# UNLOCKING VALUE

→ performance
→ innovation
→ people
→ land banks
→ markets

# UNLOCKING VALUE

S P Setia Berhad continues to be market-driven and focused on unlocking value for our business. As a leading property developer and investment company, we continue to set the bar in Malaysia's property market by taking on new challenges, not only in Malaysia but also globally.

To unlock greater value, we are adding strength to our real estate portfolio by seeking out new opportunities and venturing into new markets. Our global expansion aspirations continue as we embark on our first development in Japan. We are also keen to unlock value through new project launches in our flagship townships in the Klang Valley and Johor.

Powered by Team Setia, we are focused on quality and sustainability as we strive to meet customer expectations in both our services and products. S P Setia Berhad remains committed to delivering excellence in everything we do as well as ensuring long-term value to our stakeholders.

# ABOUT OUR REPORT

This report provides information that we believe is of material interest to stakeholders who wish to make an informed assessment of S P Setia Berhad ("S P Setia" or "Company") ability to generate value in the short, medium and long-term. We have sought to ensure that all information in this report relates to matters that have material bearing on value creation at the Company. It is supplemented by documents published as part of our annual results announcement on our website and the disclosures outlined below.

## SCOPE AND BOUNDARY

This Integrated Report encapsulates material information encompassing our strategy and business model, operating contexts, material risks, stakeholder interests, performance, prospects and governance from 1 January 2019 until 31 December 2019 unless otherwise stated. All financial statements have been prepared in accordance with the requirements of the Companies Act 2016 ("CA 2016") and the Malaysian Financial Reporting Standards ("MFRS").

## REPORTING FRAMEWORK

In producing this report, we are guided by the International Integrated Reporting ("IR") Framework as well as the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities"), the CA 2016, and the Malaysian Code on Corporate Governance ("MCCG").

## OUR TARGETED READERS

This Integrated Report is prepared to cater to the information needs of our shareholders and the investment community at large. It also provides relevant information to other stakeholders – such as our customers, employees, partners and regulators – who are interested in how we create value for them.

## MATERIALITY

In presenting the information, we have been guided by matters that are material to our targeted readers. These matters were identified, prioritised and validated via a four-step materiality assessment.

## ASSURANCE

The report development process is supported by our robust internal controls and good governance practices. Assurance for this report is provided by our management and Board of Directors ("Board"), supported by external verification by Ernst & Young PLT Malaysia, our auditors for financial information and providers of limited assurance on the selected non-financial information.

## FORWARD-LOOKING STATEMENTS

This report contains certain forward-looking statements relating to future performance and prospects. While these statements represent our judgements and future expectations at the time of preparing this report, a number of emerging risks, uncertainties and other important factors could cause actual results to differ materially from our expectations. These include factors that could adversely affect our business and financial performance.

## APPROVAL BY THE BOARD

The Board acknowledges its responsibility for the integrity of this report. The Directors confirm that they have collectively assessed the content and believe it addresses the material matters that substantively affect the organisation's ability to create value over the short, medium and long-term performance of the Company. This report has been presented in accordance with IIRF and is recommended for approval by the Board.

## OUR CAPITAL

**Financial Capital**

The pool of funds supporting business operations.

**Manufactured Capital**

Manufactured capital refers to our assets, business structure and operational processes, including our digital and IT infrastructure, that provide the framework and mechanics of how we do business.

**Human Capital**

The competencies, capabilities and experience of our employees and how they innovate, collaborate and align with our objectives.

**Intellectual Capital**

Intellectual capital refers to our brand and franchise value, research and development, innovation capacity, our reputation, as well as the strategic partnerships we forge.

**Social and Relationship Capital**

The strong relationships we create through regular engagements with all our key stakeholders.

**Natural Capital**

Renewable and non-renewable resources consumed by the Company.


**Navigation Icons**

- Financial Capital
- Manufactured Capital
- Human Capital
- Intellectual Capital
- Social and Relationship Capital
- Natural Capital

**Material Matters**

- Identification
- Prioritisation
- Validation

**Cross References**

- Tells you where you can find more information within the report
- Tells you where you can find more information online at www.spsetia.com

# WHAT'S INSIDE





# 01 Key Message

# CHAIRMAN'S MESSAGE

## DEAR VALUED SHAREHOLDERS,

**IT GIVES ME GREAT PLEASURE TO PRESENT AN ACCOUNT OF THE PERFORMANCE OF S P SETIA BERHAD FOR THE FINANCIAL YEAR 2019.**

**DESPITE THE INDUSTRY CHALLENGES DURING THE YEAR, NOT JUST IN MALAYSIA BUT ALSO IN THE MARKETS WE ARE IN, OUR STRONG LEADERSHIP SUPPORTED BY A COMMITTED, EXPERIENCED AND RESILIENT TEAM SETIA CONTINUED TO DEVELOP INNOVATIVE PRODUCTS AND PROMOTIONS ALIGNED WITH MARKET NEEDS. THIS ENABLED US TO MEET OUR SALES TARGET AS WE FURTHER EXPANDED OUR FOOTPRINT WHILE CREATING VALUE FOR ALL OUR STAKEHOLDERS.**

### OVERVIEW

The property industry in Malaysia continued to be very challenging due to a contraction in the economy, sluggish wage growth, and increasing cost of living. Together with stringent loan requirements by banks, Malaysians were hesitant to make purchases of big-ticket items, including homes. To spur the market, and help reduce the overhang, the Government ran a year-long Home Ownership Campaign ("HOC"), exempting buyers from stamp duties and offering discounts on the list price of selected properties.

S P Setia Berhad was also a beneficiary of the HOC, reaping RM1.82 billion in sales from the campaign. This, together with healthy sales in a number of our new launches, saw us surpass our sales target of RM4.55 billion, with total sales of RM4.56 billion.

### MEETING MARKET NEEDS

A key advantage of being a township developer is the ability to align our product launches with market needs and trends. As a result of engaging with our customers and potential buyers, and observing purchasing behaviour, we had determined that the most significant demand in the Malaysian market was for mid-priced landed properties. We therefore, focused on this particular segment and were pleased with the results.

A number of our new offerings during the year were entirely taken up on the day or weekend of their launches while others achieved strong take-up rates, especially in our established townships of Setia Alam, Setia Eco Park, Setia Eco Glades, Bandar Kinrara, Alam Impian and Setia Alamsari in the Central region. Setia Tropika and Bukit Indah, in the Southern region, and Setia Fontaines on Penang mainland also performed well. Our sales clearly demonstrated not only that the Company's product offerings synchronised with market demand but also that we continued to maintain consistently high standards of quality thus reinforcing the trust that people have in the Setia brand.

In marketing our Malaysian properties, we have not restricted ourselves to domestic buyers. Some of our developments, such as Setia V Residences, Setia Sky Ville and Setia Sky Seputeh catered to foreign investors, and we continue to intensify our efforts to reach out to them. In 2019, we were among the first few Malaysian developers to organise roadshows in Hong Kong where we saw an opportunity to tap into the demand for foreign investment due to the political unrest there. The response gained was certainly encouraging.

*Setia Sky Ville, Penang*

*Setia Alamsari, Bangi*

*Isle of Botanica, Setia Eco Glades, Cyberjaya*

*Encouraging turnout at S P Setia Berhad's Hong Kong roadshows*

## CREATING STAKEHOLDER VALUE

We seek to grow not only to ensure our business sustainability but also to be able to create greater value for our stakeholders, key among whom are our shareholders, customers, employees and the community. For the year under review, the Board declared an ordinary dividend of 1.00 sen per ordinary share. In respect of the Islamic Redeemable Convertible Preference Shares A and Islamic Redeemable Convertible Preference Shares B, the Company declared a preferential dividend of 6.49% per annum and 5.93% per annum, respectively, for the full year.

The relevance and quality of our products are reflected in a string of prestigious local and international awards we have accumulated over the years. In 2019 itself, we were most heartened by being ranked No. 1 in The Edge Malaysia Top Property Developers' Awards and for receiving the FIABCI Malaysia Property Award, both for the 12th time, making us the only developer to have achieved this feat.

Our employees are our most valuable asset, and we have always nurtured an environment that encourages empowerment and collaboration, ensuring our people can realise their full potential. We also focus on building a strong leadership benchmark for succession planning by having the right talent in the right role, optimising on people productivity. In 2019, we organised what we believed was an industry first: a company-wide "Hackathon" in which employees formed cross-functional teams to solve given business problems through digital solutions. Efforts such as these have gained us a spot in global professional services firm, Kincentric's list of Malaysia's Best Employers for ten consecutive years.

Acknowledging the role we can play to create greater economic equity, we contributed to numerous empowerment programmes through S P Setia Foundation, which raised RM7.13 million in 2019 for various interventions to be utilised in the next two to three years. Through one of our flagship initiatives, Setia Caring School Programme, we nurtured well-rounded students who not only excelled academically but also have the right values to contribute as responsible, ethical and caring citizens to the nation.

At the same time, we continue to cultivate a caring society through our #StandTogether campaign aimed at preventing bullying. For the second instalment, we organised the programme with various key partners and celebrities which saw it grow in terms of reach and impact. Among other key indicators, we trained 1,600 teachers and students to be Kindness Ambassadors, funded 40 student Kindness Projects, conducted 15 Kindness Tour workshops nationwide, and obtained the pledge of 22 Members of Parliament to support our campaign in the year under review.

> **"Through one of our flagship initiatives, Setia Caring School Programme, we nurtured well-rounded students who not only excelled academically but also have the right values to contribute as responsible, ethical and caring citizens to the nation."**




*Team Setia at the MSWG-ASEAN Corporate Governance Awards 2019*


*S P Setia Berhad's Hackathon*

*Setia Caring School Programme's Unity Sports Day*

> **"Our efforts to adopt the highest levels of governance were recognised when the Company was named first runner-up in the Industry Excellence Category of the Minority Shareholder Watchdog Group ("MSWG")-ASEAN Corporate Governance Awards 2019."**

## REMAINING STEADFAST IN CORPORATE GOVERNANCE

Underpinning all efforts to build trust-based relationships with our stakeholders is a robust governance framework which we continuously enhance. We are guided in this regard by the MCCG. In line with its recommendations, we maintain the right mix of skills and backgrounds of our Board composition and ensure high level of objectivity with diverse representation of age, gender, expertise and ethnicity/cultural background.

Our efforts to adopt the highest levels of governance were recognised when the Company was named first runner-up in the Industry Excellence Category of the Minority Shareholder Watchdog Group ("MSWG")-ASEAN Corporate Governance Awards 2019.

## CONTINUING OUR MOMENTUM

We expect the economic outlook for 2020 to remain challenging amidst the Covid-19 outbreak that resulted in our nation and the world undergoing unprecedented tribulations for an extended period and weighing down any potential upswings. Despite that, the Company remains focused and committed to fulfilling our strategies. We will continue to move forward in a timely and effective manner while continuously monitoring and responding to the emerging market and customers' risks and opportunities.

## EXPRESSING OUR APPRECIATION

S P Setia Berhad's successes are the result of the contributions of all our stakeholders. On behalf of the Board, I would like to thank our shareholders, business partners, suppliers, customers, employees and regulators for your continued support.

I would also like to take this opportunity to express my gratitude to colleagues on the Board for your time and counsel, in navigating the Company through the challenging landscape. My appreciation extends to our management, who have again proven their capability in steering the Company to greater heights. Finally, to Team Setia, thank you for your hard work and for sharing our commitment to unlock greater value in the markets we serve.

Thank you.

**Y.A.M Tan Sri Dato' Seri Syed Anwar Jamalullail**
Non-Independent Non-Executive Chairman

# 02 Overview

# WHO WE ARE

S P Setia Berhad is an award-winning real estate player listed on the Main Market of Bursa Securities. We develop for every possible need, from townships to eco-sanctuaries, luxury enclaves, high-rise residences, commercial, retail as well as integrated mixed developments. Every project is guided by our development philosophy of **LiveLearnWorkPlay** as we satisfy the needs of modern lifestyles holistically.

Within Malaysia, we have established a strong presence in the Klang Valley, Johor and Penang, while making advancements into Kota Kinabalu, Sabah. Internationally, we have built a strong presence in the United Kingdom, Australia, Singapore, China, Vietnam and, more recently, Japan, with top-notch residential and commercial spaces as well as integrated developments.

We strongly believe that our people are our differentiator. We have a team of more than 2,200 highly talented and dedicated individuals who inspire us and whom we, in turn, seek to motivate.

We seek to create positive change in the locations where we operate. Sustainability has been integral to the Company from the very start, as manifested in our vision, mission and core values. Living our values, and respectful of the principles of sustainability, we have been able to create exceptional properties that enrich lives and nurture cohesive communities.

| WORKFORCE | TOTAL REVENUE | INTERNATIONAL PRESENCE | TOTAL ASSETS | TOTAL SALES ACHIEVED |
|---|---|---|---|---|
| 2,264 employees | RM3.93 billion | 7 countries | RM30.04 billion | RM4.56 billion |

## VISION

To Be the **Best** in All We Do

## MISSION

- To provide superior customer service and satisfy customer needs through a culture of excellence
- To enhance shareholder's value
- To be a caring and responsible employer
- To be mindful of our social responsibilities

## VALUES

### S.C.R.I.P.T

| | | |
|---|---|---|
| S | Setia's Work Ethics | • Respect<br>• Support one another |
| C | Customers | • Serve with passion<br>• Responsive to needs |
| R | Responsibilities | • Commitment to success<br>• Learn & grow |
| I | Integrity | • Honesty<br>• Reliability |
| P | Professionalism | • Work professionally<br>• Continuous improvement |
| T | Team Setia | • Teamwork<br>• Embrace diversity |

# WHAT WE DO

## PROPERTY DEVELOPMENT

Property development is the main driver of S P Setia Berhad's operations focusing on four key segments:

- **Township Developments**
- **Eco-themed Developments**
- **Integrated Mixed Developments**
- **Niche Developments**

Property development accounts for 93.4% of the Group's total revenue.

**TOTAL REVENUE**
RM3.93 billion

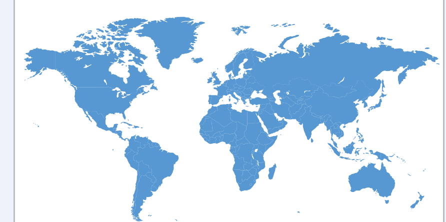
**TOTAL COMPLETED GDV**
RM2.49 billion

**ONGOING PROJECTS**
48 Projects


*Setia Eco Templer, Rawang*

**TOTAL SALES**
RM4.56 billion

**INTERNATIONAL PRESENCE**



Vietnam | Australia | Singapore | China | United Kingdom | Japan

**COMPLETED PROPERTIES**
4,029 units


*Setia Safiro, Cyberjaya*

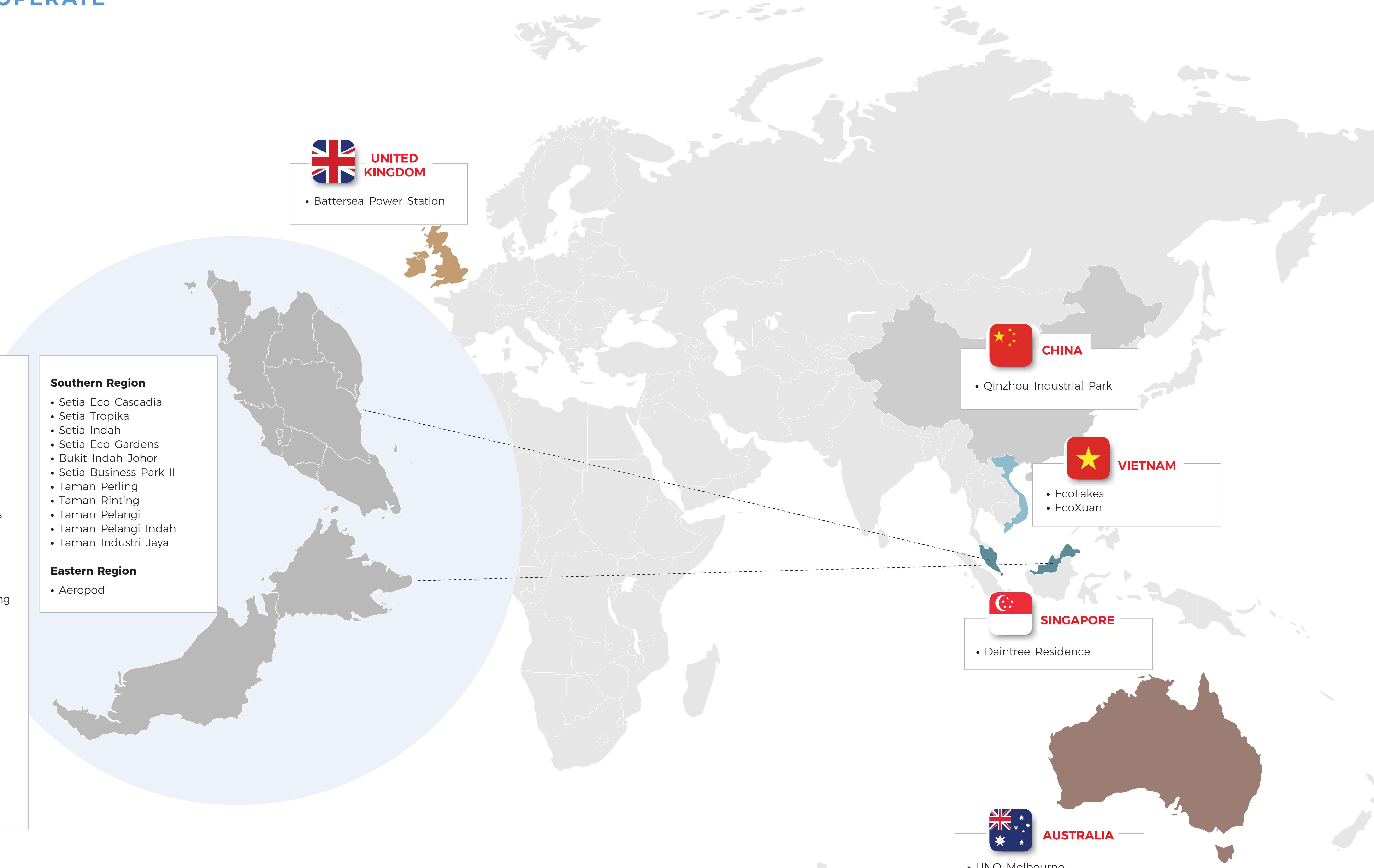
**MALAYSIA**

Klang Valley | Johor Bahru | Penang | Kota Kinabalu

**12TH TIME WINNER**
of the FIABCI Malaysia Property Award 2019

**NO. 1 WINNER FOR THE 12TH TIME**
of The Edge Malaysia Top Property Developers' Awards, winning also the Best in Qualitative Attributes sub-award in 2019

# WHERE WE OPERATE



## MALAYSIA

**Central Region**

- Setia Alam
- Setia City
- Setia EcoHill
- Setia EcoHill 2
- Setia Eco Park
- Setia Eco Templer
- Setia Eco Glades
- Setia Sky Seputeh
- Setia Seraya Residences
- TRIO by Setia
- KL Eco City
- Bandar Kinrara
- Temasya Glenmarie
- Alam Impian
- Bandar Baru Seri Petaling
- Setia Alamsari
- Kota Bayuemas
- Alam Damai
- Alam Sutera
- Setia Mayuri
- Setia Safiro
- Setia Warisan Tropika

**Northern Region**

- Setia Pearl Island
- Setia Greens
- Setia SPICE
- Setia Sky Vista
- Setia Sky Ville
- Setia Fontaines

**Southern Region**

- Setia Eco Cascadia
- Setia Tropika
- Setia Indah
- Setia Eco Gardens
- Bukit Indah Johor
- Setia Business Park II
- Taman Perling
- Taman Rinting
- Taman Pelangi
- Taman Pelangi Indah
- Taman Industri Jaya

**Eastern Region**

- Aeropod

## UNITED KINGDOM

- Battersea Power Station

## CHINA

- Qinzhou Industrial Park

## VIETNAM

- EcoLakes
- EcoXuan

## SINGAPORE

- Daintree Residence

## AUSTRALIA

- UNO Melbourne
- Marque Residences
- Sapphire by the Gardens

** All projects are currently on-going*

# OUR PROPERTY PORTFOLIO


*Setia Eco Glades, Cyberjaya*

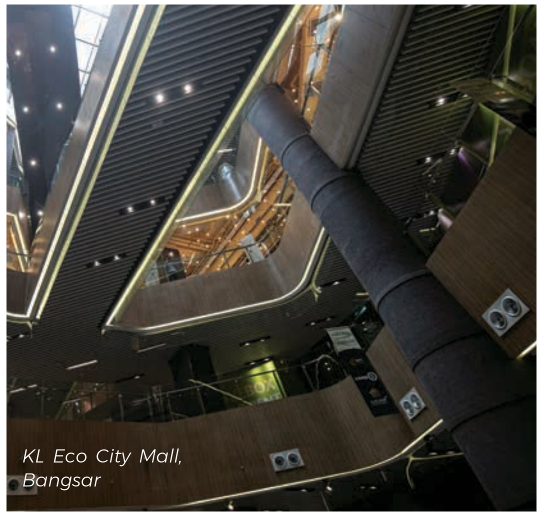
## PROPERTY DEVELOPMENT

The Group is well-known for its township developments such as the award-winning Setia Alam. Besides that, S P Setia Berhad is also a pioneer and leader in developing eco-themed developments. Other developments include transit-oriented developments, luxury high-rise and integrated developments.


*TRIO by Setia, Klang*


*Setia Sky Seputeh, Kuala Lumpur*


*Setia City Convention Centre, Shah Alam*


*KL Eco City Mall, Bangsar*


*Setia City Mall, Shah Alam*

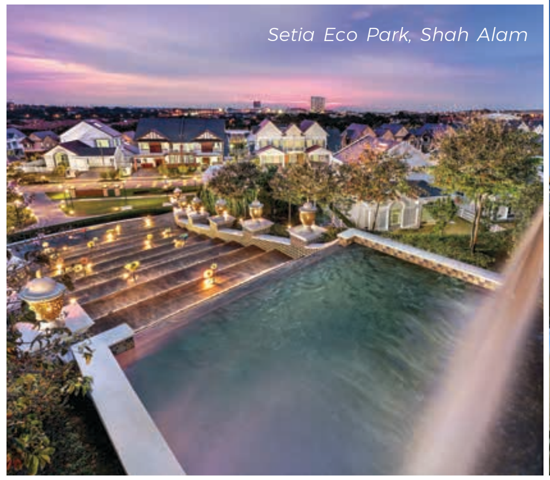

*Alam Impian, Shah Alam*


*Setia EcoHill, Semenyih*


*Daintree Residence, Singapore*


*Setia Alam, Shah Alam*


*Setia Fontaines, Penang*


*Setia Eco Park, Shah Alam*


*KL Eco City, Bangsar*

## PROPERTY INVESTMENT

The Group is steadily growing its Property Investment portfolio and currently has three retail assets under its belt and two large MICE venues i.e. Setia SPICE and Setia City Convention Centre located in Penang Island and Setia City in Setia Alam, respectively.


*Amari Hotel, Setia SPICE, Penang*


*Battersea Power Station, United Kingdom*


*Setia SPICE, Penang*

## WHY INVEST IN US

**01** PROVEN TRACK RECORD AS A **PREMIER AWARD WINNING DEVELOPER IN MALAYSIA AND THE REGION**

**02** STRONG BALANCE SHEET **– TOTAL ASSETS – SHAREHOLDERS FUNDS**

**03** 48 ONGOING PROJECTS WITH **UNBILLED SALES OF RM10.67 BILLION**

**04** PRESENCE IN **7 COUNTRIES**

**05** 8,858 ACRES OF LAND BANKS **WORTH RM141.84 BILLION IN GDV**

**06** ROBUST AND SOLID **GOVERNANCE FRAMEWORK**

## WHAT DIFFERENTIATES US

Malaysia's first developer that prides itself on creating homes and communities surrounded by ecological features and sustainable living environments to enrich the lives of its dwellers.

Malaysia's leading listed real estate player with a portfolio that encompasses well-planned vibrant townships, eco-sanctuaries, luxury enclaves, high-rise residences, commercial and retail as well as integrated-mixed and transit-oriented developments in a wide geographical spread.

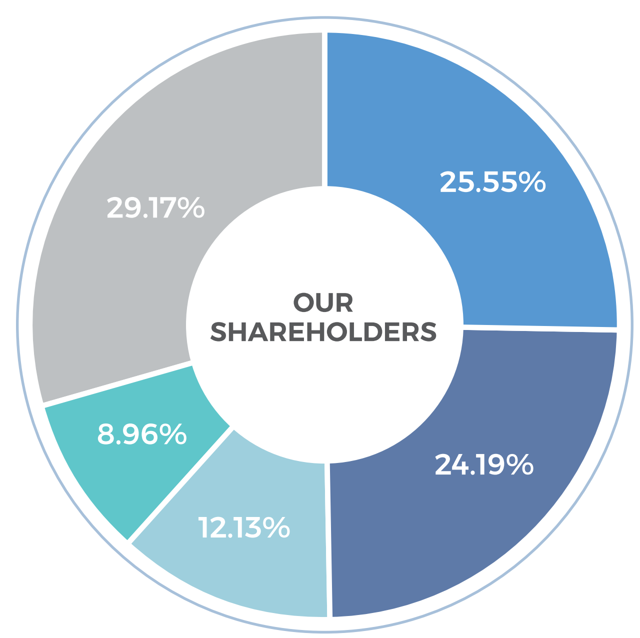
Since the 1980s, we incorporated advanced construction methods including precast construction for the superstructure and advanced system formwork that allow for efficiency and safety with minimal wastage.

Differentiated developments

- Township developments
- Eco-themed developments
- Integrated developments
- Niche developments

## OUR STAKEHOLDERS


## OUR SHAREHOLDERS




Permodalan Nasional Berhad | Amanahraya Trustees Berhad – Amanah Saham Bumiputera | Employees Provident Fund Board | Kumpulan Wang Persaraan (Diperbadankan) | Others

# KEY HIGHLIGHTS

## FINANCIAL HIGHLIGHTS

**REVENUE**
RM3.93 billion

**PROFIT BEFORE TAX**
RM598 million

**PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY**
RM344 million

**TOTAL ASSETS**
RM30.04 billion

**EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY**
RM14.35 billion

**TOTAL SALES ACHIEVED**
RM4.56 billion

RM10.67 billion
**UNBILLED SALES**

**STRONG GDV IN THE PIPELINE**
RM141.84 billion

**EFFECTIVE LAND BANKS**
8,858 Acres

**ON-GOING PROJECTS**
48

## BUSINESS HIGHLIGHTS

Delivered **High-Quality Properties** with acute timeliness for the execution of new and current projects with a **Dedication and Focus on Customers**

S P Setia Foundation adopted several public schools to elevate them to greater heights and held the **Setia Caring School Programme** and the **Unity Sports Day**

*For more please refer to the section on S P Setia Foundation on page 161*

Established an **International Portfolio in Japan**

*For more please refer on page 67*

Received the **Highest Industrialised Building System ("IBS") Score** in the country, at **93.95** for the construction of Kementerian Kesihatan Malaysia ("KKM") Government Quarters building in Setia Federal Hill

**RM7.13 million** Setia Foundation raised to fund its initiatives at the **Setia Foundation Charity Dinner**

Introduced our **'Starter Homes series'** that were highly sought after and very well-received, indicating that demand for well-priced and well-placed landed properties remains strong

Successfully completed **4,029 units** of properties with a total GDV of **RM2.49 billion**

### Awards Won

First runner-up of MSWG-ASEAN Corporate Governance Award in the **Industry Excellence Award** category

Won three **FIABCI World Prix d'Excellence Award 2019** (Setia SPICE, Parque Melbourne, and Circus West Village at Battersea Power Station, London)

**FIABCI Malaysia Property Awards 2019**
Office Category – KLEC

**BCI Asia Top 10 Developer** Malaysia

10th time winner **Kincentric Best Employers Malaysia Award**

Excellence Awards & Honour Awards **11th Malaysia Landscape Architecture Awards MLAA11 2018**

12th time winner **No. 1 Winner for The Edge Top Property Developer Awards**

# ACCOLADES

## GROUP AWARDS

### The Edge Malaysia Property Excellence Awards 2019
- Top Property Developers' Awards – No. 1 (12th time)

### FIABCI World Prix d'Excellence Awards 2019
- Purpose-Built Category – (World Gold), Setia SPICE, Penang
- Residential (High Rise) Category – (World Silver), Parque Melbourne, Australia
- Residential (Mid Rise) Category – (World Silver), Circus West Village at Battersea Power Station, London

### FIABCI Malaysia Property Award 2019
- Best Office Category – KL Eco City ("KLEC"), Kuala Lumpur

### 11th Malaysia Landscape Architecture Awards MLAA11 2018 (awarded in 2019)
- Landscape Development Awards
  - Developer Category – (Excellence), Renewal Clean Energy Application for Landscape Features, Elizabeth Falls and Victoria Springs, Setia Eco Park, Setia Alam
  - Developer Category – (Honour), Adventure Park, Setia EcoHill 2, Semenyih

### BCI Asia Awards 2019
- Top 10 Developers (Malaysia)

### Kincentric Best Employers Award 2019
- Best Employers
- Best Employers Malaysia Hall of Fame

## RECOGNITION

### The Edge Malaysia Property Excellence Awards 2019
- The Edge Malaysia Affordable Urban Housing Excellence Award – D'Cerrum Apartment, Setia EcoHill, Semenyih
- The Edge Malaysia Outstanding Overseas Project Award – Circus West Village at Battersea Power Station in London, United Kingdom

### StarProperty.my Property Award 2019
- The Skyline Award – Best High-Rise Residential Development – (Excellence), Setia Sky Seputeh, KL
- The Poseidon Award – Best Waterfront Development – (Excellence), Isle of Kamares, Setia Eco Glades, Cyberjaya
- The Just-Walk Award – Best Integrated Development – (Honours), TRIO by Setia, Klang
- The All-Star Award – Top Ranked Developers of the Year
- StarProperty.my Readers' Choice Award

### EdgeProp Malaysia's Best Managed Property Awards 2019
- EdgeProp-ILAM Malaysia's Sustainable Landscape Award 2019 – (Gold), Lepironia Gardens, Setia Eco Glades, Cyberjaya

### Malaysia Green Building Council 10th Anniversary Sustainability Awards 2019
- Top 10 Green Buildings of the Decade Awards 2019 – S P Setia Berhad Corporate HQ

### CIDB Highest Industrialised Building System ("IBS") Score 2019
- Kementerian Kesihatan Malaysia ("KKM") Government Quarters, Setia Federal Hill, Bangsar

### 15th Malaysia Occupational Safety and Health Practitioners' Association ("MOSHPA") Occupational Safety and Health ("OSH") Excellence Award 2019
- OSH Management in Precast Construction – (Gold), Setia Precast Sdn Bhd

### ACEM Engineering Awards 2019 – (Gold Award of Special Merit), Setia SPICE, Penang

### MSWG-ASEAN Corporate Governance Award 2018 (awarded in 2019)
- Industry Excellence Award – Property Category – (2nd Place)

### Putra Brand Awards 2019
- Property Development Category – (Gold)

### Malaysia Business Events Awards 2019
- Purpose Built Convention & Exhibition Centre (15,000 sqm & below) – (Excellence in Development), Setia City Convention Centre, Setia Alam

### Malaysian Agricultural Research and Development Institute ("MARDI") 50th Anniversary
- Best Technology Commercialisation Award – Precinct Arundina, Setia Eco Park, Setia Alam


# OUR VALUE CREATION MODEL

We seek to actively manage our activities and their impacts to ensure we enhance the positive and minimise the negative outcomes of our business, creating and sustaining value for all stakeholders.

## VALUE ADDED BY S P SETIA BERHAD

### *Resources We Rely On*

**5 CAPITALS**

#### INPUTS

**FINANCIAL CAPITAL**

The pool of funds supporting business operations.

- Net Assets: **RM15.78 billion**
- Net Gearing Ratio: **0.52 times**

**MANUFACTURED CAPITAL**

Manufactured capital refers to our assets that provide the framework and mechanics of how we do business.

- Land Bank: **8,858 acres**
- Ongoing Developments: **48**

**HUMAN CAPITAL**

The competencies, capabilities and experience of our employees and how they innovate, collaborate and align with our objectives.

- Employees: **2,264** across **7** countries
- Total training hours: **74,937**

**SOCIAL & RELATIONSHIP CAPITAL**

The strong relationships we create through regular engagements with all our key stakeholders.

- CSR spend: **RM1.3 million**

**NATURAL CAPITAL**

Renewable and non-renewable resources consumed by the Company.

- Electricity consumption: **38.67 million kW/h**
- Water consumption: **1.03 million m³**
- Using low and non-Volatile Organic Components Compounds ("VOC") paints, solvents, adhesives and carpets to improve air quality.
- Zero ozone-depleting potential of building insulants.
- Strict waste minimisation schemes, such as the implementation of wall panel and incorporation of recycled materials.

### Driven by our VISION

To Be The Best In All We Do

### Guided by our core VALUES

- SETIA's Work Ethics
- Customers
- Responsibilities
- Integrity
- Professionalism
- Team Setia

**STRATEGIC GOAL**

TO BE THE NO. 1 PROPERTY DEVELOPER IN MALAYSIA

**STRATEGIC FOCUS AREAS**

- Sustain Sales
- Diversify Into New Markets
- Expand Portfolio Of Investment Properties
- Build Sustainable Land Bank
- Build Property Management Capabilities
- Propel Growth With Efficient Funding

**MATERIAL MATTERS**

- Financial Performance
- Regulatory and Business Conduct
- Customer Centricity
- Team Setia
- Health and Safety
- Environmental Stewardship
- Communities

**KEY RISKS**

- Market Risk
- Competition Risk
- Political and Regulatory Risk
- Forex Risk
- Geopolitical Risk
- Cyber Security Risk
- Workplace Health and Safety Risk

**MARKET TRENDS SHAPING OUR BUSINESS**

- Urbanisation
- Industrialisation
- Digitalisation
- Changes in Supply-Demand Fundamentals
- Accessibility, Mobility and Connectivity
- Market Volatility

PROPERTY DEVELOPMENT | CONSTRUCTION & INFRASTRUCTURE | WOOD-BASED MANUFACTURING

**PROPERTY DEVELOPMENT**

The key segments of S P Setia Berhad's business operations:

- Township Developments
- Eco-themed Lifestyle Developments
- Integrated Developments
- Niche Developments

**CONSTRUCTION & INFRASTRUCTURE**

Setia Precast:

- A wholly-owned subsidiary of S P Setia Berhad
- An award-winning Building contractor, supporting Property Development business
- Responsible for the development of iconic buildings and a number of the nation's major infrastructure projects
- To date, the Company has built more than **35,000** units of prefabricated residential units including about **5,000** units of government apartments in Putrajaya

**WOOD-BASED MANUFACTURING**

Setia Wood Industries:

- Established to supply wood components to Setia's construction arm, as well as to the local construction industry
- The preferred supplier of wood components in Asia-Pacific
- Renowned for its product range and quality
- Prefabricated timber roof trusses, solid decorative and fire-rated doors, windows, mouldings and carpentry works

## VALUE CREATED FOR S P SETIA BERHAD AND ITS STAKEHOLDERS

### *Value We Create*

#### OUTCOMES

**INVESTORS/SHAREHOLDERS**

- Equity Attributable to Owners of the Company: **RM14.35 billion**
- Dividend Payout: **50.2%**
- Ordinary Dividend Per Share: **1.00 sen**
- Unbilled Sales: **RM10.67 billion**

**CUSTOMERS**

- Customer Satisfaction Survey: 86% of S P Setia's homebuyers recommend purchasing S P Setia properties to friends and relatives
- Half of our Property Development projects achieved 100% in overall satisfaction and all service elements

**EMPLOYEES**

- Employee Engagement Index/Score: **86%**
- Workforce Representation:
  - Female in Senior Management: **29.55%**
  - Female in Board: **30%**
- Workforce trained per employee/per hour: **32.47**
- Build a future-ready workforce

**COMMUNITIES**

- CSR Initiatives:
  - S P Setia Foundation spent **RM74.30 million** since 2000
  - Touched the lives of **11,300** children
- #StandTogether campaign:
  - **9,000** National Kindness Week registrations
  - **1,600** teachers and students trained to be Kindness Ambassadors
  - **40** student Kindness Projects funded
  - **22** Members of Parliament pledged support
  - **9.71** million #StandTogether video views

**ENVIRONMENT**

Our developments, especially Eco-themed Lifestyle Developments, have garnered multiple awards and recognitions for the preservation of flora and fauna, amongst others

*Refer to Sustainability Statement, page 140 to 147*

**SUPPORTED BY STRONG GOVERNANCE AND ETHICS**

We believe that good corporate governance provides a solid foundation towards achieving our strategic objectives and adding value for our stakeholders

# CORPORATE STRUCTURE

AS AT 19 MARCH 2020

Setia

## PROPERTY DEVELOPMENT

- 100% Bandar Setia Alam Sdn Bhd
  - 50% Greenhill Resources Sdn Bhd
  - 100% Setia Alam Recreation Sdn Bhd
  - 100% Setia Eco Park Recreation Sdn Bhd
- 50% Bandar Eco-Setia Sdn Bhd
- 100% Bukit Indah (Johor) Sdn Bhd
- 100% Setia Indah Sdn Bhd
- 100% Shabra Development Sdn Bhd
- 100% Syarikat Kemajuan Jerai Sdn Bhd#
- 100% Bukit Indah (Perak) Sdn Bhd#
- 100% Setia Promenade Sdn Bhd
- 70% Bukit Indah Property Management Sdn Bhd
- 50% Golden Klang Valley Sdn Bhd#
- 100% Sendiman Sdn Bhd
- 100% Exceljade Sdn Bhd
- 100% Aeropod Sdn Bhd
- 70% Setia Eco Glades Sdn Bhd
- 70% Kemboja Mahir Sdn Bhd
  - 100% Ganda Anggun Sdn Bhd
- 100% Kewira Jaya Sdn Bhd
  - 100% Kay Pride Sdn Bhd
- 60% Setia Putrajaya Sdn Bhd
  - 100% Setia Putrajaya Development Sdn Bhd
- 100% KL Eco City Sdn Bhd
- 100% Setia International Limited
  - 100% Setia MyPhuoc Limited
    - 57.25% SetiaBecamex Joint Stock Company
  - 95% Setia Lai Thieu Limited
    - 100% Setia Lai Thieu One Member Company Limited
  - 100% Setia Australia Limited
    - 100% Setia (Melbourne) Development Company Pty Ltd
    - 100% Setia St Kilda (Melbourne) Pty Ltd
    - 100% Setia Carnegie Pty Ltd
    - 100% Setia A'Beckett (Melbourne) Pty Ltd
  - 40% Battersea Project Holding Company Limited & subsidiaries
  - 40% Battersea Power Station Development Company Limited
  - 40% Battersea Power Station Estates Limited
- 100% Setia Alamsari Sdn Bhd (formerly known as KL East Sdn Bhd)
- 100% Setia City Development Sdn Bhd
- 100% Gita Kasturi Sdn Bhd
- 50% Retro Highland Sdn Bhd
- 100% Setia Ecohill 2 Sdn Bhd
- 100% Setia Hicon Sdn Bhd
- 100% Setia Fontaines Sdn Bhd
- 100% Setia Federal Hill Sdn Bhd
- 100% Setia Bina Raya Sdn Bhd
- 100% Intra Hillside Sdn Bhd
- 100% Setia Eco Templer Sdn Bhd
  - 100% Setia Eco Templer Recreation Sdn Bhd
- 100% Setia Eco Land Sdn Bhd
- 100% Setia Ecohill Sdn Bhd
  - 100% Setia Ecohill Recreation Sdn Bhd
- 100% S P Setia International (S) Pte Ltd
  - 100% Setia (Bukit Timah) Pte Ltd
- 100% Wawasan Indera Sdn Bhd
- 70% Setia Safiro Sdn Bhd
- 100% S P Setia Eco-Projects Management Sdn Bhd

## CONSTRUCTION

- 100% Setia Readymix Sdn Bhd
- 100% Setia Prefab Sdn Bhd#
  - 100% Setia Precast Sdn Bhd
  - 100% Manih System Construction Sdn Bhd#
    - 60% Suharta Sdn Bhd*
      - 51% Suharta Development Sdn Bhd*
      - 60% Yunikhas Sdn Bhd*
        - 8% investment in Yunikhas Sdn Bhd is held by S P Setia Berhad
        - 10% investment in Yunikhas Sdn Bhd is held by Manih System Construction Sdn Bhd
      - 100% Aneka Baru (M) Sdn Bhd#

## MANUFACTURING/INVESTMENT & PROPERTY HOLDING/PROPERTY MANAGEMENT/OTHERS

- 100% Setia-Wood Industries Sdn Bhd
  - 100% S P Setia Marketing Sdn Bhd
- 100% S P Setia Management Services Sdn Bhd#
- 60% S P Setia Estate Management Sdn Bhd*
- 100% S P Setia PMC Sdn Bhd
- 100% S P Setia Technology Sdn Bhd
- 100% Futurecrest (M) Sdn Bhd
  - 70% Kesas Kenangan Sdn Bhd
- 100% S P Setia (Indonesia) Sdn Bhd
- 100% Setia International Japan Co. Ltd.
  - 51% Setia Osaka Tokutei Mokuteki Kaisha
- 100% Setia Japan Holding Sdn Bhd (formerly known as Setiahomes (MM2H) Sdn Bhd)
  - 49% Setia Osaka Tokutei Mokuteki Kaisha
- 99.9% Kenari Kayangan Sdn Bhd#
  - 49% PTB Property Developer Sdn Bhd
- 100% Tenaga Raya Sdn Bhd
- 100% Setia Eco Green Sdn Bhd
- 45% Qinzhou Development (Malaysia) Consortium Sdn Bhd
  - 49% China-Malaysia Qinzhou Industrial Park (Guangxi) Development Co., Ltd.
- 100% Pelita Mentari Sdn Bhd
- 100% Flexrise Projects Sdn Bhd
- 100% S P Setia Property Services Sdn Bhd
- 100% Indera Perasa Sdn Bhd
- 100% Setia Eco Heights Sdn Bhd
- 100% S P Setia Development Pte Ltd
- 100% S P Setia DMC Sdn Bhd
- 100% Setia EM (Central) Sdn Bhd
- 100% Setia IP Holdings Sdn Bhd
- 100% Eco Meridian Sdn Bhd
- 100% Setia Ventures Excellence Sdn Bhd
- 100% S P Setia Project Management Sdn Bhd
- 100% I & P Group Sdn Berhad
  - Please refer below

