,731)	(632,591)
– investment in associates	-	-	(367)	(1,259)
- amounts due from subsidiaries [Note 26(d)]	-	-	(2,411)	183,584
– investments	-	(1,439)	-	(1,439)
Changes in fair value of quoted investments	(1,623)	-	(1,623)	_
Provision on obligation in relation to a property disposed [Note 35]	(24,142)	-	-	-
Foreign currency exchange (losses)/gain:				
– realised	(144)	(125)	(42)	(138)
- unrealised	3	(49)		
	(25,906)	316,207	(203,174)	(285,036)

## 13 Joint Ventures

The Group's interest in the joint ventures, their respective principal activities and countries of incorporation are shown in Note 44.

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.

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# 13 Joint Ventures (continued)

The Group's investments in joint ventures are as follows:

Group	Battersea	Others	Total
31.12.2018			
Share of results for the financial period	(7,710)	(40,596)	(48,306)
Unquoted shares, at costs	2,391,230	72,465	2,463,695
Contribution to joint venture	-	6,200	6,200
Unrealised profit	-	(46,614)	(46,614)
Share of post-acquisition reserves	100,957	(28,699)	72,258
Shareholder's advances	-	78,481	78,481
Carrying amount at the end of the financial period	2,492,187	81,833	2,574,020
			_
30.6.2018			
Share of results for the financial year	94,278	(5,929)	88,349
Unquoted shares, at costs	2,019,163	45,172	2,064,335
Contribution to joint venture	-	6,200	6,200
Share of post-acquisition reserves	109,198	(34,265)	74,933
Shareholder's advances	_	78,481	78,481
Carrying amount at the end of the financial year	2,128,361	95,588	2,223,949

The share of results under "Others" for the current financial period included an elimination of unrealised profit of RM46.6 million (financial year ended 30 June 2018: RM Nil) following the sale of land by the Group to Sime Darby MIT Development Sdn Bhd for the development of managed industrial park.

The Company's investments in joint ventures are as follows:

	Company	
	31.12.2018	30.6.2018
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 period/year	28,910	28,910

The shareholder's advance to joint venture is unsecured and interest free with no fixed term of repayment.

# 13 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:

	Financial period ended 31.12.2018	Financial year ended 30.6.2018
Revenue	113,300	2,223,174
Depreciation and amortisation	(5,976)	(4,650)
Finance income	374	195
Finance cost	(2,411)	(351)
(Loss)/Profit before taxation	(11,993)	333,916
Taxation	(7,282)	(98,220)
(Loss)/Profit for the financial period/year	(19,275)	235,696
Share of results	(7,710)	94,278

ii. The summarised consolidated statements of financial position of Battersea are as follows:

	31.12.2018	30.6.2018
Non-current assets	291,642	269,235
Current assets		
Cash and cash equivalents	285,857	625,677
Inventories	11,365,418	9,551,163
Other current assets	541,848	522,239
	12,193,123	10,699,079
Non-current liabilities		
Financial liabilities (excluding payables)	4,248,226	3,642,275
Other non-current liabilities	34,681	-
	4,282,907	3,642,275
Current liabilities		
Financial liabilities (excluding payables)	8,184	7,487
Other current liabilities	1,963,206	1,997,648
	1,971,390	2,005,135
Net assets	6,230,468	5,320,904

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# 13 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:

	31.12.2018	30.6.2018
Net assets		
At beginning of the financial period/year	5,320,904	4,663,333
Total comprehensive (loss)/income for the financial period/year	(19,275)	235,696
Additional allotment during the financial period/year	973,677	677,521
Exchange differences	(44,838)	(255,646)
At end of the financial period/year	6,230,468	5,320,904
Group's interest in the joint venture	40%	40%
Carrying amount at the end of the financial period/year	2,492,187	2,128,361

#### b. Share of capital commitments and contingent liabilities

The Group's share of capital commitments are as follows:

	31.12.2018	30.6.2018
Approved and contracted for purchase of land for property development	111,679	112,109

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 38(b).

## 14 Associates

The Group's interest in the associates, their respective principal activities and countries of incorporation are shown in Note 44.

In the opinion of the Directors, the Group has no associate which is individually material as at 31 December 2018.

The Group's and the Company's investments in associates are as follows:

	Group	
	Financial period ended 31.12.2018	Financial year ended 30.6.2018
Share of results	940	1,205
Share of other comprehensive income	776	1,783
Share of total comprehensive income for the financial period/year	1,716	2,988

The share of profit for the current financial period included impairment loss of RM0.4 million (30 June 2018: RM2.2 million).

	Group		Company	
	31.12.2018	30.6.2018	31.12.2018	30.6.2018
Unquoted shares, at costs	36,803	36,803	36,600	36,600
Share of post-acquisition reserves	97,074	96,790	_	_
Shareholder's advance	9,419	9,419	9,419	9,419
Accumulated impairment losses	(2,804)	(2,437)	(1,626)	(1,259)
Carrying amount at the end of the financial period/year	140,492	140,575	44,393	44,760

The shareholder's advance to an associate is unsecured and bears interest at a rate of 7.65% (30 June 2018: 7.65%) per annum. The advance is considered as part of the Group's and the Company's investment in the associate.

#### Share of capital commitments and contingent liabilities

There are neither capital commitment nor contingent liabilities relating to the Group's interest in the associates.

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## 15 Finance Income

	Group		Company	
	Financial period ended 31.12.2018	Financial year ended 30.6.2018	Financial period ended 31.12.2018	Financial year ended 30.6.2018
Finance income arising from:				
– subsidiaries	_	_	104,079	234,616
– joint ventures	_	3,663	_	2,500
<ul> <li>banks and other financial institutions</li> <li>accretion of interest on contract assets</li> </ul>	9,175	18,322	2,245	4,153
[Note 28(a)]	54,948	92,554	_	-
- others	1,352	7,234	468	984
	65,475	121,773	106,792	242,253

## 16 Finance Costs

	Group		Company	
	Financial period ended 31.12.2018	Financial year ended 30.6.2018	Financial period ended 31.12.2018	Financial year ended 30.6.2018
Finance costs charged by:				
- banks and other financial institutions	23,476	38,838	11,304	20,317
<ul> <li>non-controlling interest</li> </ul>	3,939	3,731	-	_
– related companies	_	29,938	-	29,924
– subsidiaries	_	-	1,457	14,397
– others	12,145	5,406	300	
	39,560	77,913	13,061	64,638
Islamic financing distribution payment:				
- Syndicated Islamic term financing	30,005	61,618	-	-
– others	16,922	15,954	11,418	-
	46,927	77,572	11,418	_
Total finance costs	86,487	155,485	24,479	64,638
Less interest capitalised in:				
- property development cost [Note 27(b)]	(34,689)	(79,578)	-	-
Net finance costs	51,798	75,907	24,479	64,638

The Group's weighted average capitalisation rate is 4.0% (financial year ended 30 June 2018: 4.3%) per annum.

# 17 Taxation

	Group		Company	
	Financial period ended 31.12.2018	Financial year ended 30.6.2018	Financial period ended 31.12.2018	Financial year ended 30.6.2018
Income tax:				
In respect of current financial period/year				
- Malaysian income tax	83,137	88,460	21,937	30,975
– foreign income tax	942	433	-	-
In respect of prior financial years				
- Malaysian income tax	188,170	(24,520)	34,709	(6,306)
– foreign income tax	5	15	-	
Total income tax	272,254	64,388	56,646	24,669
Deferred tax: [Note 25]				
- origination and reversal of temporary				
differences	(32,055)	(16,057)	(662)	1,457
- write-down due to changes in tax legislation	26,413	-	-	-
- under/(over) provision of prior financial years	6,421	(4,235)	-	
Total deferred tax expense/(credit)	779	(20,292)	(662)	1,457
Total taxation	273,033	44,096	55,984	26,126

# Tax reconciliation

Reconciliation from tax at applicable tax rate to tax expense are as follows:

	Gro	Group		pany
	Financial period ended 31.12.2018	Financial year ended 30.6.2018	Financial period ended 31.12.2018	Financial year ended 30.6.2018
Profit before taxation Less:	(38,146)	728,382	98,118	405,768
Share of results of:				
– joint ventures [Note 13]	48,306	(88,349)	_	_
– associates [Note 14]	(940)	(1,205)	-	_
	9,220	638,828	98,118	405,768

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# 17 Taxation (continued)

#### Tax reconciliation (continued)

Reconciliation from tax at applicable tax rate to tax expense are as follows: (continued)

	Group		Company		
	Financial period ended 31.12.2018	Financial year ended 30.6.2018	Financial period ended 31.12.2018	Financial year ended 30.6.2018	
Applicable tax	4,611	158,451	23,548	97,384	
Effect of tax incentives and income not subject to tax:					
– single tier and tax exempt dividends	-	-	(52,608)	(138,393)	
– gain on disposal of subsidiaries		<i>-</i>			
and an associate	-	(76,277)	-	(40,034)	
- others	(2,736)	(10,234)	-	-	
Effect of expenses not deductible for tax purposes					
<ul> <li>impairment/(reversal of impairment) of amounts due from subsidiaries</li> </ul>	_	_	578	(44,060)	
- impairment of investment in subsidiaries	_	_	47,695	151,822	
- provision on obligation in relation to a			47,033	131,022	
property disposed	4,104	_	_	_	
– others	1,860	17,094	2,062	5,713	
Deferred tax assets not recognised in respect of current financial period's/year's tax losses	44,912	9,304	-	-	
Recognition of previously unrecognised temporary differences	(727)	(25,502)	-	-	
Deferred tax asset written down due to changes in tax legislation	26,413	_	_	_	
Under/(Over) provision in prior years	194,596	(28,740)	34,709	(6,306)	
Taxation for the financial period/year	273,033	44,096	55,984	26,126	
Applicable tax rate (%)	17.0 – 30.0	17.0 – 30.0	24.0	24.0	
Effective tax rate (%)	2,961.3	6.9	57.1	6.4	

The applicable tax of the Group represents the applicable taxes of all companies under the Group based on their respective domestic tax rate.

Tax expenses provided for the current financial period were mainly attributable to ongoing tax audits by the Inland Revenue Board ("IRB"), the absence of group relief for losses incurred by certain subsidiaries and the write-down of deferred tax assets following the changes to the tax legislation.

The provisions are made in the financial statements purely for the purposes of complying with the relevant accounting standards as the Group is engaging with the IRB on their preliminary findings of the tax audits and the basis of the treatments and assumptions used by the IRB in computing the purported additional taxes.

# 18 Earnings Per Share

Basic earnings per share attributable to owners of the Company are computed as follows:

	Group	
	Financial period ended 31.12.2018	Financial year ended 30.6.2018
(Loss)/Profit for the financial period/year	(318,700)	640,008
Weighted average number of ordinary shares in issue (thousand)	6,800,839	5,753,756
Basic (loss)/earnings per share (sen)	(4.7)	11.1

The weighted average number of ordinary shares for the financial year ended 30 June 2018 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 period/year.

#### 19 Dividends

	Group/Company	
	Financial period ended 31.12.2018	Financial year ended 30.6.2018
In respect of the financial year ended 30 June 2018,  – a first interim single tier dividend of 2.0 sen per ordinary share which was paid on 26 April 2018	_	136,017
<ul> <li>a second interim single tier dividend of 3.0 sen per ordinary share which was paid on 26 October 2018</li> </ul>	204,025	_

The Board of Directors had on 27 February 2019, declared an interim single tier dividend in respect of the financial period ended 31 December 2018 of 1.0 sen per ordinary share amounting to RM68.0 million. The interim dividend is payable on 26 April 2019 to shareholders whose names appear in the Record of Depositors and Register of Members of the Company at the close of business on 29 March 2019.

The Board of Directors do not recommend the payment of any final dividend for the financial period ended 31 December 2018.

Notes to the Financial Statements
For the six months period ended 31 December 2018

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# 20 Property, Plant and Equipment

Group	Freehold land	Leasehold land	Buildings	Plant and machinery	Vehicles, equipment and fixtures	Capital work in progress	Total
31.12.2018							
At beginning of the financial period	60,978	84,632	522,678	5,818	55,596	5,457	735,159
Additions	_	_	1,395	99	1,393	641	3,528
Disposals	(412)	-	(2,158)	(70)	(211)	-	(2,851)
Write-off	_	-	(71)	_	(184)	(48)	(303)
Transferred to non-current assets held							
for sale	(1,950)	(53,404)	(22,417)	(732)	(831)	-	(79,334)
Reclassification	-	-	4,347	-	-	(4,347)	-
Depreciation [Notes 8 & 10]	-	(703)	(9,857)	(988)	(6,668)	-	(18,216)
Exchange differences	3	1,320	1,039	24	77	(1)	2,462
At end of the financial period	58,619	31,845	494,956	4,151	49,172	1,702	640,445
Cost Accumulated depreciation Accumulated impairment losses	59,147 - (528)	32,998 (1,153)	702,862 (204,206) (3,700)	41,788 (37,585) (52)	178,152 (128,708) (272)	1,702	1,016,649 (371,652) (4,552)
<del></del>	(528)	_	(3,700)	(52)	(272)		(4,552)
Carrying amount at the end of the financial period	58,619	31,845	494,956	4,151	49,172	1,702	640,445
30.6.2018							
At beginning of the financial year	71,251	95,782	534,408	7,274	63,929	52,689	825,333
Additions	- (2.225)	-	7,601	1,363	9,999	4,988	23,951
Disposals	(9,986)	1 006	(994)	-	(1,004)	-	(11,984)
Reversal of impairment losses	-	1,326	244	-	(0.070)	-	1,570
Write-off	-	-	-	-	(2,372)	-	(2,372)
Transferred to investment properties [Note 21]	_	(8,321)	(8,993)	_	_	(40,490)	(57,804)
Reclassification	_	(0,321)	11,664	_	(255)	(11,409)	(37,004)
Depreciation [Notes 8 & 10]	_	(1,406)	(19,135)	(2,763)	(14,506)	(11,403)	(37,810)
Exchange differences	(287)	(2,749)	(2,117)	(56)	(195)	(321)	(5,725)
At end of the financial year	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

# 20 Property, Plant and Equipment (continued)

Company	Plant and machinery	Vehicles, equipment and fixtures	Total
31.12.2018			
At beginning of the financial period	_	3,498	3,498
Additions	_	434	434
Disposals	_	*	*
Write-off	*	-	*
Depreciation [Notes 8 & 10]	_	(631)	(631)
At end of the financial period	_	3,301	3,301
Cost	_	38,237	38,237
Accumulated depreciation	_	(34,936)	(34,936)
Carrying amount at the end of the financial period	-	3,301	3,301
30.6.2018			
At beginning of the financial year	_	3,025	3,025
Additions	_	1,998	1,998
Disposals	_	*	*
Depreciation [Notes 8 & 10]	-	(1,525)	(1,525)
At end of the financial year	_	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

<sup>\*</sup> less than RM1,000

As at 31 December 2018, property, plant and equipment of certain subsidiaries with a total carrying amount of RM74.6 million (30 June 2018: RM75.5 million) were pledged as security for borrowings of the Group (see Note 34(e)(iii)).