*In Creditors' Voluntary Liquidation
#In Members' Voluntary Liquidation

## CORPORATE STRUCTURE
AS AT 19 MARCH 2020

Setia

**100% I & P GROUP SDN BERHAD**

- 100% I & P Setiawangsa Sdn Bhd
- 100% I & P Menara Sendirian Berhad
- 99% I & P Alam Impian Sdn Bhd
- 70.09% Syarikat Perumahan Pegawai Kerajaan Sdn Bhd
  - 100% Plaza Damansara Sdn Bhd
- 51% Perumahan Kinrara Berhad
  - 100% Kinrara Golf Club Sdn Bhd
  - 100% Kinrara Urusharta Sdn Bhd
  - 51%
- 25.9% I & P Kota Bayuemas Sdn Bhd
- 100% Petaling Garden Sdn Bhd
  - 100% Biltmore (M) Sdn Bhd
  - 100% Setia Mayuri Sdn Bhd
  - 66.06% Temasya Development Co Sdn Bhd
    - 100% Alpine Affluent Sdn Bhd
    - 100% Scenic Promenade Sdn Bhd
  - 70%
- 30% PG Resorts Sdn Bhd
- 100% Pelangi Sdn Bhd
  - 100% Yukong Development (Pte) Limited
  - 89.14% Taman Gunong Hijau Sdn Bhd
  - 35% Tanah Sutera Development Sdn Bhd
    - 100% Tanah Sutera Management Sdn Bhd#
- 100% I & P Multi Resources Sdn Berhad
  - 100% Yong Peng Realty Sdn Bhd
  - 100% Peninsular Land Development Sdn Berhad
  - 100% I & P Supply Berhad
  - 100% I & P Development Sdn Bhd
  - 100% I & P Inderawasih Jaya Sdn Bhd
  - 100% I & P Nibong Sdn Bhd
  - 100% Perusahaan Minyak Sawit Bintang Sendirian Berhad
  - 100% Petaling Garden Industrial Estate Sdn Bhd
  - 100% Eng Lee Knitting Factory Sdn Bhd
  - 100% Pelangi Concrete Industries Sdn Bhd
  - 20% Fahim-I Hitech Sdn Bhd
  - 20% Merit Properties Sdn Bhd



## CORPORATE INFORMATION

### BOARD OF DIRECTORS

**Y.A.M. Tan Sri Dato' Seri Syed Anwar Jamalullail**
Non-Independent Non-Executive Chairman

**Dato' Khor Chap Jen**
President and Chief Executive Officer

**Dato' Ahmad Pardas Bin Senin**
Senior Independent Non-Executive Director

**Dato' Halipah Binti Esa**
Independent Non-Executive Director

**Dato' Seri Ir. Hj. Mohd Noor Bin Yaacob**
Independent Non-Executive Director

**Puan Noraini Binti Che Dan**
Independent Non-Executive Director

**Mr Philip Tan Puay Koon**
Independent Non-Executive Director

**Tengku Dato' Ab. Aziz Bin Tengku Mahmud**
Non-Independent Non-Executive Director

**Dato' Zuraidah Binti Atan**
Independent Non-Executive Director

**Dato' Azmi Bin Mohd Ali**
Non-Independent Non-Executive Director

### AUDIT COMMITTEE
Puan Noraini Binti Che Dan (Chairman)
Mr Philip Tan Puay Koon
Dato' Zuraidah Binti Atan

### EXECUTIVE COMMITTEE
Dato' Halipah Binti Esa (Chairman)
Dato' Seri Ir. Hj. Mohd Noor Bin Yaacob
Dato' Khor Chap Jen

### FINANCE AND INVESTMENT COMMITTEE
Mr Philip Tan Puay Koon (Chairman)
Dato' Ahmad Pardas Bin Senin
Dato' Azmi Bin Mohd Ali

### NOMINATION AND REMUNERATION COMMITTEE
Y.A.M. Tan Sri Dato' Seri Syed Anwar Jamalullail (Chairman)
Dato' Ahmad Pardas Bin Senin
Mr Philip Tan Puay Koon

### RISK MANAGEMENT COMMITTEE
Dato' Ahmad Pardas Bin Senin (Chairman)
Dato' Seri Ir. Hj. Mohd Noor Bin Yaacob
Tengku Dato' Ab. Aziz Bin Tengku Mahmud
Dato' Halipah Binti Esa

### SECRETARY
Lee Wai Kim
SSM PC No. 202008001422
MAICSA 7036446

### REGISTERED OFFICE
S P Setia Berhad Corporate HQ
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Selangor Darul Ehsan
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Fax : +603-3344 1568

### SHARE REGISTRAR
Tricor Investor & Issuing House Services Sdn Bhd
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59200 Kuala Lumpur
Tel : +603-2783 9299
Fax : +603-2783 9222

### BANKERS
Affin Bank Berhad
Alliance Bank Malaysia Berhad
Al-Rajhi Banking & Investment Corporation (Malaysia) Berhad
Ambank (M) Berhad
AmIslamic Bank Berhad
Bangkok Bank Berhad
Bank of China (Malaysia) Berhad
Bank Islam Malaysia Berhad
Bank Muamalat Malaysia Berhad
CIMB Bank Berhad
CIMB Islamic Bank Berhad
Export-Import Bank of Malaysia Berhad
Hong Leong Bank Berhad
HSBC Bank Malaysia Berhad
Industrial and Commercial Bank of China (Malaysia) Berhad
Malayan Banking Berhad
Maybank Islamic Berhad
OCBC Bank (Malaysia) Berhad
Oversea-Chinese Banking Corporation Limited
Public Bank Berhad
Public Islamic Bank Berhad
RHB Bank Berhad
RHB Islamic Bank Berhad
Standard Chartered Bank Malaysia Berhad
Sumitomo Mitsui Banking Corporation
United Overseas Bank (Malaysia) Bhd

### AUDITORS
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Level 23A Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
50490 Kuala Lumpur

### SOLICITORS
Lee Hishamuddin Allen & Gledhill
Shearn Delamore & Co
Wong & Partners
Zaid Ibrahim & Co

### STOCK EXCHANGE LISTING
Main Market of Bursa Malaysia Securities Berhad

### INDICES
FTSE Bursa Malaysia

### WEBSITE
www.spsetia.com

*Setia Eco Templer, Rawang*

# 03 Management Discussion & Analysis

STRATEGIC REVIEW

# OUR OPERATING ENVIRONMENT

## MARKET REVIEW, OUTLOOK AND OPPORTUNITIES

In 2019, the global economy grew by an estimated 3.0% as compared to 3.6% in 2018. The slowdown was largely attributable to the increasing protectionism and geopolitical tensions impacting the global trading system and international cooperation.

On the local front, the Malaysian economy grew by 3.6% year-on-year in the 4th quarter of 2019, easing from 4.4% growth in the previous quarter. For the full 2019, Gross Domestic Product growth of 4.3% was the lowest in a decade, the softest pace since the global financial crisis, falling short of expectations that had been set at 4.7% growth. This weak showing was mainly due to contractions in natural gas and palm oil outputs and a 3.1% drop in exports amid global trade tension while investments continued to decline and manufacturing growth slowed down. Among its wide-ranging effects, the property industry, in general, was soft during the year.

### MARKET OPERATING ENVIRONMENT IN 2019

Property developers did not witness great improvement in the property market in 2019 from 2018 as it continued to be affected by slower economic growth, affordability issues and high levels of unsold inventories. Whilst the Malaysian government introduced various initiatives such as the HOC, the recovery speed in terms of property sales remained weak and the market continued to take a 'wait and see' approach on big ticket items.

The HOC did aid and served as a catalyst to spur some demand as the campaign had registered sales to a tune significantly higher than the initial target. Nevertheless, home ownerships remained elusive to many as lending policies were still stringent, resulting in the build-up of unsold inventories.

Other key concerns plaguing the industry included global geopolitical issues such as the US-China trade tension as well as the unrest in Hong Kong leading to cautious spending and continued the 'wait-and-see' mindset by property buyers.

### OUTLOOK & OPPORTUNITIES IN 2020

The economy outlook for 2020 is expected to remain challenging amid the ongoing Covid-19 outbreak. The Government had on 18 March 2020 implemented a Movement Control Order ("MCO") to curb further escalation of the number of cases. Although the full impact of the viral outbreak has not been ascertained, it is predicted to dampen the economy in all related sectors including property, construction, aviation, manufacturing, services, automobile, retail as well as a disruption in the supply chain of raw materials.

Given the expectation of a weaker domestic economy, softer sentiments and lacklustre investments, Bank Negara Malaysia ("BNM") had two reductions in the overnight policy rate ("OPR") by a total of 50 basis points in January 2020 and March 2020 to 2.5% in its pre-emptive austerity drive to reinvigorate the economy. In addition, a total of RM250 billion economic stimulus packages were introduced in February and March 2020 targeted to ease the impact and cushion any economic fallout of the Covid-19 pandemic with focus on individual needs, businesses in general and also public healthcare system to stave off the rise of Covid-19 cases. Employee contributions to the Employees Provident Fund ("EPF") had also been reduced to 7% to incentivise consumer spending. In March 2020, BNM had lowered its Statutory Reserve Requirement ("SRR") ratio by 100 basis points ("bps") to 2% from 3%, bringing the SRR to its lowest rate since April 2011 with the intention to improve loanable funds for banks from reserves to create credit and to support the domestic economy from falling into a possible sharp economic downturn. Furthermore, banking institutions will grant a moratorium on all loan payments by small and medium enterprises as well as individuals for a period of 6 months from 1 April 2020, to alleviate their financial burdens due to the Covid-19 outbreak.

To stimulate the property market, the Malaysia's Budget 2020 incorporates some positive measures including a proposed reduction in price threshold for purchase by foreigners of urban high-rise properties to RM600,000 from RM1.0 million previously, as well as a RM3 billion government guarantee for up to RM10 billion Rent-to-Own financing schemes. We will continue to be cautious, versatile and position our launches to serve the underlying demand for owner-occupier products such as mid-range landed properties and products that will enhance the value of a township.

The Group is also taking strides to position itself with product offerings that meet market demand, with emphasis on launches of landed residential properties in its established townships such as Setia Alam, Setia EcoHill 1 & 2, Setia Alamsari, Bandar Kinrara, Alam Impian, Setia Tropika, Taman Pelangi, Taman Pelangi Indah, Taman Rinting and Setia Fontaines, where there is sustainable demand for owner-occupier products. Being resilient and able to meet this demand allow us to be in a better position than others to emerge from the current downturn on a stronger footing.

In addition, the Group will also launch commercial products such as shop lots in Alam Impian, Kota Bayuemas, Temasya Glenmarie, Setia Eco Glades and Taman Pelangi as these commercial products are essential to support and scale up the existing development mix and to ensure the sustainability of these housing areas.

Once again, we proved our mettle by topping The Edge Malaysia Property Excellence Awards 2019's Top 10 Property Developers' award. This marked the Company's 12th win of the top spot, further extending our record of holding this award. Despite a challenging 2019, we achieved total sales of RM4.56 billion, surpassing the RM4.55 billion sales target for the year.

With 48 ongoing projects, total unbilled sales of RM10.67 billion and leveraging on the versatility of the Group's product offerings, S P Setia Berhad is confident of retaining its position as the leading developer in Malaysia while maintaining a sales target of RM4.55 billion for 2020, barring any further escalation of impact from the Covid-19 outbreak and further extension of the MCO which will affect our business.



STRATEGIC REVIEW

# KEY RISKS AND MITIGATION

Risk is an inherent element in our business operations, and it needs to be managed accordingly to protect the interests and to create sustainable value for all our stakeholders. As such, we have a robust risk management framework in place to guide us in effectively managing these risks.

### PRINCIPAL RISK

To strengthen our risk resilience, we have identified the following principal risks to help us better understand the operating landscape and associated risks.

| Risk | Description | Mitigation Efforts |
|---|---|---|
| **MARKET RISK** | Our performance depends to a large extent on the buoyancy of the property markets in which we have a presence. This, in turn, is affected by domestic and global economies, government regulations, and supply-demand metrics. | • We monitor closely property trends in the markets where we operate, and plan developments that meet current demand.<br>• We offer a range of residential and commercial units to suit different needs and budgets, while phasing our developments according to market conditions and demands. |
| **COMPETITION RISK** | We face competition from local and international property developers in terms of pricing, design and quality of properties, facilities and supporting infrastructure, as well as the sale and marketing of properties. | • We carry out market intelligence surveys to understand needs.<br>• We align our product offerings according to market trends and demand.<br>• We employ innovative marketing strategies in line with economic conditions and market demands. |
| **POLITICAL & REGULATORY RISK** | Various regulations are in place to stabilise the property market in each country where we operate. At the same time, government policies change according to the economic climate. | • We keep track of new regulations as these arise.<br>• We review our business plans annually to ensure compliance with new regulations.<br>• We communicate continuously with all stakeholders on regulatory changes and our response. |
| **FOREX RISK** | As we have developments overseas, we are exposed to currency fluctuations. | • We have local bank accounts in all our international markets and make purchases as well as payments in the local currencies. |
| **GEOPOLITICAL RISK** | Every country in which we operate has its own set of geopolitical risks, based on the political environment and government stance on foreign direct investment. | • We closely monitor the political environment.<br>• We provide regular updates on the local geopolitical climate to Senior Management.<br>• We partner local businesses to understand the market and facilitate business, where relevant. |
| **CYBER SECURITY RISK** | Like any other business that has adopted digital technology, we are exposed to the risk of cyber crime and of information being leaked or tampered with. | • We have in place IT policies and procedures.<br>• We protect our data through regular system checks.<br>• We ensure employees are aware of cyber risks and play their part to keep our systems safe. |
| **WORKPLACE HEALTH AND SAFETY RISK** | Safety risks are pronounced during the construction phase of projects. | • We have well-defined health and safety policies and procedures.<br>• We constantly raise awareness of health and safety via training.<br>• We continuously seek to adopt safer construction methods and ensure our contractors are up-to-date on best practices.<br>• We enforce controls and regulations on-site. |

# STAKEHOLDER ENGAGEMENT

Stakeholders are parties who can impact, and are impacted by, our business. We engage regularly with each group to keep our stakeholders updated on our performance, strategies and direction while also obtaining feedback on matters that are of interest or concern to them. Their input is important to us, particularly in challenging times, as they help us define key matters that we need to focus on.

In the table below, we explain why our stakeholders are important and the topics discussed.

| Stakeholder Group | Why It Is Important to Engage With Them | Topics Discussed |
|---|---|---|
| **Investing Community** | Our investors, shareholders and fund providers supply us capital enabling us to manage our operations and achieve our business objectives, while analysts provide them with relevant info on the Company | Our prospects and future growth; liquidity, share price & dividends; and sustainability issues |
| **Government / Regulators** | We manage infrastructure investments and help to shape policy as well as regulatory changes relevant to our operations | Government policies and regulatory requirements related to our operations |
| **Customers** | We use customer feedback to improve our products and services | Product and service quality & pricing; features/ amenities and facilities; timely delivery; safety and security |
| **Media** | The different media provide public with updates on the Company, helping us communicate important information | Our business operations, products and services, business plans and strategies |
| **Employees** | Our people drive our business | HR matters such as compensation and benefits; career enhancement, performance development and succession planning; and health, safety and environment |
| **Suppliers/ Contractors** | Suppliers & contractors provide us with the materials and services we require | Payment terms, contract terms and conditions, future business dealings |
| **Local Communities** | Our business impacts the surrounding communities where we operate | Economic well-being, safety and health, impact of operations on surrounding communities and environment, employment opportunities |

*For a fuller account, please refer to our Stakeholder Engagement section in the Sustainability Statement on pages 127-129.*







# MATERIAL MATTERS

Material matters are factors that can impact our performance as well as our ability to create value for our stakeholders. We seek to understand what our material matters are in order to better understand our risks and opportunities. Knowledge of our material matters also helps us define our strategies and develop plans that focus on our most important issues.

During the year, we undertook a materiality assessment, as recommended by the Global Reporting Index ("GRI") Sustainability Standards, and identified eleven (11) material matters. These are explained in the table below:

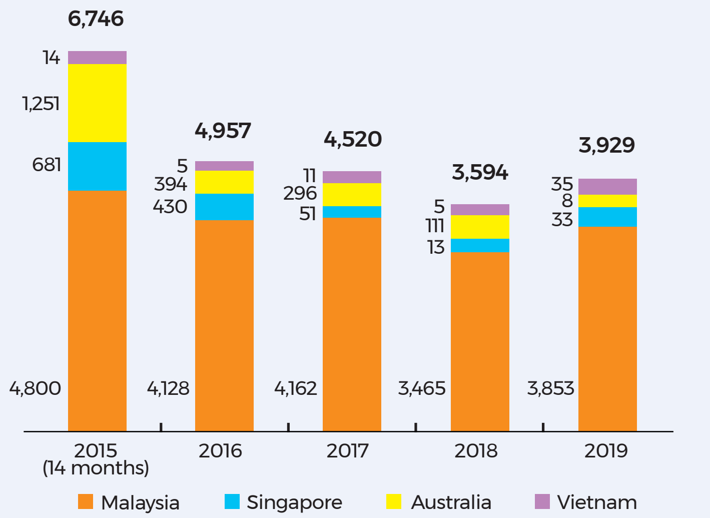
| Material Matter | Description |
|---|---|
| **Economic Performance** | Our economic performance is important to sustain our business growth and to meet the needs of our shareholders and investors |
| **Natural Resources** | We incorporate green designs and leading initiatives throughout the project lifecycle to reduce natural resources consumption and to manage climate-related risks |
| **Environmental Compliance** | We comply with all relevant environmental regulations in order to ensure our operations are not detrimental to the surrounding environment while also minimising waste, hence safeguarding the sustainability of natural resources such as land and water |
| **Indirect Economic Impacts** | Our operations have an impact on our business partners & suppliers, employees and local communities in the form of shared economic success, remuneration and the provision of infrastructure that promotes a higher standard and quality of living |
| **Procurement Practices** | Through ethical procurement practices we are able to improve global resources efficiency in consumption and production; and contribute to a healthier environment |
| **Biodiversity** | We conserve and restore terrestrial and inland freshwater ecosystems in areas where we operate, integrating biodiversity values into our planning and development processes |
| **Employment** | We provide a conducive, equal-opportunity work environment for our employees, and support creativity and innovation as we adhere to all relevant legislation and policies |
| **Occupational Health and Safety** | We ensure the health and safety of our employees through robust policies and procedures |
| **Product and Service Quality** | We develop quality, reliable, sustainable and resilient infrastructure to support economic development and human well-being |
| **Security Practices** | We provide a safe and secure environment for our customers by engaging the services of auxiliary police and security guards for our townships, sales galleries and convention centres. We have also installed perimeter fencing and tight security systems within our projects |
| **Local Communities** | Through S P Setia Foundation, we provide financial, educational and other forms of aid to uplift marginalised communities and provide better opportunities for everyone |

*For a fuller account of how we conducted our materiality assessment, as well as the risks and opportunities related to each material matter, please refer to the section on Materiality Assessment and Key Sustainability Matters in our Sustainability Statement on pages 130-133.*

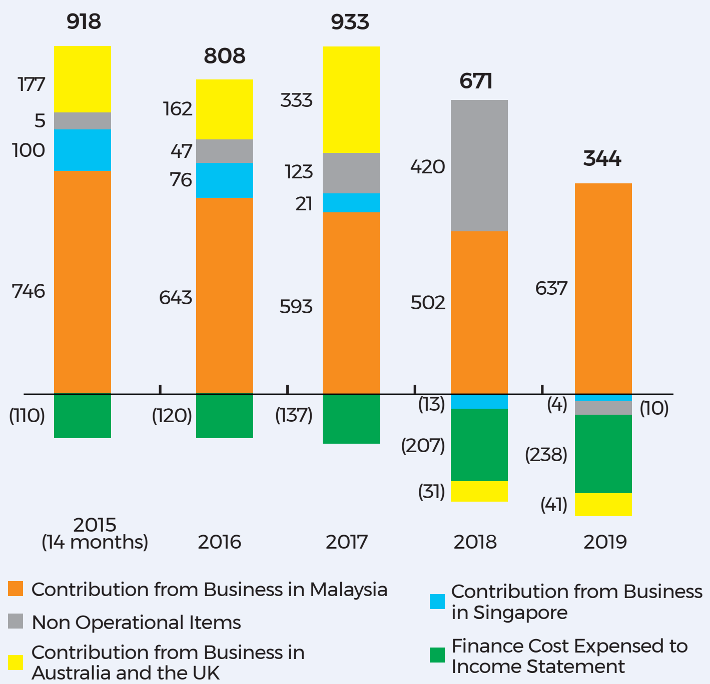
PERFORMANCE REVIEW

# 5-YEAR FINANCIAL SUMMARY

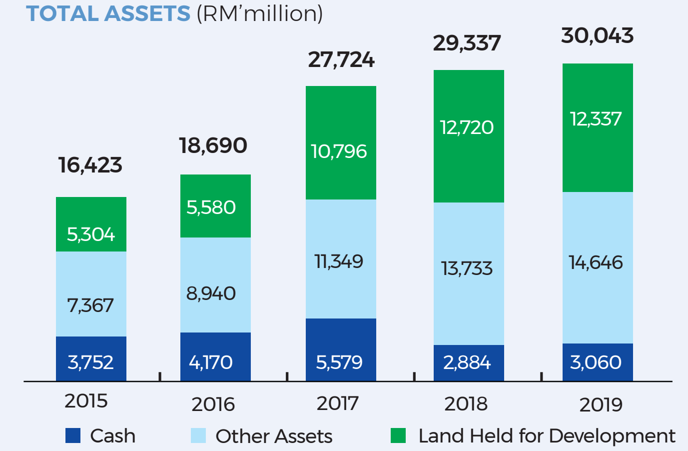
**REVENUE** (RM'million)




**PROFIT ATTRIBUTABLE TO SHAREHOLDERS** (RM'million)




**TOTAL ASSETS** (RM'million)




Financial Year ("FY") 2015 was a 14 months financial period, following a change of financial year end from 31 October to 31 December.

In accordance with the approved accounting standards, the Group adopts two different income recognition policies for its property development business. Income from the development business in Malaysia and Singapore is recognised over time, throughout the development periods. As such, they contribute revenue and profit more regularly to the Group. However, income from our development business in Australia and the UK is recognised at a point in time upon the completion and handover of developed properties, hence its revenue and profit contribution is more irregular.

In Australia, our first project, Fulton Lane was completed and handed over in 2015. Our second project, Parque Melbourne was completed in stages between late 2016 and early 2017. Therefore, these two projects contributed significantly to both the revenue and profit of the Group in FY 2015, FY 2016 and FY 2017. Subsequently launched projects, Sapphire by the Gardens and UNO Melbourne were sold well. However, they are still under construction and therefore, their revenue and profit contribution will only be seen in the future financial years. In the meantime, certain overheads and marketing costs are required to be expensed to profit or loss as and when incurred.

In the UK, the Group has 40% interest in the redevelopment of the Battersea Power Station ("BPS"), which delivered the completion of its first phase, Circus West Village in 2017. Like the developments in Australia, income from our development business in the UK is also recognised at a point in time upon the completion and handover of developed properties. The Group does not consolidate the revenue of BPS as it is a jointly controlled entity but it accounted for a RM268 million share of profit from the project in FY 2017.

From 2016 to 2018, the Group embarked on several expansion initiatives. In 2016 and 2017 we acquired new land banks in the mainland of Penang, Bangi, Australia and Singapore. The Group also acquired I & P Group Sdn Berhad in 2017, which expanded its land banks from 5,384 acres to 9,660 acres. In 2018, the Group increased its ownership in the prospective Setia Federal Hill development project in Bangsar from 50% to 100%. Largely due to the need to finance these expansions undertaken, finance costs expensed to profit or loss have also increased.

As an integral part of the integration of I & P Group Sdn Berhad, certain of its non-core assets and non-property related operations were divested. That gave rise to non-operational gains in FY 2017. The acquisition of controlling interest in Setia Federal Hill in 2018, also entailed the recognition of a one-off fair value gain of RM349 million from the accounting requirement to remeasure our first 50% equity ownership in the company to the acquisition date fair value.

In Singapore, we completed our first two development projects in 2015 and 2016 respectively. Only until very recently we began our third development project in Singapore. As such, its contribution to the Group in FY 2019 is still small.

Malaysia, is still the Group's main focus, as such the local development business has been the main contributor. It has been contributing consistently, save for some periodical fluctuations due to time-to-time variation in the overall development achievement profile of the portfolio of projects at work; and a Group wide strategic re-timing of launches that happened in 2017 due to change of market condition, which resulted in its slightly lower contribution in FY 2018. Contribution from our development business in Malaysia trended up again thereafter in FY 2019.





PERFORMANCE REVIEW

# 5-YEAR FINANCIAL HIGHLIGHTS

**<--- As per respective years' audited financial statements --->**

| Year Ended (RM'million) | 31 December 2019 | 31 December 2018 | 31 December 2017 | 31 December 2016 | 31 December 2015# |
|---|---|---|---|---|---|
| Revenue | **3,929** | 3,594 | 4,520 | 4,957 | 6,746 |
| Gross Profit | **1,016** | 1,092 | 1,514 | 1,441 | 2,063 |
| Profit Before Tax | **598** | 991 | 1,271 | 1,185 | 1,426 |
| Profit After Tax | **422** | 798 | 1,069 | 899 | 1,011 |
| Profit Attributable to Owners of the Company | **344** | 671* | 933 | 808 | 918 |
| Share Capital | **8,432** | 8,252 | 6,694 | 2,140 | 1,971 |
| Share Capital - RCPS-i A | **1,087** | 1,087 | 1,119 | 11 | - |
| Share Capital - RCPS-i B | **1,035** | 1,045 | 1,065 | - | - |
| Equity Attributable to Owners of the Company | **14,349** | 14,144 | 11,944 | 9,201 | 7,395 |
| Total Assets Employed | **30,043** | 29,337 | 27,724 | 18,690 | 16,423 |
| Total Net Tangible Assets | **15,768** | 15,505 | 13,783 | 10,231 | 8,385 |
| Earnings Per Share (sen) | **5.3** | 14.8 | 26.8 | 29.8 | 35.7 |
| Dividend Per Share (sen) | **1.00** | 8.55 | 15.5 | 20.0 | 23.0 |
| Net Assets Per Share Attributable to Owners of the Company (RM) | **3.02** | 3.03 | 2.85 | 2.83 | 2.81 |
| Return On Equity (%) | **2.4** | 4.7 | 7.8 | 9.9^ | 12.4 |
| Net Gearing Ratio (times) | **0.52** | 0.49 | 0.10 | 0.16 | 0.18 |
| Dividend Payout Ratio (%) | **50.2** | 70.1 | 70.1 | 70.5 | 65.8 |
| Share Price - High (RM) | **2.60** | 3.47 | 4.38 | 3.56 | 3.58 |
| Low (RM) | **1.21** | 1.93 | 3.04 | 2.80 | 2.99 |

*# FY 2015 represents 14 months period financial results*
*^ After accounted for the weighted average effect of the timing of issuance of RCPS-i A on 2 December 2016*
** Included in FY 2018 profit attributable to owners of the Company was a one-off remeasurement gain on the acquisition of the remaining equity interest in Setia Federal Hill amounting to RM349 million. If the said one off item is excluded, the profit attributable to owners of the Company for FY 2019 is higher than the profit attributable to the owners of the Company for FY 2018 by 7%*

# INVESTOR INFORMATION

## INVESTOR RELATIONS

S P Setia Berhad is fully committed to accurate, transparent and timely communication with our shareholders, fund managers, analysts and the public, allowing them to make timely and informed decisions. Regular engagement with these stakeholders is vital and the Investor Relations ("IR") Team which plays an important role in providing the ongoing updates and necessary information on strategies and prospects, emphasises on the following practices:

- **Maintaining timely and equal access to information**

  The IR Team emphasises on the need to always provide clear, comprehensive and equal information to all stakeholders. Effective communication and disclosure of material corporate development are announced to Bursa Securities, as well as dissemination of presentation materials, press releases and press conferences – all in a timely manner.

- **Maintaining close rapport, instilling credibility and trust**

  The IR Team strives to instil credibility and trust in our investors and takes all the necessary steps to ensure that critical issues are addressed promptly, effectively and accurately. Our objective is to ensure that our investors are always kept abreast of corporate developments and have a broad and clear understanding of strategic issues.

  Led by the President and CEO, briefings on the Group's financial results are convened twice a year with the objective of updating analysts and fund managers on the Group's performance. Presentation materials are provided during the briefings and can be downloaded from the IR section of our website. In addition, Senior Management also meets with analysts and fund managers on a regular basis while hosting site visits to our projects to provide a better understanding of the Group's developments.

**Key IR initiatives and activities in FY 2019:**

- 2 analyst briefings
- 3 conferences
  - CIMB Annual Malaysia Corporate Day Conference, KL
  - Bursa & Maybank Invest Malaysia 2019 Conference, KL
  - Credit Suisse Asian Investment Conference, HK
- 5 con-calls
- 5 site visits
- 32 one-on-one and group meetings

In addition, the media are also regularly invited to attend the Company's major events and property launches where updates and briefing packs are provided.





## BROAD RESEARCH COVERAGE

Being the No. 1 property developer in Malaysia, S P Setia Berhad is well covered by 18 local and foreign research houses. After the announcement of our FY 2019 results, there were 9 buy calls, 8 hold calls and 1 sell call on the Company with an average target price of RM1.60.

Below, we provide a summary of the research houses' recommendations and target prices.

| No | Financial Institution | Target Price | Call | RNAV | Discount |
|---|---|---|---|---|---|
| 1 | Public | 2.00 | Buy | 5.00 | 60% |
| 2 | UBS | 1.95 | Buy | 4.88 | 60% |
| 3 | MIDF | 1.86 | Buy | 4.43 | 58% |
| 4 | Macquarie | 1.85 | Sell | 6.18 | 70% |
| 5 | Citi | 1.83 | Buy | 3.35 | 45% |
| 6 | Maybank | 1.83 | Buy | 4.08 | 55% |
| 7 | Credit Suisse | 1.70 | Buy | 5.80 | 70% |
| 8 | CLSA | 1.70 | Buy | 2.44 | 30% |
| 9 | TA Securities | 1.58 | Buy | NA | NA |
| 10 | UOB | 1.46 | Hold | 3.64 | 60% |
| 11 | Kenanga | 1.45 | Buy | NA | NA |
| 12 | AllianceDBS | 1.45 | Hold | 4.85 | 70% |
| 13 | RHB | 1.41 | Hold | 5.60 | 75% |
| 14 | Hong Leong | 1.40 | Hold | 4.66 | 70% |
| 15 | CIMB | 1.40 | Hold | 4.01 | 65% |
| 16 | AmInvestment | 1.36 | Hold | 2.72 | 50% |
| 17 | AffinHwang | 1.35 | Hold | 2.70 | 50% |
| 18 | KAF | 1.26 | Hold | 4.19 | 70% |
| | Average | 1.60 | | 4.28 | 62% |

## KEY IR ISSUES

Given the cyclical nature of the property sector, the business outlook of developers is not always necessarily positive. As such, S P Setia Berhad believes in portraying an honest assessment of the Group's business outlook, even if prospects may not be particularly bright. In doing so, the Group hopes that investors will obtain a realistic expectation of the business cycles and will be in a better position to make informed investment decisions.

# BUSINESS REVIEW

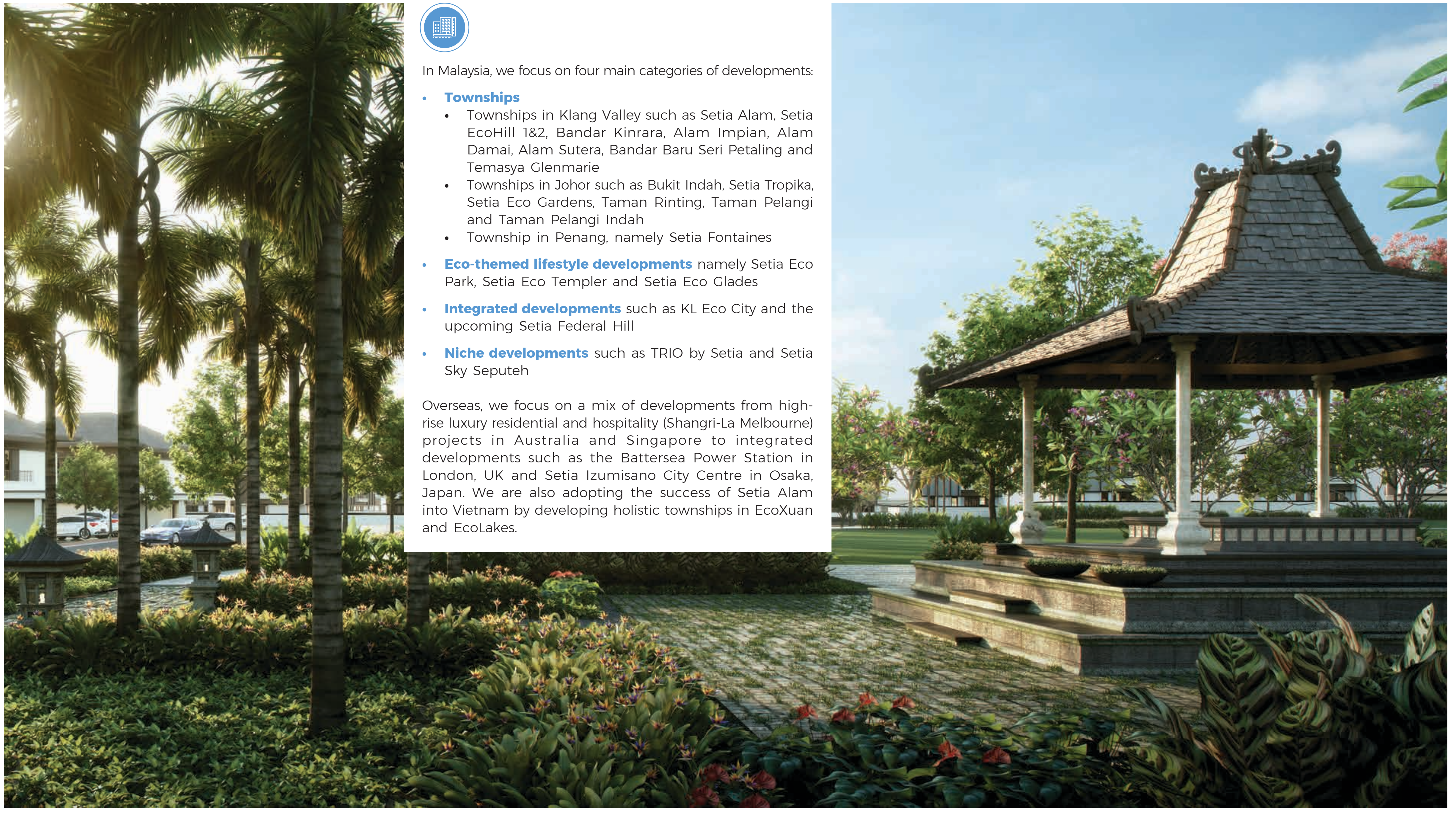
**S P Setia Berhad has 48 ongoing developments across Malaysia and internationally, and a total of 8,858 acres of land banks yet to be developed with a potential effective gross development value ("GDV") of RM141.84 billion. Unbilled sales at the end of 2019 stood at RM10.67 billion.**

**Our developments in Malaysia are concentrated in the Klang Valley, Johor Bahru and Penang, with a niche footprint in Kota Kinabalu. Overseas, we have a presence in Vietnam, Australia, Singapore, China, the United Kingdom and, more recently, Japan.**

In Malaysia, we focus on four main categories of developments:

- **Townships**
  - Townships in Klang Valley such as Setia Alam, Setia EcoHill 1&2, Bandar Kinrara, Alam Impian, Alam Damai, Alam Sutera, Bandar Baru Seri Petaling and Temasya Glenmarie
  - Townships in Johor such as Bukit Indah, Setia Tropika, Setia Eco Gardens, Taman Rinting, Taman Pelangi and Taman Pelangi Indah
  - Township in Penang, namely Setia Fontaines
- **Eco-themed lifestyle developments** namely Setia Eco Park, Setia Eco Templer and Setia Eco Glades
- **Integrated developments** such as KL Eco City and the upcoming Setia Federal Hill
- **Niche developments** such as TRIO by Setia and Setia Sky Seputeh

Overseas, we focus on a mix of developments from high-rise luxury residential and hospitality (Shangri-La Melbourne) projects in Australia and Singapore to integrated developments such as the Battersea Power Station in London, UK and Setia Izumisano City Centre in Osaka, Japan. We are also adopting the success of Setia Alam into Vietnam by developing holistic townships in EcoXuan and EcoLakes.



*Setia Mayuri, Semenyih*

## KEY DEVELOPMENTS IN 2019

**New Launches**

During the year, we launched three new developments – Setia Mayuri in Semenyih, Setia Safiro in Cyberjaya and Setia Warisan Tropika in Sepang – with a combined GDV of RM446.7 million.

Setia Mayuri is a low-density, Balinese resort-inspired development which features a total of 454 bungalows and semi-detached homes sprawled across 163 acres, while Setia Safiro has been planned for 515 Spanish-styled double-storey link houses in a 57-acre enclave. Setia Warisan Tropika, nestled in a beautiful 130-acre enclave near Kuala Lumpur International Airport, offers unique flexi-homes with eight themed tropical gardens. Homes will be offered with a selection of more or fewer rooms, a choice of larger living spaces with or without garden views, providing our select customers with bountiful options of how they want their homes to be.

87% of the semi-detached Kandara homes in Setia Mayuri and 84% of double-storey terraced Rosario homes at Setia Safiro were taken up during the year while the first phase of Setia Warisan Tropika saw an encouraging response since its launch in November 2019.

We also continued to launch residential and commercial units in ongoing developments. Among these, Artoca, the double-storey terraced homes in Setia Alam; and Reef of Tropic, the double-storey terraced homes in Setia Eco Glades, which achieved 100% take-up rates over their launch weekends. Also worth noting, Avis 2, the double-storey terraced homes in Setia Alamsari, have been fully sold over the year. All these products were in the RM500,000 to RM1.0 million range as we take note of the market demand for well-priced, well-planned and well-located products.

## BUSINESS REVIEW

In the international space, we focused our product launches in Vietnam which attracted a higher flow of foreign direct investments as a result of the US-China trade tension. RM274.4 million of commercial and residential properties were launched in the EcoLakes and EcoXuan townships, achieving an encouraging average take-up rate of 84% indicating renewed interest in these properties. We also organised international roadshows to Hong Kong to promote our properties which proved successful, garnering a total of RM75.7 million in sales from Hong Kongers.

In total, we launched 6,625 units of residential and commercial properties in 2019 worth RM4.68 billion.

**Project Completion**

We successfully completed a total of 4,029 units of residential properties and 51 commercial properties with a total GDV of RM2.49 billion during the year. Of these, 88% were in Malaysia and 12% in Vietnam.

**Collaboration with Datuk Bandar Kuala Lumpur ("DBKL")**

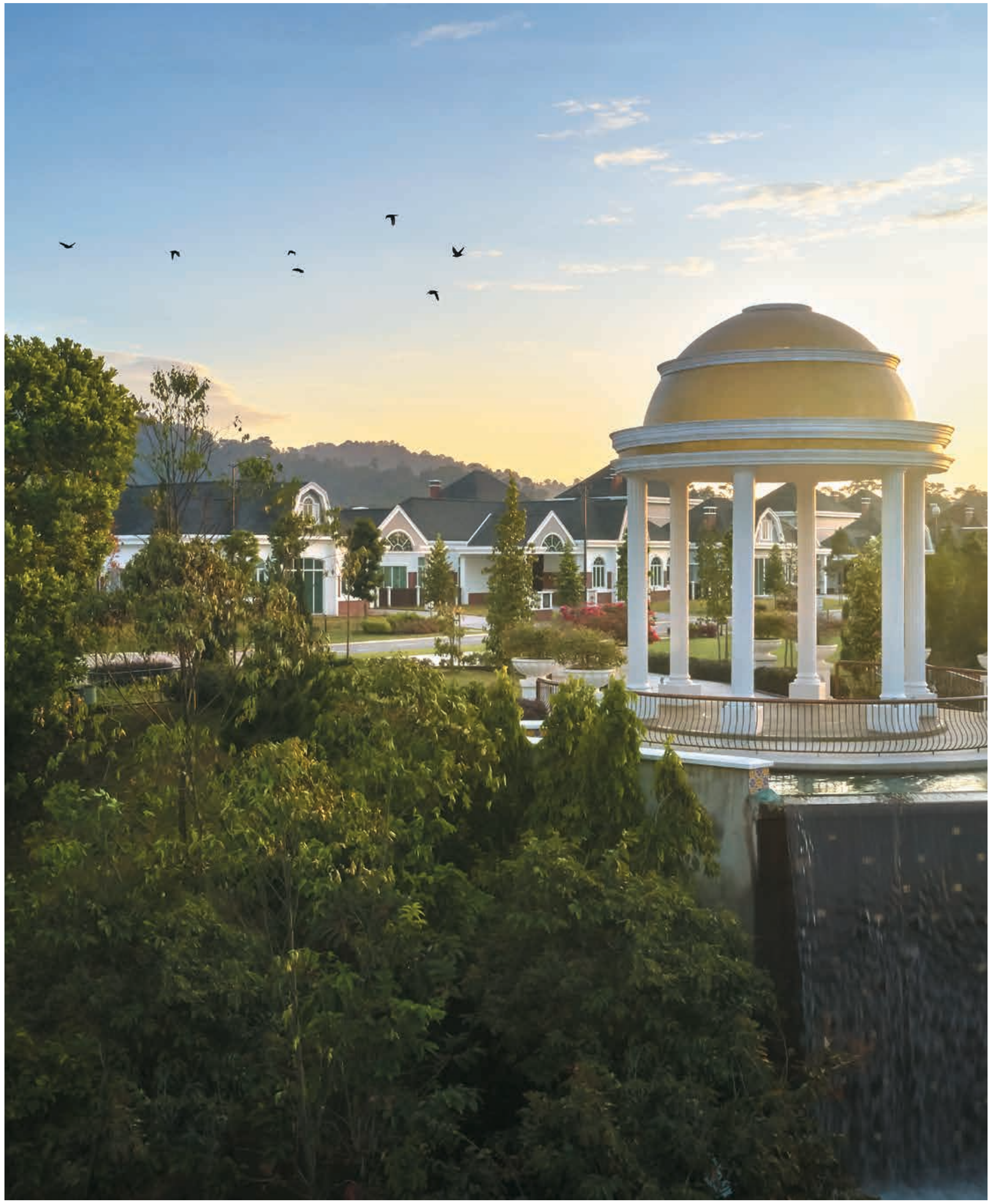
In 2018, we announced a collaboration with DBKL in which we will develop quality sustainable people housing ("QSPH"). As part of being a sustainable developer and whilst pursuing our Environmental, Social and Governance objectives, in March 2019, we embarked on the overall planning, design, construction, completion and commissioning of 5,650 apartments, 112 shops/stalls and other public amenities to improve the lives of current residents of Taman Ikan Emas in the Chan Sow Lin area. In return for the redevelopment of this existing housing area, S P Setia Berhad will be awarded 77.80 acres of land in Cheras, Kuala Lumpur for future mixed development use which carries a potential GDV of RM16.30 billion.

**Sale of Battersea commercial property**

In March 2019, S P Setia Berhad's 40% owned jointly controlled company, Battersea Phase 2 Holding Company Limited ("BPHCL"), completed the sale of commercial property in Phase 2 of the BPS development for a base consideration of GBP1.58 billion (approximately RM8.51 billion), making it one of the largest real estate transactions in the UK in 2019. BPHCL has received an initial payment of GBP676.1 million (approximately RM3.64 billion) with the balance payable progressively over the remaining construction period. The sale includes an agreed price adjustment mechanism effective at the end of the fifth year upon completion of the commercial property. This is intended for BPHCL to benefit from the property's income growth upside over the five years post completion.

Back in 2016, BPS received a major boost to its prospects as an emerging business and commercial district when Apple Inc., the world's largest company by market value, signed a long-term lease for office space in Phase 2 as its new headquarters in London. This spurred great interest in the project, serving as a strong catalyst to uplift the value of BPS.

To date, placemaking at the site has been greatly enhanced, and BPS has evolved into a vibrant community with more than 1,000 residents moving into Phase 1, lending to a thriving commercial, F&B and retail scene.



*Elizabeth Falls, Setia Eco Park, Shah Alam*

**Financing Schemes For Buyers**

In April 2019 we launched a new solution to buyers, a rent-to-own ("RTO") financing scheme in collaboration with Maybank, aptly named FlexKey. A distinctive feature of the scheme is the flexibility it affords to home buyers who can now use the scheme to buy any of our products, new or completed. The scheme allows participants to convert rentals paid into down payments, towards purchasing their home at locked-in prices. FlexKey complements the Setia Express Advance Loan ("SEAL") programme we launched in 2017 that helps purchasers finance the differential sum for completed properties.

## FINANCIAL REVIEW

The property industry continued to be subdued in 2019 as a result of US-China trade tensions, unrest in Hong Kong as well as the persistently tight lending criteria locally. Against these headwinds, S P Setia Berhad achieved sales of RM4.56 billion and was awarded the No. 1 Property Developer in Malaysia for the 12th time by The Edge. We continue to be at the forefront of achieving sales in the property sector, year on year.

During the year, we benefitted from the Government's initiative to spur the property market via the HOC, which incentivises the purchase of homes with savings on stamp duty. For 2019, total sales brought in by HOC amounted to RM1.82 billion. Our sales were further complemented by efforts to clear inventories which resulted in RM636.9 million worth of properties being monetised. Further, in line with our strategy of monetising non-core assets, we disposed of a total of 184 acres of non-strategic lands in Kuala Langat, Selangor and Klebang Besar, Melaka for approximately RM86.6 million.

Property development remained the key driver of our operations, accounting for 93.4% of the Group's total revenue while construction and other operating activities accounted for 1.5% and 5.1% respectively. In FY 2019, 98.1% of revenue recognition was from local projects as there was no completion of any major international project; only recognition of the progress made in ongoing developments in Singapore and Vietnam. No revenue was derived from Australia as it is recognised upon completion.

We recorded revenue of RM3.93 billion and a corresponding profit attributable to the owners of the Company of RM343.7 million, compared to profit attributable to the owners of the Company of RM671.0 million in FY 2018. Excluding the fair value gains on remeasurement of the acquisition of the remaining interest of Setia Federal Hill of RM348.5 million, our profit attributable to the owners of the Company for FY 2019 of RM343.7 million is 7% higher than the profit attributable to the owners of the Company of RM322.5 million in FY 2018.

S P Setia Berhad ended the year with a marginally higher net gearing ratio of 0.52 times from 0.49 times in FY 2018 resulting from increased borrowings for ongoing development purposes. At the same time, we maintained our net assets per share at RM3.02.

We have declared an ordinary dividend for the year of 1.00 sen. Together with the preferential dividends paid to our RCPS-i A and RCPS-i B holders, this will represent a dividend payout ratio of 50.2% based on the profit attributable to owners of the Company.

# BUSINESS REVIEW

## PROJECT UPDATES

### MALAYSIA: Central Region

In the Central Region, we launched three new developments and have another 19 ongoing property projects in Bangi, Cyberjaya, Klang, Kuala Lumpur, Bandar Kinrara, Semenyih, Sepang and Setia Alam. In addition, we have 4,767 acres of remaining land banks, with an effective potential GDV of RM84.01 billion.

**Setia Alam**

Setia Alam in Shah Alam is the pride of S P Setia Berhad as it is our flagship township in the Greater Klang Valley. While offering excellent connectivity to Kuala Lumpur, it is a self-contained, self-sustainable township providing residents and businesses with the full range of public and private amenities required to meet their lifestyle and commercial needs in a secure and lush setting.

In June 2019, the latest residential phase, Artoca, was launched under our Starter Home series, offering 106 units of double-storey terraced homes with built-ups from 1,499 sq ft to 1,637 sq ft, priced from RM532,000 onwards. The three/four-bedroom homes with column-free car porches were sold out on the same day.

The existing Setia City Mall in Setia Alam is undergoing an expansion, which will see the shopping mall expand by another 450,000 sq ft to 1.2 million sq ft in 2021, further uplifting the township's commercial vibrancy. The new wing will be anchored by LuLu hypermarket.

**Key Development Data**

| Project launch: | Total acreage: | Total expected GDV: | Total 2019 sales: | Developed area: | Effective remaining GDV: |
|---|---|---|---|---|---|
| 2004 | 2,525 acres | RM19.92 bil | RM505.6 mil | 2,108 acres | RM9.81 bil |

**Setia Alamsari**

The integrated township in Bangi offers a holistic design complete with three parks encouraging residents to live seamlessly with nature. Comprising mainly residential properties, it is oriented towards families in Bangi seeking the comforts of an upgraded lifestyle.

We are currently enhancing the landscaping, which includes three lakes, and incorporating a jogging track, a treehouse, fitness stations and a water pavilion within the development. We are also improving access to the township with a new link that connects to Jalan Bangi Lama and Semenyih, cutting travel time from Kuala Lumpur by 20 minutes.

Another link in the southwest of the development will connect the township to Bangi Avenue and Bukit Mahkota. Earthworks are ongoing and the link is scheduled to be ready by 2020. In addition, there are plans to upgrade the road leading to the National University of Malaysia train station located 2km away in collaboration with the Kajang Municipal Council.

In January 2019, we launched Avis 2, comprising 61 units of double-storey terraced homes with built-ups of 1,953 sq ft to 2,199 sq ft priced from RM709,000 to RM1.03 million. All the Scandinavian-styled houses front pocket parks while the surau, kindergarten, community hall and football field are located nearby. All 61 units of Avis 2 were fully sold during its launch and are scheduled to be completed in early 2021.

The success of Avis 2 prompted the launch of three more residential collections – Verdale, Malkoha and Heron.

Verdale is a 19.9-acre freehold Botanical Bungalow Collection designed with spacious interiors and lush greenery outdoors. With just two units per acre, the low-density enclave provides manicured landscapes with luxury garden pavilions. Communal outdoor facilities include playgrounds, sports courts and a vine tunnel.

Malkoha offers double-storey homes with contemporary designs measuring 24 ft by 85 ft, priced from RM798,000 onwards. Each unit comes with en-suite bathrooms for all upper floor bedrooms and seamless living-dining concept with wet and dry kitchens.

Heron comprises double-storey lakeside 24 ft by 85 ft superlink homes. All units are designed with an open-plan concept with seamless living and dining areas overlooking a green backyard. En-suite bathrooms are available for all bedrooms on the first floor. Prices start from RM888,000.

Future phases will see the launch of apartments, cluster homes and three projects under the Rumah Selangorku schemes. Upon its completion in 2028, the township will have 6,500 residential units.

**Key Development Data**

| Project launch: | Total acreage: | Total expected GDV: | Total 2019 sales: | Developed area: | Effective remaining GDV: |
|---|---|---|---|---|---|
| 2007 | 432.5 acres | RM2.40 bil | RM141.70 mil | 201.0 acres | RM1.62 bil |

## BUSINESS REVIEW

### Setia Eco Glades

Designed according to eco-friendly architectural principles, Setia Eco Glades in Cyberjaya is a green and sustainable enclave comprising islands set within a central lake surrounded by canals, themed gardens and parklands. Promoting healthy lifestyles, a series of Hammock Clubs connect adjacent islands, each offering a swimming pool, half-basketball court and gym facilities.

In April 2019, we launched Reef of Tropic comprising 152 units of double-storey link homes set in a gated-and-guarded 11.95-acre freehold site. The homes come in three-bedroom, three-bathroom layouts with built-ups of 1,771 sq ft to 2,002 sq ft, priced from RM774,000 onwards. Reef of Tropic falls under the Home Ownership Campaign and has a GDV of RM134 million.

**Key Development Data**

| | | |
|---|---|---|
| **Project launch:** 2012 | **Total expected GDV:** RM3.06 bil | **Developed area:** 209.1 acres |
| **Total acreage:** 268.1 acres | **Total 2019 sales:** RM223.9 mil | **Effective remaining GDV:** RM933.3 mil |

### Setia EcoHill 1 & 2

Set amid the rolling hills of Semenyih, Setia EcoHill 1 & 2 present the ideal backdrop for sustainable living. No less than 10% of the development has been reserved as green zones, further enhanced by turfed and landscaped banks of waterways and ponds. Elements of green and sustainable lifestyles have been woven into its design, including the use of renewable energy, promotion of recycling and even provisions for a farmers' market.

During the year, we launched Kingsville 2 and Pangsapuri Selangor Kayangan in Setia EcoHill. Kingsville 2 comprises 34 bungalows measuring 3,040 sq ft to 3,433 sq ft priced from RM1.6 million onwards. The 600 Rumah Selangorku apartments measure 750 sq ft and are priced at RM100,000 each. The two projects combined have a total GDV of RM118 million.

We also launched Baccas, Carnus, Aronia and Frossa in Setia EcoHill 2 whereby Baccas, Carnus and Aronia comprise a total of 220 double-storey terraced homes with built-ups of 1,651 sq ft to 1,950 sq ft priced from RM528,000. Frossa offers 84 double-storey semi-detached homes with built-ups of 2,198 sq ft and are priced from RM788,000. The four phases have a combined GDV of RM199 million.

**Key Development Data**

| | | |
|---|---|---|
| **Project launch:** 2013 & 2016 | **Total expected GDV:** RM9.91 bil | **Developed area:** 604.2 acres |
| **Total acreage:** 1,683.8 acres | **Total 2019 sales:** RM234.4 mil | **Effective remaining GDV:** RM6.22 bil |

## BUSINESS REVIEW

### Setia Eco Park

Setia Eco Park in Shah Alam is one of our signature nature-inspired developments, featuring 56 acres of forest park complemented by tropical landscaping amid 94 acres of waterways, lakes and creeks. Islands within the lakes serve as nesting grounds for indigenous birds. The various enclaves feature a club house, a business centre, boutique offices and a food and beverage hub.

In January 2019, we launched two new phases in this eco-themed lifestyle development offering a total of 42 semi-detached homes with a GDV of RM83 million. The homes come with built-ups between 2,653 sq ft to 3,098 sq ft, priced from RM1.8 million. This was followed by the launch of a new precinct in Setia Eco Park – Arundina – comprising 118 double-storey semi-detached houses with built-ups of 2,495 sq ft to 2,833 sq ft. The name of the precinct has been inspired by Arundina Suria, a hybrid orchid resulting from species native to Vietnam and India. The RM666 million-GDV project is expected to be completed in seven years. In November and December 2019, another two phases were launched offering 44 semi-detached homes with built-ups between 2,698 sq ft and 3,098 sq ft and 35 bungalows with built-ups of 3,391 sq ft to 4,570 sq ft. The semi-Ds are priced from RM1.8 million while the bungalows cost upwards of RM4.5 million. The total GDV launched in Setia Eco Park during the year was RM549 million.

**Key Development Data of Setia Eco Park**

| | | |
|---|---|---|
| **Project launch:** 2004 | **Total expected GDV:** RM6.04 bil | **Developed area:** 617.0 acres |
| **Total acreage:** 791.2 acres | **Total 2019 sales:** RM94.2 mil | **Effective remaining GDV:** RM1.14 bil |

**Key Development Data of Precinct Arundina @ Setia Eco Park**

| | | |
|---|---|---|
| **Project launch:** 2019 | **Total expected GDV:** RM666.0 mil | **Developed area:** 29.1 acres |
| **Total acreage:** 73.3 acres | **Total 2019 sales:** RM99.2 mil | **Effective remaining GDV:** RM488.0 mil |

### Setia Eco Templer

Setia Eco Templer is another ecological-themed township, enveloped by Templer Park and the Kanching Rainforest Reserve. The bungalows, semi-detached houses and link villas have distinct personalities influenced by British, Balinese and Peranakan elements.

The first phase, Essex Gardens, comprising 234 bungalows, semi-detached homes and link villas, was handed over in June 2019. It includes a commercial hub, The Grove @ Templer, offering 40 units of two to three-storey shop offices, with built-ups of 2,996 sq ft to 7,262 sq ft. The Grove @ Templer is expected to be handed over in the second quarter of 2020.

In August 2019, we launched 39 double-storey link houses and 32 double-storey semi-detached houses under Phase 2B, known as Amantara, with built-ups of 2,545 sq ft and 2,897 sq ft respectively.

The township will take 12 years to complete.

**Key Development Data**

| | |
|---|---|
| **Project launch:** 2016 | **Total 2019 sales:** RM59.7 mil |
| **Total acreage:** 194.7 acres | **Developed area:** 98.1 acres |
| **Total expected GDV:** RM2.00 bil | **Effective remaining GDV:** RM1.24 bil |

## BUSINESS REVIEW

### Setia Federal Hill

Setia Federal Hill, a 52-acre mixed development in Bangsar, is set to be the latest iconic project in the heart of Kuala Lumpur, featuring one of the longest green roofs in Southeast Asia. It will be developed in three phases – Downtown, Midtown and The Village. All three phases will offer bespoke commercial and residential offerings. The total development has an estimated GDV of RM20 billion.

**Key Development Data**

**Total acreage:** 51.7 acres

**Total expected GDV:** RM20.19 bil

### Setia Mayuri

Setia Mayuri in Semenyih has been designed to resemble a resort village. Low-density, this exclusive development comprises two residential precincts boasting 136 bungalows, 318 semi-detached houses and one service apartment, each with its own identity. Within the enclave is a commercial centre, Baris Place, featuring 32 exclusive shops and offices. During its launch in May 2019, more than 95% of the units were immediately taken up.

Phase 1 of the residential component, Kandara and Allia, was launched in September 2019. It offers 46 units of semi-detached houses and 18 bungalows. The semi-Ds, with built-ups ranging from 2,483 sq ft to 2,518 sq ft and priced between RM864,000 and RM1.2 million, were fully taken up during the launch. The bungalows range from 2,878 sq ft to 3,563 sq ft and are priced between RM1.4 million and RM2.1 million.

**Key Development Data**

**Project launch:** 2019

**Total expected GDV:** RM698.0 mil

**Developed area:** 33.0 acres

**Total acreage:** 163.5 acres

**Total 2019 sales:** RM95.5 mil

**Effective remaining GDV:** RM544.9 mil

### Setia Safiro

Setia Safiro is located in Cyberjaya and features Spanish-influenced landscapes as well as architecture. Just 4km from Setia Eco Glades, it has been designed to ensure seamless living between man and nature, with the added advantage of excellent transport connectivity. Phase 1 of Setia Safiro, called Rosario, was launched in July 2019 comprising 166 double-storey link houses with an estimated GDV of RM151 million. Built-up sizes range from 1,828 sq ft to 2,008 sq ft while prices start from RM797,000.

**Key Development Data**

**Project launch:** 2019

**Total 2019 sales:** RM109.5 mil

**Total acreage:** 57.0 acres

**Developed area:** 11.2 acres

**Total expected GDV:** RM792.2 mil

**Effective remaining GDV:** RM448.6 mil

## BUSINESS REVIEW

### Setia Sky Seputeh

This exclusive resort-themed residence comprises 290 spacious units measuring 2,300 sq ft to 3,000 sq ft with only four to six units per floor, each served by its own private lift lobby. Facilities include a crescent long beach, fitness park, trampoline garden, barbecue zone and cocktail bar.

We launched the 145-unit Tower B in May 2019, offering a choice of five layouts with built-ups ranging from 2,303 sq ft to 3,025 sq ft priced from RM3.06 million onwards. Tower A is expected to be completed by October 2020 whilst Tower B is expected to be completed by June 2021.

Once completed, the existing sales gallery will be converted into a multipurpose hall that will be open to the public. To improve traffic flow, we are upgrading and realigning Jalan Taman Seputeh and Jalan Bukit Raja while widening Jalan Taman Seputeh fronting the project. We are also building a covered walkway from Setia Sky Seputeh to ease access to Mid Valley City.

**Key Development Data**

| Project launch: | Total acreage: | Total expected GDV: | Total 2019 sales: |
|---|---|---|---|
| 2016 | 4.8 acres | RM961.3 mil | RM53.5 mil |





### Setia Warisan Tropika

Setia Warisan Tropika in Bandar Baru Salak Tinggi, is a RM877 million township comprising 692 double-storey link houses, 257 apartments and 406 townhouses under the Rumah Selangorku scheme. The township will also incorporate a 10-acre commercial component. Phase 1, featuring 187 units with built-ups from 1,907 sq ft to 2,108 sq ft, was launched in November 2019 priced from RM656,000.

The masterplan includes an exclusive, residents-only clubhouse boasting a half Olympic length pool, a 500-pax event hall, basketball as well as futsal courts.

The township is close to the Kuala Lumpur International Airport ("KLIA"), KLIA 2, Xiamen University Malaysia and Mitsui Outlet Park. It is well connected via Jalan Putrajaya-Dengkil, the North South Express Central Link and the North-South Expressway. Accessibility is further enhanced by the Salak Tinggi Express Rail Link station.

Setia Warisan Tropika's tropical resort living concept is reflected in the design of the houses and in the landscaping which will feature eight thematic gardens, water features and tropical trees. The entire development is expected to be completed by 2027.

**Key Development Data**

| Project launch: | Total acreage: | Total expected GDV: | Developed area: | Effective remaining GDV: |
|---|---|---|---|---|
| 2019 | 129.9 acres | RM877.3 mil | 18.4 acres | RM736.8 mil |

## BUSINESS REVIEW

### TRIO by Setia

TRIO by Setia is an integrated development in Bukit Tinggi, Klang, comprising three towers of serviced apartments, 42 commercial units and a retail podium. The residential blocks will house 788 units of serviced apartments with built-ups ranging from 624 sq ft to 1,313 sq ft priced between RM405,000 and RM876,000. Facilities include a wading pool, viewing deck, yoga deck, gymnasium, playground and a multipurpose hall. TRIO by Setia is accessible via the Federal Highway, Shah Alam Expressway, New Klang Valley Expressway and the North-South Expressway Central Link. It is also located near the proposed Bukit Tinggi Light Rail Transit station.

The entire development is expected to be completed by 2021.

**Key Development Data**

**Project launch:** 2017
**Total expected GDV:** RM491.0 mil
**Total acreage:** 5.5 acres
**Total 2019 sales:** RM39.7 mil

### Alam Impian

The mature township in Shah Alam is undergoing a facelift with the development of new amenities including a welcome centre, a clubhouse, an international school, a transport hub and a health park. Concurrently, the central park is being upgraded and will offer attractive features such as a lakeside amphitheatre, a floating stage, a skate park and a treehouse playground. These new features are expected to be completed by 2021. During the year itself, we launched three new residential phases.

Clarino made its debut in March 2019, featuring 80 units of double-storey terraced houses with built-ups of 1,759 sq ft to 2,134 sq ft priced from RM649,000. These recorded a take-up rate of 94% during the year. Subsequently, Fleita was launched comprising 89 units of double-storey terrace houses with built-ups of 1,787 sq ft to 2,306 sq ft priced at RM665,000 onwards. After these two successful launches, we then launched Pandura in August 2019, offering 97 double-storey terraced houses featuring built-ups of 1,904 sq ft to 2,387 sq ft priced from RM700,000.

At year end, we introduced a commercial phase, Impian Prisma, comprising 48 units of shop lots measuring 3,591 sq ft to 7,415 sq ft priced from RM1.3 million each.

All these newly-launched developments are expected to be completed by 2021.

**Key Development Data**

**Project launch:** 2006
**Developed area:** 776.5 acres
**Total acreage:** 1,235.0 acres
**Effective remaining GDV:** RM10.48 bil
**Total 2019 sales:** RM196.4 mil

### Bandar Kinrara

Bandar Kinrara is a matured township with more than 14,500 homes and a population of about 72,500. Fringed by the Ayer Hitam Forest Reserve to the south, it boasts an international cricket ground (Kinrara Academy Oval), Kinrara Golf Club and a Giant hypermarket. Well connected by highways and the LRT, Bandar Kinrara continues to be a highly sought-after address.

During the year, we launched 80 double-storey terraced houses with built-ups of 2,000 sq ft. Priced from RM950,000 onwards, the phase carries a GDV of RM87 million. All units were sold out during the launch weekend as the demand is strong from the mid-range and upgrader purchasers for the established township of Bandar Kinrara.

**Key Development Data**

**Project launch:** 1991
**Total acreage:** 1,904.0 acres
**Total 2019 sales:** RM321.4 mil
**Developed area:** 1,805.3 acres
**Effective remaining GDV:** RM1.72 bil

# BUSINESS REVIEW

## Bayuemas Klang

The Bayuemas township in Klang is set in quaint and peaceful surroundings with carefully planned precincts promising exclusivity to homeowners. The address is quickly gaining the attention of young executives with its simple and affordable homes. Once completed, Bayuemas Klang will feature double-storey terraced houses, double-storey semi-detached homes, cluster homes, a serviced apartment and apartments under Rumah Selangorku. Among the amenities offered are a cricket stadium, a lawn bowl stadium, schools, a mosque and shopping facilities.

In March 2019, we launched Gemilang 3, boasting 73 double-storey terraced homes with built-ups from 1,911 sq ft to 2,223 sq ft priced from RM725,000 onwards.

### Key Development Data

**Project launch:** 2006

**Total acreage:** 545.0 acres

**Total 2019 sales:** RM62.6 mil

**Developed area:** 314.3 acres

**Effective remaining GDV:** RM1.67 bil

## Temasya Glenmarie

The township is located about 37km to the west of Kuala Lumpur neighbouring Subang Jaya, Petaling Jaya, Shah Alam and Klang. It features residential, commercial and industrial properties, the latter catering to high value-added activities related to sales and servicing, logistics and administration. Current developments include Temasya Legasi featuring 52 units of double-storey terraced houses; Temasya Tropicale, 10 units of double-storey semi-detached houses; Temasya 8 – Serviced Apartment; Temasya 8 – Business Suites; and Temasya Kasih, a condominium which has been completed and ready for owners or tenants to move in.

### Key Development Data

**Project launch:** 2008

**Total acreage:** 570.0 acres

**Total 2019 sales:** RM86.2 mil

**Developed area:** 497.8 acres

**Effective remaining GDV:** RM1.92 bil





### Key Development Data

**Project launch:** 1977

**Total acreage:** 620.0 acres

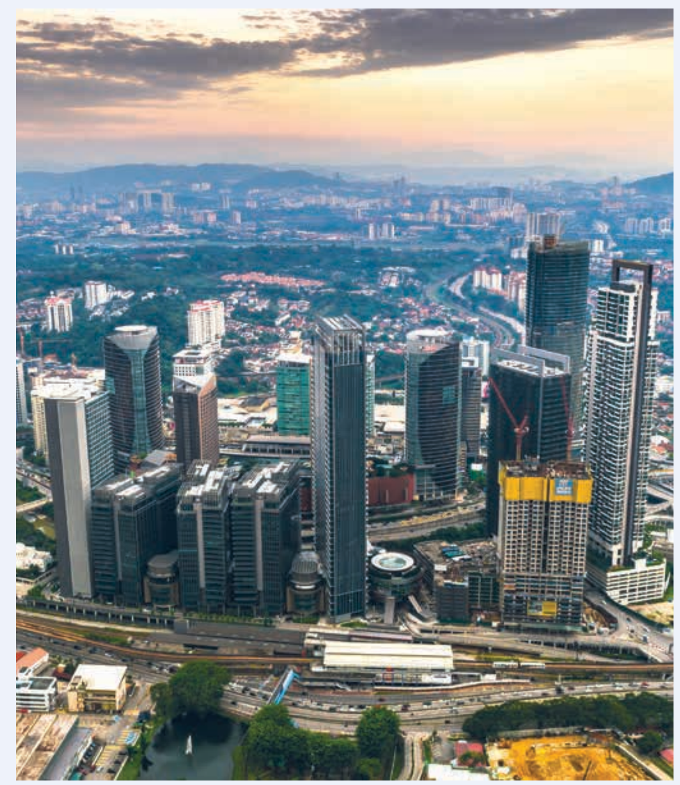
**Total 2019 sales:** RM67.9 mil

**Developed area:** 611.0 acres

**Effective remaining GDV:** RM417.6 mil

## Bandar Baru Seri Petaling

The matured township, located about 15km south of Kuala Lumpur, has more than 5,900 houses and 267 office units. Ongoing developments include the Residensi Rimbunan Petaling condominium; four-storey shop/office blocks which have been sold out; and 8 Petaling apartment.



## KL Eco City

KL Eco City ("KLEC") is a transport-oriented development designed to be a world-class city within a city. It boasts an integrated transport infrastructure including a two-tier road system linking to the Federal Highway, New Pantai Expressway, Jalan Bangsar and Jalan Maarof; an integrated rail hub comprising LRT and KTM stations and a pedestrian bridge linking to Mid Valley City.

Most components of KLEC have already been completed, including the 60-storey Vogue Suites One residential tower; the Pillars comprising 12 towers housing exclusive offices; Strata Office Suites, which have been sold out; and the KLEC Mall which opened in 2018.

Construction of the 252-key Amari Hotel and 326 units of VIIA Residences are ongoing. Both are expected to be completed in 2020. Also under construction is the final office tower, the 42-storey Aspire Tower, which is expected to complete in 2021.

In its final form, KLEC will comprise 1,931 residential units, 1.6 million sq ft of corporate offices, 326 serviced residence units, 252 hotel rooms, 735,498 sq ft of boutique offices, 267,584 sq ft of strata offices and 223,610 sq ft of retail space.

### Key Development Data

**Project launch:** 2011

**Total acreage:** 24.9 acres

**Total expected GDV:** RM7.00 bil

**Total 2019 sales:** RM87.1 mil

**Developed area:** 20.7 acres

**Effective remaining GDV:** RM3.26 bil

## MALAYSIA: Southern Region

Our developments in the Southern Region are concentrated in Johor, where we have 11 ongoing developments. In addition, we have 2,254 acres of remaining land banks, which carry an effective potential GDV of RM20.23 billion.

### Bukit Indah, Johor

Bukit Indah, in the heart of Iskandar Malaysia, is a vibrant township offering a genuine LiveLearnWorkPlay experience with its comprehensive range of amenities and facilities – from schools, commercial buildings and offices, to shopping centres, hypermarkets, restaurants and hotels. The township's most outstanding feature is its lush greenery which includes an award-winning 20-acre park.

Since it was launched 23 years ago, the development at Bukit Indah is 97% complete. In September 2019, we launched Sky Trees, comprising 484 units of serviced apartments with built-ups from 580 sq ft to 1,001 sq ft, and 26 units of retail outlets with built-ups from 840 sq ft to 2,078 sq ft. Sky Trees is expected to be completed by September 2023.

This was followed by the launch of nine shops with built-ups of 1,191 sq ft to 1,734 sq ft priced from RM480,000 onwards. Since being introduced in November 2019, 89% of the shops have been sold.

**Key Development Data**

- **Project launch:** 1997
- **Total acreage:** 1,521.1 acres
- **Total expected GDV:** RM5.25 bil
- **Total 2019 sales:** RM131.5 mil
- **Developed area:** 1,478.0 acres
- **Effective remaining GDV:** RM586.1 mil

### Setia Tropika

Setia Tropika in Johor Bahru has been meticulously planned with security and connectivity in mind. It comprises 4,054 gated and guarded residential units interspersed with an award-winning 12-acre park as well as numerous smaller green lungs catering to a holistic living environment. The commercial components of the township are already well established, and include various government administrative centres such as the Immigration Department, National Registration Department, Registry of Societies, Civil Defence Department and National Anti-Drug Agency.

In March 2019, we launched Livistonia comprising 10 three-storey shop offices with built-ups of 5,036 sq ft. Priced at RM1.8 million onwards, these have been fully sold. Two months later, we launched Calidora, comprising 72 double-storey cluster homes with minimum built-ups from 2,420 sq ft priced from RM830,000 onwards. Each unit comes with five bedrooms and four bathrooms. Calidora has attracted a take-up of 81% in 2019. Finally, in October 2019, we introduced Sky Estadia, featuring 346 units of serviced apartments with built-ups from 609 sq ft to 1,065 sq ft and priced from RM365,000 onwards.

The 2019 launches in Setia Tropika carry a total GDV of RM249 million.

**Key Development Data**

- **Project launch:** 2005
- **Total acreage:** 739.8 acre
- **Total expected GDV:** RM3.98 bil
- **Total 2019 sales:** RM135.1 mil
- **Developed area:** 548.7 acres
- **Effective remaining GDV:** RM1.27 bil

### Setia Eco Gardens

Setia Eco Gardens is a multiple award-winning township in Iskandar Malaysia. It offers homeowners an eco-living experience within a tranquil rainforest environment, with gated and guarded residential precincts ensuring privacy and peace of mind.

In 2019, we introduced 200 double-storey terraced houses in Ilona and Kyra. The houses in Ilona have built-ups of 1,783 sq ft and are priced from RM658,000 onwards, while Kyra houses have built-ups from 2,101 sq ft and are priced from RM768,000 onwards. Combined, the two phases carry an estimated GDV of RM141 million.

**Key Development Data**

- **Project launch:** 2007
- **Total acreage:** 764.8 acres
- **Total expected GDV:** RM2.70 bil
- **Total 2019 sales:** RM122.8 mil
- **Developed area:** 536.5 acres
- **Effective remaining GDV:** RM873.5 mil

## MALAYSIA: Northern Region

In the Northern Region, we have six ongoing property projects in Penang's mainland and island, as well as 1,467 acres of remaining land banks with an effective potential GDV of RM16.96 billion.

### Setia Fontaines

Setia Fontaines is our flagship development in Seberang Perai, mainland Penang. It is surrounded by Butterworth, Sungai Petani and Bukit Mertajam – all thriving cities – and is close to Kulim Hi-Tech Park. For connectivity, it is accessible from the North-South Expressway through the Sungai Dua Interchange and Bertam toll exit.

In keeping with its name, the eco-themed township features nine fountains on nine islands within a 63-acre lake. Emanating from the lake are 7.8km of canals and creeks traversing 37 acres of parks.

Once completed, Setia Fontaines will boast landed and high-rise residential units as well as lifestyle and commercial components including a clubhouse, a convention centre, food and beverage outlets, a retail mall, tertiary educational institutions, office towers and hotels.

In August 2019, we launched the first phase of landed residential Amansara South units comprising three sub-phases of single and double-storey terraced houses with prices starting from RM364,000 onwards. As at end 2019, 88% of the 394 residential units were sold. The two single-storey terraced house series, namely AS Joy and AS Bliss, have spacious built-ups from 1,336 sq ft to 1,363 sq ft. The double-storey terraced house series, AS Glow, comes with a built-up area of 1,835 sq ft.

### Key Development Data

| | | |
|---|---|---|
| **Project launch:** 2018 | **Total expected GDV:** RM13.05 bil | **Developed area:** 358.0 acres |
| **Total acreage:** 1,691.0 acres | **Total 2019 sales:** RM148.0 mil | **Effective remaining GDV:** RM12.80 bil |

### Setia SPICE

Setia SPICE, occupying 25 acres in Relau, Penang, represents a group of developments around the Subterranean Penang International Convention & Exhibition Centre ("SPICE"), which includes the Convention Centre, SPICE Arena – the largest indoor arena for sports, concerts and exhibitions; SPICE Canopy – which offers F&B and retail outlets as well as office space; and SPICE Aquatic Centre – offering an Olympic-sized swimming pool, a kids play pool, a three-tiered diving platform, a lounge, a dance studio, a gymnasium and badminton and squash courts.

The SPICE Convention Centre, being the key component of Setia SPICE, commenced operations in 2017. Currently, a 453-key hotel owned by S P Setia Berhad and to be operated under the Amari brand is under construction next to Setia SPICE, and is expected to be completed in 2020.

## MALAYSIA:
## Eastern Region

Our development in the Eastern Region is focused in Kota Kinabalu where we are currently developing the 50.7-acre Aeropod @ Tanjung Aru. We have another 9.0 acres of undeveloped land with an expected GDV of RM1.94 billion, to be developed over a period of 11 years starting in 2021.

**Key Development Data**

| | |
|---|---|
| **Project launch:** 2012 | **Total 2019 sales:** RM1.1 mil |
| **Total acreage:** 50.7 acres | **Developed area:** 6.7 acres |
| **Total expected GDV:** RM2.65 bil | **Effective remaining GDV:** RM2.04 bil |

**Aeropod**

Aeropod, our maiden project in East Malaysia, is being developed as the largest integrated linear city in Kota Kinabalu. Situated near the Kota Kinabalu International Airport and encompassing the new Tanjung Aru railway station, Aeropod will be a transit-oriented mixed development catering to a 24/7 lifestyle with luxury residences, boutique retail offices, business-class hotels and exciting retail, entertainment and leisure facilities.

To date, four components under Phase 2a have been launched, namely a retail component comprising 12 units, a small office virtual office ("SOVO") block with 170 units, 208 commercial offices and an entertainment pod. Together, these carry a GDV of RM389.2 million. In 2020, we will be completing Phase 3a featuring 176 units of commercial offices with built-ups of 1,211 sq ft to 1,581 sq ft carrying a GDV of RM225.0 million.





## INTERNATIONAL:
## Australia

In Australia, we have three ongoing projects – Uno Melbourne, Sapphire by the Gardens and Marque Residences with a combined GDV of RM4.45 billion. These residential and hospitality developments add to a portfolio that includes Fulton Lane, Parque Melbourne and Maison apartments which were completed in 2015, 2016 and 2018 respectively.

**UNO Melbourne**

UNO Melbourne was launched in January 2018 in Melbourne's Central Business District ("CBD"), along A'Beckett Street. As at end 2019, 84% of its 635 apartments have been sold. Construction of the 65-storey development with a GDV of AUD462 million (RM1.33 billion), began in the first quarter of 2019 and is expected to be completed in 2022.

**Key Development Data**

**Project launch:** 2018

**Total acreage:** 0.4 acre

**Total expected GDV:** RM1.33 bil

**Total 2019 sales:** RM300.9 mil

## BUSINESS REVIEW

### Sapphire by the Gardens

Ground-breaking for the mixed development – comprising a 347-unit residential tower and the 500-room Shangri-La Hotel – took place in October 2018. The residential units have been well-received with sales largely achieved in 2017 and to-date, take up rate is more than 95%. Shangri-La Melbourne is expected to receive its first guests in 2022, making S P Setia Berhad the first developer to co-brand with the hotel chain in Melbourne, Australia. It will also be the first Shangri-La Hotel in Melbourne.

**Key Development Data**

| Project launch: | Total acreage: | Total 2019 sales: | Total expected GDV: | Effective remaining GDV: |
|---|---|---|---|---|
| 2017 | 1.0 acre | RM16.0 mil | RM3.01 bil | RM1.86 bil |

### Marque Residences

The 0.2-acre Marque Residences in Prahran, a trendy inner suburb of Melbourne, features an eight-storey building comprising 47 apartments, two retail shops fronting High Street and a basement car park with 63 bays.

It is ideally located within walking distance of Chapel Street, a popular shopping strip; the famous Prahran Market as well as Coles supermarket. Just 5km south-east of Melbourne's CBD, it is well connected by the Prahran train station and caters for families with primary, secondary and tertiary educational facilities in its vicinity.

**Key Development Data**

| Project launch: | Total acreage: | Total 2019 sales: | Total expected GDV: |
|---|---|---|---|
| 2018 | 0.2 acre | RM4.1 mil | RM114.4 mil |





## INTERNATIONAL: United Kingdom

We made our foray into the United Kingdom in 2012 by winning the bid to rejuvenate and develop a 41.7-acre site encompassing the iconic Battersea Power Station in the heart of London. Since then, 18.7 acres have already been developed. We are currently developing the remaining components which carry a GDV of RM27.78 billion.

### Battersea Power Station

The Battersea Power Station ("BPS") is one of Central London's largest new destinations which, upon completion, will comprise approximately 3.5 million sq ft of mixed commercial space combined with over 4,000 homes. The development will also have 18 acres of public space including a 6-acre public park and a town square, named Malaysia Square. It will benefit from a 3km extension of the Northern Line underground which is due to open in autumn 2021, along with a new station at BPS.

Circus West Village, the first chapter of the BPS project, was opened to the public in early 2017. In the last 12 months, over three million visitors have enjoyed the events, cafes, shops, restaurants and leisure offerings, with recent openings including a theatre, a cinema and a mini golf-cum-restaurant. A jetty in front of the Power Station also opened in 2019, and BPS has already hosted several popular events and activities. Over 1,000 residents are currently living at Circus West Village.

Opening in 2021, the Power Station (Phase 2) will be transformed into a historic visitor attraction with 253 homes, a six-acre Power Station Park, over 100 new shops, an 18,500 sq ft food hall, over 500,000 sq ft of office space, a cinema and a variety of event spaces.

Apple's new London Campus will occupy six floors in the central Boiler House of the Power Station. The remaining 40,000 sq ft of office space has been leased to business members club, No.18. Construction has begun on what will become a 109m Chimney Lift Experience. This, along with another two new and exciting event/attraction spaces, will be opened to the public in 2021.

The Electric Boulevard (Phase 3) will connect local communities to the Power Station, creating a new shopping destination in London. This phase will provide new homes and 50 new shops, restaurants and cafes. There will also be a 160-room hotel, a park and a community hub.

Remaining phases to be developed in BPS include part of the existing Phase 3 and Phases 4 to 7.

**Key Development Data**

| Project launch: | Total acreage: | Total expected GDV: | Developed area: | Effective remaining GDV: |
|---|---|---|---|---|
| 2012 | 41.7 acres | RM49.11 bil | 18.7 acres | RM27.78 bil |

# BUSINESS REVIEW

## INTERNATIONAL: Vietnam

Both our ongoing projects in Vietnam, EcoXuan and EcoLakes, are eco-themed developments that encourage holistic lifestyles.

### EcoXuan

EcoXuan is a 26.7-acre boutique development 16km north of Ho Chi Minh City comprising row houses, twin villas and villas, luxury condominiums, apartments, a multi-storey retail centre and a lifestyle centre. It is set within Lai Thieu's verdant fields, while also featuring Spring Gardens within the enclave.

**Key Development Data**

- **Project launch:** 2010
- **Total 2019 sales:** RM80.1 mil
- **Total acreage:** 27.0 acres
- **Developed area:** 14.8 acres
- **Total expected GDV:** RM787.5 mil
- **Effective remaining GDV:** RM512.3 mil

In June 2019, we launched 26 units of shop lots with built-ups from 3,875 sq ft to 5,166 sq ft priced from RM1.5 million onwards. This was followed by the launch of an apartment with 325 units in September 2019.

The units measure between 450 sq ft and 850 sq ft with prices from RM136,000 onwards. Together, these phases carry a GDV of RM118 million.

**Key Development Data**

- **Project launch:** 2008
- **Total 2019 sales:** RM43.3 mil
- **Total acreage:** 558.5 acres
- **Developed area:** 52.8 acres
- **Total expected GDV:** RM2.23 bil
- **Effective remaining GDV:** RM944.8 mil

### EcoLakes

EcoLakes is a 558.5-acre fully integrated township comprising apartments, terraced houses, a commercial centre, a medical centre and schools surrounding a lake. A unique feature is its man-made beach, which forms part of the 8.2-acre EcoLakes Town Park at the heart of the township. To date, PSB College has opened its 5.4-acre campus in the township. The Commercial Centre, called Canal Garden, is fully operational, with dining, shopping and other lifestyle facilities.