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# 21 Investment Properties

Group	Freehold land	Leasehold land	Buildings	Work in progress	Total
31.12.2018					
At beginning of the financial					
period	45,528	8,166	206,514	345,753	605,961
Additions	-	-	-	53,084	53,084
Disposals	-	-	(10,685)	-	(10,685)
Impairment losses	-	-	(1,223)	-	(1,223)
Reclassification	1,532	8,246	62,408	(72,186)	-
Depreciation [Notes 8 & 10]	-	(231)	(2,807)	-	(3,038)
Exchange differences	-	-	107	-	107
At end of the financial period	47,060	16,181	254,314	326,651	644,206
Cost	47,060	36,135	293,938	326,651	703,784
Accumulated depreciation	_	(10,088)	(38,401)	-	(48,489)
Accumulated impairment losses	_	(9,866)	(1,223)	_	(11,089)
Carrying amount at the end of the financial period	47,060	16,181	254,314	326,651	644,206
the imancial period	47,000	10,101	254,514	320,031	044,200
30.6.2018					
At beginning of the financial year	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 20]	-	8,321	9,024	40,459	57,804
Reclassification	-	(8,246)	(5,891)	14,137	_
Depreciation [Notes 8 & 10]	-	(613)	(6,160)	-	(6,773)
Exchange differences	-	(1)	(2,245)	-	(2,246)
At end of the financial year	45,528	8,166	206,514	345,753	605,961
Cost	45,528	27,889	242,892	345,753	662,062
Accumulated depreciation	+3,328	(9,857)	(36,378)	5 <del>4</del> 5,755	(46,235)
Accumulated impairment losses	-	(9,866)	(30,376)	-	(9,866)
Carrying amount at the end of the financial year	45,528	8,166	206,514	345,753	605,961

## 21 Investment Properties (continued)

Rental income generated from and direct operating expenses incurred on the Group's investment properties are as follows:

	Financial	Financial
	period ended	year ended
	31.12.2018	30.6.2018
Rental income	20,048	28,194
Direct operating expenses	(5,869)	(13,783)

The fair value of the Group's investment properties are as follows:

	31.12.2018	30.6.2018
Level 2	1,187,904	1,205,369
Level 3	667,727	650,480
	1,855,631	1,855,849

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:

- i. 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.
- ii. 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 31 December 2018, investment properties of certain subsidiaries with a total carrying amount of RM148.1 million (30 June 2018: RM149.9 million) were pledged as security for borrowings of the Group (see Note 34(e)(iii)).

#### 22 Subsidiaries

The Group's effective equity interest in the subsidiaries, their respective principal activities and countries of incorporation are shown in Note 44.

	Com	pany
	31.12.2018	30.6.2018
Unquoted shares:		
At cost	5,677,725	5,292,172
Accumulated impairment losses	(1,100,394)	(901,663)
	4,577,331	4,390,509
Contribution to a subsidiary	23,485	23,485
Carrying amount at the end of the financial period/year	4,600,816	4,413,994

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## 22 Subsidiaries (continued)

During the financial period ended 31 December 2018, the Company increased its investment in subsidiaries by RM385.6 million (financial year ended 30 June 2018: RM1,743.1 million) via capital injection of RM385.6 million (financial year ended 30 June 2018: RM278.5 million) and capitalisation of amounts due from the subsidiaries of RM Nil million (financial year ended 30 June 2018: RM1,464.6 million).

During the financial period, the Company recognised an impairment loss of RM198.7 million, resulting in a total accumulated impairment losses of RM1,100.4 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 of 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.

#### 23 Investments

	Quoted	Unquoted	
Group/Company	shares	shares	Total
31.12.2018			
At beginning of the financial period	3,951	35,500	39,451
Net changes in fair value:			
- credited to other comprehensive income	_	21,411	21,411
– charged to profit or loss	(1,623)	-	(1,623)
At end of the financial period	2,328	56,911	59,239
30.6.2018			
30.0.2018			
At beginning of the financial year	10,841	35,500	46,341
	10,841 (5,451)	35,500 -	46,341 (5,451)
At beginning of the financial year		<b>,</b>	,

## 24 Intangible Assets

	Group		Company	
	31.12.2018	30.6.2018	31.12.2018	30.6.2018
At beginning of the financial period/year	3,964	5,386	3,539	5,081
Additions	448	802	448	535
Write-off	(22)	(28)	_	_
Amortisation [Notes 8 & 10]	(936)	(2,196)	(883)	(2,077)
At end of the financial period/year	3,454	3,964	3,104	3,539
Cost	24,722	24,336	22,639	22,191
Accumulated amortisation	(21,268)	(20,372)	(19,535)	(18,652)
Carrying amount at the end of the financial period/year	3,454	3,964	3,104	3,539

## 25 Deferred Tax

	Group		Company	
	31.12.2018	30.6.2018	31.12.2018	30.6.2018
Deferred tax assets	487,225	460,284	13,347	12,550
Deferred tax liabilities	(170,175)	(144,429)	-	-
	317,050	315,855	13,347	12,550

The amount of other temporary differences, which have no expiry dates and unutilised tax losses for which no deferred tax asset is recognised in the statements of financial position are as follows:

	Group		Company	
	31.12.2018	30.6.2018	31.12.2018	30.6.2018
Other temporary differences and unutilised tax losses	419,983	235,879	-	_
Deferred tax assets not recognised	100,796	56,611	-	-

In accordance with the provision in Finance Act 2018, the unutilised tax losses are available for utilisation in the next seven years, for which, any excess at the end of the seventh year, will be disregarded. Deferred tax assets have not been recognised in respect of other temporary differences and unutilised tax losses because it is probable that the future taxable profits of certain loss-making subsidiaries would not be available against which the tax losses and temporary differences can be utilised.

The Group has recognised deferred tax assets amounting to RM133.9 million (30 June 2018: RM128.8 million) arising from the unutilised tax losses of subsidiaries which are loss-making during the financial period, 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.

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# 25 Deferred Tax (continued)

The components and movements of the deferred tax assets and liabilities during the financial period/year are as follows:

	Property, plant and	Property	Allowance for	Tax losses and unabsorbed capital			
Group	equipment	development	impairment	allowances	Provision	Others	Total
31.12.2018							
At end of previous financial	(4 =00)	400		40-0-4		(00.004)	
year	(1,533)	180,572	3,666	125,054	36,900	(28,804)	315,855
Effect of the adoption of MFRS 9 [Note 45]	-	-	872	244	937	_	2,053
At beginning of the financial period Credited/(Charged) to profit	(1,533)	180,572	4,538	125,298	37,837	(28,804)	317,908
or loss: [Note 17] - origination/(reversal) of temporary differences - write-down/(writeback)	841	21,731	10,981	18,886	1,070	(21,454)	32,055
due to changes in tax legislation	6,480	_	205	(24,436)	(1,248)	(7,414)	(26,413)
- over/(under) provision of							
prior financial years	6	(3,306)	-	(1,467)	(1)	(1,653)	(6,421)
Exchange differences	(17)	-	-	(63)	-	1	(79)
At end of the financial period	5,777	198,997	15,724	118,218	37,658	(59,324)	317,050
30.6.2018 At beginning of the financial year (Charged)/Credited to profit or loss: [Note 17] – (reversal)/origination of	(1,034)	151,855	3,566	123,913	43,038	(25,581)	295,757
temporary differences	(347)	24,208	100	1,824	(5,278)	(4,450)	16,057
<ul> <li>- (under)/over provision of prior financial years</li> <li>Disposal of subsidiaries</li> <li>Exchange differences</li> </ul>	(17) (170) 35	4,509 - -	- -	(683) - -	(860) - -	1,286 - (59)	4,235 (170) (24)
At end of the financial year	(1,533)	180,572	3,666	125,054	36,900	(28,804)	315,855

# 25 Deferred Tax (continued)

The components and movements of the deferred tax assets and liabilities during the financial period/year are as follows: (continued)

Company	Property, plant and equipment	Property development	Allowance for impairment	Tax losses and unabsorbed capital allowances	Provision	Others	Total
31.12.2018							
At end of previous financial year Effect of the adoption of	(289)	3,498	3,498	1,569	3,922	352	12,550
MFRS 9 [Note 45]	-	-	135	-	-	-	135
At beginning of the financial period Credited/(Charged) to profit or loss: [Note 17]	(289)	3,498	3,633	1,569	3,922	352	12,685
<ul> <li>origination/(reversal) of temporary differences</li> </ul>	75	(3,005)	1,179	341	(556)	2,628	662
At end of the financial period	(214)	493	4,812	1,910	3,366	2,980	13,347
30.6.2018 At beginning of the financial year Credited/(Charged) to profit or loss: [Note 17] - origination/(reversal) of	(483)	-	3,565	1,022	9,903	-	14,007
temporary differences	194	3,498	(67)	547	(5,981)	352	(1,457)
At end of the financial year	(289)	3,498	3,498	1,569	3,922	352	12,550

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#### 26 Receivables

	Gro	up	Company		
	31.12.2018	30.6.2018	31.12.2018	30.6.2018	
Non-current					
Amounts due from:					
<ul><li>joint ventures [note (a)]</li></ul>	88,000	73,000	59,000	50,000	
<ul><li>subsidiaries [note (b)]</li></ul>	_	-	2,912,773	3,447,763	
	88,000	73,000	2,971,773	3,497,763	
Accumulated impairment losses: [note (d)]					
– amounts due from subsidiaries	-	-	(20,572)	(20,572)	
	88,000	73,000	2,951,201	3,477,191	
Current					
Trade receivables [note (c)]	590,860	558,585	29,823	37,117	
Other receivables	89,690	130,320	20,690	19,520	
Deposits	66,185	65,809	4,039	4,201	
GST recoverable	49,245	42,441	454	_	
Amounts due from:					
<ul><li>joint ventures [note (a)]</li></ul>	49,247	26,119	5,857	5,869	
<ul><li>subsidiaries [note (b)]</li></ul>	-	-	872,405	1,054,115	
	845,227	823,274	933,268	1,120,822	
Accumulated impairment losses: [note (d)]					
– trade receivables	(53,714)	(32,179)	-	-	
- other receivables	(50,398)	(36,224)	(15,222)	(14,449)	
– amounts due from joint ventures	(4,536)	-	(4,536)	-	
– amounts due from subsidiaries	-	-	(211,609)	(209,198)	
	(108,648)	(68,403)	(231,367)	(223,647)	
	736,579	754,871	701,901	897,175	
Total receivables	824,579	827,871	3,653,102	4,374,366	

#### 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.

# 26 Receivables (continued)

#### Credit quality of financial assets (continued)

Other receivables and amounts due from joint ventures and subsidiaries which are not impaired are monitored closely and the Group and the Company expect the receivables are 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		Com	pany
	31.12.2018	30.6.2018	31.12.2018	30.6.2018
Amounts due from joint ventures				
Interest bearing	122,500	73,000	59,000	50,000
On deferred payment term	-	11,500	-	-
	122,500	84,500	59,000	50,000
Accretion of discount				
At beginning of the financial period/year	(46)	(411)	-	-
Credited to profit or loss	46	365	-	-
At end of the financial period/year	1	(46)	-	-
	122,500	84,454	59,000	50,000
Non-current				
Due later than 1 year	88,000	73,000	59,000	50,000
Current				
Due not later than 1 year	34,500	11,454	-	
	122,500	84,454	59,000	50,000

The amounts due from joint ventures of the Group and the Company bear interest at fixed rates ranging from 5.0% to 8.0% (30 June 2018: 5.0% to 8.0%) per annum.

#### 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 RM3,343.1 million (30 June 2018: RM3,958.5 million) which bears interest at 5.13% (30 June 2018: 4.78% to 5.13%) per annum.

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## 26 Receivables (continued)

#### c. Trade receivables

Set out below is the ageing analysis of receivables categorised into impaired and not impaired in accordance with MFRS 139:

30.6.2018	Group	Company
Not impaired:		
– not past due	286,451	22,111
– past due by:		
1 to 30 days	96,603	6,294
31 to 60 days	62,067	4,663
61 to 90 days	18,001	2,717
91 to 180 days	19,333	494
More than 180 days	43,951	838
Impaired	32,179	
Gross receivables	558,585	37,117

Credit terms of trade receivables for the financial year ended 30 June 2018 range from 21 days to 90 days.

Trade receivables that are neither past due nor impaired comprises:

- receivables arising from sale of development units to large number of 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
- ii. receivables from creditworthy debtors with good payment records with the Group and the Company.

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. As at 30 June 2018, in the total amount due from these debtors of the Group and of the Company, a cumulative impairment of RM32.2 million and RM Nil, respectively have been made and the balance is expected to be recovered through the debt recovery process.

As at 30 June 2018, trade receivables of the Group and of the Company of RM240.0 million and RM15.0 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 Group's credit risk management objectives, policies and exposure are described in Note 6(a).

# 26 Receivables (continued)

## d. Movement of provision for impairment losses

Movement of provision for impairment losses of receivables are as follows:

		30.6.2018		
Group	12 – month ECL	Lifetime ECL	Total	Total
At end of previous financial year	4,936	63,467	68,403	67,882
Effect of the adoption of MFRS 9 [Note 45]	7,529	8,551	16,080	_
At beginning of the financial period/year Impairment losses of trade and other	12,465	72,018	84,483	67,882
receivables	361	26,152	26,513	2,440
Reversal of impairment losses of trade and other receivables	(699)	(344)	(1,043)	(310)
Write-off	-	(1,306)	(1,306)	(1,604)
Exchange differences	1	-	1	(5)
At end of the financial period/year	12,128	96,520	108,648	68,403
Gross carrying amount as at end of the financial period	299,561	633,666	933,227	
Carrying value net of ECL as at end of the financial period	287,433	537,146	824,579	

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# 26 Receivables (continued)

## d. Movement of provision for impairment losses (continued)

Movement of provision for impairment losses of receivables are as follows: (continued)

		30.6.2018		
Company	12 - month ECL	Lifetime ECL	Total	Total
At end of previous financial year	_	244,219	244,219	455,000
Effect of the adoption of MFRS 9 [Note 45]	564	4,536	5,100	_
At beginning of the financial period/year Impairment losses of	564	248,755	249,319	455,000
– trade and other receivables	209	-	209	-
- amounts due from subsidiaries	_	2,411	2,411	_
Reversal of impairment losses				
– trade and other receivables	_	-	-	(278)
- amounts due from subsidiaries	_	-	-	(183,584)
Write-off	_	-	-	(26,919)
At end of the financial period/year	773	251,166	251,939	244,219
Gross carrying amount as at end of the financial period	71,055	3,833,986	3,905,041	
Carrying value net of ECL as at end of the financial period	70,282	3,582,820	3,653,102	

During the previous financial year, the Company recognised a reversal of impairment loss on the amounts due from subsidiaries of RM183.6 million following the improved results of those subsidiaries and expected future profits from their operations going forward.