The year saw us launch four different phases in the ongoing development. In July 2019, we introduced 12 clusters houses with built-ups between 2,150 sq ft and 4,980 sq ft priced from RM750,000 onwards. This was followed by the launch of shop houses and link houses in December 2019. The 19 shop houses have built-ups between 2,900 sq ft and 4,900 sq ft carrying prices from RM570,000 onwards. 222 units of the link houses have built-ups of 900 sq ft to 1,600 sq ft while another 325 units have built-ups of 1,350 sq ft to 1,750 sq ft. The price starts from RM180,000 onwards. Total GDV launched in EcoLakes in 2019 was RM157 million.

## INTERNATIONAL: Japan

Osaka is one of the three largest economic zones in Japan, as well as one of the most visited by foreign tourists. Vibrant and filled with unique culinary, cultural and eye-opening experiences, the Izumisano City Center, close to Kansai International Airport, is set to add to its lure.

### Setia Izumisano City Centre

We made our first foray into Japan in 2018 via Setia Izumisano City Centre, a 4.9-acre mixed development in Osaka featuring apartments, a hotel, a convention centre, retail units and offices. Located close to Kansai International Airport, the RM2.21 billion GDV project is expected to unfold over a period of nine years. Currently, we are in the midst of planning and designing the project and have begun negotiations with hotel operators for the hotel component. We expect to have the maiden launch of Setia Izumisano City Centre in 2021.

**Key Development Data**

- **Project launch:** 2021
- **Total acreage:** 4.9 acres
- **Total expected GDV:** RM2.21 bil

## INTERNATIONAL: Singapore

Having already made our imprint in Singapore with 18 Woodsville and Eco Sanctuary, we are now developing our most ambitious residential project yet on the island republic. Daintree Residence is set to create a new benchmark in exclusive eco-living in the midst of a vibrant city.

### Daintree Residence

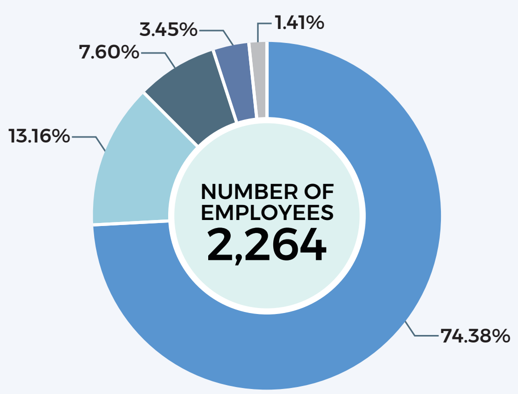
Daintree Residence is our third development in Singapore. Located in the Bukit Timah region, the RM1.43 billion-GDV property offers a low-density and exclusive lifestyle in 327 luxurious units spread across five-storey apartment blocks. Within the property, residents will feel as if they were ensconced in a rainforest, especially with a 35,000 sq ft treetop walk experience, complete with a fitness station, a yoga deck, an alfresco pavilion, a star gazing garden, a tennis court and a cabana bar. Other facilities include 50m and 25m leisure pools, a gym, an aqua gym and steam rooms. As an added bonus, the property is within walking distance of Beauty World MRT station. It is also easily accessible via the Pan Island Expressway ("PIE") and Bukit Timah Expressway ("BKE").

**Key Development Data**

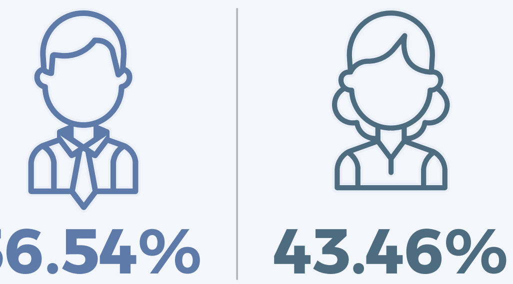
- **Project launch:** 2018
- **Total 2019 sales:** RM97.3 mil
- **Total acreage:** 4.6 acres
- **Effective remaining GDV:** RM1.43 bil

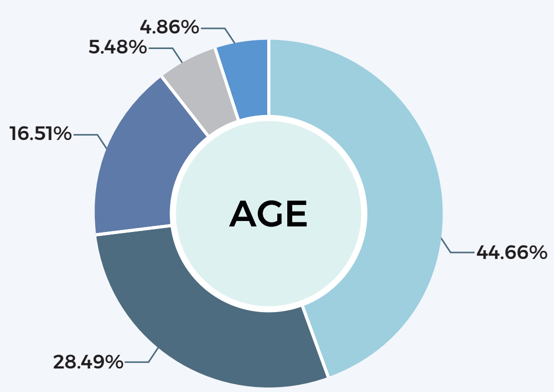
# OUR PEOPLE

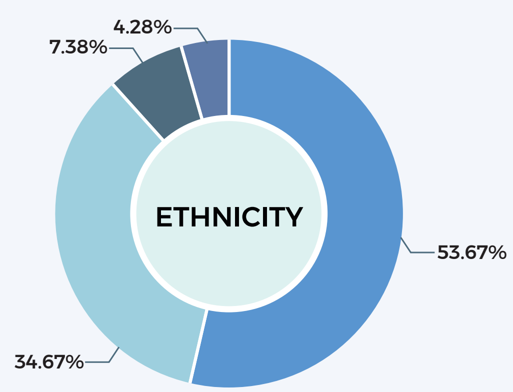
### REGION




### GENDER



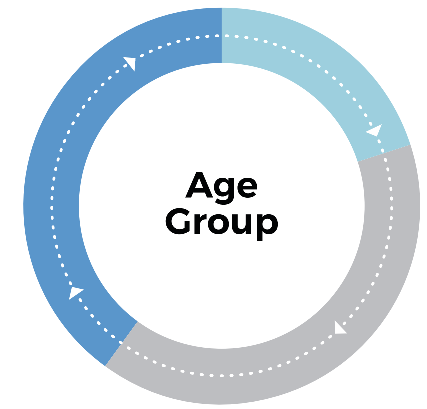

### AVERAGE LENGTH OF SERVICE

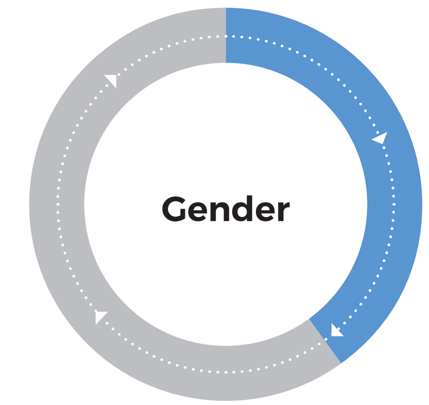
**8.86 Years**





# BOARD AT A GLANCE



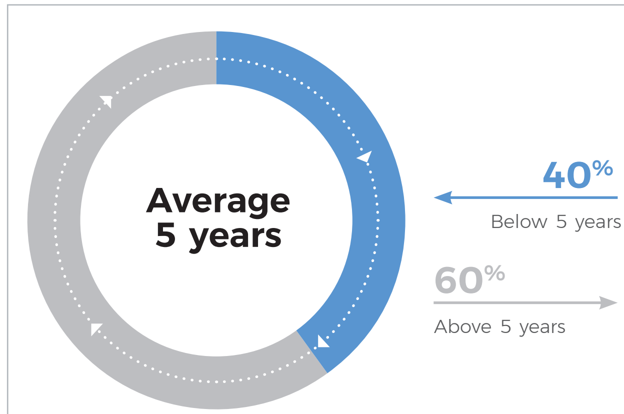

55-60 = 20% | 61-65 = 40% | 66-70 = 40%

7 Male | 3 Female

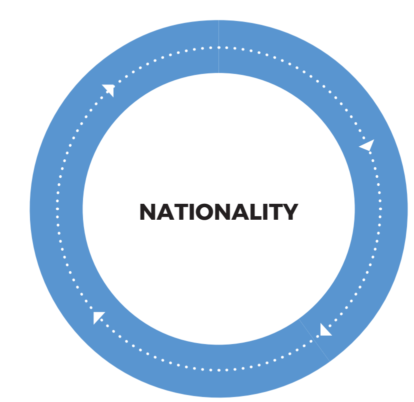
### BOARD COMPOSITION

| | |
|---|---|
| 5 | Independent Non-Executive Directors |
| 2 | Non-Independent Non-Executive Directors |
| 1 | Senior Independent Non-Executive Director |
| 1 | Non-Independent Non-Executive Chairman |
| 1 | President and Chief Executive Officer |

### BOARD TENURE








8 Bumi | 2 Non-Bumi

10 Malaysians

# PROFILE OF BOARD OF DIRECTORS

AS AT 29 APRIL 2020

| | |
|---|---|
| Age | 68 |
| Gender | Male |
| Nationality | Malaysian |
| Date of Appointment | 3 January 2019 |
| Length of Service | 1 year and 3 months |
| Number of Board Meetings Attended | 6/6 |
| Membership of Board Committee | • Chairman of Nomination and Remuneration Committee |

### ACADEMIC/PROFESSIONAL QUALIFICATION(S):

- Bachelor of Arts in Accounting, Macquarie University, Sydney, Australia
- Chartered Accountant, Malaysian Institute of Accountants
- Certified Practising Accountant, Australia
- Court of Emeritus Fellows, Malaysian Institute of Management

### SKILLS MATRIX AND INDUSTRY EXPERIENCE:

**Current Principal Appointments:**

- Chairman, Nestle (Malaysia) Berhad
- Chairman, Lembaga Zakat Selangor
- Chancellor, SEGi University

**Past Relevant Experiences:**

- Chairman, Cahaya Mata Sarawak Berhad
- Chairman, EON Bank Berhad
- Chairman, DRB-Hicom Berhad
- Chairman, Lembaga Tabung Haji Investment Panel
- Chairman, Malakoff Corporation Berhad
- Chairman, Malaysia Airports Holdings Berhad
- Chairman, Malaysian Resources Corporation Berhad
- Chairman, Media Prima Berhad
- Chairman, Radicare (M) Sdn Bhd
- Chairman, Uni Asia General Insurance Berhad
- Chairman, Uni Asia Life Assurance Berhad
- Independent Director, Bangkok Bank Berhad
- Independent Director, Maxis Communications Berhad
- Group Managing Director, Amanah Capital Partners Berhad
- Financial Accountant, Malaysian Airlines Systems Berhad

### DECLARATION:

- Does not have any conflict of interest or any family relationship with any other Director(s) and/or major shareholder(s) of S P Setia Berhad except by virtue of being a nominee Director of Permodalan Nasional Berhad
- Has not been convicted of any offences within the past five years
- Has not been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year 2019

**Y. A. M. TAN SRI DATO' SERI SYED ANWAR JAMALULLAIL**
Non-Independent Non-Executive Chairman

### ACADEMIC/PROFESSIONAL QUALIFICATION(S):

- Bachelor of Engineering (Hons), University of Malaya
- Fellow, Institution of Engineers, Malaysia
- Professional Engineer registered with the Board of Engineers, Malaysia

### SKILLS MATRIX AND INDUSTRY EXPERIENCE:

**Current Principal Appointments:**

- President and Chief Executive Officer ("CEO"), S P Setia Berhad effective 1 April 2016
- Director, Perumahan Kinrara Berhad
- Director, PNB Merdeka Ventures Berhad
- Chairman, Planning Policies and Standards Committee, Real Estate & Housing Developers' Association ("REHDA") Malaysia
- Deputy President, REHDA Malaysia

**Past Relevant Experiences:**

- Acting President and Chief Executive Officer of S P Setia Berhad
- Acting Deputy President and Chief Operating Officer of S P Setia Berhad
- Has held various senior positions in the S P Setia Berhad Group since 1995 including as an Executive Vice President
- Associate Director for an Engineering Consultancy firm and was involved in the design and construction of housing, industrial, highways and infrastructure projects, such as the North-South Expressway and the KESAS Highway

### DECLARATION:

- Does not have any conflict of interest or any family relationship with any other Director(s) and/or major shareholder(s) of S P Setia Berhad
- Has not been convicted of any offences within the past five years
- Has not been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year 2019

| | |
|---|---|
| Age | 60 |
| Gender | Male |
| Nationality | Malaysian |
| Date of Appointment | 2002 to 2009 (Previous Directorship); 27 June 2013 |
| Length of Service | 6 years and 10 months |
| Number of Board Meetings Attended | 7/7 |
| Membership of Board Committee | • Member of Executive Committee |

**DATO' KHOR CHAP JEN**
President and Chief Executive Officer

# PROFILE OF BOARD OF DIRECTORS
AS AT 29 APRIL 2020

| | |
|---|---|
| Age | **67** |
| Gender | **Male** |
| Nationality | **Malaysian** |
| Date of Appointment | **17 September 2014** |
| Length of Service | **5 years and 7 months** |
| Number of Board Meetings Attended | **6/7** |
| Membership of Board Committee | • **Chairman of Risk Management Committee**<br>• **Member of Nomination and Remuneration Committee**<br>• **Member of Finance and Investment Committee** |

### ACADEMIC/PROFESSIONAL QUALIFICATION(S):

- Fellow, The Chartered Institute of Management Accountants
- Member, The Malaysian Institute of Accountants
- Member, The Institute of Internal Auditors Inc

### SKILLS MATRIX AND INDUSTRY EXPERIENCE:

**Current Principal Appointments:**

- Chairman, Battersea Project Holding Company Limited
- Chairman, Desaru Development Corporation Sdn Bhd
- Chairman, Desaru Development Holdings One Sdn Bhd
- Director, Sime Darby Berhad
- Director, Silterra Malaysia Sdn Bhd
- Director, Themed Attractions Resorts & Hotels Sdn Bhd

**Past Relevant Experiences:**

- Chairman of Malaysian Directors Academy ("MINDA")
- Deputy Chairman of Costain Group PLC
- Deputy Chairman of PLUS Expressways Berhad
- Deputy Chairman of UEM Builders Berhad
- Deputy Chairman of UEM Land Holdings Berhad
- Director, Faber Group Berhad
- Director, Opus Group Berhad
- Director, Pharmaniaga Berhad
- Director, Sime Darby Energy Sdn Bhd
- Director, Sime Darby Industrial Holdings Sdn Bhd
- Director, UEM Environment Sdn Bhd
- Director, Universiti Malaysia Kelantan
- Director, Universiti Teknologi MARA
- Executive Director & CEO, Silterra Malaysia Sdn Bhd
- Managing Director of UEM World Berhad, Renong Bhd, TIME Engineering Berhad, TIME dotCom Berhad and EPE Power Corporation Berhad
- Managing Director and CEO, UEM Group Berhad
- Financial Controller, Malaysian Tobacco Company Berhad

### DECLARATION:

- Does not have any conflict of interest or any family relationship with any other Director(s) and/or major shareholder(s) of S P Setia Berhad
- Has not been convicted of any offences within the past five years
- Has not been imposed any public sanction or penalty by the relevant regulatory bodies during the financial year 2019

**DATO' AHMAD PARDAS BIN SENIN**
Senior Independent Non-Executive Director

### ACADEMIC/PROFESSIONAL QUALIFICATION(S):

- Bachelor of Arts (Hons) in Economics, University of Malaya
- Master of Economics, University of Malaya
- Certificate in Economic Management, IMF Institute, Washington and the Kiel Institute for World Economics, Germany
- Certificate in Advanced Management Programme, Adam Smith Institute, London, United Kingdom

### SKILLS MATRIX AND INDUSTRY EXPERIENCE:

**Current Principal Appointments:**

- Director, Cagamas Berhad
- Director, Malaysia Marine and Heavy Engineering Holdings Berhad
- Founding Director of Securities Industry Dispute Resolution Centre

**Past Relevant Experiences:**

- Chairman, Pengurusan Aset Air Berhad
- Director, Bank Pertanian Malaysia Berhad
- Director, Employees Provident Fund Board
- Director, Inland Revenue Board
- Director, KLCC Property Holdings Berhad
- Director, Lembaga Kemajuan Tanah Persekutuan ("FELDA")
- Director, Malaysia Deposit Insurance Corporation
- Director, MISC Berhad
- Director, NCB Holdings Berhad
- Director, Petroliam Nasional Berhad
- Director, UDA Holdings Berhad
- Director-General, Economic Planning Unit ("EPU") in the Prime Minister's Department and has held various senior positions in the EPU
- Deputy Secretary General, Ministry of Finance

### DECLARATION:

- Does not have any conflict of interest or any family relationship with any other Director(s) and/or major shareholder(s) of S P Setia Berhad
- Has not been convicted of any offences within the past five years
- Has not been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year 2019

| | |
|---|---|
| Age | **70** |
| Gender | **Female** |
| Nationality | **Malaysian** |
| Date of Appointment | **29 August 2014** |
| Date of Redesignation as Independent Non-Executive Director: | **28 February 2018** |
| Length of Service | **5 years and 8 months** |
| Number of Board Meetings Attended | **7/7** |
| Membership of Board Committee | • **Chairman of Executive Committee**<br>• **Member of Risk Management Committee** |

**DATO' HALIPAH BINTI ESA**
Independent Non-Executive Director

# PROFILE OF BOARD OF DIRECTORS
AS AT 29 APRIL 2020

| | |
|---|---|
| Age | **66** |
| Gender | **Male** |
| Nationality | **Malaysian** |
| Date of Appointment | **15 October 2014** |
| Length of Service | **5 years and 6 months** |
| Number of Board Meetings Attended | **7/7** |
| Membership of Board Committee | **• Member of Risk Management Committee**<br>**• Member of Executive Committee** |

## ACADEMIC/PROFESSIONAL QUALIFICATION(S):

- Bachelor of Engineering, Universiti Teknologi Malaysia

## SKILLS MATRIX AND INDUSTRY EXPERIENCE:

**Current Principal Appointments:**

- Director of several private limited companies

**Past Relevant Experiences:**

- Director, Prasarana Malaysia Berhad
- President, Board of Engineers of Malaysia
- Has held various senior positions in the Public Works Department including its Director-General

## DECLARATION:

- Does not have any conflict of interest or any family relationship with any other Director(s) and/or major shareholder(s) of S P Setia Berhad
- Has not been convicted of any offences within the past five years
- Has not been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year 2019

**DATO' SERI IR. HJ. MOHD NOOR BIN YAACOB**
Independent Non-Executive Director

## ACADEMIC/PROFESSIONAL QUALIFICATION(S):

- LL.B (Hons), University of Buckingham, England
- Certificate in Legal Practice, Malaysia
- Harvard Business School Executive Education Program
- Member of the Malaysian Bar

## SKILLS MATRIX AND INDUSTRY EXPERIENCE:

**Current Principal Appointments:**

- Director, Kenanga Islamic Investors Berhad
- Chairman, IATSS Forum (Japan) National Committee, Malaysia, an annual ASEAN-JAPAN Leadership Training programme for young professionals, who are sent to Suzuka City, Mie Prefecture, Japan
- Sole proprietor, Chambers of Zuraidah Atan

**Past Relevant Experiences:**

- Chairman, Yayasan Sukarelawan Siswa/Student Volunteers Foundation
- Director, Bank Kerjasama Rakyat Malaysia Berhad
- Director, Commodities and Monetary Exchange of Malaysia
- Director, HSBC Bank Malaysia Berhad
- Director, Malaysia Building Society Berhad
- Director, Milux Corporation Berhad
- Director, NCB Holdings Berhad
- Director, Northport (Malaysia) Berhad
- Director, Petron Malaysia Refining & Marketing Berhad
- Director, Universiti Sains Malaysia
- Public Interest Director, Bursa Malaysia Berhad, Bursa Malaysia Derivatives Berhad and Bursa Malaysia Derivatives Clearing Berhad
- Arbitrator, KL Regional Centre for Arbitration
- CEO and President, Affin Merchant Bank Berhad
- Honorary Advisor, The National Cancer Society of Malaysia.
- Independent Member, Consultation and Corruption Prevention Panel of Malaysian Anti-Corruption Commission

## DECLARATION:

- Does not have any conflict of interest or any family relationship with any Director(s) and/or major shareholder(s) of S P Setia Berhad
- Has not been convicted of any offences within the past five years
- Has not been imposed any public sanction or penalty by the relevant regulatory bodies during the financial year 2019

| | |
|---|---|
| Age | **61** |
| Gender | **Female** |
| Nationality | **Malaysian** |
| Date of Appointment | **16 December 2014** |
| Date of Re-designation as Independent Non-Executive Director | **28 February 2018** |
| Length of Service | **5 years and 4 months** |
| Number of Board Meetings Attended | **7/7** |
| Membership of Board Committee | **• Member of Audit Committee** |

**DATO' ZURAIDAH BINTI ATAN**
Independent Non-Executive Director

## PROFILE OF BOARD OF DIRECTORS
AS AT 29 APRIL 2020

| | |
|---|---|
| Age | 63 |
| Gender | Male |
| Nationality | Malaysian |
| Date of Appointment | 12 January 2015 |
| Length of Service | 5 years and 3 months |
| Number of Board Meetings Attended | 7/7 |
| Membership of Board Committee | • Member of Risk Management Committee |

**TENGKU DATO' AB. AZIZ BIN TENGKU MAHMUD**
Non-Independent Non-Executive Director

### ACADEMIC/PROFESSIONAL QUALIFICATION(S):

- Master of Business Administration, Cranfield Institute of Technology, United Kingdom ("UK")
- Bachelor of Science (Hons) in Civil Engineering, Loughborough University of Technology, UK
- Diploma in Management with Merit, Malaysian Institute of Management
- Member, The Institution of Engineers Malaysia
- Member, Malaysian Institute of Management

### SKILLS MATRIX AND INDUSTRY EXPERIENCE:

**Current Principal Appointments:**

- CEO, PNB Merdeka Ventures Sdn Bhd
- Member, Council on Tall Buildings and Urban Habitat

**Past Relevant Experiences:**

- Head, Property Development, Sime Darby Property Berhad
- Head, Property, Kumpulan Guthrie Berhad
- CEO, Guthrie Property Development Holding Berhad

### DECLARATION:

- Does not have any conflict of interest or any family relationship with any other Director(s) and/or major shareholder(s) of S P Setia Berhad
- Has not been convicted of any offences within the past five years
- Has not been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year 2019

### ACADEMIC/PROFESSIONAL QUALIFICATION(S):

- Honours Degree in Economics, University of Manchester, United Kingdom
- Member, The Malaysian Institute of Accountants
- Member, The Malaysian Institute of Certified Public Accountants

### SKILLS MATRIX AND INDUSTRY EXPERIENCE:

**Current Principal Appointments:**

- Director, Bank Islam Berhad
- Director, BIMB Holdings Berhad
- Director, Tenaga Nasional Berhad

**Past Relevant Experiences:**

- Vice President of Finance, MISC Berhad
- Has held various senior management positions in Pernas International Holdings Berhad, including Group General Manager and Chief Financial Officer
- Audit Senior, Hanafiah Raslan & Mohamad

### DECLARATION:

- Does not have any conflict of interest or any family relationship with any other Director(s) and/or major shareholder(s) of S P Setia Berhad
- Has not been convicted of any offences within the past five years
- Has not been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year 2019

| | |
|---|---|
| Age | 64 |
| Gender | Female |
| Nationality | Malaysian |
| Date of Appointment | 11 September 2015 |
| Length of Service | 4 years and 7 months |
| Number of Board Meetings Attended | 7/7 |
| Membership of Board Committee | • Chairman of Audit Committee |

**PUAN NORAINI BINTI CHE DAN**
Independent Non-Executive Director

# PROFILE OF BOARD OF DIRECTORS
AS AT 29 APRIL 2020

| | |
|---|---|
| Age | 63 |
| Gender | Male |
| Nationality | Malaysian |
| Date of Appointment | 11 September 2015 |
| Length of Service | 4 years and 7 months |
| Number of Board Meetings Attended | 7/7 |
| Membership of Board Committee | • Chairman of Finance and Investment Committee<br>• Member of Audit Committee<br>• Member of Nomination Remuneration Committee |

**MR PHILIP TAN PUAY KOON**
Independent Non-Executive Director

## ACADEMIC/PROFESSIONAL QUALIFICATION(S):

- First Class Honours B.A. Degree in Business Studies (Accounting and Finance), North-East London Polytechnic, United Kingdom
- Oxford International Executive Programme
- Stanford-NUS Executive Programme
- IMD-SIDC Advance Business Management Programme
- INSEAD Strategic Management in Banking Programme
- Fellow, Institute of Corporate Directors Malaysia
- Associate Fellow, Asian Institute of Chartered Bankers
- Adjunct Faculty Member, Financial Institutions Directors Education

## SKILLS MATRIX AND INDUSTRY EXPERIENCE:

**Current Principal Appointments:**

- Director, Cagamas Berhad
- Director, Citibank Berhad
- Director, Payments Network Malaysia Sendirian Berhad
- Member, Corporate Debt Restructuring Committee (established by Bank Negara Malaysia)

**Past Relevant Experiences:**

- Chief Financial Officer of Emerging Market Sales & Trading, Asia Pacific, Citibank NA
- Director, Citibank Malaysia (L) Limited
- Director, Risk Treasury, Asia Pacific, Regional Office in Singapore of Citibank
- Head and Country Treasurer, Financial Markets, Citibank Berhad
- Has held various senior management positions in the MUI Group
- Independent Director, Danajamin Nasional Berhad
- Independent Director, MIDF Amanah Investment Bank Berhad
- Managing Director, Citigroup

## DECLARATION:

- Does not have any conflict of interest or any family relationship with any other Director(s) and/or major shareholder(s) of S P Setia Berhad
- Has not been convicted of any offences within the past five years
- Has not been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year 2019

## ACADEMIC/PROFESSIONAL QUALIFICATION(S):

- LLB (Hons) in Business and Commercial law, University of Malaya
- Master of Laws (LLM), in the United States of America ("USA")
- Global Business Law, University of Suffolk, USA

## SKILLS MATRIX AND INDUSTRY EXPERIENCE:

**Current Principal Appointments:**

- Senior Partner, Azmi & Associates
- Director, Institute of Corporate Directors Malaysia
- Director, Putra Business School
- Director, Terralex
- Director, UiTM Holdings Sdn Bhd
- Director, Worldwide Holdings Bhd
- Adjunct Professor of Law, Universiti Kebangsaan Malaysia
- Member, Appeals Committee of Bursa Malaysia Berhad
- Trustee, Endowment Fund, University Technology Malaysia

**Past Relevant Experiences:**

- Director, CCM Duopharma Biotech Berhad
- Director, Chemical Company of Malaysia Berhad
- Director, Cliq Energy Berhad
- Director, Financial Reporting Foundation
- Director, Perbadanan Nasional Berhad
- Director, Seacera Group Berhad
- Director, Sime Darby Berhad
- Director, Universiti Malaysia Kelantan
- Adjunct Professor of Law, International Islamic University Malaysia
- In-house counsel, PETRONAS

## DECLARATION:

- Does not have any conflict of interest or any family relationship with any other Director(s) and/or major shareholder(s) of S P Setia Berhad except by virtue of being a nominee Director of Permodalan Nasional Berhad
- Has not been convicted of any offences within the past five years
- Has not been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year 2019

| | |
|---|---|
| Age | 59 |
| Gender | Male |
| Nationality | Malaysian |
| Date of Appointment | 3 March 2016 |
| Length of Service | 4 years and 1 month |
| Number of Board Meetings Attended | 7/7 |
| Membership of Board Committee | • Member of Finance and Investment Committee |

**DATO' AZMI BIN MOHD ALI**
Non-Independent Non-Executive Director

# KEY MANAGEMENT TEAM

**Key Management Team makes part of the Senior Management Team**

## DATUK WONG TUCK WAI
Deputy President and Chief Operating Officer ("COO")

| | |
|---|---|
| Nationality | **Malaysian** |
| Gender | **Male** |
| Age | **65** |
| Date of Appointment as Deputy President and COO of S P Setia Berhad | **1 April 2016** |

Datuk Wong Tuck Wai started his career in civil engineering in 1976, handling projects with Syarikat Pembinaan Setia Sdn Bhd ("SPSSB").

After two decades of steady career progression in SPSSB, he was made CEO of Setia Putrajaya Sdn Bhd in December 1999, where he reinforced his reputation, helming the company that constructed a major chunk of Putrajaya – the Prime Minister's Office, Residence and Government residential quarters between the late 1990s and early 2000s.

Datuk Wong was appointed as Executive Vice President of S P Setia Berhad in 2013 and quickly rose to his current position in 2015, first in an acting capacity before officially assuming the said position one year later.

Datuk Wong is also a director of Pelaburan Hartanah Nasional Berhad.

## DATUK CHOY KAH YEW
Executive Vice President ("EVP") and Chief Financial Officer ("CFO")

| | |
|---|---|
| Nationality | **Malaysian** |
| Gender | **Male** |
| Age | **49** |
| Date of Appointment as EVP and CFO of S P Setia Berhad | **1 April 2016** |

Datuk Choy Kah Yew joined S P Setia Berhad in April 2014 and was designated as Acting CFO effective 16 June 2014. With working experience in audit, finance and banking stretching back 26 years, Datuk Choy, who started his career with KPMG in 1990, held several senior leadership and management positions at Alliance Investment Bank Berhad ("AIIB") between 2004 and 2014.

On 1 April 2016, Datuk Choy was appointed as EVP and CFO of S P Setia Berhad respectively. Prior to joining S P Setia Berhad, he was the Head of AIBB's Capital Markets.

His professional qualifications include membership with the Malaysian Institute of Certified Public Accountants and the Malaysian Institute of Accountants.

## DATUK KOE PENG KANG
Senior Executive Vice President ("SEVP")

| | |
|---|---|
| Nationality | **Malaysian** |
| Gender | **Male** |
| Age | **58** |
| Date of Appointment as SEVP of S P Setia Berhad | **1 July 2019** |

Datuk Koe Peng Kang, 58, was appointed as SEVP of S P Setia Berhad after serving the Group for 20 years.

Prior to joining the Company, Datuk Koe was involved in various national projects including the country's rural water supply scheme, the Sungai Selangor Water Supply Scheme Phase 1 and the Petronas Twin Towers.

He is a qualified engineer and construction manager, having earned a BSc (Civil Engineering) from the University of Leeds, United Kingdom and a MSc (Construction Management) from the University of Birmingham, United Kingdom.

## DATUK TAN HON LIM
Executive Vice President

| | |
|---|---|
| Nationality | **Malaysian** |
| Gender | **Male** |
| Age | **58** |
| Date of Appointment as EVP of S P Setia Berhad | **1 July 2015** |

Datuk Tan Hon Lim started his career in S P Setia Berhad in 1990 as a project engineer and rose up the ranks to be an EVP when he was appointed in July 2015.

Datuk Tan's extensive experience includes being instrumental in the Group's first property development Project Engineering at Bukit Indah, Ampang and S P Setia Berhad's first township, Pusat Bandar Puchong.

He earned a BSc (Civil Engineering), from Louisiana State University, United States of America.

## DATUK KOW CHOONG MING
Executive Vice President

| | |
|---|---|
| Nationality | **Malaysian** |
| Gender | **Male** |
| Age | **59** |
| Date of Appointment as EVP of S P Setia Berhad | **1 July 2015** |

Datuk Kow Choong Ming, 59, joined S P Setia Berhad in February 1997 as an Assistant General Manager.

Datuk Kow earned a Bachelor of Engineering in Civil Engineering from the University of Malaya.

Datuk Kow is currently a director of Ecopark P2 Homeowners Berhad and Ecopark P5 Homeowners Berhad.

# KEY MANAGEMENT TEAM

## DATUK CHOONG KAI WAI

Chief Executive Officer ("CEO") of Setia (Melbourne) Development Company Pty Ltd

| | |
|---|---|
| Nationality | **Malaysian** |
| Gender | **Male** |
| Age | **59** |
| Date of Appointment as CEO of Setia (Melbourne) Development Co. Pty Ltd | **1 May 2010** |

Prior to joining S P Setia Berhad, Datuk Choong Kai Wai, 59, had over 20 years of experience in the property sector, working with other developers as well as running his own business.

He was instrumental in setting up S P Setia Berhad's Australian business that grew over the years and cementing the Company's presence as a formidable property developer in Australia.

Datuk Choong earned his BSc (Hons) Mechanical Engineering from The City University London, United Kingdom.

## DATUK YUSLINA MOHD YUNUS

Executive Vice President

| | |
|---|---|
| Nationality | **Malaysian** |
| Gender | **Female** |
| Age | **53** |
| Date of Appointment as EVP of S P Setia Berhad | **1 December 2017** |

Datuk Yuslina Mohd Yunus, 53, was Group Managing Director for the I & P Group before assuming her role as EVP of S P Setia Berhad.

Datuk Yuslina has an Advanced Diploma in Accountancy, Institute Technology MARA and an Executive Masters of Business Administration, Universiti Teknologi MARA.

## STANLEY SAW KIM SUAN

Divisional General Manager ("Div GM")

| | |
|---|---|
| Nationality | **Malaysian** |
| Gender | **Male** |
| Age | **53** |
| Date of Appointment as Div GM of S P Setia Berhad | **1 May 2016** |

Stanley Saw, 53, joined S P Setia Berhad as Project Manager in 1997, assuming the role of Divisional General Manager for Property Division (South) of S P Setia Berhad in May 2016.

Stanley has a Bachelor of Engineering (Civil), from the University of New South Wales, Australia and a Master of Business Administration, from Nottingham Trent University, United Kingdom.

## PAUL SOH HEE PIN

Divisional General Manager

| | |
|---|---|
| Nationality | **Malaysian** |
| Gender | **Male** |
| Age | **56** |
| Date of Appointment as Div GM of S P Setia Berhad | **1 January 2015** |

After joining S P Setia Berhad as Senior Manager in April 1997, Paul Soh, 56, rose through the ranks before assuming the role of Divisional General Manager, Niche Development Division.

A qualified engineer, he has a Bachelor of Engineering (Civil) from the University of New South Wales, Australia.

## TONY LING THOU LUNG

Divisional General Manager

| | |
|---|---|
| Nationality | **Malaysian** |
| Gender | **Male** |
| Age | **46** |
| Date of Appointment as Div GM of S P Setia Berhad | **1 May 2016** |

Tony Ling, 46, joined S P Setia Berhad in 2007 as Project Manager for Setia Walk and rose through the ranks to become Head of Technical in 2012.

In 2015, he was appointed General Manager and subsequently in May 2016, he was promoted to Divisional General Manager for KL Eco City.

A qualified engineer, Tony has a Bachelor of Engineering (Hons) in Civil Engineering from the University of Science, Malaysia and a Master of Business Administration, from the University of Malaya.

## DATUK ZAINI YUSOFF

Divisional General Manager

| | |
|---|---|
| Nationality | **Malaysian** |
| Gender | **Male** |
| Age | **56** |
| Date of Appointment as Div GM of S P Setia Berhad | **1 December 2017** |

Datuk Zaini Yusoff, 56, was the General Manager for I & P Group prior to being appointed as S P Setia Berhad's Divisional General Manager.

Datuk Zaini carries with him 30 years of experience, providing fiscal, strategic and operations leadership in various corporations.

A civil engineer, he earned a Bachelor of Science (Hons) in Civil Engineering, from the Memphis State University, in Tennessee, United States of America.

# KEY MANAGEMENT TEAM

**NADIAH TAN ABDULLAH**
Chief Human Resources Officer ("CHRO")

| | |
|---|---|
| Nationality | **Malaysian** |
| Gender | **Female** |
| Age | **51** |
| Date of Appointment as CHRO of S P Setia Berhad | **1 March 2017** |

Being in the human resources field for more than two decades, Nadiah Tan Abdullah, 51, joined S P Setia Berhad in October 2016 as Divisional General Manager, Group Human Resources.

Her experience focused on Organisational Development and Change Management. She had also accrued experiences from local and Global Fortune 500 companies.

She earned a BA (Hons) International Relations, from Staffordshire University, United Kingdom.

**NURANISAH MOHD ANIS**
Chief Risk, Integrity and Governance Officer ("CRIGO")

| | |
|---|---|
| Nationality | **Malaysian** |
| Gender | **Female** |
| Age | **47** |
| Date of Appointment as CRIGO of S P Setia Berhad | **3 April 2017** |

Notching more than 23 years of experience, Nuranisah Mohd Anis has run the gamut of Enterprise Risk Management, Business Continuity Management, Internal and External Audit, Investment Management and Business Process Improvement, covering various PLCs.

She earned a Master of Business Administration, from Universiti Teknologi MARA and is a Chartered Accountant ("CA") with the Malaysian Institute of Accountants.

She is also a certified Risk Manager with a Certification in Risk Management Assurance ("CRMA"), from the Institute of Internal Auditors ("IIA") Global.

**JENNIFER MOK KHA WAI**
Chief Internal Auditor ("CIA")

| | |
|---|---|
| Nationality | **Malaysian** |
| Gender | **Female** |
| Age | **47** |
| Date of Appointment as CIA of S P Setia Berhad | **1 March 2017** |

Jennifer Mok, 47, accrued 25 years of experience in internal audit, serving in various public listed companies since 1996. Jennifer is a member of the Institute of Internal Auditors Malaysia.

She has a Bachelor of Commerce (Accounting and Finance), from the University of Melbourne, Australia and is a Chartered Accountant with the Malaysian Institute of Accountants.

**LEE WAI KIM**
Group Company Secretary
SSM PC No. 202008001422
MAICSA 7036446

| | |
|---|---|
| Nationality | **Malaysian** |
| Gender | **Female** |
| Age | **43** |
| Date of Appointment as Group Company Secretary of S P Setia Berhad | **1 July 2016** |

Lee Wai Kim, 43, joined S P Setia Berhad in August 2014 and was appointed as Company Secretary on 15 April 2016.

She commands over 20 years of experience in corporate secretarial and governance matters covering private limited companies and public companies listed on Bursa Malaysia Securities Berhad and London Stock Exchange as well as financial institutions and stock exchange.

She is an Associate Member of the Malaysian Institute of Chartered Secretaries and Administrators and has a Master of Business Administration, from the Victoria University, Australia.

**TINA TONG SOKE FONG**
Chief Marketing & Communications Officer ("CMCO")

| | |
|---|---|
| Nationality | **Malaysian** |
| Gender | **Female** |
| Age | **50** |
| Date of Appointment as CMCO of S P Setia Berhad | **1 April 2019** |

Tina Tong, 50, brings with her more than 25 years of experience in marketing, advertising and media in various multinational companies.

She has also handled clients that included P&G, Unilever, Nestle, British American Tobacco, Sunway, Astro, TM, Celcom and VISA.

**PUAR CHIN JONG**
Head, Corporate Finance

| | |
|---|---|
| Nationality | **Malaysian** |
| Gender | **Male** |
| Age | **49** |
| Date of Appointment as Head of Corporate Finance of S P Setia Berhad | **23 September 2016** |

Puar Chin Jong joined S P Setia Berhad in 2016 and took on the position as Head of Corporate Finance.

Spanning over two decades, he has extensive experience in corporate strategy and corporate finance. Other than RHB Investment Bank Berhad, he has held management positions in Karambunai Corp Berhad, Petaling Tin Berhad and Alliance Investment Bank Berhad.

He holds a Bachelor of Economics (Business Administration) First Class Honours from the University of Malaya, Kuala Lumpur. He is also an Associate Member of the Chartered Institute of Management Accountant ("CIMA").

***Notes:***

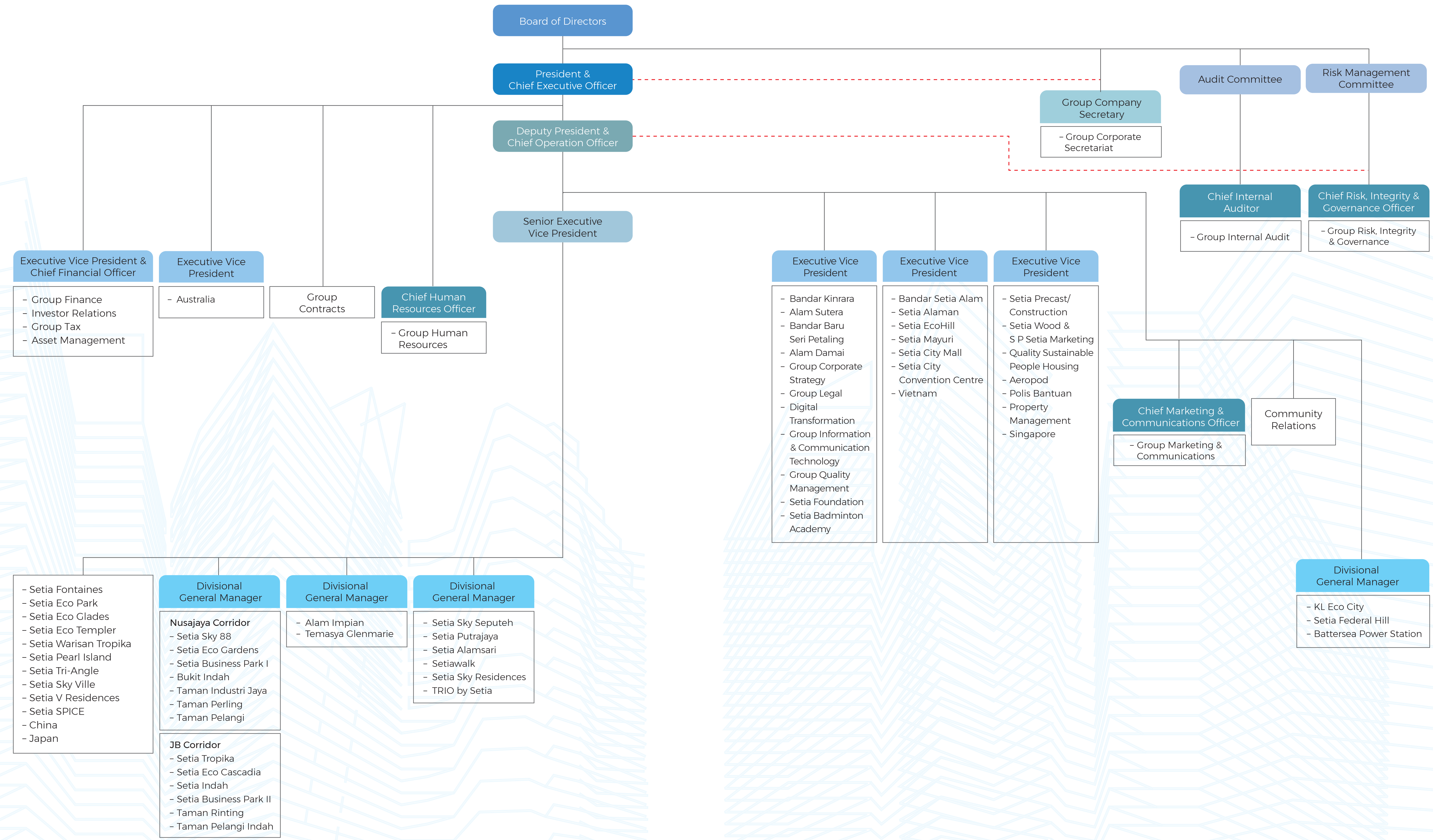
1 *None of the Senior Management hold any directorship in any public companies and listed issuers other than in S P Setia Berhad Group (except for Datuk Wong Tuck Wai and Datuk Kow Choong Ming).*

2 *None of the Senior Management have any family relationship with any Director and/or any major shareholder of S P Setia Berhad, nor any conflict of interest with S P Setia Berhad.*

3 *None of the Senior Management have been convicted of any offences over the past five years and there was no public sanction or penalty imposed on him/her by the relevant regulatory bodies during the financial year.*

# ORGANISATION STRUCTURE

## AS AT 31 DECEMBER 2019



# CHAIRMAN'S INTRODUCTION TO CORPORATE GOVERNANCE

## Dear Valued Shareholders,

**In discharging its stewardship, the Board is resolute in upholding the highest standards of corporate governance and maintaining a well-defined and effective system of governance that supports S P Setia Berhad ("the Company")'s strategy of delivering sustainable growth. The Board is fully committed to improving its governance practices and processes to meet the increasingly challenging business environment.**

The Board also believes that excellence in corporate governance is vital in ensuring that values and ethical behaviour are consistent across the Company and its subsidiaries ("Group") spectrum of business activities. We have, over time, developed a common set of expected behaviours based on our corporate values and an effective system of governance that has resulted in a strong ethical and governance culture in the Group. The principles governing our ethical standards can be found within our internal policies such as the Code of Conduct and Business Ethics and Whistleblowing Policy. The Board places great importance on countering corruption while encouraging its personnel to be aware of corruption in all forms. The Board takes cognisance of the soon-to-be-enforced corporate liability provision of Section 17A of the Malaysian Anti-Corruption Commission (Amendment) Act 2018 ("MACC Act") which requires companies to introduce adequate procedures to prevent acts of corruption. Presently, the Group is working towards enhancing and strengthening the appropriate policies and procedures across the Group prior to the enforcement of Section 17A of MACC Act with effect from 1 June 2020.

As Chairman, it is my duty to set the tone for the Group and ensure the actualisation of the corporate governance framework, in that it is sound, transparent, responsive and protective of the interests of all stakeholders. I am very well supported in this regard, by a balanced and effective Board which is essential for the long-term success of the Group. Sixty percent (60%) of the Board's composition comprises Independent Non-Executive Directors who bring with them wide industry experience, skills and expertise. Of the ten (10) Board members, three (3) are women in line with the Government's aspiration to have at least thirty percent (30%) women representation in the decision-making process of Malaysian public companies. The Board believes that in the rapidly transforming and evolving business environment, diversity that embraces age, gender, expertise and ethnicity/cultural background is important to remain relevant and sustainable.

In the year under review, we strengthened our commitment towards doing business responsibly by enhancing our internal governance practices in order to preserve the good reputation of the Group and more importantly, to remain credible in the eyes of our stakeholders.

The Corporate Governance Overview Statement provides investors and all other stakeholders with an overview of the application of the Principles set out in the Malaysian Code on Corporate Governance ("MCCG"). The application of each of the Practices in the MCCG is explained in detail in the Corporate Governance Report, available online at www.spsetia.com. The Group has generally complied with the MCCG for the year under review.

It will be our unwavering commitment in the year ahead, to do things the right way and to strengthen our governance processes to ensure that we are aligned with best practices.

| Board Leadership and Effectiveness | Effective Audit and Risk Management | Integrity in Corporate Reporting and Relationship with Stakeholders |
|---|---|---|
| Our collective approach enables us to provide oversight on strategy, performance and accountability in our leadership and to ensure that all decisions are made in the best interests of S P Setia Berhad and our stakeholders.<br><br>We continually evaluate the mix of skills and experience at the Board and Management to ensure that we have the right people in place, and ensure capacity building is undertaken to enhance leadership effectiveness.<br><br>*Read more on page 90* | All decisions are undertaken in the context of opportunities and risks involved with a robust and dynamic process in place to ensure accountability in S P Setia Berhad.<br><br>*Read more on page 97* | S P Setia Berhad is committed to upholding integrity of reporting and maintaining strong relationships with its stakeholders through timely and accurate announcements to the general public.<br><br>*Read more on page 102* |

**Y.A.M Tan Sri Dato' Seri Syed Anwar Jamalullail**
Chairman

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

### ROLES AND RESPONSIBILITIES

| BOARD | | | | |
|---|---|---|---|---|
| Audit Committee ("AC") | Executive Committee ("EXCO") | Finance And Investment Committee ("FIC") | Nomination And Remuneration Committee ("NRC") | Risk Management Committee ("RMC") |
| Monitors and reviews the integrity of financial statements, the relationship with the external auditors, and the Group's system of internal controls. | Oversees implementation of management decision as well as approval of contracts based on approved limits of authority. | Reviews investment and divestment proposals including fund raising exercises. | Reviews the composition and balance of the Board to ensure the right structure and skills are in place to deliver the Group's strategy. Reviews overall remuneration policy and strategy implementation of the Board and Senior Management. | Reviews the effectiveness of the Group's risk management framework to identify, assess, manage and monitor risks. |

| President and Chief Executive Officer ("CEO") |
|---|
| Leads the business and is responsible for its day-to-day management. |

The roles of the Chairman and the President and CEO are held by different individuals. Summaries of the roles of the Chairman, the President and CEO, the Senior Independent Director and Non-Executive Directors are as follows:

| Chairman | President and CEO | Senior Independent Director | Non-Executive Directors |
|---|---|---|---|
| • Conducts meetings of the Board and shareholders and ensures all Directors are properly briefed during Board discussions.<br>• Facilitates meetings of the Board and ensures that no Board member, whether executive or non-executive, dominates the discussion, and that healthy debate takes place. | • Responsible for the overall management of the Group, ensuring that strategies, policies and matters set by the Board are effectively implemented.<br>• Regularly reviews the performance of the heads of divisions and departments who are responsible for all functions contributing to the success of the Group. | • Designated contact to whom concerns pertaining to the Group may be conveyed by shareholders and other stakeholders.<br>• Chairs meeting of the Board and shareholders in the absence of Chairman. | • Ensure that business and investment proposals presented by Management are fully deliberated and examined.<br>• Play a key role by providing unbiased and independent views, advice and judgment, which take into account the interests of the Group and all its stakeholders including shareholders, employees, customers, business associates and the community as a whole. |

### BOARD COMPOSITION

Currently, the Board comprises ten (10) directors, namely:

(a) one Chairman who is a Non-Independent Non-Executive Director;
(b) one President and CEO;
(c) two Non-Independent Non-Executive Directors;
(d) one Senior Independent Non-Executive Director; and
(e) five Independent Non-Executive Directors ("INEDs").





### BOARD AND COMMITTEE MEETINGS

Procedures for Board meetings remain largely unchanged from previous years. The Company Secretary is responsible for advising the Board on appropriate governance matters and for ensuring good information flow and that Board procedures are properly followed.

Details of the number of meetings of the Board and its Committees held during the year under review and attendance of Directors thereat are set out below.

### ACCESS TO INFORMATION AND ADVICE

The Board has full and unrestricted access to all information pertaining to the Group's business and affairs including inter alia, financial results, annual budgets, business reviews against business plans and progress reports on the Group's developments and business strategies, to enable it to discharge its duties effectively. The agenda and board papers are circulated to the Board members a week prior to the Board meetings to allow sufficient time for the Directors to review, consider and deliberate knowledgeably on the issues and, where necessary, to obtain further information and explanations to facilitate informed decision-making.

The Board is apprised on announcements made by the Group to Bursa Malaysia Securities Berhad ("Bursa Securities") on significant transactions, whereas news coverage on events, analyst reports and matters concerning the Group reported in the media are disseminated to all the Directors on a daily basis, if any.

Senior Management officers and external advisers may be invited to attend Board meetings when necessary, to furnish the Board with explanations and comments on the relevant agenda items tabled at the Board meetings or to provide clarification on issue(s) that may be raised by any Director.

All Directors have direct and unrestricted access to the advice and services of the Company Secretary and Senior Management. The Board may, either collectively or as individual members seek independent professional advice, at the Group's expense, if required, in furtherance of their duties.

### DIRECTORS' ATTENDANCE FOR FY 2019

During the FY 2019, Board meetings and Board Committee meetings were held and the attendance record for each Director is as follows:

| No. | Name of Directors | Number of Meetings | | | | | | 44th |
|---|---|---|---|---|---|---|---|---|
| | | Board | AC | EXCO | FIC[5] | NRC | RMC | AGM |
| 1. | Y.A.M Tan Sri Dato' Seri Syed Anwar Jamalullail | 6[1] | | | | 2[2] | | √ |
| 2. | Dato' Khor Chap Jen | 7 | | 12 | | | | √ |
| 3. | Dato' Halipah Binti Esa | 7 | | 12 | | | 6 | √ |
| 4. | Dato' Ahmad Pardas Bin Senin | 6 | | | 2 | 5 | 6 | √ |
| 5. | Dato' Seri Ir. Hj. Mohd Noor Bin Yaacob | 7 | | 12 | | | 6 | √ |
| 6. | Dato' Zuraidah Binti Atan | 7 | 7 | | | | | √ |
| 7. | Tengku Dato' Ab. Aziz Bin Tengku Mahmud | 7 | | | | | 6 | √ |
| 8. | Noraini Binti Che Dan | 7 | 7 | | | | | √ |
| 9. | Philip Tan Puay Koon | 7 | 7 | | 2 | 6 | | √ |
| 10. | Dato' Azmi Bin Mohd Ali | 7 | | | 2 | 4[3] | | √ |
| 11. | Tan Sri Dato' Seri Dr. Wan Mohd Zahid Bin Mohd Noordin | 1[4] | | | | | | N/A |
| | **TOTAL NO. OF MEETINGS HELD IN FY 2019** | **7** | **7** | **12** | **2** | **6** | **6** | |

***Note:***
*(1) Appointed as Chairman on 3 January 2019*
*(2) Appointed as Chairman on 31 May 2019*
*(3) Resigned as Member on 31 May 2019*
*(4) Resigned as Chairman on 3 January 2019*
*(5) Constituted on 31 May 2019*

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

### Responsibility And Delegation

The Board is responsible for the overall governance of the Group and plays an active role in determining the long-term direction and strategy of the Group in order to enhance shareholders' value.

The responsibilities of the Board include defining and determining the strategic direction, directing future expansion, implementing corporate governance, identifying principal risks and ensuring the implementation of appropriate systems to manage these risks, human resource planning and development, reviewing investments made by the Group, overseeing the proper conduct of business and reviewing the adequacy and the integrity of the Group's internal control system and management information system.

There is a schedule of matters reserved specifically for the Board's decision which includes, among others, the approval of annual business plans and budgets, material acquisitions and disposals of assets, major capital projects, financial results, dividend recommendations, fund raising exercises and Board appointments.

The President and CEO together with the Deputy President and Chief Operating Officer, Chief Financial Officer and Executive Vice Presidents of the Group are accountable for the day-to-day management of financial, business and operational matters of the Group within the prescribed limits of authority and in accordance with the Group's standard operating procedures, including transforming strategies into performance targets to realise the approved business plan for the year. They are in turn supported by a management committee which comprises the heads of all business units and support units.

The Group's Key Performance Indicators, comprising financial and non-financial operating drivers, for each financial year are set and approved by the Board to be achieved by the Management, led by the President and CEO. Performance of the Group against budget is reviewed and tracked by the Board on a quarterly basis in conjunction with the approval of the unaudited quarterly results of the Group. At the end of each financial year, the Board undertakes a full year review of the Group's performance against the budget and business plan approved by the Board in the preceding year.

### Directors' Independence

For FY 2019, the Board was satisfied with the mix of independent and non-independent directors. Since 28 February 2018, the Board has comprised 60% INEDs. The Board practised active and open discussions at Board meetings so as to ensure that opportunities were given to all Directors to participate and contribute to the decision-making process. Vigorous deliberations and all the views given by the Directors were considered before decisions were made by the Board. There was an existing process for the Chairman and Directors to declare and abstain from participating in discussions where a conflict of interest situation might arise in order to uphold the integrity of the decisions made by the Board.

During the year, the NRC and Board assessed the independence of the INEDs as part of the Board Effectiveness Evaluation ("BEE") process. The Board was satisfied with the level of independence demonstrated by all the INEDs and that they could continue to bring sound, independent and objective judgement to Board deliberations through active participation in discussions in decision-making by the Board and their ability to act in the best interests of the Group. Each INED had also provided his/her confirmation on his/her independence to the NRC and Board.

Besides the annual assessment, a potential candidate must, prior to the appointment as an independent director, submit his/her declaration of independence in compliance with the criteria set out in the Listing Requirements, to the NRC and Board for consideration.

### Directors' Commitment

The Board meets at least five (5) times a year at quarterly intervals with additional meetings convened as and when necessary to approve quarterly financial results, business plans, budgets and other business development activities. The Board and Board Committee meetings for the whole year are scheduled in advance by the third quarter of the preceding financial year to enable the Board members to plan their schedules accordingly. All proceedings of the Board meetings are duly minuted, approved by the Board and signed by the Chairman of the Meeting.

The Board places importance on the contributions given through robust discussions by the Directors at each Board and Board Committee Meetings. For the FY 2019, all the Directors complied with the minimum 50% attendance requirement in respect of Board meetings as stipulated by the Listing Requirements and the Company's Constitution. The Board was satisfied with the level of time commitment given by the Directors towards fulfilling their roles and responsibilities as Directors of the Company.

The Directors are aware of the limits of directorships they are allowed to have in public listed companies quoted on Bursa Securities. During the FY 2019, the Directors notified the Company Secretary as and when they were appointed to other boards, and also provided updates of their directorships and shareholdings in other companies on a quarterly basis, which were tabled to the Board for notation.

### Company Secretary

The Company Secretary of the Company is a qualified Company Secretary under Section 235 of the Companies Act 2016 and is also the secretary to the Board Committees. The Company Secretary plays an advisory role to the Board, particularly with regard to the Group's Constitution and Board policies and procedures as well as compliance with relevant rules and regulations.





# NOMINATION AND REMUNERATION COMMITTEE REPORT

**Y.A.M. Tan Sri Dato' Seri Syed Anwar Jamalullail**
(Chairman & Non-Independent Non-Executive Director)

"Dear Shareholders

I am pleased to present the Nomination and Remuneration Committee ("NRC") Report for the financial year ended 31 December 2019 ("FY 2019").

This report provides shareholders with valuable insight into the activities of the NRC during the year under review and the manner in which the NRC plays a key oversight role for the Board.

Going forward in the year ahead, the NRC will remain focused on driving performance management and actualise the succession planning framework for Senior Management which was one of the key activities undertaken during the FY 2019."

## OVERVIEW

The primary objective of the NRC is to assist the Board in proposing new nominees for the Board and Board Committees, evaluating performance of the Board and Directors and key management personnel on an on-going basis. It is also entrusted with the responsibility of developing and establishing competitive remuneration policies and packages as well as administering the Group Employees' Long Term Incentive Plan ("LTIP") comprising the Employee Share Option Scheme ("ESOS") and the Employee Share Grant Plan ("ESGP") in such manner as it shall in its discretion deem fit within such powers and duties as are conferred upon it by the Board as defined in the By-Laws of the LTIP.

## MEMBERS OF THE NRC

**Y.A.M. Tan Sri Dato' Seri Syed Anwar Jamalullail**
(Chairman & Non-Independent Non-Executive Director)
*(Appointed on 31 May 2019)*
*(Tenure: 10 months)*

**Dato' Ahmad Pardas Bin Senin**
(Senior Independent Non-Executive Director)
*(Appointed on 12 March 2015)*
*(Tenure: 5 years and 1 month)*

**Philip Tan Puay Koon**
(Independent Non-Executive Director)
*(Appointed on 3 March 2016)*
*(Tenure: 4 years and 1 month)*

## TERMS OF REFERENCE

The Terms of Reference ("TOR") of the NRC are available online for reference in the Board of Directors' section of the Company's website at www.spsetia.com

### Summary Of Activities Of The NRC During The Year

The NRC met six (6) times during the FY 2019. Details of the NRC members' attendance at the NRC meetings held during the FY 2019 are disclosed on page 91 of the Integrated Report 2019. The summary of activities of the NRC during the FY 2019 is as follows:

## NOMINATION AND REMUNERATION COMMITTEE REPORT

**With regard to nomination and related matters**

(1) Reviewed the nomination received from Permodalan Nasional Berhad for the appointment of Y.A.M. Tan Sri Dato' Seri Syed Anwar Jamalullail as Chairman and Non-Independent Non-Executive Director and recommended the appointment to the Board for approval. In considering the recommendation, the NRC took into account Y.A.M. Tan Sri Dato' Seri Syed Anwar Jamalullail's age, qualification, skills, experience and number of directorships held.

(2) Reviewed the Key Performance Indicators ("KPIs") for the FY 2019 of the President and CEO, Chief Internal Auditor, Chief Risk Officer and Group Company Secretary, and made its recommendations to the Board for approval. The NRC also reviewed the KPIs of the rest of the Senior Management team.

(3) Reviewed the performance of the Directors who were subject to re-election at the 44th Annual General Meeting of the Company held on 16 May 2019 ("44th AGM") pursuant to Articles 93 and 94 of the Company's Articles of Association, and recommended to the Board, the re-election of Y.A.M. Tan Sri Dato' Seri Syed Anwar Jamalullail, Dato' Khor Chap Jen, Puan Noraini Binti Che Dan, Mr. Philip Tan Puay Koon and Dato' Azmi Bin Mohd Ali.

(4) Reviewed the Succession Management Framework for the President and Chief Executive Officer ("CEO"), Deputy President and Chief Operating Officer and Executive Vice Presidents and changes to the organisation structure, and made its recommendations to the Board for approval. The NRC was kept abreast of the progress of the Senior Management succession plan.

(5) Reviewed the proposal on the setting up of the Finance and Investment Committee ("FIC") including the composition and TOR, and made its recommendations to the Board for approval. The FIC was constituted effective 31 May 2019.

(6) Reviewed the changes to the composition of the NRC, having considered the qualification and skillsets required of all the Board Committees of the Company including the time commitment of the members to discharge their duties and responsibilities, and made its recommendations to the Board for approval.

(7) Considered the adoption of Step-up Practice 4.3 of the Malaysian Code on Corporate Governance ("MCCG") with regard to the tenure of Independent Directors and made its recommendation to the Board for approval. The Board has set the tenure of an INED to not exceed a cumulative term of 9 years from the date of the first appointment as Director of the Company thereby adopting Step-up Practice 4.3 of the MCCG.

(8) Reviewed the proposals received from external independent experts to facilitate the Board Effectiveness Evaluation ("BEE") and recommended the appointment of the selected external independent expert to the Board for approval. For the BEE 2019, the Company engaged Willis Towers Watson to facilitate the process. The BEE 2019 assessed the performance of the Board as a whole, Board Committees and individual Directors of the Company. Besides a desktop assessment, the BEE 2019 process also included interviews with selected members of the Board and stakeholder for greater insight into the functioning and expectation of the Board and Directors. The areas of coverage of the BEE 2019 were responsibility, conduct, composition, process and administration.

The results of the BEE together with the Board Improvement Plan for 2020 were presented to the NRC and thereafter, to the Board. The results indicated that the Directors were satisfied that the Board was effective in discharging its responsibilities, has an effective composition and was enabled to do so by current process/administration.

(9) Received a report on the results of the People Pulse Survey and the management action plans to address the gaps identified. The Group undertakes this annual survey which serves as a barometer to measure the overall climate of the Group and to identify key issues and concerns of employees in order for the Management to construct action plans to address issues and concerns.

(10) Took cognisance of trainings attended by the Directors on a half-yearly basis including and recommending suitable areas of topics, if any.

During the FY 2019, all Directors attended the necessary training programmes and seminars to further broaden their perspectives, skills, knowledge and to keep abreast of the relevant changes in the law, regulations and the business environment. The trainings attended by the Directors are set out on pages 104 to 106 of this Integrated Report 2019.

(11) Reviewed the KPIs for the financial year ending 31 December 2020 of the President and CEO and the Group and made its recommendations to the Board for approval.

**With regard to remuneration and related matters**

(1) Reviewed and recommended to the Board, the payment of annual bonus and salary increment for the President and CEO and eligible employees with reference to their KPIs and the Group's performance.

(2) Approved the total allocations to the President and CEO, Senior Management and other eligible employees under the LTIP for the FY 2019 grant of shares and options pursuant to the ESGP and ESOS in accordance with the LTIP By-Laws, respectively.

(3) Benchmarked the remuneration practices of peers in the industry so as to ensure that the remuneration policy for the Non-Executive Directors of the Company remained competitive to attract, retain and motivate Directors, commensurate with the level of responsibility expected of the Directors.

The Remuneration Framework of the Non-Executive Directors for the FY 2019, as approved by the shareholders at the 44th AGM of the Company was as follows:

| Description of Remuneration/Benefits | |
|---|---|
| Monthly Directors' Fees | Chairman of the Board – RM50,000<br>Member of the Board – RM12,000 |
| Monthly Fixed Allowance | Chairman of Board Committee – RM3,000<br>Member of Board Committee – RM2,000 |
| Meeting Allowance | Board Member – RM1,500 per meeting<br>Board Committee Member – RM1,500 per meeting |
| Allowance for membership on the Board of Directors of significant project/investment as appointed by the Board of the Group | RM5,000 per month |
| Other Benefits | Car, petrol and driver for Chairman, security services, Directors and Officers Liability Insurance, medical, hospitalisation and travel insurance and other claimable benefits |

The details of the remuneration (excluding Sales and Services Tax) of each Director of the Company who served during the FY 2019 are as follows:

| President and CEO | Basic Salary (RM'000) | Bonus (RM'000) | Fees (RM'000) | Other Emoluments (RM'000) | Benefits-in-Kind (RM'000) | Total (RM'000) |
|---|---|---|---|---|---|---|
| 1. Dato' Khor Chap Jen | 3,035 | 1,993 | | 369 | 444 | **5,841** |
| **Non-Executive Directors** | | | | | | |
| 1. Y.A.M. Tan Sri Dato' Seri Syed Anwar Jamalullail[1] | | | 595 | 63 | 71 | **729** |
| 2. Dato' Halipah Binti Esa | | | 144 | 98 | | **242** |
| 3. Dato' Ahmad Pardas Bin Senin | | | 144 | 163 | | **307** |
| 4. Dato' Seri Ir. Hj. Mohd Noor Bin Yaacob | | | 144 | 146 | | **290** |
| 5. Dato' Zuraidah Binti Atan | | | 144 | 45 | | **189** |
| 6. Tengku Dato' Ab. Aziz Bin Tengku Mahmud | | | 144 | 44 | | **188** |
| 7. Noraini Binti Che Dan | | | 144 | 57 | | **201** |
| 8. Philip Tan Puay Koon | | | 144 | 167 | | **311** |
| 9. Dato' Azmi Bin Mohd Ali | | | 144 | 44 | | **188** |
| 10. Tan Sri Dato' Seri Dr. Wan Mohd Zahid Bin Mohd Noordin[2] | | | 5 | 2 | | **7** |

***Note:***
*(1) Appointed on 3 January 2019*
*(2) Resigned on 3 January 2019*

Going forward in the year ahead, the Company would maintain the existing Remuneration Framework of the Non-Executive Directors.

The Company did not disclose the remuneration of the top 5 Senior Management for the FY 2019 in the Integrated Report 2019. The Board will consider the appropriateness of such disclosure in the future.

## PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

### Risk Management Framework

The Board is responsible for determining both the nature and extent of the Group's risk management framework and the risk appetite that is acceptable in seeking to achieve its strategic objectives. The framework and the ongoing process in place for identifying, evaluating and managing the principal risks faced by the Group are described on page 112 of this Integrated Report. These are regularly reviewed by the Board.

Primary responsibility for operation of the Group's internal control and risk management systems, which are extended to include financial, operational and compliance controls has been delegated to the Management. These systems have been designed to manage, rather than eliminate, the risk of failure to achieve the Group's business goals and can provide only reasonable, not absolute, assurance against material misstatement or loss.

### Internal Control

In delivering the Board's commitment to maintain and implement a strong control structure and environment for the proper conduct of the Group's business operations, the key elements of the Group's internal control are as follows:

- an established organisation structure with clear lines of responsibility, approval levels and delegated authorities
- a disciplined management and committee structure which facilitates regular performance review and decision-making
- undertaking review of the Group's financial performance at monthly Group Action Committee meetings
- having in place various policies, procedures and guidelines underpinning the development, asset management, financing and main operations of the business, together with professional support services including legal, human resources, information services, tax, Group secretarial and health, safety and security
- a risk management and internal audit function whose work spans the whole Group
- a focused post-acquisition review and integration programme to ensure the Group's governance, procedures, standards and control environment are implemented effectively and timely
- a financial and property information management system

### Risk Management

The oversight role of risk management is carried out by the RMC and the Board. The RMC and the Board set the strategic direction for risk roles, responsibilities and reporting structure.

The periodic reporting to both the RMC and the Board on risk management activities is undertaken by the Management via the Management Risk Team ("MRT").

Additionally, the MRT and RMC receive and discuss on a quarterly basis the following matters:

- the Group's risk register, including significant and emerging risks, and how exposures have changed during the period
- summary reports and progress of the agreed action plans

The Group has in place policies to ensure that the conduct of the business of the Group and employees are consistently carried out ethically and with integrity, namely the Code of Conduct and Business Ethics and Whistleblowing Policy. Additionally, decision-making by the Board and Management is guided by the Group's Discretionary Authority Limits.

# AUDIT COMMITTEE REPORT

**Dear Shareholders**

**I am pleased to present the Audit Committee ("AC") Report for the financial year ended 31 December 2019 ("FY 2019").**

**This report provides an insight into the activities of the Audit Committee during the FY 2019 and the manner in which the AC plays a key oversight role for the Board of S P Setia Berhad ("Company") particularly in ensuring integrity of our processes and policies and accuracy of corporate reporting in line with the accounting standards applicable to the Company and its subsidiaries ("the Group"). As the Group continues to grow, the Committee seeks further improvements to the Group's internal controls and processes so as to ensure that we have alignment to best practices and are more efficient in the way we operate in a dynamic market environment.**

**Puan Noraini Binti Che Dan**
Chairman & Independent
Non-Executive Director

## OVERVIEW

The AC of the Company principally assists the Board in fulfilling its statutory and fiduciary responsibilities by overseeing the Group's management of financial risk processes, accounting and financial reporting practices, ensuring good corporate governance practices and adequacy of the Group's system of internal controls, providing oversight of both external and internal audit functions on behalf of the Board as well as promoting a culture of adherence and compliance throughout the Group.

## MEMBERS OF THE AC

**Puan Noraini Binti Che Dan**
(Chairman & Independent Non-Executive Director)
*(Appointed on 11 September 2015)*
*(Tenure: 4 years and 7 months)*

**Mr Philip Tan Puay Koon**
(Independent Non-Executive Director)
*(Appointed on 11 September 2015)*
*(Tenure: 4 years and 7 months)*

**Dato' Zuraidah Binti Atan**
(Independent Non-Executive Director)
*(Appointed on 15 May 2018)*
*(Tenure: 1 year and 11 months)*

The AC has an independent Chairman, Puan Noraini Binti Che Dan, who is not the Chairman of the Board of the Company. She possesses the necessary skills, capabilities and attributes to ensure that the AC Meetings are efficiently conducted by fostering open discussions with all members of the AC on the agenda items during meetings so as to facilitate thorough considerations of all the subject matters presented to the AC. The AC Chairman together with the AC members play an active role in engaging with the Management, Chief Financial Officer ("CFO"), Chief Internal Auditor ("CIA"), Group Financial Controller ("GFC") and the External Auditors.

Puan Noraini Binti Che Dan is a member of the Malaysian Institute of Accountants and Malaysian Institute of Certified Public Accountants.

All the members of the AC are Independent Non-Executive Directors. The composition of the AC is in compliance with Paragraph 15.09 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and Step-up Practice 8.4 of the Malaysian Code on Corporate Governance. The profiles of the AC members are disclosed on page 75, 77 and 78 of this Integrated Report 2019.





### Terms Of Reference

The Terms of Reference ("TOR") of the AC are available online for reference in the Board of Directors' section of the Company's website at www.spsetia.com

### Summary Of Activities Of The AC During The Year

The AC met seven (7) times during the FY 2019. The President and Chief Executive Officer ("CEO"), Deputy President and Chief Operating Officer, CFO, GFC, CIA and External Auditors attended the meetings, where applicable, together with the AC members.

Details of the AC member's attendance at the AC meetings held during the FY 2019 are disclosed on page 91 of this Integrated Report 2019.

The activities of the AC for the FY 2019 with regard to matters relating to the financial statements of the Group and External Auditors were as follows:

(a) Reviewed the unaudited quarterly financial results, including its related Bursa Securities' announcements and press statements, the consolidated annual audited financial statements of the Company and the Group, prior to recommending the same to the Board for approval, focusing particularly on:
- the overall performance of the Group, which included amongst others, sales, method of recognition of revenue and profit, land held for property development, the Group's investment properties, cashflow position, amount of receivables and payables and level of gearing;
- the prospects for the Group;
- the changes and implementation of major accounting policies and practices and the auditor's report highlighting the key audit matters and the implications on the Group;
- compliance with accounting standards and other legal requirements; and
- significant accounting and audit matters raised by the External Auditors in the financial statements and the corresponding judgement made by the Management.

(b) Discussed significant accounting and audit issues in respect of the financial statements of the Company for the financial year ended 31 December 2018 with the External Auditors and assessed the actions and procedures taken by the External Auditors in respect of those areas.

(c) Reviewed the performance of the External Auditors, guided by the External Auditors Policy and independence of the External Auditors, and recommended their re-appointment to the Board. The annual assessment was done with the Group Finance Department via a questionnaire where performance of the External Auditors was rated according to a five-point scale. Areas of the performance review included the quality of service rendered, sufficiency of resources, level of communication and interaction by the audit team and independence, objectivity and professionalism of the audit team. Upon conclusion of the audit, the External Auditors reconfirmed to the AC their independence in carrying out the audit of the financial statements of the Group for the financial year ended 31 December 2018 vide the report of audit results submitted to the AC as well confirmation obtained at the AC Meeting.

The Board had recommended the re-appointment of Messrs Ernst & Young PLT as External Auditors of the Company for FY 2019 at the Company's 44th Annual General Meeting held on 16 May 2019, which was approved by the shareholders.

(d) Reviewed the audit planning memorandum for FY 2019 with the External Auditors including the adequacy of the external audit team. The areas of audit emphasis and action plans were discussed at length with the External Auditors and the Management to ensure that adequate actions were carried out to ascertain compliance with the relevant accounting standards, prior to finalising the audited financial statements of the Group. Received the declaration of independence in writing by the External Auditors in respect of the audit for the FY 2019.

(e) Reviewed the amount of audit and non-audit fees paid or payable by the Group and its subsidiaries to the External Auditors and their affiliated companies for the FY 2019. The total amount of both the audit and non-audit fees for the FY 2019 were compared against the previous year and any increase or decrease in fees was appropriately justified by the Management, taking into consideration the implementation of the MFRS framework, level of activities of the Group, inflationary factors and reference to the fees payable by other companies in the same industry. The accumulated fees quoted for non-audit services were within the allowable threshold set.

(f) Reviewed the impact of the adoption of the MFRS 16 on Leases and reviewed the impact and key effects of the MFRS 123 on the Borrowing Costs relating to Over Time Transfer of Constructed Goods upon adoption in due course.

## AUDIT COMMITTEE REPORT

(g) On the matter regarding dividends, reviewed and deliberated on the solvency test to ensure it demonstrated the Group's ability to meet its financial obligations pursuant to the Companies Act 2016, including the availability of the dividend reinvestment plan. With the setting-up of the Finance and Investment Committee ("FIC") effective 31 May 2019, the FIC assumed the function of reviewing dividend payments, solvency tests and dividend reinvestment plans.

(h) Held three private sessions with the External Auditors on 26 February 2019, 13 August 2019 and 12 November 2019 without the presence of the President and CEO and Management to discuss relevant issues and obtain feedback for improvements. There were no areas of concern that warranted escalation to the Board.

The activities of the AC for the FY 2019 with regard to matters relating to internal audit function, internal controls and operations were as follows:

(a) Reviewed the internal audit reports prepared by the Internal Auditors of the Group and provided constructive feedback in ensuring the adequacy and effectiveness of the internal control system of the Group. Where appropriate, the AC directed the Management to rectify and improve control procedures. The AC also monitored the progress of the agreed action plans taken by Management to close the audit findings.

(b) Reviewed the performance of the CIA against the approved Key Performance Indicators for year 2018.

(c) Responsible for the setting of the KPIs of the CIA for 2019.

(d) Reviewed the internal audit reports of the audit conducted on an associate Company of the Group, presented by the CIA.

(e) Reviewed the Audit Committee Report and Statement of Risk Management and Internal Control for inclusion in the Integrated Report 2018.

(f) Reviewed and verified the share option allocations for the Employee Share Option Scheme and Employee Share Grant Plan under the Group's LTIP for the FY 2018 award that was confirmed by the External Auditors. The AC was satisfied that the allocation of the share option was in compliance with the Long Term Incentive Plan By-Laws.

(g) Reviewed the proposed amendments to the Group's Discretionary Authority Limits for recommendation to the Board for approval.

(h) Reviewed the proposed amendments to the Whistleblowing Policy. With the establishment of Integrity and Governance Units ("IGU") pursuant to Prime Minister's Directive No. 1 of 2018 for Government-Linked Companies, the RMC would undertake the oversight role over the IGU, assisting the Board in overseeing issues relating to corruption, fraud, misappropriation and ethical violations. Therefore, the Whistleblowing Policy would be under the purview of the RMC.

(i) Reviewed the proposed amendments to the TOR of the AC for recommendation to the Board for approval. The amendments were mainly to formalise the activities of the AC into the TOR which had already been carried out by the AC.

(j) Reviewed the proposed amendments to the Group Internal Audit Charter for alignment with the International Professional Practice Framework of Internal Auditing.

(k) Reviewed jointly with the Risk Management Committee the alignment of the Group key risk areas to audit coverage, the gaps identified on Group key risk areas versus key audit findings and high level key concerns/ emerging risks to be considered in establishing the business plan for the FY 2020 and upon which the internal audit plan for 2020 was drawn up.

(l) Reviewed and approved the internal audit plan for 2020 including the resource requirement, manpower sufficiency and adequacy of the scope of internal audit function.

(m) Reviewed the procedures for recurrent related party transactions for purposes of ensuring that the processes and controls were in place to ensure that recurrent related party transactions were not more favourable to the related parties than those generally available to the public and were not to the detriment of the minority shareholders.

**INTERNAL AUDIT FUNCTION**

The internal audit function is performed by Group Internal Audit ("GIA"), an independent in-house function, which forms an integral part of the assurance framework. The mission of GIA is to enhance and protect the Group's organisational value by providing risk-based and objective assurance, advice and insight. It assists the Group in accomplishing its objectives through a systematic and disciplined approach by evaluating and improving the effectiveness of risk management, internal control and governance process.

GIA is headed by Mok Kha Wai, who has over 25 years of experience in internal auditing in various public listed companies. She is a Chartered Accountant and a member of the Malaysian Institute of Accountants and the Institute of Internal Auditors Malaysia.

GIA carries out its risk based review based on the approved annual audit plan and is guided by its Group Internal Audit Charter and 2017 International Professional Practices Framework. During the FY 2019, GIA carried out the following key activities:

(a) Performed audit engagements which covered reviews of internal control systems, management information systems, risk management and governance compliances.

(b) Pursuant to the audit engagements, internal audit reports were issued and tabled to the AC and Management in which significant risk and key areas of concerns were identified, together with their recommendations for improvements.

(c) Performed follow up procedures on the implementation of agreed upon action plans to ensure that necessary actions had been taken/are being taken as recommended.

(d) Reported to the AC on review of the adequacy, appropriateness and compliance with the procedures established in relation to recurring related third parties' transactions in accordance with the guidelines set out in the Circular to Shareholders dated 17 April 2019.

(e) Reviewed on an ad hoc basis, areas where there were concerns that affected financial reporting, internal controls and governance. In an effort to provide value-added services, GIA also provided additional assurance and advisory services to business units upon request by the Management in relation to compliance, governance, risk management and internal controls.

(f) Reviewed and assessed the Whistleblowing Report(s) to ensure that all reported case(s) was/were thoroughly investigated and appropriate actions were taken to address all concerns raised.

GIA is adequately resourced with a total of 13 internal auditors and assisted by an office executive. All internal auditors are equipped with relevant experience and qualifications. In order to perform their functions effectively, the internal auditors undergo continuous training to equip themselves with enhanced skills and business acumen.

The total cost incurred for the internal audit function for the FY 2019 was approximately RM3.2 million.

## PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

### Effective Shareholder Communication

The Group values the importance of having effective communication with its shareholders and investors.

Information disseminated is clear, relevant and comprehensive, and is timely and readily accessible by all stakeholders. Effective communication channels with the Company's shareholders, stakeholders and the public are maintained through the dissemination of press releases, press conferences, timely announcements and disclosures made to Bursa Securities.

The Company's Investor Relations Department plays an important role in providing ongoing updates on the Group's development activities and conducting regular dialogues and discussions with fund managers, financial analysts, shareholders and the media. These meetings provide a vital avenue and direct channel of communication where financial analysts and institutional fund managers can gain a better understanding of the businesses and direction of the Group; enter into constructive dialogues and discussions based on mutual understanding of objectives; and where relevant feedback is factored into the Group's business decisions. The media are also invited to attend the Group's major events and property launches where briefings are given on the relevant projects. Currently, the Company is covered by 18 local and foreign research houses and brokerages. The Company will continue to participate in investor conferences/roadshows locally and abroad.

A press conference is held after the conclusion of each Annual General Meeting ("AGM") or Extraordinary General Meeting if any, and is attended by the Chairman, President and CEO, Deputy President and COO and CFO to keep the investing public abreast of the outcome of the meeting. At the same forum, the President and CEO also clarifies issues which the media may have with regard to the performance of the Group and its corporate developments. If necessary, an analysts briefing is also convened after the press conferences with the objective of updating the fund managers of the Group's performance for the year under review. The press conferences and analyst briefings are also attended by the Senior Management of the Group.

These are the few initiatives carried out by the Management as part of the continuous engagement programme to keep the relevant stakeholders apprised on the business development and financial performance of the Group.

Apart from the Company's website, enquiries on Investor Relations can be sent to Mr. Justine Jiew, Head of Investor Relations, Group Corporate Finance at justine.jiew@spsetia.com or 603-33482576.

### General Meeting

The Company's General Meetings remain the principal forum for dialogue and communication with shareholders, in particular private investors. Shareholders are encouraged to attend General Meetings of the Group, given sufficient time and opportunity to participate in the proceedings, ask questions on the resolutions being proposed as well as the operations of the Group, and communicate their expectations and possible concerns. Presentations will also be given by the President and CEO to brief shareholders on project updates or proposals for which the approval of shareholders are being sought. All Board members, Senior Management and the Group's external auditors as well as the Group's advisers are available to respond to shareholders' questions during General Meetings of the Group.

The Integrated Report 2018 containing the Notice of the 44th AGM dated 17 April 2019 was dispatched to all the shareholders 28 days prior to the AGM. Where necessary, explanatory notes were provided in the notice with the objective of providing shareholders with the relevant background information pertaining to the resolutions tabled for approval.

The Company held its General Meetings at the time and venue which are convenient and easily accessible to shareholders. General Meetings of the Company remain important platforms for the Board and Management to have a better and more intimate engagement with the shareholders present.

Only shareholders whose names appear in the Record of Depositors as at the date determined by the Company in accordance with the Group's Constitution are entitled to attend and vote at General Meetings. Shareholders who are unable to attend are entitled to appoint proxy(ies) to attend and vote at the General Meetings. The shareholders' turnout whether in person or by proxy/(ies) at the General Meeting of the Group in 2019 was satisfactory as they represented a significant percentage of the Group's issued share capital.

At the 44th AGM, the President and CEO of the Group presented to the shareholders the updated financial performance of the Group as well as the other proposals at hand. The voting by poll undertaken by the Group further underscored the recognition of the principle of one vote one share.

### Corporate Disclosure

**Corporate Disclosure Policy**

The Company is committed to ensuring that all information such as corporate announcements, circulars to shareholders and financial results are disseminated to the general public in a timely and accurate manner. The Board is responsible for presenting a balanced, clear and meaningful assessment of the Group's financial position to the shareholders, investors, stakeholders and regulatory authorities.

The Company's quarterly interim and full year audited financial results are released within two (2) months from the end of each quarter/financial year and the Integrated Report, which remains a key channel of communication, is published within four (4) months after the financial year-end. The Integrated Report is not merely a factual statement of financial information and performance of the Group; it provides an insightful interpretation of the Group's performance, operations, and other matters affecting shareholders' interest. It is hoped that such insights will allow shareholders and investors to make more informed investment decisions based not only on past performance but also premised on the future direction of the Group.