#### 27 Inventories

	Group		Com	pany
	31.12.2018	30.6.2018	31.12.2018	30.6.2018
Non-current				
Land held for property development [note (a)]	2,127,594	1,865,841	914,525	913,427
Current				
Cost:				
<ul> <li>completed development units</li> </ul>	379,730	377,117	15,678	26,305
<ul> <li>finished goods, raw materials and consumable stores</li> </ul>	1,563	1,470	_	-
Net realisable value:				
<ul> <li>completed development units</li> </ul>	491,551	458,375	51,329	_
	872,844	836,962	67,007	26,305
Property development costs [note (b)]	3,752,183	4,076,660	150,865	224,690
	4,625,027	4,913,622	217,872	250,995
Total inventories	6,752,621	6,779,463	1,132,397	1,164,422

During the financial period, the Group and the Company recognised inventories cost of RM1,009.3 million (financial year ended 30 June 2018: RM1,590.0 million) and RM98.1 million (financial year ended 30 June 2018: RM53.0 million), respectively, as cost of sales.

The inventories cost included write-down of completed development units recognised by the Group and the Company of RM110.9 million (financial year ended 30 June 2018: reversal of write-down of completed development units of RM38.8 million) and RM4.7 million (financial year ended 30 June 2018: RM Nil), respectively where the net realisable value of these inventories is expected to be below the carrying amount.

As at 31 December 2018, the Group's and the Company's accumulated write-down of the inventories amounted to RM291.5 million (30 June 2018: RM186.2 million) and RM4.7 million (30 June 2018: RM Nil) respectively.

#### a. Land held for property development

	Group		Company	
	31.12.2018	30.6.2018	31.12.2018	30.6.2018
At beginning of the financial period/year Additions:	1,865,841	1,227,225	913,427	223,200
– land	-	690,755	-	689,587
- development costs	1,949	2,718	1,098	640
Disposals	-	(61)	-	_
Transferred from/(to) property development costs [note (b)]	259,804	(54,796)	-	
At end of the financial period/year	2,127,594	1,865,841	914,525	913,427

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# 27 Inventories (continued)

#### a. Land held for property development (continued)

Land held for property development is analysed as follows:

	Group		Company	
	31.12.2018	30.6.2018	31.12.2018	30.6.2018
Freehold land, at cost	1,511,292	1,375,016	909,255	909,255
Leasehold land, at cost	415,643	415,040	-	-
Development costs	200,659	75,785	5,270	4,172
	2,127,594	1,865,841	914,525	913,427

As at 31 December 2018, certain land held for property development of the Group and of the Company with a total carrying amount of RM113.7 million (30 June 2018: RM106.5 million) and RM39.2 million (30 June 2018: RM39.2 million) were pledged as security for borrowings of the Group and the Company, respectively (see Note 34(e)(iii)).

Included in the additions for the financial year ended 30 June 2018 is RM689.6 million which was settled through capitalisation of amount due to Sime Darby Berhad (see Note 37(c)).

#### b. Property development costs

	Group		Company	
	31.12.2018	30.6.2018	31.12.2018	30.6.2018
At beginning of the financial period/year	5,537,049	5,500,115	258,405	222,738
Development costs incurred during the financial period/year	915,301	1,858,121	57,608	46,856
Reversal of provision for statutory development [Note 35]	_	(128,089)	-	-
Transferred (to)/from:				
- land held for property development				
[note (a)]	(259,804)	54,796	-	-
<ul> <li>completed development units</li> </ul>	(258,856)	(182,245)	(55,693)	_
Cost charged out in respect of completed development during the financial period/				
year	(1,059,752)	(1,548,285)	(19,648)	(11,189)
Exchange differences	(2,444)	(17,364)		
At end of the financial period/year	4,871,494	5,537,049	240,672	258,405

# 27 Inventories (continued)

#### b. Property development costs (continued)

	Group		Company	
	31.12.2018	30.6.2018	31.12.2018	30.6.2018
Less: Cost recognised in profit or loss				
At beginning of the financial period/year	(1,460,389)	(1,722,186)	(33,715)	(15,637)
Costs recognised during the financial period/				
year [Note 8]	(619,694)	(1,331,842)	(75,740)	(29,267)
Write-off	(99,766)	_		_
Reversal of write-down	-	39,600	-	-
Cost charged out in respect of completed development during the financial period/				
year	1,059,752	1,548,285	19,648	11,189
Exchange differences	785	5,754	-	-
At end of the financial period/year	(1,119,312)	(1,460,389)	(89,807)	(33,715)
Carrying amount at the end of the financial period/year	3,752,182	4,076,660	150,865	224,690

Property development costs is analysed as follows:

	Group		Company	
	31.12.2018	30.6.2018	31.12.2018	30.6.2018
Freehold land, at cost	268,223	427,004	39,870	40,851
Leasehold land, at cost	157,998	159,548	-	-
	426,221	586,552	39,870	40,851
Development costs	4,445,273	4,950,497	200,802	217,554
Costs recognised in profit or loss	(1,119,312)	(1,460,389)	(89,807)	(33,715)
Carrying amount at the end of the financial				
period/year	3,752,182	4,076,660	150,865	224,690

During the financial period, the Group wrote off development cost amounting to RM99.8 million for two projects where launches have been deferred and are being replanned to respond to the current market demand. In the previous financial year, the Group recognised a reversal of write-down of development cost amounting to RM39.6 million in relation to a development project where the selling price of those inventories exceeded their carrying amounts.

Included in the Group's property development costs incurred during the financial period are finance costs capitalised amounting to RM34.7 million (financial year ended 30 June 2018: RM79.6 million) (see Note 16).

As at 31 December 2018, property development projects of certain subsidiaries with a total carrying amount of RM489.0 million (30 June 2018: RM244.0 million) were charged as security for borrowings of the Group (see Note 34(e)(iii)).

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# 28 Contract Assets and Contract Liabilities

	Group		Company	
	31.12.2018	30.6.2018	31.12.2018	30.6.2018
Contract Assets				
Contract assets from customers on concession arrangement [note (a)]	1,588,268	1,577,393	-	-
Contract assets from property development [note (b)]	594,417	523,893	83,430	8,005
Carrying amount at the end of the financial period/year	2,182,685	2,101,286	83,430	8,005
Non-current				
Due later than 1 year	1,409,083	1,413,417	-	-
Current				
Due not later than 1 year	773,602	687,869	83,430	8,005
	2,182,685	2,101,286	83,430	8,005
Contract Liabilities				
Contract liabilities from property development [note (b)]	203,971	289,454	7,362	8,881
Advance annual license fees on golf club			-	,
memberships	261,756	261,997	-	-
Others	1,036	2,031	-	_
Carrying amount at the end of the financial period/year	466,763	553,482	7,362	8,881
Non-summent				
Non-current Due later than 1 year	256,231	255,552	-	-
Current				
Due not later than 1 year	210,532	297,930	7,362	8,881
	466,763	553,482	7,362	8,881

# 28 Contract Assets and Contract Liabilities (continued)

#### a. Concession arrangement

	Group	
	31.12.2018	30.6.2018
Revenue recognised to date	1,557,813	1,536,689
Accretion of discount	291,868	236,920
Progress billings to date	(261,413)	(196,216)
Carrying amount at the end of the financial period/year	1,588,268	1,577,393
Non-current		
Construction contract	1,345,240	1,362,458
Supply of teaching equipment	63,843	50,959
	1,409,083	1,413,417
Current		
Construction contract	147,814	140,845
Supply of teaching equipment	31,371	23,131
	179,185	163,976
Total	1,588,268	1,577,393

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.

The contract asset is pledged as security for borrowings of the Group (see Note 34(e)(iii)).

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## 28 Contract Assets and Contract Liabilities (continued)

#### b. Property Development

The Group and the Company issue progress billings to purchasers when the billing milestones are attained and recognise revenue when the performance obligation are 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	
	31.12.2018	30.6.2018	31.12.2018	30.6.2018
Contract assets	594,417	523,893	83,430	8,005
Contract liabilities	(203,971)	(289,454)	(7,362)	(8,881)
	390,446	234,439	76,068	(876)
At beginning of the financial period/year Revenue recognised during the financial	234,439	157,987	(876)	14,484
period/year Progress billings during the financial period/	1,159,268	2,077,399	140,306	70,177
year	(1,003,261)	(2,000,947)	(63,362)	(85,537)
At end of the financial period/year	390,446	234,439	76,068	(876)

#### 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	
	31.12.2018	30.6.2018	31.12.2018	30.6.2018
Within 1 year	1,679,269	1,345,764	214,743	163,215
Between 1 and 4 years	558,981	729,231	7,720	40,039
	2,238,250	2,074,995	222,463	203,254

## 29 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 as at the end of the financial period ranges from 2.2% to 2.9% (30 June 2018: 2.0%) per annum.

# 30 Bank Balances, Deposits and Cash

	Group		Company	
	31.12.2018	30.6.2018	31.12.2018	30.6.2018
Deposits with licensed banks	66,594	150,146	20,000	13,000
Cash at banks and in hand	238,978	106,280	125,614	46,476
Carrying amount at the end of the financial period/year	305,572	256,426	145,614	59,476
Effective interest rate per annum as at the end of the financial period/year:	%	%	%	%
Deposits with licensed banks	2.57	2.76	3.20	2.92

Deposits with licensed banks of certain subsidiaries with carrying amount of RM63.3 million (30 June 2018: RM74.7 million) were pledged as security for borrowings of the Group (see Note 34(e)(iii)).

#### 31 Non-Current Assets Held for Sale

Group	31.12.2018
Non-current assets held for sale	
– property, plant and equipment	79,519

During the financial period, the Group classified Darby Park Executive Suites in Singapore and two bungalows in Penang under assets held for sale.

The sale and purchase agreement for Darby Park Executive Suites in Singapore was signed on 1 November 2018. Subsequent to the end of the financial period, the sale was completed on 31 January 2019 for a consideration of SGD93.0 million.

The sale and purchase agreement for the two bungalows in Penang was signed on 19 December 2018. The completion is subjected to the fulfillment of conditions precedent.

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## 32 Share Capital

	Group/Company			
	Number of shares (thousand)		Share capital	
	31.12.2018	30.6.2018	31.12.2018	30.6.2018
Issued and fully paid up:				
Ordinary shares				
At beginning of the financial period/year	6,800,839	1,000,000	6,800,839	1,000,000
Issuance of shares	_	5,800,839	-	5,800,839
At end of the financial period/year	6,800,839	6,800,839	6,800,839	6,800,839
Redeemable preference shares				
At beginning of the financial period/year	_	1,405,496	-	1,405,496
Redemption of shares	_	(1,405,496)	-	(1,405,496)
At end of the financial period/year	_	-	-	_
Total	6,800,839	6,800,839	6,800,839	6,800,839

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:

- i. 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;
- ii. 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 36); and
- iii. 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 37(c)).

## 33 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 31 December 2018 are as follows:

Name of subsidiaries

Place of business

Sime Darby Brunsfield Holding Sdn Bhd ("SDBH")

Malaysia

Sime Darby Property Selatan Sdn Bhd ("SDPS")

Malaysia

# 33 Non-controlling Interests (continued)

The profit, comprehensive income and net assets attributable to owners of non-controlling interests are as follows:

Group	Material non-controlling interests	Others	Total
Financial period ended 31.12.2018			
Profit/(Loss) for the financial period	11,032	(3,511)	7,521
Other comprehensive (loss)/income for the financial period	(839)	122	(717)
Total comprehensive income/(loss) for the financial period	10,193	(3,389)	6,804
Net assets	211,573	25,308	236,881
Financial year ended 30.6.2018			
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 for the financial year	28,374	10,468	38,842
Dividend paid to non-controlling interests	_	(74,679)	(74,679)
Net assets	202,140	28,697	230,837

## 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:

Group	SDBH	SDPS	Total
Financial period ended 31.12.2018			
Revenue	51,217	38,976	90,193
Profit for the financial period	21,555	6,025	27,580
Other comprehensive loss for the financial period	(2,098)	-	(2,098)
Total comprehensive income for the financial period	19,457	6,025	25,482
Effect of the adoption of MFRS 9	(1,737)	(164)	(1,901)
Attributable to non-controlling interests:			
– profit for the financial period	8,622	2,410	11,032
– other comprehensive loss for the financial period	(839)	-	(839)
- total comprehensive income for the financial period	7,783	2,410	10,193
Attributable to non-controlling interests the effect of the adoption of MFRS 9	(695)	(65)	(760)

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# 33 Non-controlling Interests (continued)

## Summarised financial information (continued)

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: (continued)

Group	SDBH	SDPS	Total
Financial year ended 30.6.2018			
Revenue	110,189	125,650	235,839
Profit for the financial year	21,110	62,846	83,956
Other comprehensive loss for the financial year	(13,021)	_	(13,021)
Total comprehensive income	8,089	62,846	70,935
Attributable to non-controlling interests:			
- profit for the financial year	8,444	25,138	33,582
– other comprehensive loss	(5,208)	_	(5,208)
- total comprehensive income	3,236	25,138	28,374

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
31.12.2018			
Non-current assets	344,375	1,410,716	1,755,091
Current assets	816,687	333,030	1,149,717
Non-current liabilities	(477,354)	(923,919)	(1,401,273)
Current liabilities	(660,713)	(313,890)	(974,603)
Net assets	22,995	505,937	528,932
Proportion of equity held by non-controlling interests	40%	40%	
Non-controlling interests	9,198	202,375	211,573
20.5.2010			
30.6.2018	220 527	1 406 046	1 706 070
Non-current assets Current assets	329,527	1,406,846	1,736,373
Non-current liabilities	1,163,804 (992,709)	354,399 (936,322)	1,518,203 (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

# 33 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
Financial period ended 31.12.2018			
Cash (used in)/from operations	(43,505)	63,436	19,931
Tax paid	(1,171)	(4,023)	(5,194)
Net cash (used in)/from operating activities	(44,676)	59,413	14,737
Net cash from investing activities	105	2,220	2,325
Net cash from/(used in) financing activities	15,567	(73,932)	(58,365)
Net decrease in cash and cash equivalents	(29,004)	(12,299)	(41,303)
Cash and cash equivalents at the beginning of the financial			
period	44,771	92,414	137,185
Exchange differences	(42)	-	(42)
Cash and cash equivalents at the end of the financial period	15,725	80,115	95,840
Financial year anded 20 C 2010			
Financial year ended 30.6.2018			
Cash (used in)/from operations	(102,374)	100,526	(1,848)
•	(102,374) (8,444)	100,526 (1,802)	(1,848) (10,246)
Cash (used in)/from operations	' '		
Cash (used in)/from operations Tax paid	(8,444)	(1,802)	(10,246)
Cash (used in)/from operations  Tax paid  Net cash (used in)/from operating activities	(8,444)	(1,802) 98,724	(10,246)
Cash (used in)/from operations Tax paid  Net cash (used in)/from operating activities  Net cash from investing activities	(8,444) (110,818) 785	(1,802) 98,724 1,505	(10,246) (12,094) 2,290
Cash (used in)/from operations Tax paid  Net cash (used in)/from operating activities  Net cash from investing activities  Net cash from/(used in) financing activities	(8,444) (110,818) 785 15,113	(1,802) 98,724 1,505 (61,709)	(10,246) (12,094) 2,290 (46,596)
Cash (used in)/from operations Tax paid  Net cash (used in)/from operating activities Net cash from investing activities Net cash from/(used in) financing activities  Net (decrease)/increase in cash and cash equivalents  Cash and cash equivalents at the beginning of the financial year	(8,444) (110,818) 785 15,113	(1,802) 98,724 1,505 (61,709)	(10,246) (12,094) 2,290 (46,596)
Cash (used in)/from operations Tax paid  Net cash (used in)/from operating activities Net cash from investing activities Net cash from/(used in) financing activities  Net (decrease)/increase in cash and cash equivalents Cash and cash equivalents at the beginning of the financial	(8,444) (110,818) 785 15,113 (94,920)	(1,802) 98,724 1,505 (61,709) 38,520	(10,246) (12,094) 2,290 (46,596) (56,400)

The information above represents amounts after Group adjustments.