### Information Technology

**Leverage on Information Technology for Effective Dissemination of Information**

The Company maintains a website that serves as a forum for the general public to have access to information on the latest developments taking place in the Group. Corporate presentations, annual reports, corporate announcements and financial information utilised during analyst and fund manager briefings are also available on the Company's website at www.spsetia.com

### Sustainability

**Strategies that Promote Sustainability**

The Company is committed to imbibing corporate responsibility practices into our business activities. Sustainability is embedded in the organisation's mission, vision and values and is manifested in our products. The scope of the Sustainability Statement covers the Group's operations in Malaysia during the reporting period from January 2019 to December 2019.

The Sustainability Statement is set out on pages 121 to 168 of the Integrated Report 2019 and explains the Group's practices and activities carried out during the FY 2019.

### Compliance Statement

The Board has deliberated, reviewed and approved this Statement and is satisfied that the Company has substantially complied and applied the three key Principles of the MCCG for the FY 2019. The Board is further satisfied that the Company has fulfilled its obligations under the Main Market Listing Requirements of Bursa Securities, Companies Act, 2016 and other applicable laws and regulations throughout the FY 2019. The Corporate Governance Report in the prescribed format is available on the Group's website at www.spsetia.com

# DIRECTORS' TRAINING

| No. | Name of Directors | Course/Seminar |
|---|---|---|
| 1. | Y.A.M. TAN SRI DATO' SERI SYED ANWAR JAMALULLAIL | • Board Induction Program<br>• Overview on Tax & Sugar Tax<br>• S P Setia In-house Directors' Training:<br>– Malaysian Anti-Corruption Commission (Amendment) Act 2018<br>– Industrialised Building System<br>• PNB Leadership Forum<br>• Overview on Long Term Partnerships<br>• Overview on Social Media: Food Trends<br>• Overview on Creating Shared Values<br>• Workshop on Corporate Governance<br>• Setia Risk Forum 2019 |
| 2. | DATO' KHOR CHAP JEN | • PNB Leadership Forum<br>• Corporate Liability for Corruption Offences<br>• Issues Arising Out of Adoption of MFRS 15 in the Property Development Business:<br>• S P Setia In-house Directors' Training:<br>– Malaysian Anti-Corruption Commission (Amendment) Act 2018<br>– Industrialised Building System<br>• Setia Risk Forum 2019 |
| 3. | DATO' AHMAD PARDAS BIN SENIN | • PNB Leadership Forum<br>• Current State of the Global Economy<br>• Winning in Uncertain Times<br>• S P Setia In-house Directors' Training:<br>– Malaysian Anti-Corruption Commission (Amendment) Act 2018<br>– Industrialised Building System<br>• Yayasan Tun Ismail Mohamed Ali Berdaftar ("YTI") Memorial Lecture – The Diverse Facets of Leadership<br>• Setia Risk Forum 2019 |
| 4. | DATO' HALIPAH BINTI ESA | • PNB Leadership Forum<br>• S P Setia In-house Directors' Training:<br>– Malaysian Anti-Corruption Commission (Amendment) Act 2018<br>– Industrialised Building System<br>• PNB Leadership Forum – Positive Autocracy: A Leadership Model for Industry 4.0<br>• Building Intelligent Homes<br>• IIA Malaysia National Conference<br>• ICDM International Directors Summit<br>• The National Anti-Corruption Plan – Initiatives Affecting the SC's Affiliates<br>• PNB Corporate Summit 2019 – Rebooting Corporate Malaysia<br>• Leadership Energy Summit Asia 2019 – Blazing The Trail in the Open Source Era<br>• YTI Memorial Lecture – The Diverse Facets of Leadership<br>• Setia Risk Forum 2019<br>• MISC Board of Directors Annual Training 2019 |
| 5. | DATO' SERI IR HJ MOHD NOOR BIN YAACOB | • PNB Leadership Forum<br>• MKD Director Talk Back to Basic<br>• UITP Global Public Transport Summit Stockholm<br>• ICDM International Directors Summit<br>• YTI Memorial Lecture – The Diverse Facets of Leadership<br>• Setia Risk Forum 2019 |
| 6. | TENGKU DATO' AB. AZIZ BIN TENGKU MAHMUD | • Breakfast Talk on Digital Ethics and Sustainability in a New Economy of Privacy<br>• Fireside Chat with Anthony Tan, Group CEO and Co-Founder of GRAB<br>• PNB Leadership Forum 2019<br>• 2019 Tall+ Urban Innovation Conference<br>– Featuring the CTBUH 2019 Award – Winning Projects<br>• S P Setia In-house Directors' Training:<br>– Malaysian Anti-Corruption Commission (Amendment) Act 2018<br>– Industrialised Building System<br>• CG Advocacy Programme – Cyber Security in the Boardroom<br>• FIABCI Strata Property Management Seminar<br>• Leadership in Digital World – Managing Integration of Digital Strategies, Technology Execution and Measurement for Leaders<br>• PNB Innovation Workshop 2019 – Fireside Chat with Khairil Abdullah<br>• Briefing on "Responsibilities and Duties of Directors under the Companies Act 2016"<br>• PNB Group Innovation Challenge 2019<br>• YTI Memorial Lecture 2019 – The Diverse Facets of Leadership<br>• Setia Risk Forum 2019 |
| 7. | DATO' ZURAIDAH BINTI ATAN | • PNB Leadership Forum<br>• Power Talk – Revisiting The Misconception of Board Remuneration<br>• S P Setia In-house Directors' Training:<br>– Malaysian Anti-Corruption Commission (Amendment) Act 2018<br>– Industrialised Building System<br>• PNB Leadership Forum – Positive Autocracy: A Leadership Model for Industry 4.0<br>• Islamic Finance (Bay Al-Dayn concept)<br>• PNB Corporate Summit 2019<br>• Islamic Finance (Maqasid Shariah concept)<br>• Implementing Effective Corporate Strategy using Sun Tzu's Art of War<br>• Setia Risk Forum 2019<br>• Islamic Finance (Prohibition of Riba) Applicable to All Islamic Facilities |
| 8. | NORAINI BINTI CHE DAN | • PNB Leadership Forum<br>• CIIF Chartered & Fellowship Masterclass – Chartered Professional in Islamic Finance<br>• The Role of Audit Committees in Ensuring Organisational Integrity, Risk and Governance<br>• S P Setia In-house Directors' Training:<br>– Malaysian Anti-Corruption Commission (Amendment) Act 2018<br>– Industrialised Building System<br>• Global Conference on Enterprise Risk Management<br>• Bank Islam Mega Conference<br>• Board Development Programme – Directors & Officers Liability Insurance<br>• Board Development Programme – Malaysian Financial Reporting Standards<br>• Tax Awareness Training For Directors<br>• Khazanah Megatrends – Building our Collective Brain (From the pass to the Future)<br>• Raising Defences: Section 17A, MACC Act<br>• BIMB Directors Conference<br>– Role and Function of the Board<br>– Role of the Corporate Board<br>– Related Party Transactions, Conflict of Interest and Conflict of Duty<br>• PNB Corporate Summit 2019 – Rebooting Corporate Malaysia<br>• Setia Risk Forum 2019 |

## DIRECTORS' TRAINING

| No. | Name of Directors | Course/Seminar |
|---|---|---|
| 9. | PHILIP TAN PUAY KOON | • The Islamic Finance Program for Board of Directors<br>• Digital Commerce Asia Pacific<br>• PNB Leadership Forum<br>• Power Talk – Revisiting The Misconception of Board Remuneration<br>• Constructing and Financing Affordable Housing across Asia Conference<br>• The Role of Audit Committees in Ensuring Organisational Integrity, Risk and Governance<br>• Engagement Session with Audit Committee Members on Integrated Reporting<br>• S P Setia In-house Directors' Training:<br>– Malaysian Anti-Corruption Commission (Amendment) Act 2018<br>– Industrialised Building System<br>• The SEACEN Policy Summit 2019<br>• MyFintech Week 2019<br>• Independent Directors Programme: The Essence of Independence<br>• FIDE FORUM PIDM Annual Dialogue<br>• Digital Upskilling for Boards<br>• Audit Committee Institute Breakfast Roundtable 2019<br>• Malaysia-China Belt & Road Economic Cooperation Forum 2019<br>• The Convergence of Digitalisation and Sustainability<br>• Raising Defences: Section 17A, MACC Act<br>• Masterclass: Board Evaluation – If Not, Why Not?<br>• SIBOS 2019 London<br>• Navigating Through the Fourth Industrial Revolution<br>• Strategies for Best Managing Malaysia's Labour Laws<br>• PNB Corporate Summit 2019 – Rebooting Corporate Malaysia<br>• Leadership Energy Summit Asia 2019 |
| 10. | DATO' AZMI BIN MOHD ALI | • PNB Leadership Forum 2019<br>• Empowerment, Economic Progress & Growth in the New Malaysia by University of Cambridge: Judge Business School<br>• Doing Business Globally<br>• Directors and Senior Management Training #01/2019 on Corporate Liability – The Act, The Defence and The Reality<br>• S P Setia In-house Directors' Training:<br>– Malaysian Anti-Corruption Commission (Amendment) Act 2018<br>– Industrialised Building System<br>• PNB Leadership Forum – Positive Autocracy: A Leadership Model for Industry 4.0<br>• CG Advocacy Program – Cyber Security in the Boardroom<br>• Directors' Duties under the UK Companies Act 2006 and Contract Exclusion Clauses<br>• Business Foresight Forum 2019 – New Business Directions 2025: Catalysts for Change<br>• Directors and Senior Management Training #02/2019 on Talent Management<br>• ICDM International Directors Summit<br>• Supernova Summit<br>• PNB Corporate Summit 2019 – Rebooting Corporate Malaysia<br>• Setia Risk Forum 2019 |





# ADDITIONAL COMPLIANCE INFORMATION

### Audit And Non-Audit Fees

The amount of audit and non-audit fees paid or payable by the Company and its subsidiaries to the external auditors and their affiliated companies for financial year ended 31 December 2019 are as follows:

| Purpose | Group (RM'000) | Company (RM'000) |
|---|---|---|
| Fees for statutory audits – current year | | |
| – Ernst & Young PLT Malaysia | 1,799 | 142 |
| – Member firms of Ernst & Young Global | 458 | – |
| Other non-audit services | | |
| – Ernst & Young PLT Malaysia | 271 | 33 |

The amount of non-audit fees incurred for the services rendered to the Company and the Group by its external auditors, Ernst & Young PLT and its member firms of Ernst & Young Global for the financial year ended 31 December 2019 are RM270,970 and RM33,000 respectively.

Services rendered by Ernst & Young PLT were not prohibited by regulatory and other professional requirements, and are based on globally practised guidelines on auditors independence. Ernst & Young PLT was engaged in these non-audit services based on their expertise and experience on the subject matter.

### Material Contracts

There were no material contracts entered into by the Company and its subsidiaries involving Directors' and major shareholders' interest which were still subsisting as at the end of the financial year under review or which were entered into since the end of the previous financial year except as disclosed in Note 43 of the financial statements.

### Recurrent Related Party Transactions

At the 44th AGM of the Company held on 16 May 2019, the Company had obtained the approval from its shareholders for the renewal of the shareholders' mandate to enter into recurrent related party transactions of a revenue or trading nature, which are necessary for its day-to-day operations and in the ordinary course of its business, with related parties.

The said mandate took effect on 16 May 2019 and will continue until the conclusion of the forthcoming AGM of the Company.

At the forthcoming 45th AGM of the Company, a date to be determined later, the Company intends to seek its shareholders' approval to renew the existing mandate for recurrent related party transactions of a revenue or trading nature. The details of the shareholders' mandate to be sought will be furnished in the Circular to Shareholders to be issued together with the Notice of 45th AGM in due course.

## ADDITIONAL COMPLIANCE INFORMATION

### Employee Share Scheme

During FY 2019, the Company issued ordinary shares ("Shares") and options under the ESOS and ESGP, respectively, pursuant to the LTIP. Further information on the ESGP and ESOS is set out in the Directors' Report and Note 24 of the Annual Audited Financial Statements for FY 2019 in this Annual Report.

Brief details on the number of Shares and options granted, vested and outstanding since the commencement of the LTIP on 10 April 2013 and from FY 2013 to FY 2019 are set out in the table below:

| For the period from 10 April 2013 to 31 October 2013 | Total | Executive Director/CEO | Senior Management | Other Entitled Employees |
|---|---|---|---|---|
| **ESGP** | | | | |
| Number of Shares granted ('000) | 17,035 | 896 | 3,354 | 12,785 |
| Number of Shares vested ('000) | – | – | – | – |
| Number of Shares lapsed ('000) | (521) | – | – | (521) |
| **Number of Shares outstanding as at 31 October 2013 ('000)** | **16,514** | **896** | **3,354** | **12,264** |
| **ESOS** | | | | |
| Number of Options granted ('000) | 80,864 | 25,600 | 55,264 | – |
| Number of Options exercised ('000) | – | – | – | – |
| Number of Options lapsed ('000) | – | – | – | – |
| **Number of Options outstanding as at 31 October 2013 ('000)** | **80,864** | **25,600** | **55,264** | **–** |

| For the period from 1 November 2013 to 31 October 2014 | Total | Executive Director/CEO | Senior Management | Other Entitled Employees |
|---|---|---|---|---|
| **ESGP** | | | | |
| As at 1 November 2013 ('000) | 16,514 | 896 | 3,354 | 12,264 |
| Number of Shares granted ('000) | 13,110 | 300 | 2,608 | 10,202 |
| Number of Shares vested ('000) | (4,064) | (203) | (759) | (3,102) |
| Number of Shares lapsed ('000) | (5,145) | (505) | (1,166) | (3,474) |
| **Number of Shares outstanding as at 31 October 2014 ('000)** | **20,415** | **488** | **4,037** | **15,890** |
| **ESOS** | | | | |
| As at 1 November 2013 ('000) | 80,864 | 25,600 | 55,264 | – |
| Number of Options granted ('000) | 3,312 | – | 3,312 | – |
| Number of Options exercised ('000) | (9,311) | (4,800) | (4,511) | – |
| Number of Options lapsed ('000) | (27,193) | (12,800) | (14,393) | – |
| **Number of Options outstanding as at 31 October 2014 ('000)** | **47,672** | **8,000** | **39,672** | **–** |

| For the period from 1 November 2014 to 31 December 2015 | Total | Executive Director/CEO | Senior Management | Other Entitled Employees |
|---|---|---|---|---|
| **ESGP** | | | | |
| As at 1 November 2014 ('000) | 20,415 | 488 | 4,037 | 15,890 |
| Number of Shares granted ('000) | 8,825 | 160 | 1,643 | 7,022 |
| Number of Shares vested ('000) | (6,832) | (191) | (1,446) | (5,195) |
| Number of Shares lapsed ('000) | (3,745) | – | (1,391) | (2,354) |
| **Number of Shares outstanding as at 31 December 2015 ('000)** | **18,663** | **457** | **2,843** | **15,363** |
| **ESOS** | | | | |
| As at 1 November 2014 ('000) | 47,672 | 8,000 | 39,672 | – |
| Number of Options granted ('000) | 15,500 | – | 15,500 | – |
| Number of Options exercised ('000) | (7,380) | – | (7,380) | – |
| Number of Options lapsed ('000) | (11,439) | – | (11,439) | |
| **Number of Options outstanding as at 31 December 2015 ('000)** | **44,353** | **8,000** | **36,353** | **–** |

| For the period from 1 January 2016 to 31 December 2016 | Total | Executive Director/CEO | Senior Management | Other Entitled Employees |
|---|---|---|---|---|
| **ESGP** | | | | |
| As at 1 January 2016 ('000) | 18,663 | 457 | 2,843 | 15,363 |
| Number of Shares granted ('000) | 5,429 | 150 | 1,141 | 4,138 |
| Number of Shares vested ('000) | (9,129) | (247) | (1,883) | (6,999) |
| Number of Shares lapsed ('000) | (664) | – | (53) | (611) |
| **Number of Shares outstanding as at 31 December 2016 ('000)** | **14,299** | **360** | **2,048** | **11,891** |
| **ESOS** | | | | |
| As at 1 January 2016 ('000) | 44,353 | 8,000 | 36,353 | – |
| Number of Options granted ('000) | 9,586 | 1,600 | 7,986 | – |
| Number of Options exercised ('000) | (1,703) | – | (1,703) | – |
| Number of Options lapsed ('000) | (450) | – | (450) | – |
| **Number of Options outstanding as at 31 December 2016 ('000)** | **51,786** | **9,600** | **42,186** | **–** |

## ADDITIONAL COMPLIANCE INFORMATION

| For the period from 1 January 2017 to 31 December 2017 | Total | Executive Director/CEO | Senior Management | Other Entitled Employees |
|---|---|---|---|---|
| **ESGP** | | | | |
| As at 1 January 2017 ('000) | 14,299 | 360 | 2,048 | 11,891 |
| Number of Shares granted ('000) | 15,339 | 300 | 2,500 | 12,539 |
| Number of Shares vested ('000) | (7,427) | (204) | (1,404) | (5,819) |
| Number of Shares lapsed ('000) | (1,083) | – | (128) | (955) |
| **Number of Shares outstanding as at 31 December 2017 ('000)** | **21,128** | **456** | **3,016** | **17,656** |
| **ESOS** | | | | |
| As at 1 January 2017 ('000) | 51,786 | 9,600 | 42,186 | – |
| Number of Options granted ('000) | 142,889 | 15,518 | 114,575 | 12,796 |
| Number of Options exercised ('000) | (2,370) | – | (2,370) | – |
| Number of Options lapsed ('000) | (1,371) | – | (893) | (478) |
| **Number of Options outstanding as at 31 December 2017 ('000)** | **190,934** | **25,118** | **153,498** | **12,318** |

| For the period from 1 January 2018 to 31 December 2018 | Total | Executive Director/CEO | Senior Management | Other Entitled Employees |
|---|---|---|---|---|
| **ESGP** | | | | |
| As at 1 January 2018 ('000) | **21,128** | **456** | **3,016** | **17,656** |
| Number of Shares granted ('000) | 16,969 | 300 | 3,026 | 13,643 |
| Number of Shares vested ('000) | (10,728) | (254) | (2,063) | (8,411) |
| Number of Shares lapsed ('000) | (1,401) | – | (87) | (1,314) |
| **Number of Shares outstanding as at 31 December 2018 ('000)** | **25,968** | **502** | **3,892** | **21,574** |
| **ESOS** | | | | |
| As at 1 January 2018 ('000) | 190,934 | 25,118 | 153,498 | 12,318 |
| Number of Options granted ('000) | 18,665 | – | 16,112 | 2,553 |
| Number of Options exercised ('000) | (1,018) | – | (1,018) | – |
| Number of Options lapsed ('000) | (3,588) | – | (3,137) | (451) |
| **Number of Options outstanding as at 31 December 2018 ('000)** | **204,993** | **25,118** | **165,455** | **14,420** |

| For the period from 1 January 2019 to 31 December 2019 | Total | Executive Director/CEO | Senior Management | Other Entitled Employees |
|---|---|---|---|---|
| **ESGP** | | | | |
| As at 1 January 2019 ('000) | **25,968** | **502** | **3,892** | **21,574** |
| Number of Shares granted ('000) | **13,970** | **225** | **2,131** | **11,614** |
| Number of Shares vested ('000) | **(9,982)** | **(198)** | **(1,661)** | **(8,123)** |
| Number of Shares lapsed ('000) | **(1,248)** | **–** | **–** | **(1,248)** |
| **Number of Shares outstanding as at 31 December 2019 ('000)** | **28,708** | **529** | **4,362** | **23,817** |
| **ESOS** | | | | |
| As at 1 January 2019 ('000) | **204,993** | **25,118** | **165,455** | **14,420** |
| Number of Options granted ('000) | **3,447** | **–** | **–** | **3,447** |
| Number of Options exercised ('000) | **–** | **–** | **–** | **–** |
| Number of Options lapsed ('000) | **(3,440)** | **–** | **–** | **(3,440)** |
| **Number of Options outstanding as at 31 December 2019 ('000)** | **205,000** | **25,118** | **165,455** | **14,427** |

**Maximum Allowable Allocation of the LTIP**

Based on the LTIP By-Laws, the aggregate number of Shares comprised in the LTIP Awards to be awarded to a selected person in accordance with the LTIP shall be determined at the discretion of the Nomination and Remuneration Committee subject to the following:-

i. The total number of new Shares made available under the LTIP shall not exceed 15% of the issued and paid-up share capital of the Company (excluding treasury shares, if any) at the point in time when an LTIP Award is offered; and

ii. Not more than ten percent (10%) of the total new Shares to be issued under the LTIP at the point in time when an LTIP Award is offered be allocated to any individual Selected Person who, either singly or collectively through persons connected with him, holds twenty per cent (20%) or more in the issued and paid-up share capital of the Company (excluding treasury shares, if any).

As of 31 December 2019, 17% of the Shares granted pursuant to the ESGP (excluding number of shares lapsed) has been granted to the Executive Director/CEO and Senior Management since the commencement of the LTIP up to FY 2019.

Options under the ESOS were granted to the Executive Director/CEO, Senior Management and other eligible employees of the Group during FY 2019.

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

"S P Setia Berhad continues to monitor and evaluate the changing business landscape and monitors changes to the legislative and regulatory requirement to proactively mitigate risks, benefit from any opportunities and to remain competitive."

The Board of Directors of S P Setia Berhad is committed to maintaining a sound internal control and risk management system. Each business unit has implemented its own control processes under the leadership of the President and CEO, who is responsible for good business and regulatory governance.

The Statement on Risk Management and Internal Control was prepared pursuant to paragraph 15.26(b) of Bursa Malaysia's MMLR and guided by the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers ("the Guidelines").

## BOARD RESPONSIBILITY

The Board upholds its commitment and responsibility for the Group's risk management and internal control systems covering not only financial controls but also strategic, operational, compliance to regulatory requirements, as well as ensuring the adequacy and effectiveness of these systems.

The implementation of these control systems is undertaken by the management, which regularly reports on key risks identified and actions taken to mitigate and/or minimise such risks. The oversight of these critical areas is carried out by the Sub-Board Committees namely the Risk Management Committee and the Audit Committee.

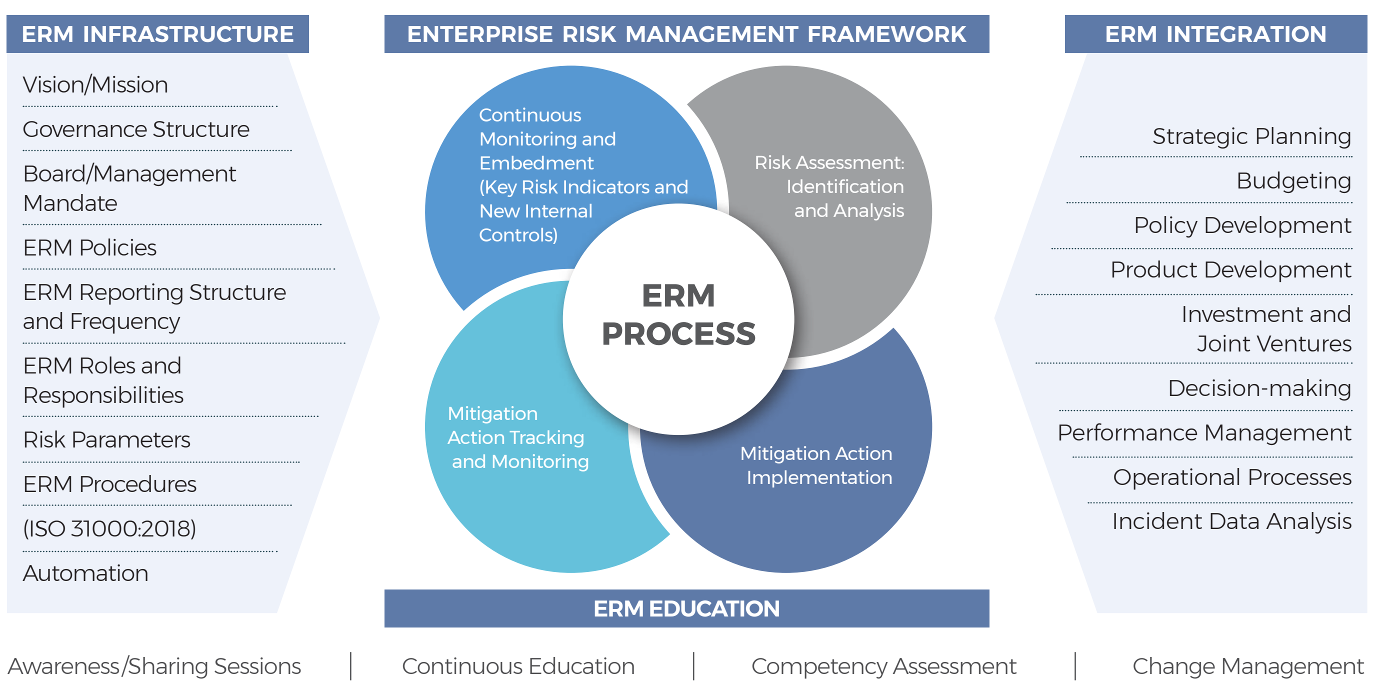
The Group's risk management and internal control systems are designed to efficiently and effectively manage risks to an acceptable level, to ensure the achievement of the Group's business objectives, and to provide information for accurate reporting, decision making, and ensuring compliance with regulatory and statutory requirements.

The Board also ensures that there is a robust framework of ongoing risk management processes in identifying, evaluating, and managing significant risks faced by the Group to promote long-term success of the Company. The design of these systems is mainly to manage and mitigate, rather than eliminate the risks which have been identified and reassessed by the Management.

## ENTERPRISE RISK MANAGEMENT

The Group Risk, Integrity and Governance ("GRIG") has established an Enterprise Risk Management ("ERM") Framework to proactively identify, evaluate, and manage key risks to an acceptable level based on set of parameters. In line with the Group's commitment to deliver sustainable value, this ERM framework aims to provide an integrated and organised approach group-wide. It outlines the ERM methodology which is in line with the Principles and Guidelines of ISO31000:2018 Risk Management, primarily promoting the risk ownership and continuous monitoring of key risks identified.

The Group's ERM Framework is summarised as follows:

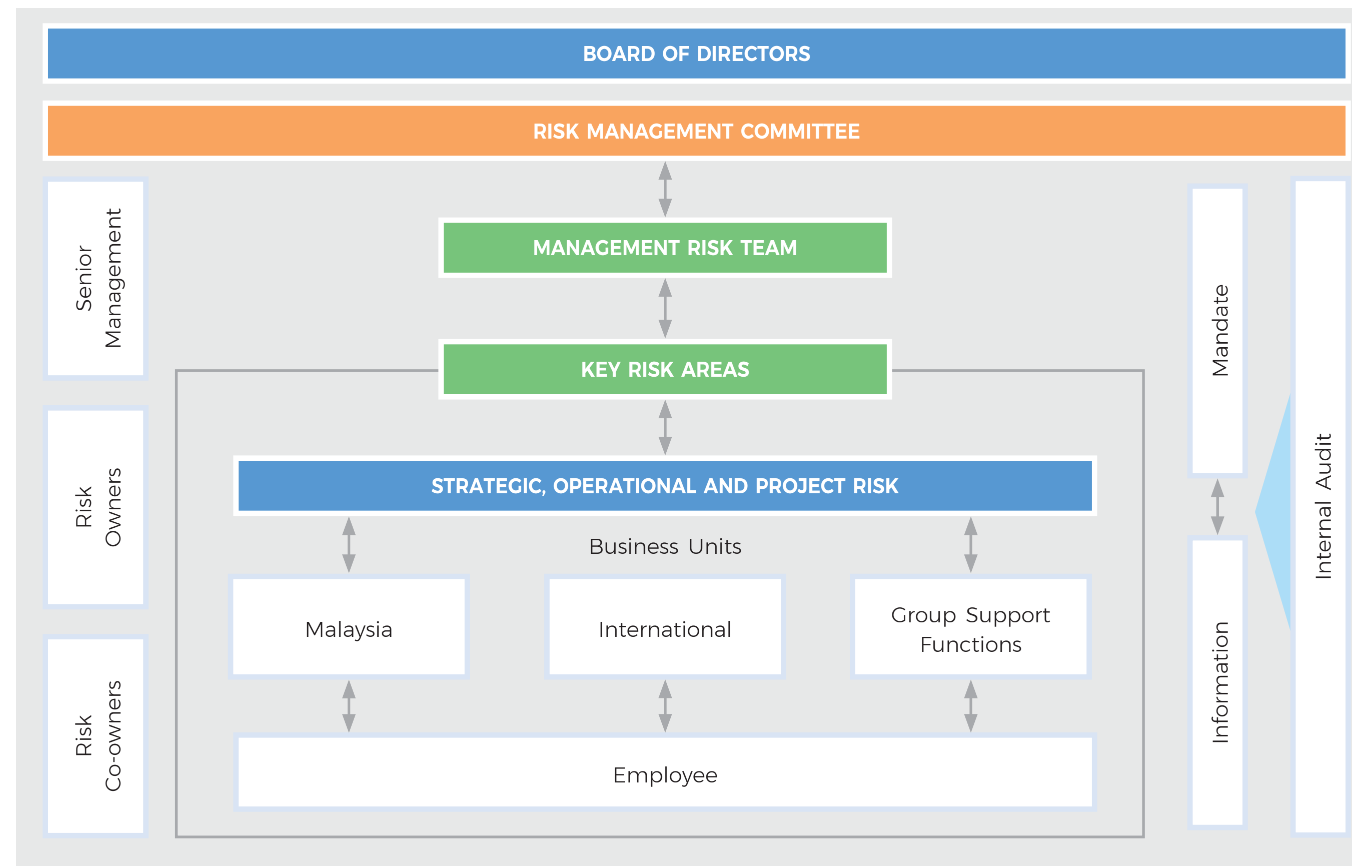



**a. Risk Management Oversight**

The oversight role of risk management is carried out by the RMC and the Board. The mandate and commitment from RMC and the Board are the key success factors in the implementation of the ERM programmes. The RMC and the Board set the strategic direction for risk policies, roles, responsibilities, and risk reporting structure. The periodic reporting to both the RMC and the Board on risk management initiatives is undertaken by Management via the Management Risk Team, which keeps the RMC and the Board apprised with respect to the Group's key risk areas, implementation of risk action plans and emerging risk & trends.

The MRT comprises key members of the Senior Management and is chaired by the President and CEO. The MRT maintains the risk oversight within the Group at the management level, as outlined in the endorsed ERM Framework.

The ERM reporting structure below illustrates the Board and Management's involvement in ensuring effective ERM communication and implementation:




The MRT is assisted by GRIG, where its primary role is to ensure effective implementation of the ERM and Business Continuity Management ("BCM") framework, programmes, continuous education and awareness across the Group; and the provision of independent and objective assessment of key risks as well as timely reporting to the MRT, RMC and the Board.

**b. Risk Management Policy**

The Board recognises that inherent risks are present in the normal course of the Group's core businesses, presenting both threats and opportunities. S P Setia Berhad's ERM policy has been developed to ensure effective implementation of ERM Framework which is consistent with the Group's aspiration in achieving its corporate objectives and meeting shareholders' expectations. The following risk policy provides guidance on the management of risks and applies across all Business Units:

- To manage risk proactively;
- To manage both negative and positive risks;
- To manage risks pragmatically to an acceptable level, given the particular circumstances of each situation;
- To ensure that risk assessment is performed and that the process is embedded in the system;
- To manage risk routinely and in an integrated and transparent way in accordance with good governance practices; and
- To require that an effective and formalised risk management framework is established and maintained by S P Setia Berhad.

**c. Risk Reporting**

The Group's ERM Framework provides for regular review and reporting. The reports include risk profiles, risk action plans, and status updates. During the year under review, these reports were presented on a quarterly basis and deliberated by the MRT, RMC and the Board.

**d. Risk Management Initiatives**

As part of the Group's effort to instil a proactive risk management culture and ownership, the following initiatives were undertaken during the year under review:

- Continuous ERM Education Programmes which includes ERM technical briefings/trainings, awareness and refresher sessions; and
- On 22 November 2019, GRIG organised the Setia Risk Forum 2.0 for the Board of Directors, Senior Management, the Deputies and Risk and Business Continuity Officers.

These efforts formed part of the Group's initiative in communicating and ensuring effective application of ERM in the day-to-day business operations.

- Held discussions with Heads of Business Units ("BUs") to obtain endorsement on key risk areas;
- Provided risk advisory and independent assessment as well as facilitated workshops across the Group; and
- In 2019, we expanded the BCM programme to other business units namely Setia Property South (i.e. Tropika Sales Gallery and Eco Gardens Sales Gallery) in Johor Bahru and Setia Property East (i.e. Aeropod) in Kota Kinabalu Sabah. In total, 31 Business Impact Analysis ("BIAs") have been established and two desktop Business Continuity Plan ("BCP") testing were conducted.



*Board of Directors and Team Setia at the Setia Risk Forum 2.0*

## MANAGING S P SETIA BERHAD'S KEY RISKS

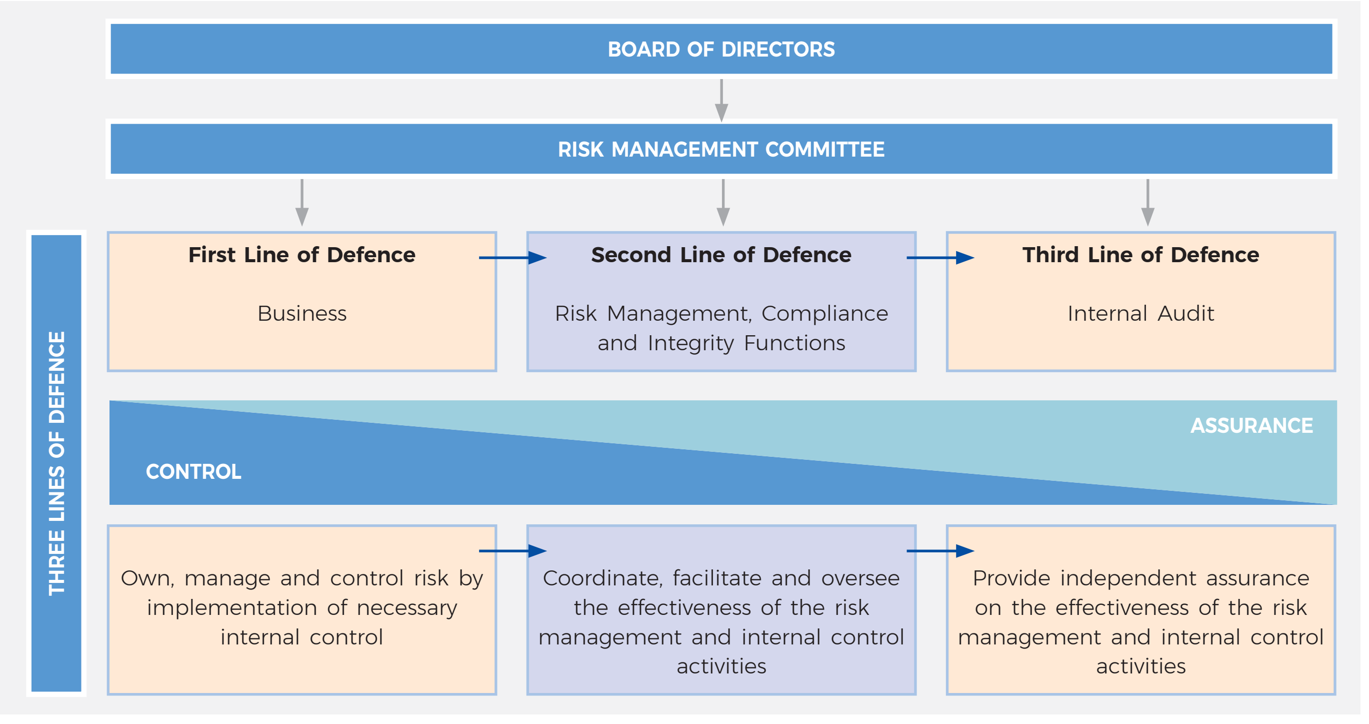
Based on our operating environment as well as key stakeholder concerns, we have identified seven key risks that could potentially impact our business performance and value creation if not managed effectively. These risks are carefully monitored and managed to ensure they do not escalate beyond our tolerance limits.

| Risk | Description | Mitigation Efforts |
|---|---|---|
| **MARKET RISK** | Our performance depends to a large extent on the buoyancy of the property markets in which we have a presence. This, in turn, is affected by domestic and global economies, government regulations, and supply-demand metrics. | • We monitor closely property trends in the markets where we operate, and plan developments that meet current demand.<br>• We offer a range of residential and commercial units to suit different needs and budgets, while phasing our developments according to market conditions and demands. |
| **COMPETITION RISK** | We face competition from local and international property developers in terms of pricing, design and quality of properties, facilities and supporting infrastructure, as well as the sale and marketing of properties. | • We carry out market intelligence surveys to understand needs.<br>• We align our product offerings according to market trends and demand.<br>• We employ innovative marketing strategies in line with economic conditions and market demand. |
| **POLITICAL & REGULATORY RISK** | Various regulations are in place to stabilise the property market in each country where we operate. At the same time, government policies change according to the economic climate. | • We keep track of new regulations as these arise.<br>• We review our business plans annually to ensure compliance with new regulations.<br>• We communicate continuously with all stakeholders on regulatory changes and our response. |
| **FOREX RISK** | As we have developments overseas, we are exposed to currency fluctuations. | • We have local bank accounts in all our international markets and make purchases as well as payments in the local currencies. |
| **GEOPOLITICAL RISK** | Every country in which we operate has its own set of geopolitical risks, based on the political environment and government stance on foreign direct investment. | • We closely monitor the political environment.<br>• We provide regular updates on the local geopolitical climate to Senior Management.<br>• We partner local businesses to understand the market and facilitate business, where relevant. |
| **CYBER SECURITY RISK** | Like any other business that has adopted digital technology, we are exposed to the risk of cyber crime and of information being leaked or tampered with. | • We have in place IT policies and procedures.<br>• We protect our data through regular system checks.<br>• We ensure employees are aware of cyber risks and play their part to keep our systems safe. |
| **WORKPLACE HEALTH AND SAFETY RISK** | Safety risks are pronounced during the construction phase of projects. | • We have well-defined health and safety policies and procedures.<br>• We constantly raise awareness of health and safety via training.<br>• We seek continuously to adopt safer construction methods and ensure our contractors are up-to-date on best practices.<br>• We enforce controls and regulations on-site. |

**Internal Control Systems**

Our Group's risk management culture is embodied through the adoption of the "Three Lines of Defence" philosophy, whereby risks are managed from the point of risk-taking activities. This is to ensure there is clear accountability of risk across the Group and risk management as an enabler of BUs.

The Three Lines of Defence model as depicted below guides our practice of effective internal controls:




**a. First Line of Defence**

The first line of defence is provided by the Senior Management and the Heads of Business Units are accountable for all risks and effective internal controls assumed under their respective areas of responsibility. Senior Management is also responsible for the promotion of the risk culture, which will ensure greater understanding of the importance of risk management whilst ensuring its principles are embedded in key operational processes, including project evaluation and monitoring.

The Group's internal control systems do not apply to Associate Companies and Jointly-Controlled Entities where the Group does not have full management control. However, the Group's interest is served through representation on the Boards of the respective Associate Companies and Jointly-Controlled Entities.

**b. Second Line of Defence**

The second line of defence is provided by the GRIG and Group Quality Management ("GQM"). GRIG is responsible for facilitating the ERM processes based on the approved ERM Framework; whereas GQM is responsible in ensuring effective implementation and compliance to the Group's safety and health and quality related policies and procedures.

**c. Third Line of Defence**

The third line of defence is provided by the Group Internal Audit. GIA provides independent assurance on the adequacy and reliability of the risk management processes and system of internal controls, and ensures compliance to related regulatory requirements.

**Key Internal Controls At S P Setia Berhad**

**a. Organisation Structure and Reporting Lines**

The Board and Board Committees are supported operationally by the Strategic Executive Team ("SET") and Group Action Committee ("GAC") headed by the President and CEO.

The SET and GAC meetings are convened on a monthly basis to discuss strategic business agendas and the group's financial performance, hence maintaining oversight of the Group's operations and maintenance of effective control.

The organisation structure and delegation of responsibilities are communicated group-wide which set out, amongst others, authorisation levels, segregation of duties, and other risk and control procedures.

**b. Group Internal Audit Division**

The GIA who reports directly to the AC, undertakes the internal audit function of the Group, and provides independent and objective assurance on the adequacy and the effectiveness of the internal control system implemented by the Group.

- **Objectives**

  GIA supports the Group to accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, internal controls, and governance processes.

- **Yearly activities**

  Audit engagements on business/support units within the Group are carried out based on a risk-based annual internal audit plan approved by the AC. GIA executes the audit engagements with regards to risk exposures, compliances on policies and procedures, relevant laws and regulations and at times against best practices. GIA presents to the AC periodically on significant audit findings, recommendations and action plans to add value and improve the Group's internal control system.

  Follow-up reviews are performed to obtain assurance that management addresses the implementation of action plans effectively and timely. In addition, special reviews and scope extension are undertaken as required by the AC and management.

**c. Group Quality Management**

GQM establishes and manages an integrated quality, health and safety and environment management system for the Property Division, manufacturing and construction arms. The integrated system is progressively reviewed to ensure its relevance.

- **Objectives of GQM**

  GQM supports the Group in accomplishing its objectives by performing regular quality audits and assisting the Group to progressively improve its business processes relating to product and service quality as well as regulatory compliance. The main initiatives are as per the following:

  - Maintaining the accreditation to ISO 9001 Quality Management System, ISO 14001 Environmental Management System and OHSAS 18001 Occupational Health and Safety Management System;
  - Conducting a customer satisfaction survey bi-annually;
  - Performing regular process, service quality, product quality audit and site HSE audit;
  - Facilitating the Customer Experience Committee and Technical Excellence Committee meeting, and monitoring the quality improvement;
  - Gathering and reporting the product and service quality and HSE performance; and
  - Monitoring the Quality Excellence Award Programme for employees and contractors.

**d. Policies, Guidelines and Procedures**

- **Written Policies, Guidelines & Standard Operating Procedures**

  Policies and Standard Operating Procedures ("SOPs") are established, reviewed, and updated to reflect changes to business environments and maintain operational efficiencies. Compliance to such policies and procedures are reported by GIA to the AC.