Notes to the Financial Statements
For the six months period ended 31 December 2018

Amounts in RM thousand unless otherwise stated

# 34 Borrowings

	Group		Company	
	31.12.2018	30.6.2018	31.12.2018	30.6.2018
Non-current				
Term loans [note (a)]				
- secured	185,436	271,299	-	-
- unsecured	49,000	143,500	-	49,000
Islamic financing – secured [note (b)]	744,678	656,905	500,000	496,365
Syndicated Islamic term financing – secured [note (c)]	765,567	796,906	_	-
Amounts due to non-controlling interests -				
unsecured [note (d)]	180,540	177,911	-	
	1,925,221	2,046,521	500,000	545,365
Current				
Term loans [note (a)]				
- secured	102,901	33,748	-	_
- unsecured	186,119	179,169	94,705	91,191
Islamic financing – secured [note (b)]	52,297	51,900	1,055	756
Revolving credits – unsecured	940,618	170,109	-	170,109
Syndicated Islamic term financing – secured [note (c)]	63,572	59,107	_	-
Amounts due to non-controlling interests – unsecured [note (d)]	2,309	1,798	_	-
	1,347,816	495,831	95,760	262,056
Total borrowings	3,273,037	2,542,352	595,760	807,421
Secured	1 014 451	1 060 065	E01 0FF	407 121
Unsecured	1,914,451 1,358,586	1,869,865 672,487	501,055 94,705	497,121 310,300
Total borrowings	3,273,037	2,542,352	595,760	807,421

# 34 Borrowings (continued)

Movements in the borrowings are as follows:

	Group		Company	
	31.12.2018	30.6.2018	31.12.2018	30.6.2018
At beginning of the financial period/year Long-term borrowings:	2,542,352	2,064,281	807,421	224,264
– raised	115,934	558,305	_	500,000
- repaid	(110,376)	(261,060)	(41,865)	(87,635)
Short-term borrowings (net)	724,500	170,000	(170,000)	170,000
Finance costs	74,342	120,141	22,722	20,317
Finance costs paid	(73,715)	(109,315)	(22,518)	(19,525)
At end of the financial period/year	3,273,037	2,542,352	595,760	807,421

#### a. Term Loans

	Group		Company	
	31.12.2018	30.6.2018	31.12.2018	30.6.2018
Secured	288,337	305,047	_	_
Unsecured	235,119	322,669	94,705	140,191
Total	523,456	627,716	94,705	140,191
The maturity periods are as follows:				
– Less than 1 year	289,020	212,917	94,705	91,191
– Between 1 and 2 years	61,000	235,426	-	49,000
– Between 2 and 5 years	173,436	179,373	-	
Total	523,456	627,716	94,705	140,191

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.

# b. Islamic financing - Secured

	Gro	Group		Company	
	31.12.2018	30.6.2018	31.12.2018	30.6.2018	
The maturity periods are as follows:					
– Less than 1 year	52,297	51,900	1,055	756	
- Between 1 and 2 years	64,990	50,000	-	-	
- Between 2 and 5 years	330,296	340,082	201,000	264,365	
– More than 5 years	349,392	266,823	299,000	232,000	
Total	796,975	708,805	501,055	497,121	

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## 34 Borrowings (continued)

#### b. Islamic financing - Secured (continued)

The Islamic financing facilities of the Group and the Company are secured by way of:

- i. legal charge over certain land of the subsidiaries;
- ii. specific debenture incorporating fixed and floating charges over project assets and properties of certain subsidiaries;
- iii. assignment of rights, titles, profits and benefits under project contracts and proceeds from projects and insurance; and
- iv. subordination of shareholders advances of certain subsidiaries.

#### c. Syndicated Islamic term financing - Secured

The Syndicated Islamic term financing 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	
	31.12.2018	30.6.2018
The maturity periods are as follows:		
– Less than 1 year	63,572	59,107
– Between 1 and 2 years	71,632	62,678
– Between 2 and 5 years	241,758	241,758
– More than 5 years	452,177	492,470
Total	829,139	856,013

The Syndicated Islamic term financing 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 31 December 2018 is RM1,706.9 million (30 June 2018: RM1,742.2 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. legal assignment over all of the four subsidiaries' rights, titles, interests and benefits under the performance bonds/guarantees for the project;
- v. second legal charge over the shares of the four subsidiaries; 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.

## 34 Borrowings (continued)

#### 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% (30 June 2018: 4.78% to 5.13%) 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		
		31.12.2018	30.6.2018	31.12.2018	30.6.2018	
		% per annum	% per annum	% per annum	% per annum	
i.	Islamic financing					
	The average effective distribution payments are as follows:					
	<ul> <li>Islamic financing</li> </ul>	4.59	4.60	4.53	4.52	
	- Syndicated Islamic term financing	7.00	7.00	-	-	
ii.	Conventional financing					
	The average effective interest rates are as follows:					
	- Term Ioans	4.56	4.27	4.16	4.00	
	<ul> <li>Revolving credits</li> </ul>	4.18	4.19	-	4.19	
	<ul> <li>Amounts due to non-controlling interests</li> </ul>	5.12	4.84	-	-	

#### iii. Secured financing

As at 31 December 2018, borrowings amounting to RM1,914.5 million (30 June 2018: RM1,869.9 million) and RM501.1 million (30 June 2018: RM497.1 million) 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	
	31.12.2018	30.6.2018	31.12.2018	30.6.2018
Property, plant and equipment [Note 20]	74,578	75,508	_	-
Investment properties [Note 21]	148,112	149,853	-	-
Inventories				
<ul> <li>Land held for property development [Note 27(a)]</li> </ul>	113,710	106,469	39,197	39,197
<ul> <li>Property development cost</li> </ul>				
[Note 27(b)]	489,042	244,042	-	-
Contract assets [Note 28]	1,588,268	1,577,393	-	-
Other assets	118,593	165,062	-	-
	2,532,303	2,318,327	39,197	39,197

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Amounts in RM thousand unless otherwise stated

#### 35 Provisions

Group	Provision for statutory development	Obligation in relation to a property disposed	Relocation, construction and security costs	Defects liability	Total
31.12.2018					
At beginning of the financial period	_	29,609	40,501	5,393	75,503
Additions	_	24,142	9,684	_	33,826
Utilised	_	-	(749)	(632)	(1,381)
Exchange differences	_	876	(1)	_	875
At end of the financial period	_	54,627	49,435	4,761	108,823
Current	_	54,627	49,435	4,761	108,823
30.6.2018					
At beginning of the financial year	128,089	32,834	21,519	2,464	184,906
(Reversal)/additions	(128,089)	(1,599)	21,416	3,055	(105,217)
Utilised	_	_	(2,429)	(126)	(2,555)
Exchange differences	-	(1,626)	(5)	_	(1,631)
At end of the financial year	_	29,609	40,501	5,393	75,503
Non-current	_	29,609	_	_	29,609
Current	_	_	40,501	5,393	45,894
Total	-	29,609	40,501	5,393	75,503

#### a. Provision for statutory development

The provision was 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 previous financial year, 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. Obligation in relation to a property disposed

The provision is in relation to an undertaking arrangement entered on the disposal of a property with the purchaser.

## 35 Provisions (continued)

#### c. Relocation, construction and security costs

The provision for relocation, construction and security costs are made following contractual obligations in relation to property development projects.

#### 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 for compensation due to defects.

# 36 Contribution from Former Immediate Holding Company and Loans Due to Related Companies

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 32).

Movements in the loans due to related companies were as follows:

30.6.2018	Group	Company
At beginning of the financial year	2,229,691	2,070,257
Advances	116,500	116,500
Interest expense	29,938	29,924
Interest paid	(29,938)	(29,924)
Pursuant to Sime Darby Berhad Group restructuring:		
- waived by a related company	(159,863)	-
- novated to former immediate holding company [Note 37(c)]	(2,186,757)	(2,186,757)
Exchange differences	429	-
At end of the financial year	-	_

## 37 Payables

	Group		Company		
	31.12.2018	30.6.2018	31.12.2018	30.6.2018	
Trade payables [note (a)]	1,091,461	1,090,299	67,391	34,482	
Other payables	177,326	180,025	7,639	7,420	
Accruals	121,388	151,063	25,992	51,508	
GST payable	_	9,240	-	149	
Amounts due to subsidiaries [note (b)]	_	-	267,033	341,014	
	1,390,175	1,430,627	368,055	434,573	

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## 37 Payables (continued)

#### a. Trade payables

Credit terms of trade payables range from 30 days to 60 days (30 June 2018: 30 days to 60 days).

#### b. Amounts due to subsidiaries

The amounts due to subsidiaries are unsecured, interest free and repayable on demand, except for an amount of RM67.2 million (30 June 2018: RM40.8 million) which bears interest at rates ranging from 3.75% to 5.13% (30 June 2018: 4.78% to 5.13%) per annum.

Movements in the amounts due to subsidiaries are as follows:

	Company	
	31.12.2018	30.6.2018
At beginning of the financial period/year	341,014	723,120
Rationalisation of intercompany balances	-	120,750
Repayment to subsidiaries	(73,981)	(502,856)
Interest expense	1,457	14,397
Interest paid	(1,457)	(14,397)
At end of the financial period/year	267,033	341,014

During the previous financial year, the Company rationalised the intercompany balances between its subsidiaries through intra-group settlement.

#### c. Amounts due to former immediate holding company

The amount due to former immediate holding company has been repaid in December 2017.

Movements in the amount due to the former immediate holding company were as follows:

30.6.2018	Group/ Company
At beginning of the financial year	367,151
Loans novated from a subsidiary of Sime Darby Berhad [Note 36]	2,186,757
Consideration for acquisition of land	689,587
Capitalisation via issuance of new ordinary shares in the Company [Note 32]	(2,895,343)
Repayment	(348,152)
At end of the financial year	_

## 38 Contingent Liabilities and Capital Commitments

#### a. Contingent Liabilities

i. 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 approximately 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 on 19 March 2019, the Defendant commenced cross examination on the Plaintiffs' expert witness. A joint site inspection with the High Court Judge is scheduled on 20 March 2019 and trial will continue on 1, 2 and 4 April 2019.

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. 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.

 Arbitration between Bumimetro Construction Sdn Bhd ("BCSB") v Sime Darby Melawati Development Sdn Bhd ("SDMD")

BCSB ("Claimant"), the main contractor of a development in Melawati, Wilayah Persekutuan Kuala Lumpur ("Project") has referred disputes arising from the Project and the construction contract ("Contract") with SDMD ("Respondent") to arbitration, pursuant to the Letter of Acceptance/Contract by issuing a notice of arbitration ("Notice") on 20 September 2018. In the Notice, the Claimant is claiming for specific damages of approximately RM40 million. SDMD had disputed the claims by the Claimant, in its written response to the Notice ("Response") on 22 October 2018.

The arbitration proceedings will be held in accordance with the rules of the Asian International Arbitration Centre before a single arbitrator. The hearing will commence on 13 January 2020.

The solicitors for SDMD are of the view that there are tenable grounds on the positions taken by SDMD in resisting the claim, subject to detailed assessment when full documentation is disclosed in the proceedings and evidence to be given during the proceedings.

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## 38 Contingent Liabilities and Capital Commitments (continued)

#### b. Capital Commitments

	Gro	Group		Company		
	31.12.2018	30.6.2018	31.12.2018	30.6.2018		
Authorised capital expenditure not provided for in the financial statements:						
Contracted:						
- property, plant and equipment	17	1,772	_	_		
<ul> <li>investment properties</li> </ul>	122,773	175,868	-	-		
	122,790	177,640	_	_		
Not contracted:						
- property, plant and equipment	19,377	-	-	_		
	142,167	177,640	_	_		

#### 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 31 December 2018 is estimated up to GBP143.9 million (equivalent to RM759.1 million) (30 June 2018: GBP243.5 million, equivalent to RM1,289.5 million).

The Board of Directors has also authorised the subscription of shares in Sime Darby MIT Development Sdn Bhd in proportion to the Group's shareholding in the joint venture. As at 31 December 2018, the limit of equity injection authorised is RM86.7 million (30 June 2018: RM112.0 million).

#### ii. Commitments in relation to leases are as follows:

	Group		Company		
	31.12.2018	30.6.2018	31.12.2018	30.6.2018	
Commitments under non-cancellable operating leases:					
<ul><li>expiring not later than 1 year</li><li>expiring later than 1 year</li></ul>	1,191	1,691	700	1,229	
and not later than 5 years	1,116	1,637	586	1,091	

## 39 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 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.

#### a. Segment results

Financial period ended 31.12.2018	Property development	Property investment	Leisure and hospitality	Concession arrangement	Corporate and elimination	Total
Segment revenue:						
External	1,165,202	17,665	47,302	38,976	-	1,269,145
Inter-segment	122	5,089	76	-	(5,287)	-
	1,165,324	22,754	47,378	38,976	(5,287)	1,269,145
Cost of sales	(1,011,795)	(7,720)	(32,468)	(25,674)	212	(1,077,445)
Gross profit	153,529	15,034	14,910	13,302	(5,075)	191,700
Other operating income	4,403	5,816	3,388	-	-	13,607
Selling and marketing expenses	(43,882)	(223)	(1,156)	-	-	(45,261)
Administrative and other expenses	(102,653)	(9,927)	(29,013)	(2,079)	5,075	(138,597)
Operating profit/(loss) Share of results of joint ventures and	11,397	10,700	(11,871)	11,223	-	21,449
associate	(1,574)	822	-	-	(46,614)	(47,366)
Segment result	9,823	11,522	(11,871)	11,223	(46,614)	(25,917)
Other losses	(1,754)	(24,148)	(4)	-	_	(25,906)
Profit/(loss) before interest and taxation	8,069	(12,626)	(11,875)	11,223	(46,614)	(51,823)

#### Note

Included in the share of results of joint ventures and associates is the elimination of RM46.6 million following the sale of land by the Group to Sime Darby MIT Development Sdn Bhd for RM154.1 million.