- **Discretionary Authority Limits ("DAL")**

  The DAL document is crucial to ensure there is an optimal balance between strong corporate governance practices and operational efficiency. It is a written delegation of authority by the Board to the respective Board Committees and Management within S P Setia Berhad. Its key objectives are to provide a holistic view of the authority limits set, to encourage delegation, empowerment and accountability, and to eliminate guesswork, confusion and to provide clarity.

  The DAL document is subject to periodical review to incorporate any changes that affect the authority limits.

- **Whistleblowing Policy**

  S P Setia Berhad is committed to ensure that its business conduct and operations are in line with the upcoming enforcement of the Section 17A of the MACC (Amendment) Act 2018. The whistleblowing policy has been established based on the Whistleblower Protection Act 2010 as part of the Anti-Bribery and Corruption ("ABC") policies and procedures; to provide an independent reporting platform for all employees and external parties.

**e. Financial Performance Monitoring**

Group Finance covers planning, monitoring, reviewing, and reporting of the Group's financial performance via periodic reviews of actual performance versus targets and ensures initiatives and mitigating action are taken.

The review and deliberation of the financial performance of the Group are conducted on a monthly basis during the GAC meeting.

**f. Digital Transformation**

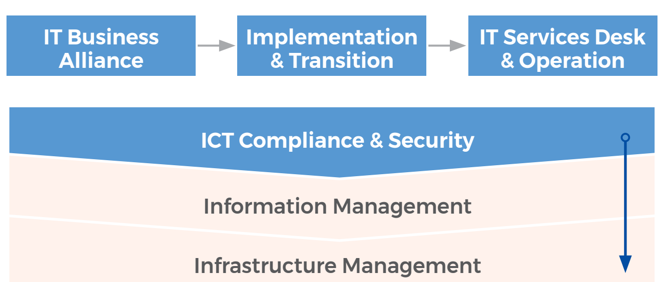
Digital Transformation is a new division to drive transformation journey across the group to build a digital and future-ready S P Setia Berhad. The Digital Transformation roadmap has been identified in developing cutting-edge digital mobile platform and infrastructure to add values and create better customer experiences. Besides, growing data analytics capabilities, exploring big data to unlock business opportunity by identify trending and predictive analytics as well as continuously look for ways to digitally transform and automate businesses process for operational excellence and higher productivity.

**g. Group Information and Communication Technology**

The Group Information & Communication Technology's ("GICT") core role is to plan, design, support, and improve IT services in order to enable business users of the Group to carry out their roles efficiently, productively, and securely. This also includes educating and facilitating business users to embrace relevant technology, either new or enhancing existing ICT systems to increase business performance and market share.

- **ICT Structure**

  In order for GICT to be an enabler for the Group's business, GICT services focus on aligning its services towards the needs of the business. The alignment from IT towards business is a constant effort in this digital economy to ensure the right services are provided to the business. GICT uses IT Services Management ("ITSM") industry framework which is called Information Technology Infrastructure Library ("ITIL") as a reference to strengthen ICT alignment towards the Group's business and toward Digital Transformation.




- **ICT Policy & Compliance**

  S P Setia Berhad GICT Policy adheres to the Company's policy and adopts the Setia GICT strategy, approach, and digital maturity roadmap. The internal ICT audit and system is being reviewed yearly to ensure compliance against the Group's policies and SOPs.

- **ICT Disaster Recovery Plan**

  As part of the Group's BCP which takes place yearly to ensure workability and compliance to the Group's BCP policy.

- **Cybersecurity & Awareness**

  As part of prevention activity, Group ICT conducted an overall assessment which takes place on a yearly basis, i.e. penetration test on the ICT systems (hardware and software). From the results with given recommendations, measurements have been taken into consideration to ensure prevention measurements are in place, while monitoring, detecting, and deterring efforts are on-going.

  Awareness of methods of cybercrime was conducted to all S P Setia Berhad business users through education, and periodic announcements as and when required.

**h. Group Human Resource**

The Group Human Resources ("GHR") reports directly to the President and CEO by working closely with the Deputy President and COO on operational issues. GHR holds a strategic function in ensuring that our People Plans are aligned to the Business. GHR is responsible for the formulation, implementation, monitoring, and review of the overall Human Resources Strategy. The scope covers the entire employee life cycle from Talent Acquisition, Performance Management, and Talent Development and drives Organisational Change in building organisational capabilities.

The key deliverables are anchored on Employee Engagement with the right platform/channels created to mitigate any people risks that may impact business. In all our core Human Resource processes, we follow an annual rhythm:

- **Reward & Recognition**

  Establishing a clear system on how to measure our employees' performance is key in sustaining a business model based on a "growth agenda". S P Setia Berhad uses a Key Performance Indicators system for our Performance Management System ("PMS"). The KPI system embeds the culture of accountability with KPI scoring distributed across individuals, functions and Group's achievement.

- **Succession Planning**

  Leadership Development is a key priority in S P Setia Berhad and we follow a strategic framework which feeds into our Succession Planning process. We use a practical and efficient methodology to balance our time investment in People Development and driving business results. Succession Planning is done for key roles and it is a partnership discussion between the GHR and the Head of BUs.

- **Talent Management**

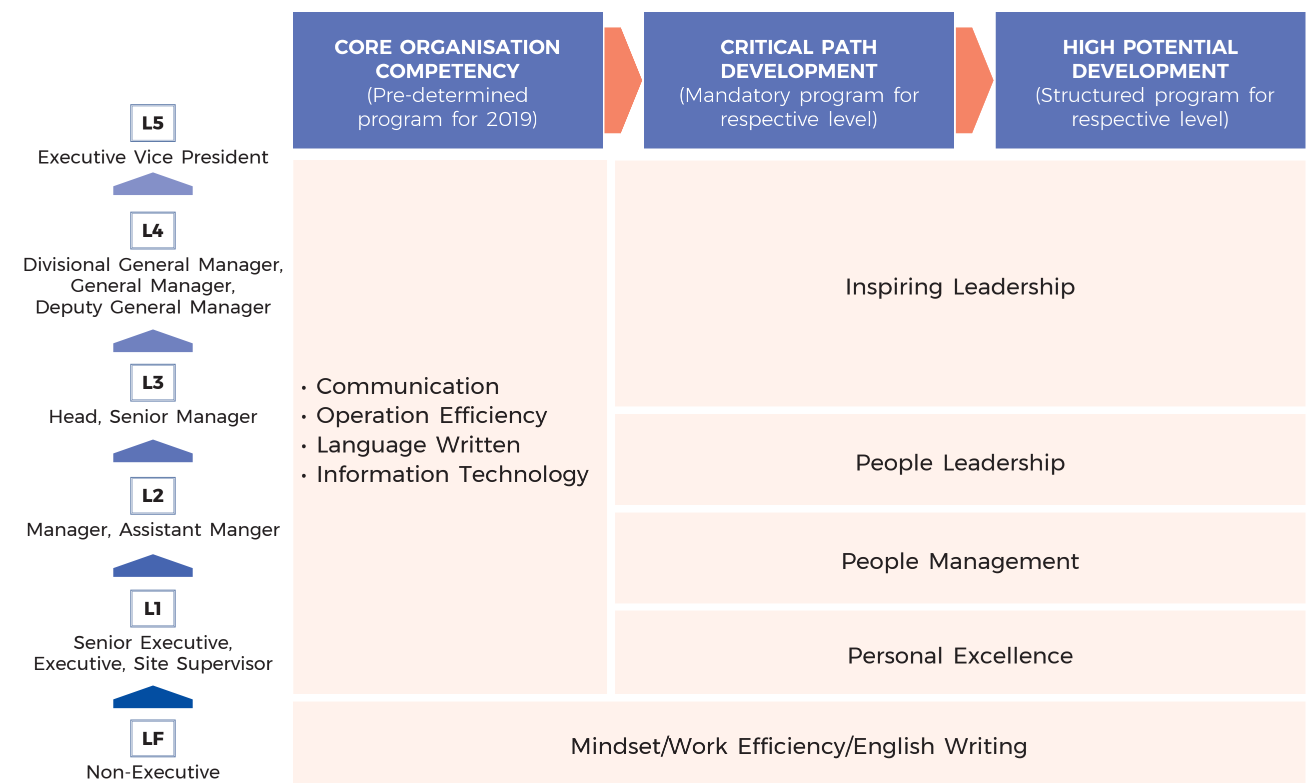
  Our Talent Management Framework covers all levels of employees with targeted development strategies focussing on Core Organisation Competency within each Job Grade. A Critical Path Development has been identified as a basic premise for the development of the relevant leadership levels to ensure that each talent is well trained and equipped with the necessary skills required as they rise up the leadership ladder.

- **Development Focus**

  For 2019, we scaled on building organisational capabilities across all levels by further strengthening on our Leadership capabilities through a series of Leadership Programs across the levels with specific elements addressing the leadership needs of each of the levels. Following up on the Coaching Program that we launched in 2018, we then applied the practical coaching sessions to be part of the leadership program whereby participants were tasked on coaching specific team members and assessed their learnings based on the results of the coaching sessions facilitated by external coaches.

  In line with our digital transformation journey, we launched our inaugural "Business Hackathon" in August last year with 17 teams and a total of 64 participants hacking a business problem within 32 hours. The whole process brought together mentors and head of departments together with the participants in channelling problem solving to a different platform. This was an initiative to bridge our people to a digital platform in our quest to be relevant to the demands of the Industrial Revolution 4.0.

  On the culture side, we continued with our Team huddle covering about 800 people, bringing together about 800 people from the same function to experience team learning and grow their network within S P Setia Berhad. This was designed to enhance team integration as well as driving a healthy team competition as we continue to raise the bar for each functional groups.




Our development framework which has been endorsed by the Board in 2017 serves as the development navigation tool for S P Setia Berhad's employees with a clear strategy of having a structured development path, leading to effective succession planning at key levels.

## MONITORING, REPORTING AND REVIEWING

The Group's system of risk management and internal controls are monitored via periodic management review of financial and operational results, business processes, the state of internal controls and business risk profile by the respective Heads of BUs and reported to the GAC.

In addition, the Board is updated on the Group's performance on a quarterly basis and reviews are undertaken by GIA on the effectiveness of controls implementation at each individual business unit. Reports on the reviews carried out by GIA are submitted on a regular basis to management and the AC. In addition, updates on the risk profiles and key mitigations are also tabled to the RMC and the Board on a quarterly basis.

## BOARD COMMENTARY AND OPINION

For the financial year under review, the Board has received a written assurance from the President and CEO, Deputy President and COO as well as CFO that the Group's enterprise risk management and internal control systems, in all material aspects, are operating adequately and effectively. There were no material control failures or adverse compliance events that directly resulted in any material loss to the Group.

Taking into consideration the information and assurance given by the President and CEO, Deputy President and COO and CFO, the Board is satisfied that the enterprise risk management and internal control systems in place for the year under review and up to the date of approval of this Statement are sound and effective to safeguard the interest of all shareholders, the Group's assets, and other stakeholders. The Board has deliberated and approved the recommendations brought forth by the RMC and the AC.

The Board will continue to monitor all major risks affecting the Group and take necessary measures to mitigate them and continue to enhance the adequacy and effectiveness of the risk management and internal control systems of the Group.

## REVIEW OF THE STATEMENT BY THE EXTERNAL AUDITORS

The External Auditors, Ernst & Young PLT, have performed limited assurance procedures on the Statement in accordance with Malaysian Approved Standard on Assurance Engagements, ISAE 3000 (Revised), Assurance Engagement Other Than Audits or Reviews of Historical Financial Information and Audit and Assurance Practice Guide 3-Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in this Annual Report. Messrs. Ernst & Young PLT have reported to the Board that nothing has come to their attention that causes them to believe that the Statement included in this annual report is not prepared, in all material respects, in accordance with the disclosures required by Paragraphs 41 and 42 of Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, nor is the Statement factually inaccurate.

This Statement is made in accordance with the resolution of the Board dated 26 February 2020.

**Assurance from Management**
Signed by President and CEO, Deputy President and COO and CFO





# SUSTAINABILITY STATEMENT

ECONOMIC ENVIRONMENTAL SOCIAL

This Sustainability Statement provides S P Setia Berhad's stakeholders insights about our sustainability performance in a transparent and accountable manner. It covers our journey in sustainability management including stakeholder engagement initiatives and implementation of economy, environment, and social ("EES") programmes which are crucial to our business sustainability.

We live by our philosophy **LiveLearnWorkPlay** with everything that we do, we strive to strike a balance to ensure all of our stakeholders' needs are being fulfilled.

**Reporting Period**

This statement describes S P Setia Berhad's sustainability activities for the period from 1 January 2019 to 31 December 2019.

**Reporting Scope**

S P Setia Berhad has considered key sustainability matters and standards in accordance with:

- Bursa Malaysia Sustainability Listing Requirements; and
- Bursa Malaysia's Sustainability Reporting Guide (2nd edition).

We envisage to achieve the best in our sustainability initiatives. As part of these efforts, we have initiated to review our business processes and operations to consider the following key sustainability frameworks and standards that are globally adopted:

- Global Reporting Initiative ("GRI");
- United Nations Sustainable Development Goals ("UNSDG"); and
- Global Real Estate Sustainability Benchmark ("GRESB").

The information and figures in this statement refer to S P Setia Berhad and its active ongoing projects within Malaysia, Vietnam, Singapore and Australia, unless otherwise stated. The 'RM' sign used in this report refers to Ringgit Malaysia which is also the functional currency.

Since our first Sustainability Statement published in 2016, we have engaged external consultants to perform an annual gap analysis and identify any improvements required based on the sustainability frameworks and standards.

The sustainability objectives, strategies and action plans established in the coming years would take into consideration these global sustainability practices. This is further explained in the "Moving Forward" section.

**Feedback**

Stakeholders' feedback is important to us. We welcome any feedback on this Statement and any aspect of our sustainability performance. Please address all feedback to our Management Risk Team at groupriskmanagement@spsetia.com.

# SUSTAINABILITY STATEMENT

### Our Sustainability Journey

S P Setia Berhad manages sustainability matters through our established sustainability implementation roadmap as summarised below:

1. Establishment of sustainability objectives, policies and strategies
2. Formalisation of governance structure
3. Identification of stakeholders
4. Conduct materiality assessment
5. Prioritisation of sustainability matters
6. Development of sustainability indicators and targets
7. Formulation of sustainability action plans
8. Monitor action plan implementation status
9. Track KPI and targets

In FY 2019, our emphasis was on strengthening the sustainability governance framework within S P Setia Berhad to ensure effective accountability, oversight and monitoring of the sustainability matters within the Company. The tasks involved include alignment of sustainability objectives with the business goals and strategy, establishment of sustainability policies and procedures, formalisation of reporting structure, roles and responsibilities; and implementation of the sustainability programmes in a more structured approach.

Our inclusivity extends beyond our clients and employees. Specific stakeholders relevant to different aspects of the Company's business such as investors, regulators and the wider communities were engaged on a regular basis to ensure business-as-usual without sacrificing their needs and requirements.

We conducted a materiality assessment during the year and the Company's top ten (10) material sustainability matters were identified enabling the sustainability management within S P Setia Berhad to be more focused and targeted.

S P Setia Berhad acknowledges that sustainability management is an on-going process and strive to continuously enhance, review and update its sustainability practices within the Company.





## AT A GLANCE

We initiated various programmes and initiatives to enable achievements of our sustainability objectives. Key highlights of our achievements include:

### ECONOMY

**RM246.56 million**

Spent over a period of 3 years on providing various infrastructures in our projects including highway connectivity, public transportations, health institutions and schools

A total of **26 awards**

**(2018 – 21 awards)** received by S P Setia Group for its exemplary achievements in environmental and social sustainability

### ENVIRONMENT

We strive to allocate more than **10% Green Areas** in our projects

We recorded up to **82 species** **(2018 – n/a)** of birds visiting the parks and lakes in some of our Eco-series projects

We planted **20,000** food and nectar plants and propagated **1,000** plants for butterflies living in some of our Eco-series projects

We recorded up to **27 species** **(2018 – n/a)** of fishes in some of our Eco-series projects

We consumed a total of **38.67 million kW/h** **(2018 – 32.03 million kW/h)** of electricity in our sales galleries, site offices and commercial spaces

We used a total of **1.03 million m³** **(2018 – 0.89 million m³)** of water in our sales galleries, site offices and commercial spaces

### SOCIAL

We achieved **0 major incidents** in our projects

**43% female** **(2018 – 44%)** employees are employed in S P Setia Berhad

We provided **74,937 training hours** **(2018 – 73,770)** to develop and upskill our people

**RM13.90 million** disbursed in our S P Setia Foundation since 2014 for the #StandTogether campaign and Setia Caring School Programme

**We held 127 community programmes** **(2018 – n/a)** for buyers of our projects and the general public

# SUSTAINABILITY STATEMENT

## GOALS AND PROGRESS

As part of our sustainability improvement programmes, we identified and aligned the following sustainability principles, strategies, activities and key performance indicators to measure our achievement.

| Sustainability principle | Strategies/Activities | Performance indicators |
|---|---|---|
| Creating communities | • Accessible developments – infrastructure accessibility such as roads and public transportation access<br>• Green leisure developments such as parks and gardens<br>• Excellent features, amenities and facilities | • Customer satisfaction survey > 80/100<br>• More than 10% of developments allocated to green spaces and amenities<br>• No. of award recognitions and certifications |
| Environmental-friendly development | • Introduce pioneering green and sustainable projects<br>• Community and people consideration | • No. of award recognitions and certifications<br>• No. of birds, vegetation and other species |
| Providing safe and conducive working environment | • Zero major incidents<br>• Conducive working environment | • Zero major incident<br>• Low employee turnover |
| Retaining talent | • Develop talents with high ethics and integrity<br>• Employee performance and retention | • Employee survey on happiness rating >80/100<br>• No. of training hours |
| Delivering quality products | • Close working relationship with suppliers, vendors and business associates<br>• Customer satisfaction – low defects claim | • Contractors' quality excellence >75%<br>• Customer satisfaction survey >80/100 |

S P Setia Berhad recognises that sustainability management is a continuous process and strive to refine its goals and performance indicators as we go along this journey. The enhancements in the sustainability process are highlighted in the "Moving Forward" section.

## SUSTAINABILITY GOVERNANCE

### Sustainability Objectives

S P Setia Berhad remains committed to meeting its various stakeholders' interest while achieving its strategic objectives. In order to achieve this effectively, it is critical for the Company to possess the capability of managing its material sustainability matters to an acceptable level for the achievement of its strategic objective.

We believe high standards of corporate governance form a strong basis for safeguarding shareholders' interests. By being responsive and transparent in our business practices, we can demonstrate our accountability and ensure long-term business growth. We also continue to act as early adopters of new regulations, best practices, policies and procedures throughout our operations.

The Board has a stewardship responsibility to understand the material sustainability matters, provide guidance on dealing with these matters and to ensure they are managed proactively, in a structured and consistent manner.

### Sustainability Policy

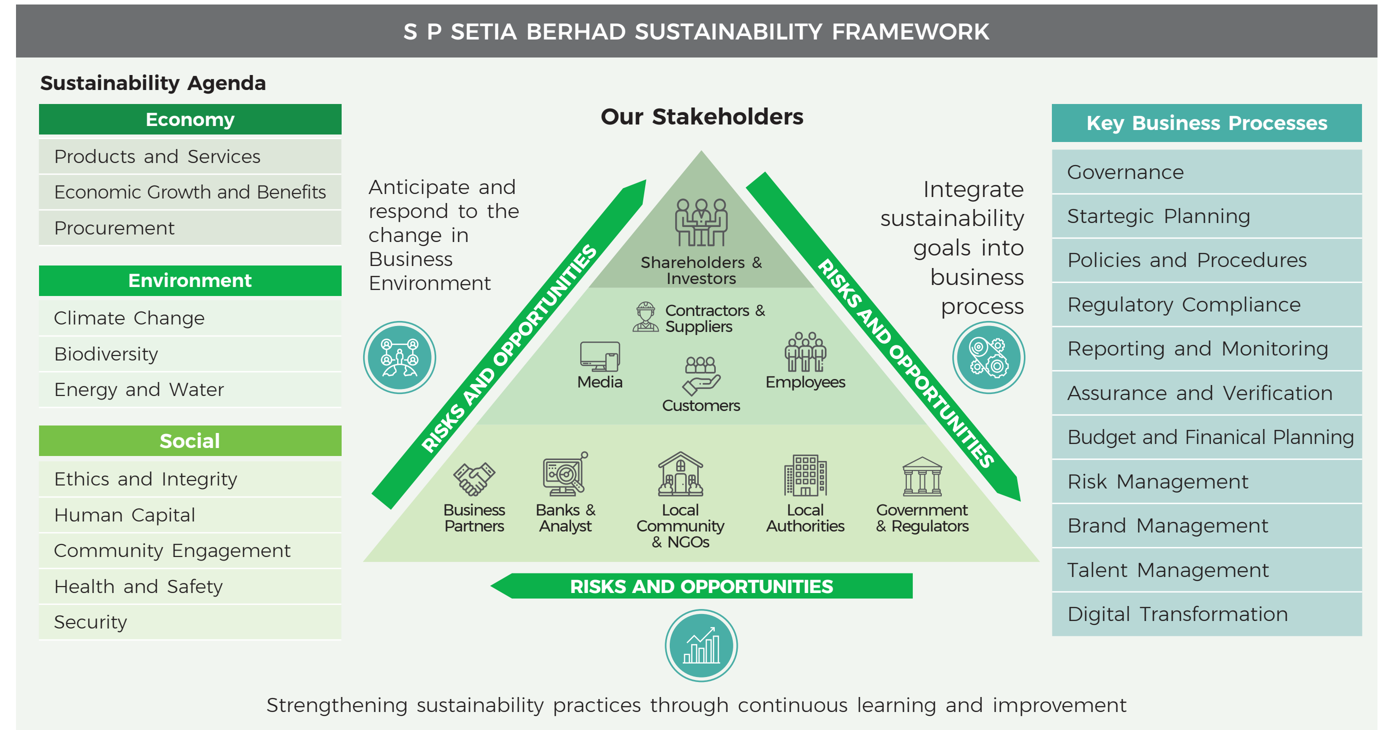
The Board has approved and adopted the Sustainability Policies for the Company which includes:

- To integrate sustainability management into the culture, business activities and decision-making processes.
- To anticipate and respond to the changing economic, environmental, social and governance landscape and requirement proactively.
- To manage sustainability matters pragmatically to an acceptable level given the circumstances of each situation.
- To implement a robust Sustainability Framework that is aligned with S P Setia Berhad's strategic and sustainability objectives and in accordance with best practices.
- To continuously strive towards strengthening the sustainability management practices through continuous learning and improvement.





### Sustainability Framework




A sustainability framework was developed to govern sustainability management within the Company. The sustainability framework encompasses three (3) pillars i.e. Sustainability Agenda, Our Stakeholders and Key Business Processes.

Relevant sustainability matters are identified and categorised under the broad categories of economic, environment and social. The sustainability agenda for each of the broad categories are determined as follows:

**Economy:** We emphasise on economic performance in every value created and distributed by the organisation while ensuring consistent contributions as corporate citizen.

**Environment:** We identify and adopt appropriate measures for conservation and protection of ecological and biological affecting plants and animals in our developments.

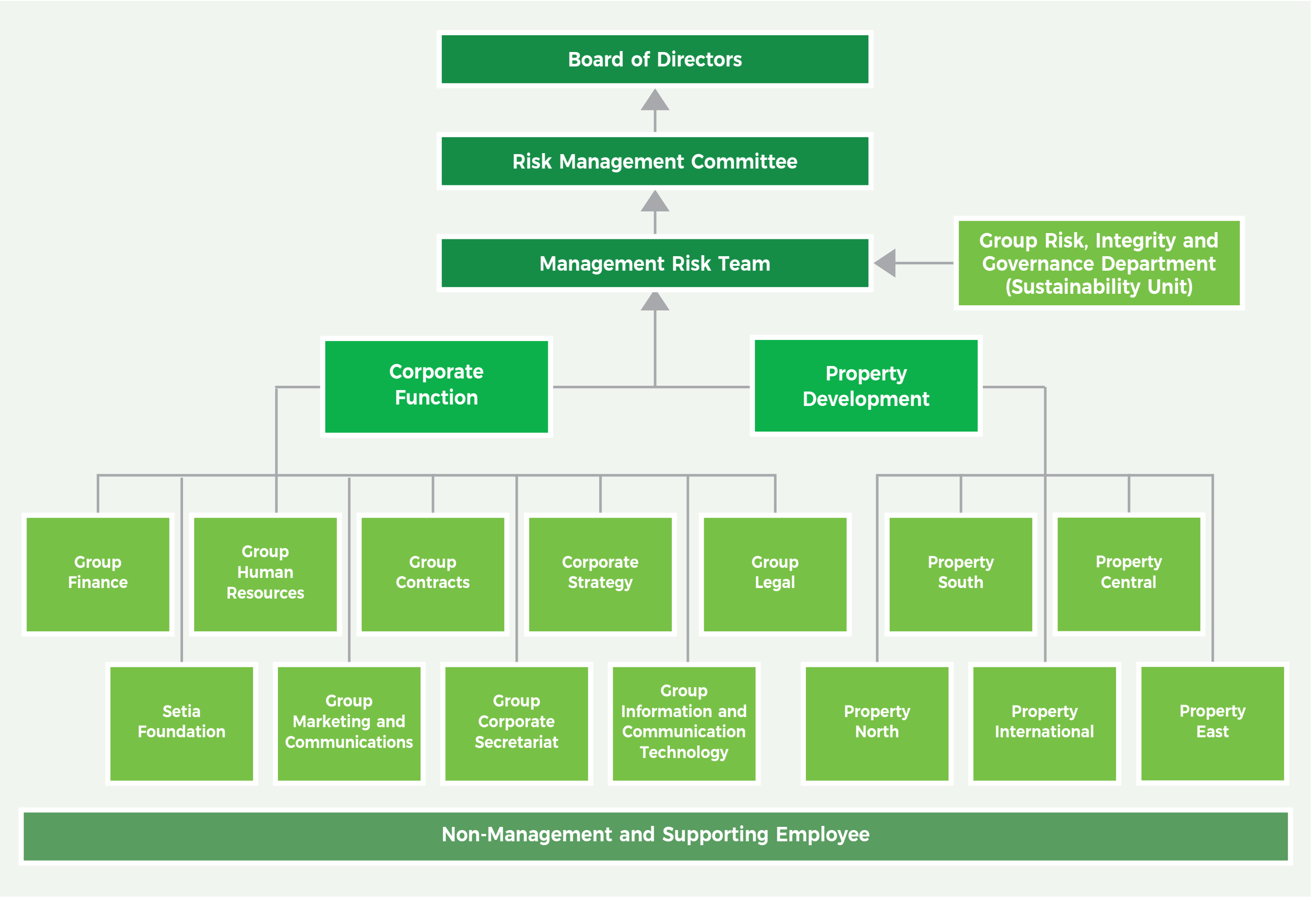
**Social:** We encourage continuous community engagement and social interaction while portraying strong work ethics and integrity.

We strive to achieve each of the sustainability agenda with the involvement of all our stakeholders to understand their specific needs and requirements. We focused at anticipating and responding to the changes in business environment to remain relevant and ensure business sustainability, maintaining continuous embedment of risk management culture, recognising opportunities which would enhance value creation to stakeholders and strengthening of our sustainability practices through continuous learning and improvement. This is further elaborated in the following "Stakeholder Engagement" section.

Sustainability practices are integrated in all aspects of business in S P Setia Berhad such as governance, strategic planning, regulatory compliance, reporting & monitoring and risk management. This is to uphold good corporate governance practices, contribute to the building of the nation and protection of the Company's brand as Malaysia's No. 1 Property Developer and remain relevant in the property industry.

# SUSTAINABILITY STATEMENT

**Governance structure**




The Risk Management Committee oversees the sustainability practices in S P Setia Berhad while the Board remains to have the ultimate responsibility. RMC monitors the consistent enforcement of Sustainability Policies across S P Setia Berhad and reviews on a regular basis to ensure relevancy to the business and operations, alignment with prevailing laws and regulations and compliance with the Company's sustainability targets and goals. The committee articulates, challenges and provides guidance on identified sustainability matters, materiality ratings, targets and indicators, and sustainability action plans if any.

As a continuous effort to enhance the sustainability management within S P Setia Group, sustainability matters will be discussed as a quarterly agenda during the RMC meetings and Board meetings starting next financial year to ensure the matters are communicated and managed timely.

S P Setia Berhad's sustainability management is delegated to the Management Risk Team, which consists of members of the Company's Senior Management. The MRT is supported by the business units which, guided by the MRT, focus on operational risks and monitoring the progress of our EES activities. The MRT deliberates on material sustainability matters relating to EES risks as well as new opportunities on a quarterly basis and keeps the RMC and Board updated on these issues.

Subsequent to the financial year, a Sustainability Unit under the Group Risk, Integrity and Governance Department was established to assist the MRT in managing the sustainability matters within the Company. The Sustainability Unit's key roles include facilitating the sustainability management processes such as data collection and reporting. The Sustainability Unit provides independent input on sustainability materiality assessment, targets and indicators, and action plans comprehensiveness. The Sustainability Unit is also responsible to lead the sustainability education programmes and regularly sharing insights into sustainability trends with the business units.

Principal roles and responsibilities for each of the reporting line and job description for various levels of sustainability officers were also established.



## STAKEHOLDERS ENGAGEMENT

As a leading property developer, we are aware of how our business decisions affect our stakeholders, which include shareholders, customers, regulators, employees and the local communities.

We continuously engage with our stakeholders to understand their concerns and areas of interest and to obtain feedback through various channel of engagements including meetings, events and roadshows, surveys and online platforms (website and social media) as summarised in the table below.

| Key Stakeholder Group | Channel of Engagement | Frequency of Engagement | Concerns Raised | Our Response |
|---|---|---|---|---|
| **INVESTORS**<br>Our investors are the provider of our capital with the expectation they receive monetary benefits in return. | • General meetings<br>• Corporate announcements<br>• Regular analysts and investors briefings<br>• Media announcements<br>• Annual reports<br>• Company websites<br>• Project specific micro-websites<br>• Project launches | DY<br>WK<br>MO<br>QT<br>AN | • Economic and financial performance<br>• Sustainable revenue and profit growth<br>• Dividend prospects | We engage with investors and potential investors regularly through our channel of engagement, ensuring they understand our prospects and future growth. Other areas we provide to investors include:<br>• Share liquidity<br>• Share price performance<br>• Dividends growth prospects<br>• Sustainability, social investment and corporate governance |
| **SHAREHOLDERS**<br>Our shareholders invest in us as the provider of our capital with the expectation they receive monetary benefits in return and believe in our cause and economic benefits. | • General meetings<br>• Corporate announcements<br>• Analysts briefings<br>• Media announcements<br>• Annual reports<br>• Company websites<br>• Project launches | DY<br>WK<br>MO | • Economic and financial performance<br>• Dividend and growth prospects<br>• Sustainability performance and tracking | Similar to investors, we engage our shareholders updating them on:<br>• Share liquidity<br>• Share price performance<br>• Dividends growth prospects<br>• Sustainability, social investment and corporate governance |
| **FUND PROVIDERS**<br>Fund providers support us through the provision of short- and long-term capitals enabling us to manage our operation and achieve our business objectives. | • Periodic reporting<br>• Loan covenant compliance reporting | PR<br>QT<br>HY<br>AN | • Economic and financial performance<br>• Dividend and growth prospects | We report to our fund providers through periodic reporting such as regular loan covenant compliance report. |
| **ANALYSTS**<br>Our analysts provide us with information such as economic conditions, business prospects and regulatory updates. They provide the information of our Company to our investors through media briefings, commentaries and articles. | • General meetings<br>• Corporate announcements<br>• Analysts briefings<br>• Media announcements<br>• Annual reports<br>• Company websites<br>• Project launches | PR<br>QT<br>AN | • Business overview<br>• Strategic imperatives<br>• Economic and financial performance<br>• Growth prospects<br>• Corporate governance<br>• Sustainability performance and tracking | We update our analysts through our regular briefing updates. We organise various events engaging our analysts briefing them about our businesses, its prospects and our achievements. |

# SUSTAINABILITY STATEMENT

| Key Stakeholder Group | Channel of Engagement | Frequency of Engagement | Concerns Raised | Our Response |
|---|---|---|---|---|
| **GOVERNMENT/REGULATORS**<br>We work closely with both Federal, local governments and municipalities. Through our experience and expertise in private sector operation, we help managing infrastructure investments and to shape policy and regulatory changes relevant to our businesses. | • Direct meetings<br>• Industry associations<br>• Regulatory requirements reporting<br>• Compliance reporting<br>• Site inspections and visits | PR | • Regulatory requirements<br>• Economic issues<br>• Environment issues<br>• Public and community engagements<br>• Government policies | We regularly involve with various government and authorities' discussions related to our businesses and discuss government policies and regulatory requirements. |
| **CUSTOMERS**<br>Customers are at the heart of our business. We understand our markets and endeavour to exceed our customers' expectations. We care how our customers' feel about us, our products and services so we can deliver improvements. | • Corporate announcements<br>• Media announcements<br>• Company websites<br>• Project launches<br>• Customer satisfaction surveys<br>• Online platforms<br>• Customers events<br>• Corporate and product brochures | DY<br>WK<br>MO<br>QT<br>AN | • Product and service quality<br>• Product and services features/ amenities and facilities<br>• Timely delivery<br>• Pricing of products and services<br>• Safety and security | We conduct regular planned meetings and briefings to both our potential and existing customers through the following.<br>• Project launches<br>• Customer community events – e.g. open day, women's day, marathon<br>• Customers forum<br>• Customer satisfaction |
| **MEDIA**<br>Media comprise organisations, both profit and non-profit channels and formats controlled by communities of practice and interest | • General meetings<br>• Corporate announcements<br>• Analysts briefings<br>• Media and press announcements<br>• Annual reports<br>• Company websites<br>• Project launches | DY<br>WK<br>MO<br>QT<br>AN | • Long-term relationship building<br>• Impact to communities<br>• Awareness and promotions<br>• Advertisements | We brief media on our business operations, products and services, business plans and strategies through series of programmes established as part of media communication. |
| **EMPLOYEES**<br>Our people drive our businesses. We strive to create a diverse and inclusive workplace where all our colleagues can reach their full potential. We provide conducive working environment enabling our people to work comfortably, effectively and efficiently. | • Induction programmes<br>• Employees activities<br>• Corporate activities – such as annual dinner<br>• Performance development programmes<br>• Employees well being | DY<br>WK | • Compensation and benefits<br>• Career enhancements<br>• Health, safety and environment<br>• Performance development<br>• Exit and retirement benefits<br>• Succession plan | Our people are most important to us. We ensure our employees are well taken care of through several initiatives including competitive compensation and benefit plans, their health and wellness and providing a safe and conducive working environment. |
| **SUPPLIERS/CONTRACTORS**<br>Our suppliers and contractors provide us with the materials and services we require enabling our businesses to serve the customers and communities. | • Daily contacts – telephones and e-mails<br>• Periodic meetings and briefings<br>• Tender briefings<br>• Contract and legal discussions<br>• Project updates and meetings | DY<br>WK<br>MO | • Payment terms<br>• Contract terms and conditions<br>• Future business dealings | Our suppliers and contractors are directly impacted by our business operation. We ensure that our suppliers and contractors understand our business needs and areas covering integrity, labour and human rights, inclusivity and health, safety and environment. |
| **LOCAL COMMUNITIES**<br>Our business impact the surrounding communities where we operate. We aim to provide social and economic benefits to the communities. | • General meetings<br>• Corporate announcements<br>• Analysts briefings<br>• Media announcements<br>• Annual reports<br>• Company websites<br>• Project launches<br>• Community activities – bullying, women empowerment<br>• Festive seasons celebrations | DY<br>WK | • Economic well-being<br>• Safety and health<br>• Impact of operations on surrounding communities and environment<br>• Employment opportunities | • Sponsorship, financial assistance and charity<br>• Industrial training<br>• CSR Programmes<br>• Recruiting from impacted communities<br>• Visits, seminars and joint activities |

DY Daily | WK Weekly | MO Monthly | QT Quarterly | AN Annually | PR Periodically | HY Half Yearly

Throughout the year, we diligently consider feedback and comments gathered and through these encounters gain valuable input on our economic, environmental and social performance. Based on this information, we continuously improve our business processes and create products that our customers appreciate.


*S P Setia Berhad Annual General Meeting 2019*

# SUSTAINABILITY STATEMENT

## MATERIALITY ASSESSMENT AND KEY SUSTAINABILITY MATTERS

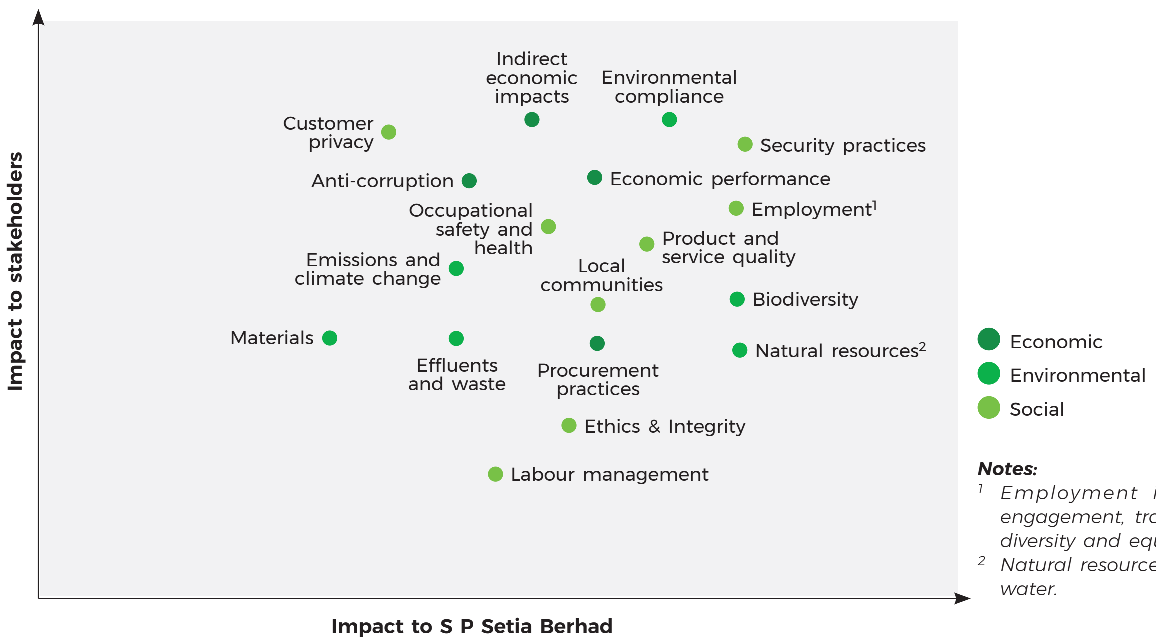
During the year, materiality assessment was conducted and material sustainability matters which are critical to S P Setia Berhad's business and our stakeholders were identified.

The process of materiality assessment was guided by the GRI sustainability standards, a widely adopted global standards for sustainability reporting, and as recommended by Bursa Securities for all listed entities. In addition, we have also adopted several goals under the UNSDG Agenda and GRESB Framework sustainability framework and indicators which we feel are important and relevant to the business and the Company.

| Global Reporting Initiatives | |
|---|---|
| GRI is an independent international organisation which helps businesses and governments worldwide understand and communicate their impact on critical sustainability issues. GRI Standards are the most widely adopted global standards for sustainability reporting and are designed to enhance the global comparability and quality of information on these impacts, thereby enabling greater organisational transparency and accountability. | |
| **United Nations Sustainable Development Goals** | **Global Real Estate Sustainability Benchmark** |
| UNSDG are 17 interconnected and equally valued initiatives aimed to build a sustainable and inclusive world by 2030. Unanimously committed to by 193 nations in 2015, the 17 sustainability goals contain 169 proposed targets with implementation strategies for countries to adopt. | GRESB was launched in 2009 by a group of large pension funds who wanted to have access to comparable and reliable data on the ESG performance of their investments. In the intervening years, GRESB has grown to become the leading ESG benchmark for real estate and infrastructure investments across the world. |

We conducted 13 materiality workshop sessions with all business units to identify and assess the sustainability matters which are relevant and important to both S P Setia Berhad and our stakeholders. In these workshops, the impact to both S P Setia Berhad and impact to our stakeholders were measured against an established impact parameters and materiality matrix.

The materiality profile of the Group was plotted based on the feedback gathered during these workshops as shown in the table below.