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Amounts in RM thousand unless otherwise stated

# 39 Segment Information - Group (continued)

## a. Segment results (continued)

Financial period ended 31.12.2018	Property development	Property investment	Leisure and hospitality	Concession arrangement	Corporate and elimination	Total
Included in segment result are:  Depreciation and amortisation  Gain on disposal of:	(7,324)	(3,647)	(10,969)	(250)	-	(22,190)
- property, plant and equipment	8	-	3,160	-	-	3,168
<ul> <li>investment properties</li> <li>Reversal of impairment of receivables</li> </ul>	471	5,640 405	- 167	-	-	5,640 1,043
Impairment of receivables Write-down of inventories	(26,118) (110,871)	(324)	(71) -	-	-	(26,513) (110,871)
Write-off: - property, plant and equipment	(239)	-	(64)	-	-	(303)
- property development expenditure	(99,766)	-		-	-	(99,766)
Included in other losses are: Provision on obligation for property disposed	_	(24,142)	-	_	-	(24,142)
Included in share of results of associates are:						
Impairment of associates	(367)	-	-	-	_	(367)

# 39 Segment Information – Group (continued)

## a. Segment results (continued)

Financial year ended 30.6.2018	Property development	Property investment	Leisure and hospitality	Concession arrangement	Corporate and elimination	Total
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)
Gross profit	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	(178,416)	(20,642)	(63,994)	(2,765)	9,923	(255,894)
Operating profit/(loss)	261,926	4,729	(26,399)	36,499	-	276,755
Share of results of joint ventures and associate	91,884	(2,330)	-	-	-	89,554
Segment result	353,810	2,399	(26,399)	36,499	_	366,309
Other gains/(losses)	276,627	(48)	39,628	-	-	316,207
Profit before interest and taxation	630,437	2,351	13,229	36,499	-	682,516
Included in segment result are:						
Depreciation and amortisation	(14,030)	(10,441)	(22,032)	(276)	_	(46,779)
Gain on disposal of:	(11,000)	(10,111)	(22,002)	(270)		(10,773)
- property, plant and equipment	12	7	995	_	_	1,014
<ul><li>investment properties</li></ul>	536	10,724	-	_	_	11,260
Reversal of impairment:						
- property, plant and equipment	_	-	1,570	-	-	1,570
- receivables	-	310	-	-	-	310
Impairment of receivables	(2,039)	(317)	(84)	-	-	(2,440)
Reversal of write-down of inventories	38,814	-	-	-	-	38,814
Write-off of property, plant and equipment	(2,151)	(1)	(220)	_	_	(2,372)
equipment	(2,131)	(1)	(220)	_	_	(2,372)
Included in other gains/(losses) 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)

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# 39 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
31.12.2018						
Segment assets:						
Operating assets	9,267,748	922,240	594,169	1,739,478	(748,760)	11,774,875
Joint ventures and associates	2,526,873	234,253	-	-	(46,614)	2,714,512
Non-current assets held for sale	-	1,950	77,569	-	-	79,519
	11,794,621	1,158,443	671,738	1,739,478	(795,374)	14,568,906
Segment liabilities:						
Liabilities	1,178,896	719,937	567,637	248,051	(748,760)	1,965,761
Additions to non-current assets are as follows:						
– capital expenditure	4,303	53,835	764	107	-	59,009
<ul> <li>additions to interests in joint ventures</li> </ul>	389,471	25,250	_	_	_	414,721
	393,774	79,085	764	107	_	473,730
30.6.2018						
Segment assets:					<b>/</b>	
Operating assets	9,316,320	845,945	642,242	1,768,427	(703,688)	11,869,246
Joint ventures and associates	2,158,369	206,155	-	_	-	2,364,524
	11,474,689	1,052,100	642,242	1,768,427	(703,688)	14,233,770
Segment liabilities:						
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	704,867	133,123	9,256	942	_	848,188
- additions to interests in joint						
ventures and associates	271,887	-	-	_	-	271,887
	976,754	133,123	9,256	942	-	1,120,075

# 39 Segment Information - Group (continued)

Capital expenditure consists of the following:

	Financial period ended 31.12.2018	Financial year ended 30.6.2018
Property, plant and equipment	3,528	23,951
Investment properties	53,084	129,962
Inventories – land held for property development	1,949	693,473
Intangible assets	448	802
	59,009	848,188

### Segment by geography

Revenue by location of customers and the Group's operations are analysed as follows:

	Financial period ended 31.12.2018	Financial year ended 30.6.2018
Malaysia	1,236,433	2,275,916
Australia	29,399	60,245
Singapore	2,519	9,772
Vietnam	489	1,939
United Kingdom	305	5,232
	1,269,145	2,353,104

Non-current assets, other than financial instruments and deferred tax assets, by location of the Group's operations are analysed as follows:

	31.12.2018	30.6.2018
Malaysia	4,973,708	4,698,825
United Kingdom	2,505,952	2,152,944
Singapore	51,967	126,391
Vietnam	7,424	7,552
Australia	243	3,154
	7,539,294	6,988,866

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## 39 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:

	31.12.2018	30.6.2018
Non-current assets other than financial instruments and deferred tax assets	7,539,294	6,988,866
Investments	59,239	39,451
Deferred tax assets	487,225	460,284
Receivables	88,000	73,000
	8,173,758	7,561,601

Reconciliation of segment assets and liabilities to total assets and total liabilities are as follows:

	Assets		Liabilities	
	31.12.2018	30.6.2018	31.12.2018	30.6.2018
Segment total	14,568,906	14,233,770	1,965,761	2,059,612
Tax assets/liabilities	547,451	516,208	431,159	182,590
Borrowings	_	-	3,273,037	2,542,352
Total	15,116,357	14,749,978	5,669,957	4,784,554

During the financial period ended 31 December 2018, included in the Group's revenue is an one-off land sale amounting to RM154.1 million (30 June 2018: RM85.5 million) to a single customer.

#### 40 Related Parties

Significant related party transactions and balances other than as disclosed elsewhere in the financial statements are set out below:

		Group	
		Financial period ended 31.12.2018	Financial year ended 30.6.2018
a.	Transactions between subsidiaries and significant non-controlling interest:		
	Turnkey construction works rendered to Sime Darby Brunsfield Holding Sdn Bhd and its subsidiaries ("SDBH Group") by Brunsfield 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	(58,841)	(125,589)
	Office rental at Oasis Square paid by SDBH Group to Brunsfield Oasis Tower Sdn Bhd, a company in which Tan Sri Dato' Gan and Encik Hassan are substantial shareholders	-	(872)
	Tan Sri Dato' Gan and Encik Hassan are directors of SDBH Group		
	Architectural services rendered to Sime Darby Property Selatan Sdn Bhd ("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)

#### b. Transactions with shareholders and Government:

Permodalan Nasional Berhad ("PNB") and the funds managed by its subsidiary, Amanah Saham Nasional Berhad ("ASNB"), together own 56.7% as at 31 December 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.

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# 40 Related Parties (continued)

Significant related party transactions and balances other than as disclosed elsewhere in the financial statements are set out below: (continued)

		Group		Com	Company	
		Financial period ended 31.12.2018	Financial year ended 30.6.2018	Financial period ended 31.12.2018	Financial year ended 30.6.2018	
b.	Transactions with shareholders and Government: (continued)					
	PNB Development Sdn Bhd					
	<ul> <li>Sale of 40% equity interest in Seriemas</li> <li>Development Sdn Bhd</li> <li>Sale of land</li> </ul>	_	625,000 85,500	-	-	
			03,300			
	Yayasan Sime Darby  – Contribution paid to Yayasan Sime Darby	(10,000)	(10,000)	(10,000)	(10,000)	
	Sime Darby Berhad Group					
	<ul> <li>Shared services</li> </ul>	(6,493)	(16,165)	(3,727)	(9,843)	
	<ul> <li>Annual branding royalty fee</li> </ul>	(2,000)	(2,000)	(2,000)	(2,000)	
	– Car lease rental	(810)	(2,004)	(468)	(1,144)	
	<ul> <li>Progress claim, repairs and maintenance services rendered</li> </ul>	(535)	(1,700)	_	_	
	- Insurance premium	(446)	(2,860)	(339)	(986)	
	- Rental income	620	6,272	(333)	(300)	
	– Interest expense	_	(29,924)	_	(29,924)	
	- Management fees and internal audit		,		, ,	
	services	_	(6,422)	_	(6,422)	
	- Waiver of amount owing by two					
	subsidiaries of the Group	-	159,863	-	-	
	Sime Darby Plantation Berhad Group					
	– Rental income	3,781	4,966	1,305	2,460	
	– Acquisition of land	_	(689,587)	-	(689,587)	
c.	Transactions with a joint venture					
	<ul> <li>Sale of land to Sime Darby MIT</li> </ul>					
	Development Sdn Bhd	154,086	_	_	_	

## 40 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	
		Financial period ended 31.12.2018	Financial year ended 30.6.2018	Financial period ended 31.12.2018	Financial year ended 30.6.2018
d.	Transactions with Directors, key management personnel and their close family members				
	Remuneration of Directors and key management personnel				
	- salaries, fees and other emoluments	8,488	10,074	8,488	10,074
	<ul> <li>defined contribution plan</li> <li>estimated monetary value of benefits by way of usage of the Group's and of the</li> </ul>	1,046	1,030	1,046	1,030
	Company's assets	195	259	195	259
	Sale of properties to Directors of the Company and their close family members	-	1,490	-	649
	Sale of properties to key management personnel of the Company	771	-	_	-

### e. Outstanding balances with related parties

	Group	
	31.12.2018	30.6.2018
Amount due to non-controlling interest		
Brunsfield Metropolitan Sdn Bhd	90,230	90,230
Brunsfield Engineering Sdn Bhd	6,390	14,360

Other than as disclosed above, the significant outstanding balances with related parties are shown in Notes 13, 14, 22, 26, 34, 36 and 37.

Other than as disclosed above, there were no material contracts subsisting as at 31 December 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.

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#### 41 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 investments are categorised as follows:

	Group/Company	
	31.12.2018	30.6.2018
Level 1 – quoted shares	2,328	3,951
Level 3 – unquoted shares	56,911	35,500
	59,239	39,451

The quoted shares are measured at Level 1 of the fair value hierarchy, based on quoted prices of the shares in active markets. Unquoted shares are measured at Level 3 of the fair value hierarchy. The fair values of the unquoted shares are determined using valuation technique based on inputs other than quoted prices.

#### 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 primarily due to the relative short term nature of the financial instruments.

	Group		Company	
	Carrying amount	Fair value	Carrying amount	Fair value
31.12.2018				
Borrowings	3,273,037	3,329,067	595,760	595,760
30.6.2018				
Borrowings	2,542,352	2,603,402	807,421	807,421

## 42 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 6.

Details of each significant financial risk are as follows:

#### a. Interest rate risk

The percentages of fixed rate borrowings to the total borrowings are as follows:

	Gro	oup	Company		
	31.12.2018	30.6.2018	31.12.2018	30.6.2018	
Fixed rate borrowings	845,046	878,212	_	-	
Floating rate borrowings	2,427,991	1,664,140	595,760	807,421	
Total borrowings	3,273,037	2,542,352	595,760	807,421	
Percentage of fixed rate borrowings over total borrowings	25.8%	34.5%	-	_	

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 the Company's profit after taxation and other comprehensive income will be lower by:

	Gro	oup	Company		
	Financial period ended 31.12.2018	Financial year ended 30.6.2018	Financial period ended 31.12.2018	Financial year ended 30.6.2018	
Profit after taxation/ Other comprehensive income	4,613	3,162	1,132	1,534	

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## 42 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
31.12.2018						
Payables	1,252,131	52,711	85,333	-	1,390,175	1,390,175
Borrowings:						
– principal	1,336,362	378,162	745,490	801,569	3,261,583	3,261,583
– interest	167,176	108,298	164,239	47,838	487,551	11,454
	2,755,669	539,171	995,062	849,407	5,139,309	4,663,212
30.6.2018						
Payables	1,300,848	76,064	53,715	-	1,430,627	1,430,627
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
	1,889,891	685,848	993,898	896,806	4,466,443	3,972,979
	On demand	Between	Between		Total	Total
Company	or within 1 year	1 and 2 years	2 and 5 years	Above 5 years	contractual cash flows	carrying amount
	ı yeai	2 years	5 years	5 years	Casii ilows	aniouni
31.12.2018						
D	367,766	13	276	-	368,055	368,055
•						
Payables Borrowings:						
Borrowings:  – principal	94,500	_	201,000	299,000	594,500	
Borrowings:	94,500 26,638	22,650	201,000 42,265	299,000 13,545	594,500 105,098	594,500 1,260

288

49,000

22,964

72,252

264,365

54,172

318,537

232,000

24,702

256,702

434,573

806,365

135,437

1,376,375

434,573

806,365

1,241,994

1,056

434,285

261,000

33,599

728,884

**30.6.2018** Payables

Borrowings:

- principal

- interest

## 42 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:

	Gro	Group		pany	
	Maximum exposure	Collateral and credit enhancements	Maximum exposure	Collateral and credit enhancements	
31.12.2018					
Net receivables	824,579	565,770	3,653,102	29,822	
Contract assets	2,182,685	594,417	83,430	83,430	
Cash held under Housing Development Accounts	343,518	_	62,966	_	
Bank balances, deposits and cash	305,572	_	145,614	_	
	3,656,354	1,160,187	3,945,112	113,252	
30.6.2018					
Net receivables	827,871	462,593	4,374,366	37,117	
Contract assets	2,101,286	523,893	8,005	8,005	
Cash held under Housing Development					
Accounts	492,969	_	63,735	_	
Bank balances, deposits and cash	256,426	_	59,476	_	
	3,678,552	986,486	4,505,582	45,122	

## 43 Immediate and Ultimate Holding Companies

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.

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## 44 List of Subsidiaries, Joint Ventures and Associates

Name of company		Country of incorporation	Group's effective interest (%)		Auditors	
			31.12.2018	30.6.2018		
Subsidiaries						
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	
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 Brunsfield Damansara Sdn Bhd	Property development and property investment	Malaysia	60.0	60.0	1	
Sime Darby Brunsfield Holding Sdn Bhd	Property development and investment holding	Malaysia	60.0	60.0	1	
Sime Darby Brunsfield Kenny Hills Sdn Bhd	Property development	Malaysia	60.0	60.0	1	
Sime Darby Brunsfield Motorworld Sdn Bhd	Property development and investment holding	Malaysia	60.0	60.0	1	
Sime Darby Brunsfield Properties Holding Sdn Bhd	Property investment and property management services	Malaysia	60.0	60.0	1	

# 44 List of Subsidiaries, Joint Ventures and Associates (continued)

Name of company	Principal activities	Country of incorporation	_	effective st (%)	Auditors
			31.12.2018	30.6.2018	
Subsidiaries (continued)					
Sime Darby Brunsfield 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 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
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

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# 44 List of Subsidiaries, Joint Ventures and Associates (continued)

Name of company		Country of incorporation	Group's effective interest (%)		Auditors
			31.12.2018	30.6.2018	
Subsidiaries (continued)					
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 property investment	Malaysia	100.0	100.0	1
Sime Darby Property (Sungai Kapar) Sdn Bhd	Investment holding, property development and property investment	Malaysia	100.0	100.0	1

# 44 List of Subsidiaries, Joint Ventures and Associates (continued)

Name of company	Principal activities	Country of incorporation			Auditors
			31.12.2018	30.6.2018	
Subsidiaries (continued)					
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	1
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
Sime Darby Property (Vietnam) Pte Ltd	Investment holding	Singapore	100.0	100.0	2

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# 44 List of Subsidiaries, Joint Ventures and Associates (continued)

Name of company	Principal activities	Country of incorporation	Group's effective interest (%)		Auditors
			31.12.2018	30.6.2018	
Subsidiaries (continued)					
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	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
Joint ventures					
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	50.0	1
Sime Darby Sunrise Development Sdn Bhd	Property development	Malaysia	50.0	50.0	1
Aster Real Estate Investment Trust 1 (formerly known as 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

# 44 List of Subsidiaries, Joint Ventures and Associates (continued)

Subsidiaries, joint ventures and associates which are active as at 31 December 2018 are as follows: (continued)

Name of company	Principal activities	Country of incorporation	Group's effective interest (%)		Auditors
			31.12.2018	30.6.2018	
Joint ventures (continued)					
Battersea Power Station Estates Limited	Property/residential sales services	United Kingdom	40.0	40.0	2
Associates					
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
Shaw Brothers (M) Sdn Bhd	Investment holding	Malaysia	36.0	36.0	3

Subsidiaries and a joint venture which are dormant/inactive as at 31 December 2018 are as follows:

Name of company	Country of incorporation	Group's intere	Auditors	
		31.12.2018	30.6.2018	
Subsidiaries				
Sime Darby Brunsfield Property Sdn Bhd	Malaysia	70.0	70.0	1
Sime Darby Building Management Services Sdn Bhd	Malaysia	100.0	100.0	1
Sime Darby Properties Builders Sdn Bhd	Malaysia	100.0	100.0	1
Sime Darby Property (Klang) Sdn Bhd	Malaysia	100.0	100.0	1
Sime Darby Putra Heights Development Sdn Bhd	Malaysia	100.0	100.0	1
Wisma Sime Darby Sdn Berhad	Malaysia	100.0	100.0	1
Sime Darby Hotels Pty Ltd	Australia	100.0	100.0	2
Sime Darby Resorts Pty Ltd	Australia	100.0	100.0	2
Key Access Holdings Limited	British Virgin Islands	100.0	100.0	4
Vibernum Limited	Guernsey	100.0	100.0	4
Robt Bradford Hobbs Savill Limited	United Kingdom	98.6	98.6	2
Robt Bradford & Co Limited	United Kingdom	100.0	100.0	2

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## 44 List of Subsidiaries, Joint Ventures and Associates (continued)

The joint venture placed under members' voluntary liquidation during the financial period is as follows:

Name of company	Country of incorporation	Group's effective interest (%)		Auditors
		31.12.2018	30.6.2018	
Joint venture				
Sime Darby Brunsfield International Limited	British Virgin Islands	-	50.0	

#### Notes:

- 1. Subsidiaries, joint ventures and associates which are audited by PricewaterhouseCoopers PLT, Malaysia.
- 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. Joint ventures and associates which are audited by firms other than member firms of PricewaterhouseCoopers International Limited.
- 4. No legal requirement to appoint auditors.

## 45 Adoption of MFRS 9

### a. MFRS 9 - 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. It eliminates the existing MFRS 139 categories of held to maturity, loans and receivables and investments.

The new standard contains three principal classification categories for financial assets:

- i. measured at amortised cost;
- ii. fair value through other comprehensive income ("FVOCI"); and
- iii. fair value through profit or loss ("FVTPL").

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.

The new impairment model requires the recognition of impairment provisions based on expected credit losses ("ECL") 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 FVOCI and contract assets under MFRS 15 - Revenue from Contracts with Customers.

## 45 Adoption of MFRS 9 (continued)

#### b. Transition impact from adoption of MFRS 9

In applying MFRS 9, the Group and the Company applied the following practical expedients:

- elected the cumulative catch-up transition method and therefore did not restate comparative periods. These
  adjustments were recognised in opening retained earnings and other components of the equity of the period;
  and
- ii. made an irrevocable election to measure investment in unquoted equity instruments at FVOCI.

Under MFRS 9, the Group's and the Company's investment in equity instruments are measured at FVTPL instead of available-for-sale investments where the changes in fair value was taken to OCI. All other financial assets and financial liabilities of the Group and the Company will continue to be measured at amortised cost.

Upon application of ECL on receivables and contract assets as at 1 July 2018, the Group's and the Company's impairment increased by RM16.1 million and RM5.1 million, respectively.

This has resulted in a reduction in the Group's and the Company's retained profits by RM13.3 million and RM5.0 million, respectively, and the Group's non-controlling interest by RM0.8 million. The tax effect of these adjustments resulted in an increase in the Group's and the Company's deferred tax asset by RM2.1 million and RM0.1 million, respectively.

Reconciliation of Statement of Financial Position as at 1 July 2018 is as follows:

	Audited	Effects of	Restated
Group	as at 30 June 2018	note (b) MFRS 9	as at 1 July 2018
Non-current assets			
Deferred tax assets	460,284	2,053	462,337
Other non-current assets	7,101,317	-	7,101,317
	7,561,601	2,053	7,563,654
Current assets			
Receivables	754,871	(16,080)	738,791
Other current assets	6,433,506	-	6,433,506
	7,188,377	(16,080)	7,172,297
Total assets	14,749,978	(14,027)	14,735,951

For the six months period ended 31 December 2018

Amounts in RM thousand unless otherwise stated

# 45 Adoption of MFRS 9 (continued)

## b. Transition impact from adoption of MFRS 9 (continued)

Reconciliation of Statement of Financial Position as at 1 July 2018 is as follows: (continued)

	Audited as at	Effects of note (b)	Restated as at
Group	30 June 2018	MFRS 9	1 July 2018
Equity			
Share capital	6,800,839	-	6,800,839
Fair value reserve	-	15,876	15,876
Available-for-sale reserve	15,876	(15,876)	-
Exchange reserve	(51,781)	-	(51,781)
Retained profits	2,969,653	(13,267)	2,956,386
Attributable to owners of the Company	9,734,587	(13,267)	9,721,320
Non-controlling interests	230,837	(760)	230,077
Total equity	9,965,424	(14,027)	9,951,397
Total liabilities	4,784,554	-	4,784,554
Total equity and liabilities	14,749,978	(14,027)	14,735,951
Company			
Non-current assets			
Deferred tax assets	12,550	135	12,685
Other non-current assets	8,924,770	-	8,924,770
	8,937,320	135	8,937,455
Current assets			
Receivables	897,175	(5,100)	892,075
Other current assets	382,211	-	382,211
	1,279,386	(5,100)	1,274,286
Total assets	10,216,706	(4,965)	10,211,741
Equity			
Share capital	6,800,839	_	6,800,839
Retained profits	2,158,302	(4,965)	2,153,337
· · · · · · · · · · · · · · · · · · ·			
Total equity	8,959,141	(4,965)	8,954,176
Total liabilities	1,257,565	-	1,257,565
Total equity and liabilities	10,216,706	(4,965)	10,211,741

## 46 Comparatives

The Group and the Company changed their financial year end from 30 June to 31 December. Accordingly, the financial results and cash flows of the Group and the Company and the accompanying notes for the current financial period ended 31 December 2018, which covers a six-month period, are not comparable to the previous financial year of a twelve-month period ended 30 June 2018.

As stated in Note 45, the comparatives are also not comparable due to the adoption of MFRS 9. The Group and the Company have adopted MFRS 9 with effect from the current financial period using the cumulative catch-up transition method. The comparative information were not restated and continued to be reported under the previous accounting policies governed under MFRS 139.

During the financial period, the Group has reclassified payables of RM28.0 million as provision. This is to conform with the current financial period's presentation, which provide more relevant and comparable information.

## 47 Material event After the Reporting Period

On 1 November 2018, the Group entered into a sale agreement to dispose Darby Park Executive Suite in Singapore for a consideration of SGD93.0 million. The disposal was completed on 31 January 2019.

## 48 Approval of Financial Statements

The financial statements have been approved for issue in accordance with a resolution of the Board of Directors dated 19 March 2019.

# Analysis of Shareholdings As at 28 February 2019

Total Number of Issued Shares : 6,800,839,377 Class of Shares : Ordinary Shares

Number of Shareholders : 27,648

: 1 vote per Ordinary Share Voting Rights

# Analysis by Size of Shareholdings as per the Record of Depositors

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares Held	% of Issued Shares
Less than 100	2,718	9.83	71,291	0.00
100 to 1,000 shares	6,488	23.47	3,938,754	0.06
1,001 to 10,000 shares	13,661	49.41	47,127,344	0.69
10,001 to 100,000 shares	3,827	13.84	105,106,324	1.55
100,001 to less than 5% of issued shares	951	3.44	2,609,109,062	38.36
5% and above of issued shares	3	0.01	4,035,486,602	59.34
TOTAL	27,648	100.00	6,800,839,377	100.00

## Analysis of Equity Structure as per the Record of Depositors

Category of Holders	No. of Shareholders	% of Shareholders	No. of Shares Held	% of Issued Shares
Individual	22,695	82.07	170,516,285	2.51
Bank/Finance Companies	63	0.23	4,369,249,043	64.24
Investment Trusts/Foundation/Charities	19	0.07	3,780,076	0.06
Industrial and Commercial Companies	596	2.16	132,796,088	1.95
Government Agencies/Institutions	2	0.01	1,165,890	0.02
Nominees	4,271	15.45	2,123,226,720	31.22
Others	2	0.01	105,275	0.00
TOTAL	27,648	100.00	6,800,839,377	100.00

# 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	2,983,811,600	43.87	-	_
2	Employees Provident Fund Board	696,491,110	10.24	61,376,400	0.90
3	Permodalan Nasional Berhad	355,183,892	5.22	-	_
4	Yayasan Pelaburan Bumiputra	-	-	355,183,892 <sup>1</sup>	5.22

#### Note:

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 Record of Depositors

No.	Name of Shareholders	No. of Shares Held	% of Issued Shares
1	Amanahraya Trustees Berhad Amanah Saham Bumiputera	2,983,811,600	43.87
2	Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board	696,491,110	10.24
3	Permodalan Nasional Berhad	355,183,892	5.22
4	Kumpulan Wang Persaraan (Diperbadankan)	310,438,864	4.56
5	Amanahraya Trustees Berhad Amanah Saham Malaysia 2 – Wawasan	138,000,000	2.03
6	Amanahraya Trustees Berhad Amanah Saham Malaysia	118,109,900	1.74
7	Amanahraya Trustees Berhad Amanah Saham Bumiputera 2	107,000,000	1.57
8	Valuecap Sdn Bhd	71,681,500	1.05
9	Cartaban Nominees (Asing) Sdn Bhd Exempt An for State Street Bank & Trust Company (West CLT OD67)	70,712,228	1.04
10	Malaysia Nominees (Tempatan) Sendirian Berhad Great Eastern Life Assurance (Malaysia) Berhad (Par 1)	63,414,449	0.93
11	HSBC Nominees (Asing) Sdn Bhd  JPMCB NA for Vanguard Emerging Markets Stock Index Fund	58,526,442	0.86
12	Amanahraya Trustees Berhad Amanah Saham Malaysia 3	53,885,437	0.79
13	HSBC Nominees (Asing) Sdn Bhd JPMCB NA for Vanguard Total International Stock Index Fund	51,746,217	0.76
14	Amanahraya Trustees Berhad Amanah Saham Bumiputera 3 – Didik	43,150,000	0.63
15	Cartaban Nominees (Tempatan) Sdn Bhd PAMB for Prulink Equity Fund	40,021,327	0.59
16	Maybank Nominees (Tempatan) Sdn Bhd Maybank Trustees Berhad for Public Ittikal Fund (N14011970240)	40,000,000	0.59
17	Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board (Nomura)	34,196,500	0.50
18	Maybank Nominees (Tempatan) Sdn Bhd Maybank Trustees Berhad for Public Regular Savings Fund (N14011940100)	32,230,416	0.47
19	Citigroup Nominees (Tempatan) Sdn Bhd Exempt An for AIA Bhd	30,348,407	0.45

## Analysis of Shareholdings

As at 28 February 2019

# Top Thirty (30) Shareholders as per the Record of Depositors (continued)

No.	Name of Shareholders	No. of Shares Held	% of Issued Shares
20	Cartaban Nominees (Asing) Sdn Bhd  GIC Private Limited for Government of Singapore (C)	30,042,905	0.44
21	Citigroup Nominees (Asing) Sdn Bhd  Exempt An for Citibank New York (Norges Bank 14)	28,526,568	0.42
22	Amanahraya Trustees Berhad Public Islamic Dividend Fund	27,975,463	0.41
23	DB (Malaysia) Nominee (Asing) Sdn Bhd SSBT Fund TGCQ for Intel Retirement Plans Collective Investment Trust	27,081,900	0.40
24	Amanahraya Trustees Berhad Public Islamic Select Enterprises Fund	26,380,004	0.39
25	Guoline (Singapore) Pte Ltd	26,090,000	0.38
26	HSBC Nominees (Asing) Sdn Bhd HSBC BK PLC for Kuwait Investment Office (KIO)	26,043,100	0.38
27	Maybank Nominees (Tempatan) Sdn Bhd MTrustee Berhad for CIMB Islamic Dali Equity Growth Fund (UT-CIMB-DALI) (419455)	24,371,303	0.36
28	Pertubuhan Keselamatan Sosial	21,785,265	0.32
29	Quek Leng Chan	19,837,300	0.29
30	HSBC Nominees (Asing) Sdn Bhd JPMCB NA for MSCI Equity Index Fund B – Malaysia	17,356,679	0.26
	TOTAL	5,574,438,776	81.97

# Directors' Shareholdings as per the Register of Directors' Shareholdings

		No. of Shares Held					
No. Name of Directors	Direct	%	Indirect	%			
1 Datuk Tong Poh Keow	32,000	Note <sup>1</sup>	-	_			
2 Datoʻ Johan Ariffin	-	-	880²	Note <sup>1</sup>			

#### Note:

<sup>&</sup>lt;sup>1</sup> Negligible

<sup>&</sup>lt;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 31 December 2018

Location	Tenure	Land area (acres)	Year of acquisition	Net book value (RM thousand)
LAND HELD FOR DEVELOPMENT AND UNDER DE	VELOPMENT			
MALAYSIA				
Kedah Darul Aman				
Bukit Selarong, Kulim	Freehold	300	2007	6,216
Jerai, Kuala Muda	Freehold	928	2007	36,382
Taman Sungai Dingin, Kulim	Freehold	4	2007	39
Victoria, Kulim	Freehold	71	1992	1,525
Selangor Darul Ehsan				
Acob, Klang	Freehold	235	1995	11,777
Ara Damansara, Petaling Jaya	Freehold	81	1985	373,000
Bandar Bukit Raja, Klang	Freehold	2,801	2007	411,150
Bukit Jelutong, Shah Alam	Freehold	154	1985	182,016
Bukit Lagong, Rawang	Freehold	1,552	1985	57,081
Bukit Subang, Shah Alam	Freehold	8	1985	13,520
Elmina East, Sungai Buloh	Freehold	693	1985	220,061
Elmina West, Sungai Buloh	Freehold	2,441	1985	437,130
Kota Elmina, Rawang	Freehold	1,540	1985	219,550
Melawati Development, Hulu Kelang	Freehold	53	1978	258,748
Putra Heights, Subang Jaya	Freehold	77	1992	332,777
Saujana Impian, Kajang	Freehold	4	1987	2,666
Semenyih, Ulu Langat	Freehold	2	1985	2,481
Serenia City, Sepang	Freehold	1,462	2008	175,317
Subang Jaya City Centre, Subang Jaya	Freehold	28	1964-2013	177,074
Sungai Kapar Indah, Klang	Freehold	3	1985	2,465
Taipan City, Subang	Freehold	35	1992	240,427
USJ Heights, Subang Jaya	Freehold	11	1995	9,373
Kuala Lumpur				
Bukit Kiara	Leasehold expiring 2111	51	1991	821,764
Jalan U-Thant	Freehold	1	1985	3,237

# Properties of the Group as at 31 December 2018

Location	Tenure	Land area (acres)	Year of acquisition	Net book value (RM thousand)
Negeri Sembilan Darul Khusus				
Dengkil, Sepang	Freehold	2	1995	6,905
New Labu/Sg Sekah/Hamilton, Nilai	Freehold	2,972	1995-2017	993,904
Nilai Impian/Utama, Nilai	Freehold	584	1992-1996	186,615
Planters' Haven, Nilai	Freehold	179	1995	178,690
Rasah, Seremban	Freehold	18	1995	6,335
	Leasehold expiring 2066	6	1995	249
Sua Betong, Port Dickson	Freehold	373	1985	9,893
Johor Darul Takzim				
Pagoh, Muar	Leasehold expiring 2111	3,228	2012	343,769
	Freehold	17	2012	1,891
Taman Pasir Putih, Pasir Gudang	Freehold	16	1984	40,568
Sabah				
Mostyn, Kunak	Leasehold expiring 2050-2058	144	2006	801
Total Malaysia		20,074		5,765,396
AUSTRALIA				
Serenity Cove, Queensland	Freehold	48	1985	118,113
Total Australia		48		118,113
Total Land Held for Development and Under Development		20,122		5,883,509

Location	Tenure	Land area (acres)	Year of acquisition	Age of buildings (Years)	Description	Net book value (RM thousand)
INVESTMENT PROPERTIES						
MALAYSIA						
Penang						
Pulau Tikus, Georgetown	Freehold	2	1985	98	2 units of holiday bungalow	1,950
Pahang Darul Makmur						
Frasers' Hill	Leasehold expiring 2082	2	1982	33	Holiday bungalow	306
Kuala Lumpur						
KL East, Taman Melawati	Freehold	7	2015	3-5	Piazza, 2–storey car park and sales gallery	r 32,554
		7	2017	-	Mall (under construction)	326,651
The Véo, Melawati	Freehold	-	1978	6	Sales gallery	36
Wisma MRT, Jalan Gelenggang, Damansara Heights	Freehold	1	1985	36	5–storey office building	10,258
Selangor Darul Ehsan						
Elmina East, Sungai Buloh	Freehold	6	2015	5	Sales gallery	9,862
Elmina West, Sungai Buloh	Freehold	1	2017	2	Operation centre	3,771
Oasis Corporate Park, Ara Damansara	Freehold	-	2017	2	Carpark	38,112
Oasis Gallery, Ara Damansara	Freehold	3	2007	12	Sales gallery	7,034
Oasis Square, Ara Damansara	Freehold	3	2010	9	2 blocks of 12– storey office building and basement car park	223,336
Saujana Impian, Kajang	Freehold	*	2015	5	Sales gallery	٨
Serenia City, Sepang	Freehold	5	2017	2	Sales gallery	12,105
Sime Darby Pavillion, Bukit Jelutong, Shah Alam	Freehold	7	1999	21	3-storey commercial building	24,220
Taman Subang Ria, Subang Jaya	Leasehold expiring 2087	73	1995	-	Recreation park	298
Wisma Zuellig, Petaling Jaya	Leasehold expiring 2059	3	2000	26	6-storey industrial building	32,380

# > Properties of the Group as at 31 December 2018

Location	Tenure	Land area (acres)	Year of acquisition	Age of buildings (Years)	Description	Net book value (RM thousand)
Negeri Sembilan Darul Khusus						
Bandar Ainsdale, Seremban	Freehold	-	2013	6	Sales gallery	31
Nilai Impian, Nilai	Freehold	-	1992-1996	5	Sales gallery	10,359
Sri Bayu 1 & 2, Port Dickson	Leasehold expiring 2072	1	2017	25-61	2 units holiday bungalow	2,467
Johor Darul Takzim						
Pagoh, Muar	Leasehold expiring 2111	-	2012	4	Sales gallery	4,035
Taman Pasir Putih, Pasir Gudang	Leasehold expiring 2072	-	2017	7	Sales gallery	٨
Total Malaysia		121				739,765
SINGAPORE						
The Orion, Orange Grove Road	Freehold	-	2008	11	2 units of apartment	9,460
Total Singapore		-				9,460
UNITED KINGDOM						
Battersea, London	Leasehold	-	2017	2	1 unit of apartment	13,736
Total United Kingdom		-				13,736
AUSTRALIA						
Serenity Shores, Queensland	Freehold	-	2009	9	Residential properties	188
Total Australia		-				188
Total Investment Properties		121				763,149

Location	Tenure	Land area (acres)	Year of acquisition	Age of buildings (Years)	Description	Net book value (RM thousand)
HOSPITALITY PROPERTIES						
MALAYSIA						
Kedah Darul Aman						
Harvard Golf & Country Club/Hotel, Bedong	Freehold	917	1985	21-23	Golf course, club house and hotel	23,230
Kuala Lumpur						
Tournament Players Club (TPC), Bukit Kiara	Leasehold expiring 2087	279	1991	8–26	2 18-hole golf course and clubhouse	250,924
Sime Darby Convention Centre, Bukit Kiara	Leasehold expiring 2090 – 2111	4	2006	13	Convention centre	89,805
Selangor Darul Ehsan						
Bayuemas Oval and Akademi Tunku Jaafar, Kota Bayuemas	Freehold	22	2004	9–16	Criket club and lawn bowl sports facilities	38,131
Impian Golf & Country Club, Kajang	Freehold	149	1997	22	18–hole golf course and country club	e 55,359
Total Malaysia		1,371				457,449
SINGAPORE						
Darby Park Executive Suites, Orange Grove Road	Leasehold expiring 2092	1	1992–1993	26	75 units of apartment	77,569
Total Singapore		1				77,569
VIETNAM						
Rangdong Orange Court, Le Quy Don, Vung Tau	Leasehold expiring 2030	2	1995	26	69 units of apartment	7,246
Total Vietnam		2				7,246
Total Hospitality Properties		1,374				542,264
Total Group Properties		21,617				7,188,922

<sup>\*</sup> less than one acre ^ less than RM1,000

# Corporate Directory

## **Corporate Head Office**

#### 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

# Property Investment, Hospitality and Leisure

#### Melawati Mall

Jalan Sabah, Taman Melawati 53100 Ampang, Selangor Tel: +603-4161 6313

#### **TPC Kuala Lumpur**

10, Jalan 1/70D Off Jalan Bukit Kiara Bukit Kiara 60000 Kuala Lumpur Tel: +603-2011 9188

#### Sime Darby Convention Centre

1A Jalan Bukit Kiara 1 Bukit Kiara 60000 Kuala Lumpur Tel: +603-2089 3688

#### Impian Golf & Country Club

14th Mile, Jalan Cheras 43000, Kajang, Selangor Tel: +603-8734 4195 / 96 / 97

### **Subsidiaries**

#### Sime Darby Brunsfield Holding Sdn Bhd

Oasis Gallery
No. 2A, Jalan PJU 1A/2 Ara Damansara
47301 Petaling Jaya, Selangor
Tel: +603-7842 9386 / 9387

#### Sime Darby Property Selatan Sdn Bhd

#### Corporate Office:

53-10, The Boulevard Offices Mid Valley City Lingkaran Syed Putra 59200 Kuala Lumpur Tel: +603-2282 5936

#### Operations Office:

Shared Facilities and Asset Management Office Blok B, Jalan Eduhub Gunasama 1/10 Hab Pendidikan Tinggi Pagoh 84600 Pagoh, Johor Tel: +606-974 2406 / 2407

#### **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: 1-800-118-018

#### **Darby Park Serviced Residences**

5, Le Quy Don Street Vung Tau City, Vietnam Tel: 84 254 385 4933

#### Sime Darby Property Singapore Limited

Sime Darby Business Centre 315 Alexandra Road #03-02 Sime Darby Business Centre 15944 Singapore Tel: +65 6460 2849

# Sime Darby Property Sales Galleries (including Joint Ventures and Associates)

#### **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 & Melawati

Off Middle Ring Road 2 Desa Melawati 53100 Kuala Lumpur Tel: +603-4162 1788 Hotline: 1-800-88-1118

#### **SELANGOR**

#### Bandar Bukit Raja

Jalan Gamelan 1E Bandar Bukit Raja 41200 Klang, Selangor Tel: +603-3361 7288

Hotline: 1-800-88-1118

#### Cantara

Jalan PJU 1A/31, Ara Damansara 47301 Petaling Jaya, Selangor Tel: +603-7849 5511

Hotline: 1-800-88-1118

#### City of Elmina

Elmina Pavilion, Persiaran Eserina Elmina East Sek U16 40160 Shah Alam, Selangor Tel: +603-7831 2253

Hotline: 1-800-88-1118

#### **Putra Heights**

The Glades Plaza Off Persiaran Putra Perdana Section 3, 47650 Subang Jaya Selangor

Tel: +603-5198 0888 Hotline: 1-800-88-1118

## Corporate Directory

#### **RSKU @ Putra Heights**

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

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

Lot 27999, Jalan Pintas Dengkil-Putrajaya (FT29) Bandar Serenia, 43900 Sepang Selangor

Tel: +603-8760 0505 Hotline: 1-800-88-1118

#### Subang Jaya

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

Oasis Gallery No. 2A, Jalan PJU 1A/2 Oasis Damansara 47301 Petaling Jaya Tel: +603-7843 9898

Hotline: 1-800-88-1118

#### Radia Bukit Jelutong

No. 2A (Lot 644206) Persiaran Tebar Layar Seksyen U8, Bukit Jelutong 40150 Shah Alam, Selangor Tel: +603-7859 9815

#### **NEGERI SEMBILAN**

#### **Bandar Ainsdale**

No 1, Jalan Ainsdale 1/1 Bandar Ainsdale 70200 Seremban Negeri Sembilan

Tel: +603-7849 5500/5078 Hotline: 1-800-88-1118

#### Chemara Hills

Persiaran Bukit Chemara 70200 Seremban, Negeri Sembilan

Tel: +606-768 7688 Hotline: 1-800-88-1118

#### Nilai Impian

No. 1, Persiaran Nilai Impian 3 Nilai Impian, 71800 Nilai Negeri Sembilan

Tel: +606-794 8383 Hotline: 1-800-88-1118

#### Planters' Haven

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

KM25, Jalan Pagoh, Pagoh 84600 Muar, Johor Tel: +606-984 2103/2222

Hotline: 1-800-88-1118

#### Taman Pasir Putih

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 IS HEREBY GIVEN that the Forty-Sixth (46th) 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 Thursday, 2 May 2019 at 10.00 a.m. to transact the following businesses:

## **As Ordinary Business**

- 1. To receive the Audited Financial Statements for the six (6) months financial period ended 31 December 2018 together with the Reports of the Directors and the Auditors thereon. Refer to Explanatory Note 1
- 2. To re-elect the following Directors who retire pursuant to Rule 111 of the Constitution of the Company and being eligible, offer themselves for re-election:

(i) Datuk Dr. Mohd Daud Bakar	(Resolution 1)
(ii) Dato' Seri Ahmad Johan Mohammad Raslan	(Resolution 2)
(iii) Datin Norazah Mohamed Razali	(Resolution 3)
Refer to Explanatory Note 2	

- 3. To re-elect Datuk Poh Pai Kong who retires pursuant to Rule 92.3 of the Constitution of the Company and being eligible, offers himself for re-election. (Resolution 4) Refer to Explanatory Note 3
- 4. To approve the payment of Directors' Fees to the Non-Executive Directors for the period from 3 May 2019 until the next AGM of the Company to be held in year 2020. (Resolution 5) Refer to Explanatory Note 4
- 5. To approve the payment of benefits to the Non-Executive Directors up to an amount of RM500,000 for the period from 3 May 2019 until the next AGM of the Company to be held in year 2020. (Resolution 6) Refer to Explanatory Note 5
- 6. To re-appoint PricewaterhouseCoopers PLT having consented to act as the Auditors of the Company for the financial year ending 31 December 2019 and to authorise the Directors to fix their remuneration. (Resolution 7)

Refer to Explanatory Note 6

# As Special Business

To consider and, if thought fit, pass the following Ordinary Resolutions:

7. RETENTION OF TENGKU DATUK SERI AHMAD SHAH ALHAJ IBNI ALMARHUM SULTAN SALAHUDDIN ABDUL AZIZ SHAH ALHAJ AS INDEPENDENT NON-EXECUTIVE DIRECTOR "THAT approval be and is hereby given to Tengku Datuk Seri Ahmad Shah Alhaj ibni Almarhum Sultan Salahuddin Abdul Aziz Shah Alhaj, the Independent Non-Executive Director of the Company who will reach the nine (9) year term on 30 December 2019, to continue to act as an Independent (Resolution 8) Non-Executive Director of the Company until the conclusion of the next Annual General Meeting." Refer to Explanatory Note 7

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 ten percent (10%) 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."

(Resolution 9) Refer to Explanatory Note 8

PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR EXISTING RECURRENT RELATED PARTY TRANSACTIONS AND PROPOSED NEW SHAREHOLDERS' MANDATE FOR ADDITIONAL RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

"THAT subject always to the Companies Act 2016 ("Act"), the Constitution of the Company, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, other applicable laws, quidelines, rules and regulations, and the approval of the relevant government and/or 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 3 April 2019 ("the Circular"), subject further to the following:

- 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;

AND THAT the Directors of the Company and/or any one of them be and are/is 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 9

(Resolution 10)

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 46th AGM, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd in accordance with Rule 76 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 22 April 2019. Only a depositor whose name appears on the Record of Depositors as at 22 April 2019 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 3 April 2019

#### 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.
- 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 46th 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/her.
- 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 under the hand of two (2) authorised officers, one of whom shall be a Director, or of its attorney duly 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 48 hours before the time for holding this AGM or no later than 30 April 2019 at 10.00 a.m.

8. Only Members registered in the Record of Depositors as at 22 April 2019 shall be entitled to attend, speak and vote at the 46th AGM or appoint proxy(ies) to attend, speak and/vote on their behalf.

## **Explanatory Notes**

# 1. Audited Financial Statements for the Six (6) Months Financial Period Ended 31 December 2018

The Audited Financial Statements are laid before the shareholders pursuant to the provisions of Section 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 Resolutions 1 to 3:

# Re-election of Directors Pursuant to Rule 111 of the Constitution

Rule 111 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 112 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 Dr. Mohd Daud Bakar, Dato' Seri Ahmad Johan Mohammad Raslan and Datin Norazah Mohamed Razali being eligible, have offered themselves for re-election at the 46th AGM pursuant to Rule 112 of the Constitution.

The Board is satisfied that in consideration of the wealth of expertise and experience which the retiring Directors possess, they will continue to bring sound judgement and valuable contribution to the board deliberations through active participation in discussions and decision making by the Board.

Based on the results of the Board Effectiveness Evaluation, all retiring Directors had contributed positively to the performance of the Board. The Nomination and Remuneration Committee ("NRC") and the Board were also satisfied that the retiring Independent Non-Executive Directors have maintained their independence in the financial period under review.

The Board recommends the re-election of Datuk Dr. Mohd Daud Bakar, Dato' Seri Ahmad Johan Mohammad Raslan and Datin Norazah Mohamed Razali at the 46th AGM.

All Directors standing for re-election (including Datuk Poh Pai Kong who retires pursuant to Rule 92.3 of the Constitution) have abstained from deliberations and decisions on their own eligibility to stand for re-election at the relevant NRC and Board meetings and will continue to abstain from deliberations and decisions on their own eligibility to stand for re-election at this AGM.

#### 3. Ordinary Resolution 4:

# Re-election of Director Pursuant to Rule 92.3 of the Constitution

Rule 92.3 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.

Datuk Poh Pai Kong who was appointed on 1 December 2018 shall hold office until the 46th AGM and shall then be eligible for re-election pursuant to Rule 92.3 of the Constitution.

#### 4. Ordinary Resolution 5:

Payment of Directors' Fees to the Non-Executive Directors ("NEDs") for the period from 3 May 2019 until the next AGM of the Company to be held in year 2020 Rule 94.1 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.

Based on the annual review of the Directors' remuneration conducted by the NRC, the Board had, at its meeting held on 27 February 2019, agreed that the proposed fees payable to the NEDs shall remain unchanged as follows:

	Board (RM/Year)		Other Board Committees (RM/Year)
Chairman	540,000	80,000	60,000
Member i) Resident ii) Non-resident	220,000 360,000	50,000	35,000

Shareholders' approval is hereby sought under Resolution 5 on the payment of NEDs' fees for the period from 3 May 2019 until the next AGM of the Company to be held in year 2020. If passed, it will give approval to the Company to continue paying 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 5 concerning the remuneration to the NEDs at the 46th AGM.

The remuneration of each Director is set out in the Corporate Governance Overview Statement.

#### 5. Ordinary Resolution 6:

Payment of Benefits to the NEDs up to an amount of RM500,000 for the period from 3 May 2019 until the next AGM of the Company to be held in year 2020

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. Rule 94.1 of the Constitution of the Company further provides that the fees and benefits payable to the NEDs shall be subject to annual shareholders' approval at a general meeting.

The Company is seeking shareholders' approval for the benefits/emoluments payable to the NEDs for the period from 3 May 2019 until the next AGM of the Company to be held in year 2020 in accordance with the remuneration (excluding Directors' fees) structure comprising, amongst others, the following key benefits, as and when incurred:

- Telecommunication devices/facilities
- · Club membership subscription
- Medical and insurance coverage
- Discount on purchases of Group/Company products
- Use of local holiday bungalow and apartments maintained by Sime Darby Property Group
- Other claimable benefits incurred in the course of carrying out their duties as Directors

There has been no changes to the structure of the benefits payable to the NEDs since the Forty-Fifth (45th) AGM.

Any NEDs who are shareholders of the Company will abstain from voting on Resolution 6 concerning the remuneration to the NEDs at the 46th AGM.

# 6. Ordinary Resolution 7: Re-appointment of Auditors

The Audit Committee ("AC") at its meeting held on 20 February 2019, had undertaken an annual assessment of the suitability and effectiveness of the external audit process, and the performance, suitability and independence of the external auditors, PricewaterhouseCoopers PLT ("PwC") as prescribed under the Paragraph 15.21 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The AC 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. The AC was also satisfied in its review that the provisions of non-audit services by PwC during the period under review did not impair PwC's objectivity and independence.

The Board had, at its meeting held on 27 February 2019, approved the AC's recommendation for the shareholders' approval to be sought at the 46th AGM on the re-appointment of PwC as external auditors of the Company for the financial year ending 31 December 2019, under Resolution 7. The present external auditors, PwC, have indicated their willingness to continue their services for the next financial year.

# Explanatory Notes on Special Business

#### 7. Ordinary Resolution 8:

Retention of Tengku Datuk Seri Ahmad Shah Alhaj ibni Almarhum Sultan Salahuddin Abdul Aziz Shah Alhaj as Independent Non-Executive Director

Tengku Datuk Seri Ahmad Shah Alhaj ibni Almarhum Sultan Salahuddin Abdul Aziz Shah Alhaj, who was appointed as an Independent Non-Executive Director on 31 December 2010, will reach the nine (9) year term on 30 December 2019.

The proposed Ordinary Resolution 8, if passed, will allow Tengku Datuk Seri Ahmad Shah Alhaj ibni Almarhum Sultan Salahuddin Abdul Aziz Shah Alhaj to continue to act as Independent Non-Executive Director until the conclusion of the next AGM of the Company.

The NRC of the Company has assessed the independence of all Independent Non-Executive Directors including Tengku Datuk Seri Ahmad Shah Alhaj ibni Almarhum Sultan Salahuddin Abdul Aziz Shah Alhaj and recommended to retain him as Independent Non-Executive Director of the Company. The Board endorsed the NRC's recommendation and was of the view that his retention as Independent Non-Executive Director is in the best interest of the Company. Details of the Board's justification and recommendation for the retention of Tengku Datuk Seri Ahmad Shah Alhaj ibni Almarhum Sultan Salahuddin Abdul Aziz Shah Alhaj as Independent Director are set out in the Company's Corporate Governance Report.

Tengku Datuk Seri Ahmad Shah Alhaj ibni Almarhum Sultan Salahuddin Abdul Aziz Shah Alhaj has abstained from deliberation and decision at the Board meeting in relation to the recommendation of this Resolution to the shareholders and will continue to abstain from deliberation and voting on the proposed Ordinary Resolution 8 at this AGM.

#### 8. 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 shareholders of the Company at the 45th AGM held on 31 October 2018, which will lapse at the AGM to be held on 2 May 2019.

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%) of the total number of issued shares 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 45th AGM held on 31 October 2018.

As at 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.

#### 9. Ordinary Resolution 10:

Proposed Renewal of Shareholders' Mandate for Existing Recurrent Related Party Transactions and Proposed New Shareholders' Mandate for Additional 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 a 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 3 April 2019 for further information.

# Statement Accompanying Notice of the Forty-Sixth 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 1 to 4 as stated above) at the Forty-Sixth Annual General Meeting of Sime Darby Property Berhad are set out in the "Profile of Directors" section in the Company's Annual Report.

The details of the Directors' interest in the securities of the Company as at 28 February 2019 are stated in the "Analysis of Shareholdings" section in the Company's Annual Report.

# Administrative Details for the Forty-Sixth (46th) Annual General Meeting ("AGM") of Sime Darby Property Berhad

Date : Thursday, 2 May 2019

Time : 10.00 a.m.

Meeting venue: Grand Ballroom, First Floor, Sime Darby Convention Centre, 1A, Jalan Bukit Kiara 1,

60000 Kuala Lumpur, Malaysia

## **Parking**

- Parking is free, subject to availability, at the following locations:
  - i) Indoor parking at Sime Darby Convention Centre ("SDCC"); or
  - ii) Outdoor parking at Stadium Juara, which is adjacent to SDCC. Shuttle service is available at designated drop off or pick up points between Stadium Juara and SDCC starting from 7.00 a.m. onwards till the end of the 46th AGM.

## Registration

- Registration will commence at 7.00 a.m. at Ballroom 3, First Floor, SDCC and will end upon commencement of Poll-voting process.
- 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. Please make sure you collect your I/C or Passport thereafter.
- Upon verification and signing the Attendance List, you will be given the following items:
  - i) an identification wristband;
  - ii) a breakfast coupon; and
  - iii) a gift voucher.
- No person will be allowed to enter the meeting hall without wearing the identification wristband and no replacement wristband will be given in the event that you lose or 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 or Secretariat Help Desk.

# Help Desks

- The Help Desk for Registration is located at the Ballroom 3, First Floor, SDCC which handles clarification or query on registration matters.
- The Secretariat Help Desk is located at the entrance to the Grand Ballroom which handles general clarification or enquiry.

#### Breakfast and Gift Voucher

 After registration, please proceed to Banyan Room (Ground Floor) to redeem your breakfast pack on the same day.

- Beverage will be served from 7.00 a.m. to 11.30 a.m.
- Shareholders/proxies will be given breakfast coupon and gift voucher upon successful registration in the following manner:
  - i) Attending as shareholder
- One (1) breakfast coupon and one (1) gift voucher
- ii) Attending as shareholder and also as proxy irrespective of the number of shareholders represented
- One (1) breakfast coupon and two (2) gift vouchers
- iii) Attending as proxy irrespective of the number of shareholders represented
- One (1) breakfast coupon and one (1) gift voucher
- 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 coupon/gift voucher.

# 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 22 April 2019 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.

# Administrative Details for the Forty-Sixth (46th) Annual General Meeting ("AGM") of Sime Darby Property Berhad

## Voting at Meeting

- The voting at the 46th AGM will be conducted on a poll pursuant to the Paragraph 8.29A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Malaysia"). 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 wristband issued during registration.
- Alternatively, shareholder/proxy could cast your vote using your own smartphone device with access to Tricor e-Vote App as described below:
  - i) <u>Download</u>
     Shareholder/proxy are advised to download the Tricor e-Vote App (at no cost from Google Play Store or Apple App Store) onto your smartphone device before attending the meeting.
  - ii) Access Shareholder/proxy needs to connect the Wi-Fi network provided by Tricor during the voting session:

Wi-Fi Name: Tricor eVote Password: simeprop0205

- You will be required to use the camera function of your device to capture the passcode on your identification wristband 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.

# 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 Securities Berhad ("Bursa Malaysia") at www.bursamalaysia.com.

#### Mobile Devices

 Please ensure that all mobile devices, i.e. 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 for the convenience of shareholders/proxies.

## Surau/Prayer Room

 The Surau/Prayer Room is located at First 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

 To enable us to improve on the administration and conduct of meeting, we would appreciate your comments by completing the evaluation form which is available at the Secretariat Help Desk. You may leave the completed form in the suggestion box placed outside the Grand Ballroom.

## Annual Report

 The Annual Report is available on the Company's website at www.simedarbyproperty.com and Bursa Malaysia at www.bursamalaysia.com under Company 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).

#### Map to SDCC



# Form of Proxy

(NRIC/Passport/Company No. \_\_

Trading Nature

Tel. No. \_\_

SIME DARBY PROPERTY BERHAD (Company No. 15631-P) (Incorporated in Malaysia)

(ADDRESS)

10

Number of ordinary shares held	CDS Account No.														
(FULL NAME OF SHAREHOLDER AS PER NRIC/PASSPORT/CERTIFICATE OF	INC	COF	PO	RAT	101	1 IN	I CA	PIT	AL	LET	TEI	RS)			

being a member/members of SIME DARBY PROPERTY BERHAD hereby

арро	pint (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)			)
	(ADDRESS)			
at th Com Kual	failing him/her, the Chairman of the Meeting, as my/our proxy/proxies to attend and be Forty-Sixth Annual General Meeting ("46th AGM") of Sime Darby Property Berhampany") to be held at the Grand Ballroom, First Floor, Sime Darby Convention Central Lumpur, Malaysia, on Thursday, 2 May 2019 at 10.00 a.m. and at any adjournment the out in the Notice of 46th AGM:	d ("Sime Darb e, 1A, Jalan B	y Proper ukit Kiar	ty" or "the a 1, 60000
NO.	AGENDA			
1.	To receive the Audited Financial Statements for the six (6) months financial period ended the Reports of the Directors and the Auditors thereon	d 31 December	2018 tog	ether with
OR	DINARY BUSINESS	RESOLUTION	FOR	AGAINST
2.	To re-elect Datuk Dr. Mohd Daud Bakar who retires in accordance with Rule 111 of the Constitution of the Company	1		
3.	To re-elect Dato' Seri Ahmad Johan Mohammad Raslan who retires in accordance with Rule 111 of the Constitution of the Company	2		
4.	To re-elect Datin Norazah Mohamed Razali who retires in accordance with Rule 111 of the Constitution of the Company	3		
5.	To re-elect Datuk Poh Pai Kong who retires pursuant to Rule 92.3 of the Constitution of the Company	4		
6.	To approve the payment of Non-Executive Directors' fees for the period from 3 May 2019 until the next Annual General Meeting of the Company to be held in year 2020	5		
7.	To approve the payment of benefits to the Non-Executive Directors up to an amount of RM500,000 for the period from 3 May 2019 until the next Annual General Meeting of the Company to be held in year 2020	6		
8.	To re-appoint PricewaterhouseCoopers PLT as Auditors of the Company for the financial year ending 31 December 2019 and to authorise the Directors to determine their remuneration	7		
SPE	CIAL BUSINESS	RESOLUTION	FOR	AGAINST
9.	To approve the retention of Tengku Datuk Seri Ahmad Shah Alhaj ibni Almarhum Sultan Salahuddin Abdul Aziz Shah Alhaj as Independent Non-Executive Director	8		
10.	To approve the Renewal of Authority for Directors to Allot and Issue New Ordinary Shares	9		

(ADDRESS)

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.

11. To approve the Proposed Renewal of Shareholders' Mandate and Proposed New

Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or

to be represented by the proxies must be indicated below:						
	Percentage (%)					
First proxy						
Second proxy						

For appointment of two (2) proving percentage of shareholdings

#### 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	2019	
			Signature/Common Seal of Member(s)

- \* Please delete where inapplicable.
- \*\* 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
- 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 46th 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/her.
- 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.
- 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 under the hand of two (2) authorised officers, one of who shall be a Director, or of its attorney duly 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 48 hours before the time for holding this AGM or no later than 30 April 2019 at 10.00 a.m.
- Only Members registered in the Record of Depositors as at 22 April 2019 shall be entitled to attend, speak and vote at the 46th AGM or appoint proxy(ies) to attend, speak and/vote on their behalf.

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# THE SHARE REGISTRAR

Affix Postage Stamp

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 di 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 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.

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 pernyataanpernyataan dan terma-terma di sini.



# www.simedarbyproperty.com

Sime Darby Property Berhad (15631-P) Level 10, Block G No. 2, Jalan PJU 1A/7A, Ara Damansara, PJU 1A 47301 Petaling Jaya, Selangor Darul Ehsan, Malaysia