*Notes:*

[1] *Employment includes employee engagement, training and education, diversity and equal opportunity.*

[2] *Natural resources include energy and water.*

The sustainability matters identified were categorised into three (3) wider sustainability factors, based on GRI standards – Economic, Environment and Social. From thereon, the top eleven (11) material sustainability matters critical to S P Setia Berhad were identified as follows:

**S P Setia Berhad Top Eleven (11) Material Sustainability Matters**

1. Security practices
2. Employment
3. Environmental compliance
4. Indirect economic impacts
5. Economic performance
6. Product and service quality
7. Occupational health and safety
8. Biodiversity
9. Natural resources
10. Local communities
11. Procurement practices

Based on the top eleven (11) material sustainability matters identified, S P Setia Berhad had reviewed and adopted the UNSDG which are relevant and aligned to S P Setia Berhad's policies and agendas. This include:


The top eleven (11) material sustainability matters mapped to the UNSDG are shown in the table below:

| Material Sustainability Matters | UNSDG Reference | Why Is It Important | Risk/Opportunities | Our Responses |
|---|---|---|---|---|
| **Economic** | | | | |
| **Economic performance** | 8 | Sustain economic growth and achieve higher levels of economic productivity to meet the needs of our shareholders and investors. | Changing customer requirement and increasing regulatory requirement has made the property industry a challenging one. | We strive to find a balance between creating value for our customers and achieving financial results to meet the benefits of our stakeholders especially shareholders and investors.<br>*Please refer to page 135 for more details.* |
| **Indirect economic impacts** | 8<br>11 | • Ensure access for all adequate, safe and affordable housing and basic services.<br>• Provide safe, accessible and sustainable transport systems for all, improving road safety.<br>• Enhance inclusive and sustainable urbanisation and capacity for participatory, integrated and sustainable human settlement planning and management.<br>• Increase income-generating employment opportunities. | Consideration of broader economic, environmental, social and governance principles in the context of direct and indirect financial performance. | Indirect economy benefits such as infrastructure investments, job opportunities and healthy well-being to the communities are considered in all our project developments, particularly with our Eco-series township projects.<br>*Please refer to page 135 for more details.* |
| **Procurement practices** | 8<br>12 | • Improve progressively global resources efficiency in consumption and production.<br>• Endeavour to decouple economic growth from environmental degradation.<br>• Ensure sustainable consumption and production patterns. | Natural resources are finite, and the availability and rising costs of these resources (e.g. building materials) have significant impact on a developer's bottom line and financial performance. | We were the first property developer in Malaysia to obtain the Chain of Custody ("COC") certification issued by the Malaysian Timber Certification Scheme ("MTCS") since 2017.<br>In addition, almost 100% of our purchases were sourced locally and a very minimal amount of purchases was sourced from overseas supplier. Nonetheless, purchases are made through local agents, wherever possible.<br>*Please refer to page 139 for more details.* |

## SUSTAINABILITY STATEMENT

| Material Sustainability Matters | UNSDG Reference | Why Is It Important | Risk/Opportunities | Our Responses |
|---|---|---|---|---|
| **Environment** | | | | |
| **Natural resources (energy and water)/ Environmental compliance** | 6 CLEAN WATER AND SANITATION; 7 AFFORDABLE AND CLEAN ENERGY; 13 CLIMATE ACTION | • Ensuring access to reliable, sustainable and modern energy services.<br>• Increase the share of renewable energy and improve energy efficiency.<br>• Strengthen resilience and adaptive capacity to climate-related hazards and reduce impact on social, economic and natural systems.<br>• Ensure availability and sustainable management of water for all. | The building sector has strong environmental impact and is heavily reliant on natural resources for its operations.<br><br>Climate-related litigation, new policies and more stringent regulations such as carbon pricing, water tariffs hike and stricter building standards are expected. Rising energy cost and carbon pricing will pose challenges to maintain profitability and sustained growth. | Environmental concerns are centric in all our property development projects. Green design such as efficiency use of energy and water are considered throughout the project lifecycle from design, planning to construction.<br><br>Our initiatives are guided by S P Setia Berhad's Group Environmental Management System which has been certified ISO 14001:2004, resulting in S P Setia Berhad garnering various green building awards and certification for a number of our projects.<br><br>*Please refer to page 143 for more details.* |
| **Biodiversity** | 5 GENDER EQUALITY | • Conserve and restore the sustainable use of terrestrial and inland freshwater ecosystems.<br>• Promote sustainably managed forests and combat desertification, halt and reverse land degradation and halt biodiversity loss.<br>• Integrate ecosystem and biodiversity values into planning and development process. | Failure to comply environmental regulation on conserving forest and habitat can lead to consequence of reputation and ability to achieve business operation.<br><br>A township that integrates green initiatives bodes well for the customers as there are increasing awareness on longer-term sustainability and environmental concerns. | Our eco-philosophy DNA safeguards environmental protection and advocates green initiatives to preserve the biodiversity and ecosystem. This is particularly evident in our Eco-Series projects such as Setia Eco Glades, Setia Eco Park and Setia Eco Templer.<br><br>We collaborated with various environmental associations and interest groups such as Forest Research Institute Malaysia ("FRIM"), Malaysian Nature Society ("MNS"), Zoo Negara and Penang Butterfly Farm to conduct an analysis of the biodiversity landscape in the selected project locations.<br><br>*Please refer to page 144 for more details.* |
| **Social** | | | | |
| **Employment (incl. training and development and diversity and equal opportunity)** | 5 GENDER EQUALITY; 10 REDUCED INEQUALITIES; 8 DECENT WORK AND ECONOMIC GROWTH | • Provide decent work for all women and men, including for young people and persons with disabilities.<br>• Achieve full and productive employment and promote safe, secure and conducive working environment that supports creativity and innovation.<br>• Ensure equal opportunities, equal pay for work of equal value, reduce inequalities of discrimination and promoting appropriate legislation and policies. | Talent development opportunities are provided to groom our employees to be the future leaders of S P Setia Berhad and part of our succession planning.<br><br>The outflow of talent will impact on S P Setia Berhad's human resources, operational efficiency and sustained growth. | Diversity and inclusion form the essence of Team Setia. We also put emphasis on workplace and employee benefits, talent development and various engagement activities.<br><br>*Please refer to page 149 for more details.* |

| Material Sustainability Matters | UNSDG Reference | Why Is It Important | Risk/Opportunities | Our Responses |
|---|---|---|---|---|
| **Social (Cont'd.)** | | | | |
| **Occupational health and safety** | 3 GOOD HEALTH AND WELL-BEING | • Achieve universal health coverage, including financial risk protection and access to quality healthcare services and medicines / vaccines for all.<br>• Address the growing burden of mental health and well-being.<br>• Tackle deaths and illnesses from hazardous chemical, air, water and soil pollution. | The safety, health and wellness of employees and contractors' workers may affect work performance and productivity.<br><br>As most activities at construction sites and managed buildings are carried out by third parties, the appointed contractors are also exposed to workplace health and safety risk if the management of contractors is not sufficiently stringent. | The safety and wellbeing of our people is our priority and we place great emphasis on strong health and safety standards being maintained across the Group, both in our offices and at project sites.<br><br>Various programmes are in place to ensure conducive and safe workplace such as establishment of Group Safety Committee, OSHAS 18001 compliant, implementation of Quality Excellence Award Programme ("QEAP"), continuous Health, Safety and Environment ("HSE") awareness and trainings, and provision of adequate employee medical benefits and insurance.<br><br>Through our continuous and relentless safety efforts, we achieved ZERO Lost Time Incident ("LTI") major incidents.<br><br>*Please refer to page 155 for more details.* |
| **Product and service quality** | 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE | • Develop quality, reliable, sustainable and resilient infrastructure to support economic development and human well-being.<br>• Increase resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial process. | Delivery of quality products and services directly affects customer satisfaction, corporate reputation and sales. | Our quality commitments are demonstrated through the maintaining of the ISO 9001 accreditation, our QEAP, In-process Construction Quality ("ICQ") Assessment and Construction Performance Assessment ("CPA"). During the year, our overall property development projects have exceeded the targeted score of 75%, with ICQ score at 81% and CPA score at 79% respectively.<br><br>*Please refer to page 158 for more details.* |
| **Security Practices** | 16 PEACE, JUSTICE AND STRONG INSTITUTIONS | Reduce all forms of violence and related death rates. | Failure to meet legal obligation and contractual responsibility to ensure the safety of the occupant at the residential, office and commercial developments could lead to reputational and financial losses. | Providing a safe and secure environment for our customers is our top-most priority. We have assigned auxiliary police force and security guards for our townships, sales gallery and convention centres. We had also constructed and installed integrated perimeter fencing security and tight security system within our projects to enhance the security monitoring.<br><br>*Please refer to page 160 for more details.* |
| **Local Communities** | 4 QUALITY EDUCATION | • Access to education to help lift people out of poverty, bring a deeper understanding of the world around us and provide better opportunities for everyone.<br>• Educate on sustainable development, including, among others, sustainable lifestyle, gender equality, peace and non-violence and appreciation of cultural diversity. | Continuous engagement with the local communities provides a platform for S P Setia Berhad to achieve high quality, efficient and collaborative care that extends beyond its customers. | As a responsible corporate citizen, we have established S P Setia Foundation since 2000 with the aim of helping underprivileged individuals and charitable bodies. Since then, we have provided and disbursed more than RM74.3 million in its area of interest i.e. education, general welfare and medical assistance. This is achieved via its two core programmes i.e. #StandTogether Campaign and Setia Caring School Programme.<br><br>*Please refer to page 161 for more details.* |

A detailed explanation for each sustainability areas of economic, environment and social is provided in the next section.

# ECONOMIC

**As a leading property developer in Malaysia, we strive to find a balance between achieving financial results to meet the benefits of our stakeholders, especially shareholders and investors, and creating value for our other stakeholder groups.**

**We are committed to provide accessible and green leisure developments with excellent features, amenities and facilities, which not only benefit the customers but also the surrounding local communities. We create business opportunities by procuring materials for our project developments from local business associates with sustainable practices aligned to the Group.**

*Battersea Sales & Marketing event at Battersea Hall, Setia International Centre, Kuala Lumpur*





## ECONOMIC PERFORMANCE

### Financial Performance

Our financial performance is monitored through a multi-layered process. The CFO engages the budget holders within each department on a regular basis and based on these interactions, receives a draft budget, which is vetted by the Board. The Management Team discusses financial performance once a month, and does a forecasting review each quarter, which allows to adjust our activity levels and ensure that we remain financially healthy and stable. The Management Team also performs ongoing review of the process throughout the year, to monitor effectiveness and evaluate whether expenses are proceeding as forecasted in the budget.

The Company's financial performance achieved an upward reversal in terms of revenue in FY 2019. Further information can be obtained from Management Discussion and Analysis section in pages 32 to 67 and Financial Statements from pages 177 to 309.

We will continue our efforts to strive better achievement for sustainable long-term growth.

## INDIRECT ECONOMIC IMPACTS

Our property development projects are highly concentrated on developing townships not only to bring economic growth in a particular area but also providing indirect economy benefits such as infrastructure investments, job opportunities and healthy well-being to the community particularly with its Eco-Series township projects. We invested heavily in these infrastructures that connect people and enhance the overall accessibility and features for our projects.

### Infrastructure Investments

For the past three years, a total of approximately RM246.56 million were invested in constructing various infrastructures such as highways and link roads which provide greater accessibility for the local communities as well as the neighbouring areas. Upgrading of road works were also carried out to improve traffic flow, safety and convenience.

| Projects | Type of Infrastructure Investment | Year Completed | Total Investment Amount (RM mil) |
|---|---|---|---|
| **KL Eco City** | KLEC link bridge | 2019 | 125.58 |
| | Internal roadway | 2018 | |
| | Improvement of NPE junction | 2017 | |
| | Overall street lightings for internal roadway | 2017 | |
| **Setia Federal Hill** | 24 units government quarter | 2019 | 26.8 |
| **Bandar Setia Alam** | Pasar Muhibbah at Precinct 17 | 2019 | 15.86 |
| | Upgrading NKVE Link - Jalan Meru | 2019 | |
| | Landscape maintenance works for ring road package 1 & 2 and NKVE Meru Link | 2017 | |
| | Temporary car park at TNB Reserve Pylon Precinct 8 | 2017 | |
| **Setia EcoHill** | Landscape maintenance works for town park | 2019 | 1.27 |
| | Landscape maintenance works for Setia EcoHill Link | 2018 | |
| | Landscape maintenance works for town park | 2017 | |
| | Upgrading signages at LEKAS highway | 2017 | |

| Projects | Type of Infrastructure Investment | Year Completed | Total Investment Amount (RM mil) |
|---|---|---|---|
| Setia EcoHill 2 | EcoHill Link 2 | 2018 | 53.50 |
| | Soft & hard landscape works for town park (South Creek) | 2018 | |
| | Soft & hard landscape works for Adventure Park (Precinct 10) | 2018 | |
| | Site clearance, earthworks, road, drainage & associated works for adventure park (Precinct 10) | 2018 | |
| | Softscape for Setia EcoHill Link 2 | 2018 | |
| | Play equipment | 2018 | |
| | Fitness equipment, obstacle run & low flying fox | 2018 | |
| | Playground and fitness equipment for town park (South Creek) | 2018 | |
| Bandar Kinrara | 1# single-storey public community hall at BK5B, Bandar Kinrara | 2019 | 3.28 |
| Setia Eco Glades | Road and drainage work for 2nd southern entrance | 2018 | 3.9 |
| Setia Tropika | Single-storey commercial building (Tesco) | 2019 | 18.77 |

Future infrastructure investment projects include:

| Projects | Type of Infrastructure Investment | Year Completed | Investment Amount (RM mil) |
|---|---|---|---|
| Setia Alamsari | Jalan Reko and Persiaran KWSP for MPKJ | Year 2022 (target) | 13.5 |
| | Jalan Bangi Lama | Year 2021 (target) | 5.0 |
| Setia Warisan Tropika | JKR Road | Year 2020 (target) | 9.27 |

**Commercial Buildings**

**Setia EcoHill Taipan**

*Setia EcoHill Taipan*

Setia EcoHill Taipan, completed in December 2019, consists of 56 units of shop-offices designed with colourful glass façade, spacious floor plan and high ceiling. The three to four-storey units were fully sold upon launch in 2015, with a good mix of businesses including clinics, trading companies, F&B outlets as well as other services.

The project has created many job opportunities as well as benefited the surrounding neighbourhood area with matured communities of approximately 60,000 residents.

**Aeropod**

*Aeropod Sabah*

Aeropod is the largest integrated linear city in Kota Kinabalu spanning over 60 acres of land. Featuring versatile office spaces, a 300,000 square feet lifestyle retail mall, world-class hotels, serviced apartments, luxury residential towers and a modern railway station, it has 3.8 million square feet of gross floor area.

We project 176 SOVO units to be completed in 2020, providing ample job opportunities.

**Shangri-La Hotel Melbourne, Australia**

*Artist impression of Sapphire by the Gardens*

Estimated to be completed in 2022, Sapphire by the Gardens in Melbourne creates job opportunities for the locals in Australia. The development consists of 346-unit residential tower and 500 rooms for the Shangri-La Hotel.

An estimation of over 1,000 jobs were provided during the construction stage. Moving forward, the development is expected to provide 950 job opportunities to sustain the operations of the hotel which includes Melbourne's second largest ballroom with the size of 1,600 square meters.

### Transportation Hub


*Abdullah Hukum KTM Station*

*KL Eco City's pedestrian link bridge*

One of the major milestones for S P Setia Berhad is the completion of the Abdullah Hukum KTM Komuter station in 2018 and a pedestrian link-bridge to Mid Valley City and The Gardens last year which further enhances the connectivity to its KL Eco City project. The station has incorporated with energy saving concepts such as natural ventilation and LED lightings.

In our other development, Alam Impian has allocated 6.36 acres of land, earmarked for a transport hub as a smart partnership project with Majlis Bandaraya Shah Alam. It's planned for a regional transportation hub serving Alam Impian township and its immediate surrounding developments.

### National Institute of Health

*National Institute of Health at Setia Alam*

The National Institute of Health ("NIH") building which sits on a land size of 40 acres at Setia Alam is an integrated research complex with state-of-the-art facilities comparable with international health centres. The NIH houses 6 research institutes under the Health Ministry i.e. the institute of Medical Research, Public Health, Health Management, Health System Management, Health Behaviour Research and Clinical Research Centre is able to accommodate 2,000 medical and non-medical employee.

### International Schools


*Tenby International School, Setia Eco Park*

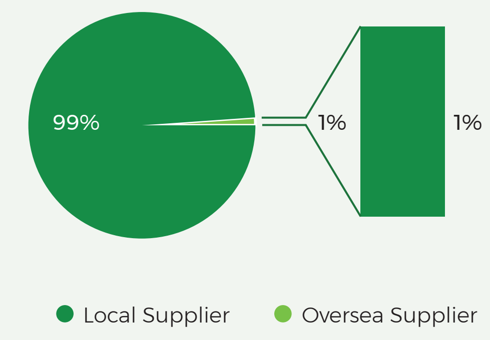
Tenby International School is a leading education group offering private national and international curricular across various states in Malaysia such as Ipoh, Penang, Miri, Johor, Semenyih and Selangor. S P Setia Berhad has partnered with Tenby International for the past few years to provide a conducive learning environment in our eco-theme townships such as Setia Eco Park, Setia Eco Gardens and Setia EcoHill.

Tenby Schools Setia Eco Park was recently awarded the Green Flag status by WWF-Malaysia under the banner of the global Eco-Schools Programme, with its eco-friendly design such as solar panels, rain-harvesting system and a biodiversity garden.

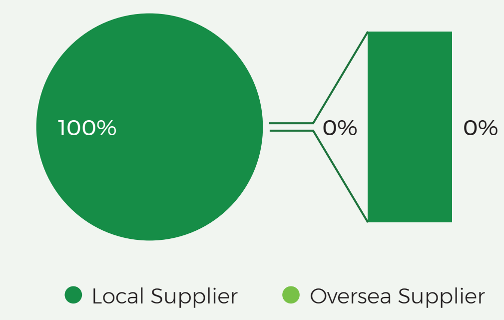




Ratio of Local Suppliers to Overseas Suppliers (By Number)




Ratio of Local Suppliers to Overseas Suppliers (By Purchases)




## PROCUREMENT PRACTICES

### Sourcing Sustainable Materials

S P Setia Berhad endeavour to source its building materials derived from sustainability practices for the Company's property development projects. Setia Wood Sdn. Bhd. ("Setia Wood"), a fully owned subsidiary of S P Setia Berhad is certified by MTCS since November 2017 under "Programme for the Endorsement of Forest Certification Schemes ("PEFC")/COC which demonstrates Setia Wood as a responsible timber manufacturing for the Company's property development projects. With this certification, S P Setia Berhad becomes the first property developer in Malaysia to showcase its support for sustainable forest management.

The certification demonstrates our subsidiary – Setia Wood conformance to the PEFC International Standard which include the purchase of PEFC certified sawn timber, veneer, plywood and PEFC Controlled Sources sawn timber, manufacturing and sales of PEFC certified engineered timber floorings products of the chain of custody standard.

S P Setia Berhad always ensure and requires all suppliers and service providers to adhere to its quality standard and code of ethics. To manage this, all vendors and suppliers will go through a structured pre-qualification assessment, signing of service level agreement and annual performance evaluation.

We support local business by building and maintaining close relationships with the suppliers and service providers. Almost 100% of our purchases were sourced locally. A very minimal amount of purchases was sourced from overseas supplier. Nonetheless, purchases are made through local agents, wherever possible.

# ENVIRONMENTAL

**Sustainability management is integrated into the day-to-day activities of S P Setia Berhad, particularly in its core business of property development. Sustainability is considered throughout the project lifecycle from design, planning to construction. This include the simplest elements of green design such as leveraging on renewable energy sources such as solar energy, optimise building design such as maximise use of daylight and efficient ventilation, usage of energy-efficient lighting, water harvesting methods and usage of non-toxic material.**


*Setia City Convention Centre, Setia Alam*





These initiatives are guided by the Company's Environmental Management System which has been certified ISO 14001:2004, resulting in S P Setia Berhad garnering various green building awards and certification for a number of our projects.

In 2019, for the fourth-year running, S P Setia Berhad clinched the top spot in The Edge Top Property Developer Awards and reigned among the top honours for the 12$^{th}$ time since the award inception.

S P Setia Berhad was also awarded the Best Qualitative Attributes sub-awards during the year. Other notable accolades this year include 12$^{th}$ time winner of FIABCI Malaysia Property Awards, 11$^{th}$ time winner of FIABCI World Prix d'Excellence Award, Malaysia Landscape Architecture Awards ("MLAA"), StarProperty.my Property Award and BCI Asia Awards 2019 Top 10 Developers (Malaysia) Awards.

| Projects | Accolades and Recognitions | Year Awarded |
|---|---|---|
| **Bandar Setia Alam** | FIABCI World Prix d'Excellence Awards World Gold Winner – Affordable Housing Category | 2018 |
| **KL Eco City** | FIABCI Malaysia Property Award – Office Category | 2019 |
| **S P Setia Berhad Corporate Headquarters** | Malaysia Green Building Council 10$^{th}$ Anniversary – Top 10 Green Buildings of the Decade Award 2019 | 2019 |
| **Seputeh** | StarProperty Malaysia The Skyline Award (Excellence) – Best High-Rise Residential Development | 2019 |
| **Setia City Convention Centre** | Malaysian Business Events Awards – Purpose Built Convention & Exhibition Centre 2019 Winner under the Total Saleable Space 15,000 sqm & Below | 2019 |
| **Setia Eco Glades** | EdgeProp-ILAM Malaysia's Sustainable Landscape Award Gold Winner | 2019 |
| **Setia Eco Glades** | StarProperty Malaysia The Poseidon Award (Excellence) – Best Waterfront Development | 2019 |
| **Setia Eco Glades** | FIABCI World Prix d'Excellence Awards World Gold Winner – Master Plan Category | 2018 |
| **Setia Eco Park** | MLAA – Excellence Award for Landscape Development (Developer Category) | 2019 |
| **Setia Eco Park** | MARDI 50$^{th}$ Anniversary – Best Technology Commercialisation Award | 2019 |
| **Setia Eco Park** | MIPPEA Merit Award for Design Excellence Award (Above 500 Acres) Category | 2018 |
| **Setia EcoHill** | The Edge Top Property Developers Award – Affordable Urban Housing Excellence Award | 2019 |
| **Setia EcoHill** | MLAA – Honour Award for Landscape Development (Developer Category) | 2019 |
| **Setia EcoHill** | MIPPEA Merit Award for Place Making and Public Space Award (Private Sector) Category | 2018 |
| **Setia EcoHill** | MLAA Excellence Award for Landscape Development (Developer Category) | 2018 |
| **Setia Federal Hill** | CIDB Highest Industrialised Building System ("IBS") Score | 2019 |
| **Setia Fontaines** | Singapore Landscape Architecture Awards 2019 – Merit Award for Analysis and Planning | 2019 |
| **Setia International Australia** | FIABCI Prix D'Excellence Awards - World Silver Awards in the Residential High-Rise Category | 2019 |
| **Setia International Singapore** | FIABCI World Prix d'Excellence Awards World Gold Winner – Sustainable Development Category | 2018 |
| **SPICE** | FIABCI World Prix d'Excellence Awards 2019 – World Gold Award in the Purpose-Built Category | 2019 |
| **SPICE** | ACEM Engineering Awards – Gold Award of Special Merit | 2019 |
| **SPICE** | StarProperty Malaysia The WOW Award – Most Iconic Development (Commercial) | 2018 |
| **SPICE** | MLAA Honour Award for Landscape Development (Developer Category) | 2018 |
| **SPICE** | FIABCI Malaysia Property Award – Purpose-Built Category | 2018 |

# SUSTAINABILITY STATEMENT

Several of our projects have also garnered the Malaysia's Green Building Index ("GBI") certifications, United States of America's Leadership in Energy and Environmental Design ("LEED") for Core & Shell, and the Australia's Green Star Rating as illustrated below:


## RESPONDING TO CLIMATE CHANGE

The recent event and physical risks resulting from climate change could have a material adverse effect on our properties, operations and business. Climate change causes changes in weather patterns, our coastal markets of Penang, Sabah, Johor and low-lying areas in Wilayah Persekutuan of Kuala Lumpur and Putrajaya could experience increasingly severe storms, extreme temperatures, rising sea levels and/or drought. Climate change may have indirect effects on our business. These effects may include increasing the cost of property insurance on competitive and challenging terms, increasing the cost of energy and water and increasing the cost of business continuity risk at our properties. These conditions could result in financial implications, such as direct damage to properties, supply chain disruption, declining demand for our developments or our inability to sell our properties and operate our offices at all.

Our stakeholders support climate preparedness and resiliency efforts, including our Risk Management, Property Development, Construction, Property Management departments, external consultants and executive leadership.

S P Setia Berhad develops and operates in geographically diverse locations. Each of our development projects and business operation have unique risk profiles and insurance requirements. Our projects are also at different stages of their lifecycles. These projects may be in operation and/or in stage of pre-sales activities and not up for intensive capital investment, while other projects are under development. Our resiliency activities are largely dependent on each of these unique attributes, physical location and risk profile of the projects.

On our contribution to climate change, our efforts are concentrated towards 3 main themes:

- Energy
- Water
- Biodiversity





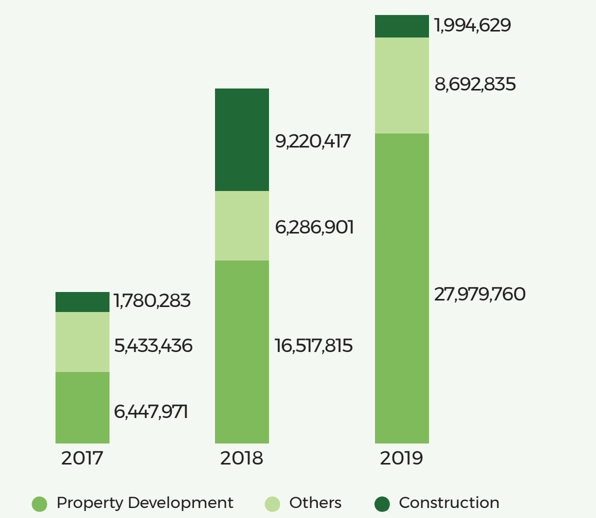
The following sections highlight our activities relevant for each theme.

## NATURAL RESOURCES

### Energy

As part of the green building design, energy efficiency is improved through installation of solar panels, usage of energy-efficient fittings such as LED lightings and rated air-conditioning system, smart meter and sensors, natural ventilation and adequate building insulation to reduce heat gain.

**S P Setia Berhad Electricity Consumption (in kW/h)**



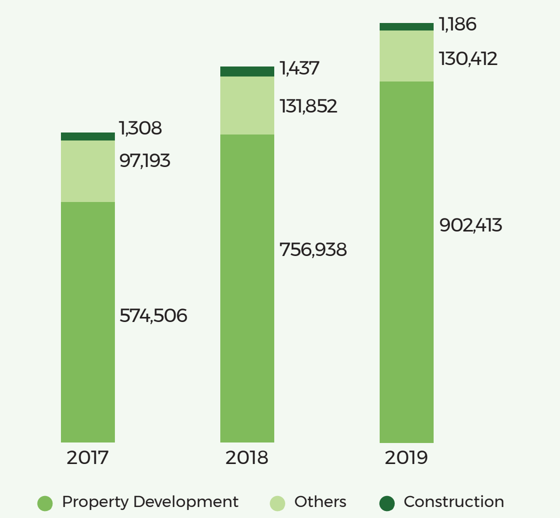

During the year, S P Setia Berhad had consumed a total of 38.67 million kW/h (2018 – 32.03 million kW/h) of energy. The increase of 71% from 2018 to 2019 for the Property Development segment was due to the completion of new sales gallery and administration offices for the Company's new projects and phase launches such as Aeropod, Setia Alamsari, Setia Eco Templer, Setia EcoHill and the full operation of KL Eco City Mall.

Others segment which include S P Setia Berhad Corporate Headquarters, convention centres and security function saw an increase of 38% from 2018 to 2019, mainly from an increase in activities and programmes held in SPICE Convention Centre. Whereas, the decrease in the energy consumption for the Construction segment was due to decrease in precast and Industrialised Building System ("IBS") projects during the year.

### Water

During the year, S P Setia Group had consumed a total of 1.03 million $m^3$ (2018 – 0.89 million $m^3$) of water. The water consumption increased 19% from 2018 to 2019 for the Property Development segment mainly due to the completion of KL Eco City ("KLEC") Mall. KLEC Mall completion resulted in higher water consumption due from commercial activities, cleaning and maintenance services.

**S P Setia Berhad Water Consumption (in $m^3$)**




The others segment resulted in a slight decrease of 1% as the decrease in water consumption at S P Setia Berhad Corporate Headquarters was offset by the increase in water consumption at SPICE Convention Centre. The Construction segment sees a decrease of 17% due to decrease in volume of precast and IBS projects during the year.

To manage water consumption, S P Setia Berhad will be setting a water consumption baseline and targets; and has initiated various programmes to reduce water consumption. These initiatives for responsible water consumption include installation of rainwater harvesting tanks, water efficient taps and fittings; and smart meter to detect any leakages.

## SUSTAINABILITY STATEMENT

### BIODIVERSITY

S P Setia Berhad's eco-philosophy DNA integrates the beauty of nature's wonder with its home-living lifestyle to create an eco-lifestyle concept for its residential projects. Our eco-philosophy DNA not only ensures energy and water efficiency, but also safeguards environmental protection and advocates green initiatives to preserve the biodiversity and ecosystem. This is particularly evident in our Eco-Series projects such as Setia Eco Glades, Setia Eco Park and Setia Eco Templer.

We collaborated with various environmental associations and interest groups such as the Forest Research Institute Malaysia ("FRIM"), Malaysian Nature Society ("MNS"), Zoo Negara and Penang Butterfly Farm, to conduct an analysis of the biodiversity landscape in the selected project locations.

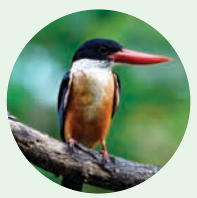
#### Setia Eco Glades

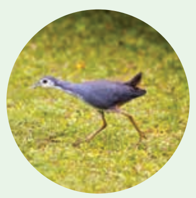
One of our greatest achievements is Setia Eco Glades, which have garnered multiple awards and recognitions for its green initiatives, such as preservation of original flora and fauna, reusing building material such as topsoil, and preparation of orchard garden. Approximately 30% or about 8-acres of the township are designated parks, gardens, lakes, waterway and communal spaces, which were higher than the minimum 10% requirement set by the authorities.

95 tree species were identified at the project location. Out of these, 45 species were identified suitable for transplanting. Altogether, we have transplanted 1,545 mature trees as well as 3,000 saplings within the project location.

55 species were identified at the project location. Due to the more open habitats, 10 species not recorded previously were encountered during this survey, comprising 7 open country birds and 3 migratory species.

Bird species found in Setia Eco Glades include:

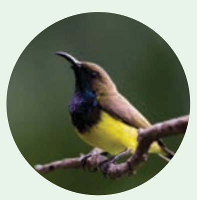

**White Throat Kingfisher**


**Little Heron**


**Pink-Necked Pigeon**


**Dollarbird**


**Common Iora**


**Olive-backed Sunbird**


**Paddyfield Pipit**


**Peaceful Dove**

We collaborated with Entopia by Penang Butterfly Farm and identified and planted 20,000 different food and nectar plants to provide a rich food source for the butterflies as well as to sustain the butterflies' colony. We also planted and propagated 1,000 plant species for the betterment of butterflies living.

A mini butterfly sanctuary was opened at our sales gallery in 2018 with samples of different butterfly species from Setia Eco Glades, which aimed to raise awareness on biodiversity, particularly butterflies, and to educate the community on the ecosystem value of butterflies.

Its theme of "eight islands, eight heritage design, eight fountains" bodes well for the 25 species of fishes identified. Lakes, waterways and canals preserved the mini ecosystem for flora and fauna alike.



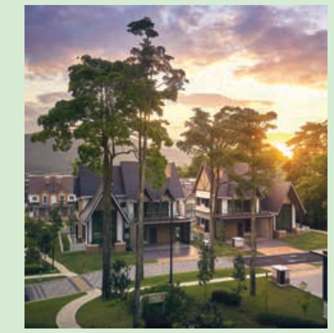


#### Setia Eco Templer

Nestled amidst the majestic Bukit Takun lies Setia Eco Templer embraced by the Templer Park and Kanching rainforest reserves, home to various flora, fauna, animals and birds co-existing in harmony. We worked with MNS to create a natural habitat for the numerous species of birds that can be found in this vast forest reserve while great care has also been taken in transplanting trees within the project development as part of our environmental conservation efforts.

385 trees from 26 species of existing trees were identified, tagged and successfully transplanted throughout the project site. Whereas, 250 trees were identified for preservation to ensure continue food, shelter and nesting sites for birds.

In the middle of the project site uncovers "the story of five trees". A road reserve was re-routed to preserve 5 mature Alstonia Spatulata trees that were growing at the site. All other affected trees were carefully protected during construction to prevent root stress and injury.



82 species belonging to 37 families were recorded, which include 10 species of migratory birds (which occur from August to May) and 3 species are categorised as Near-Threatened species i.e. Helmeted Hornbill, Darkthroated Oriole, Green Iora.

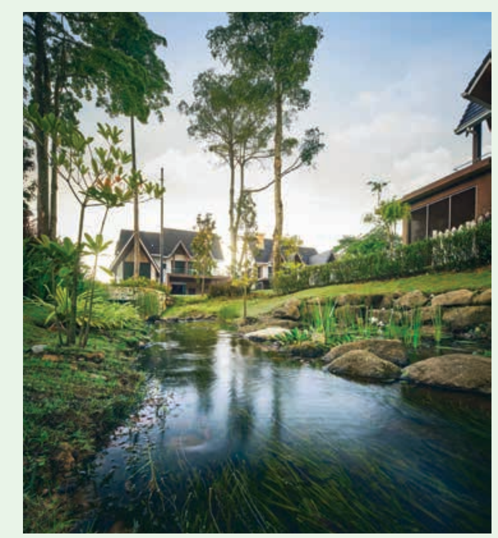
Forested patches, creeks and forest edges are preserved to ensure good habitat and essential food for the birds are maintained.

Based on past experience working with the Penang Butterfly Farm on Setia Eco Park and Setia Eco Glades, our in-house experts carried out a Site Survey on resident species of butterflies.

27,800 nectar plants were introduced and 1,000 species of plants were propagated to attract different species of butterflies back to the completed project site. In addition, feeding stations and butterfly hatches were constructed and sugar-spraying onto plants was carried out to attract butterflies.

27 species of freshwater fishes were identified. Prior to starting earthworks and during rehabilitation of the existing creeks/lakes, fishes were relocated to preservation ponds located around the project site. Once completed, periodical release of suitable fish species was carried out to ensure a balanced ecosystem.

At the Essex Garden, we planted suitable aquatic plants at each individual creek to oxygenate the water and create new habitats and food sources for the fishes and cultivated different fish species in each creek.


*Essex Garden, Setia Eco Templer*

**Setia Eco Park**

Situated next to the Bukit Cherakah Forest Reserve, this provides Setia Eco Park a greener landscape and cooler environment. In our latest phase, Forest Hill Villas, the construction has worked around the contours, rather than cutting through the terrain, to preserve the natural landscaping and eliminate unnecessary disruption to the environment.

22 tree species were identified. 56-acres was reserved as forest park, where the residents are able to enjoy jungle trekking, eco-discovery walks, and a specially created tropical landscape with a diversity of flora and fauna.

65 species belonging to 33 families were recorded in Setia Eco Park and its periphery forested habitat, of which 42 species were recorded within the boundaries of the project site.

The joint research and collaboration between Setia Eco Park and Kuala Lumpur Bird Park was carried out with the objective of attracting and sustaining bird's colony in the project site's natural ecosystem.

Trees with ideal nesting characters are preserved. Feedings stations were constructed and natural fruit trees were planted to attract the birds.

20,000 nos different butterfly food and nectar plants are identified and planted strategically to sustain the butterflies' colony particularly at places like Butterflies Creek and the Swan Lake within the project development. Nearly 1,000 species of plants are planted and propagated to attract different species of butterflies.

A Butterflies Sanctuary was constructed in Setia Eco Park. Caterpillar and larva of butterflies are well taken care of at the nursery before freeing the butterflies back to nature. Between March – September 2018, the sanctuary hatched and released 526 butterflies to the field.

*Butterfly Sanctuary in Setia Eco Park*

12 native species and 2 introduced fish species were identified within its 94-acres of dedicated waterways, lakes and creeks.

### ENVIRONMENTAL COMPLIANCE

At S P Setia Berhad, our Health and Safety ("HSE") team champion's compliance and monitoring of environmental indicators on our development sites. They monitor and audit contractors on a bi-weekly basis on construction waste management, noise pollution, air pollution and effluent management.

We adhere to the guidelines of the Department of Environment ("DOE"). As required by the licencing agreements, respective business units have the following measures in place:

- An Environmental Impact Assessment ("EIA") will be conducted prior to the commencement of any development project that is more than 50 hectares.
- An Environmental Management Plan is designed together with a third-party consultant to ensure that appropriate environmental management practices are adhered to during the construction phase.
- Monitoring and analysis of the quality of the air, water and noise quarterly with measuring equipment placed at strategic points within and around the parameter of the project site.
- Monitoring traffic flows and waste management processes.
- Water spray is deployed to reduce air pollution.
- Emergency Response Plans ("ERP") are established at sites to manage fire, floods and chemical spillages.
- Noise control initiatives are implemented, which include barriers at source of noise pollution and mufflers for machinery.
- On-site toilets are equipped with septic tanks to prevent water pollution.

For smaller projects that do not require an EIA, our internal checklist and standards apply to ensure necessary HSE practices are implemented and environment impact is minimised. The Company has in place its own monitoring and tracking system called Health, Safety and Environment Inspection. The findings are reported to the monthly Senior Management meetings on a monthly basis.

### OTHER GREEN INITIATIVES

- Using low and non-Volatile Organic Components ("VOC") content paints, solvents, adhesives and carpets to improve air quality.
- Zero ozone-depleting potential of building insulants.
- Strict waste minimisation schemes, such as the implementation of wall panel and incorporation of recycled materials.

The Group did not violate any environmental laws and regulations and has not been penalised or fined for any major environmental violation in financial year ended 31 December 2019.

The Group regularly reviews any risks and potential issues related to the environment for its operations. Actions and steps are taken ensuring all environmental factors are within the regulatory requirements of its operations. This include reviewing and monitoring all environmental parameters at all its project locations.

# SOCIAL

**S P Setia Berhad acknowledges the social influences of its operations and activities to its employees, customers and local communities. We pride on being a nurturing organisation that provides a diverse and inclusive workplace, training and career development opportunities as well as competitive benefits to our dedicated employees.**

Security and occupational health and safety are our utmost priority and we have invested heavily on trainings to provide a safe and secure workplace and community. Our product and service quality are maintained at its highest as indicated by our quality scoring and customer satisfaction scoring that exceeds expectations.

We have transformed our townships into thriving communities with the array of social amenities provided and meet the aspirations of our residents and the larger community with our various social engagement programmes. This has enabled S P Setia Berhad to sustain the leadership position in the industry.


*S P Setia Berhad's 2019 Family Day*





## EMPLOYMENT

### Diversity and Inclusion

At S P Setia Berhad, we are consistently focused on inspiring, nurturing and empowering our employees irrespective of background, race and religion. Thus, "Team Setia" was born which creates a unified identity among the employees.

Diversity and inclusion form the essence of "Team Setia" which encourages the acceptance and respect of differences for the minority groups (i.e. gender, age, ethnicity) and maximises on the richness of our people through the diversity of "Team Setia".

To reflect on the importance of diversity and inclusivity in S P Setia Berhad, we have implemented a diversity framework as well as identified diversity advocates within the Group. Our diversity advocates are led by a Board member as the Advisor, CEO as the Sponsor, and COO as the Chairman.

**Areas of focus: Realise, Retain, Raise.**

**Realise**

the potential of every female talent through our development initiatives and by presenting a great value proposition on our Employer Value Proposition to attract the best talent in the market.

**Retain**

our female talent pool within the S P Setia Berhad by providing the right level of work environment which will support both their career aspirations and personal growth.

**Raise**

the ladder by accelerating the female representation in middle and senior management positions.

**DiVa (Diversity Advocates):**

- Advisor
- Sponsor
- Chairman
- Group Human Resources Department
- Business Units Representative

Under the bigger umbrella, Women of Inspiration ("WIN") @ Setia which was launched in March 2017, focuses on empowering women in S P Setia Berhad by ensuring development of a good talent pipeline for female talents who are supported by the right work environment. This is supported by the diversity framework which focuses on realising, retaining and raising women talents within the Group.

Our areas of focus reflects on the 3 pillars of leadership, engagement, and communication; where activities and trainings were carried out to achieve the above principles of diversity and inclusion.

| Leadership | Engagement | Communications |
|---|---|---|
| • WIN 2019 Summit – Divas Wear Passion | • WIN Circles<br>• International Women's Day<br>• Healthy DIVA<br>• Pink Facilities | • Talent Attraction |

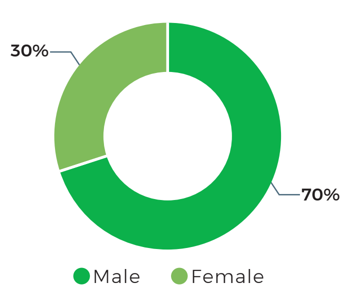

*Women of Inspiration @ Setia (WIN @ Setia) – one of our International Women's Day 2019 Celebration held in 3 regions; Central (photo above), Southern and Northern Region.*

S P Setia Berhad continues to support the national aspiration to increase women's participation at the Board level by participating in the 30% Club Malaysia's Mentoring Programme for Board-ready female mentees through voluntary participation of our Board members as Mentors for the Mentoring Programme.

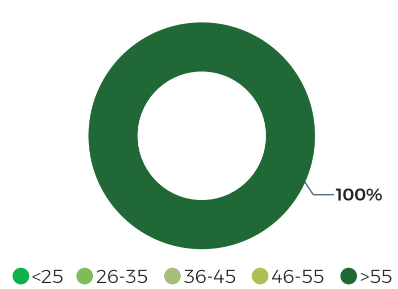
We strive to achieve a balanced representation of men and women at all levels of the organisation to provide access to the same rewards and opportunities. During the year, the Board and Senior Management profile remains unchanged. While, the female to male employee ratio has slightly decreased to 43:57 (2018 - 44:56).

### Board of Directors Profile

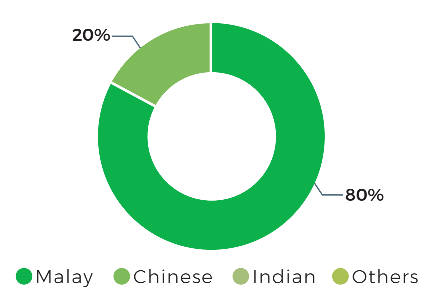
**Board of Directors (By Gender)**




**Board of Directors (By Age Group)**

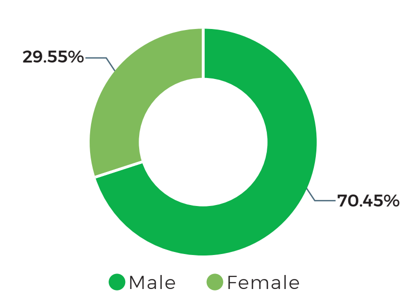



**Board of Directors (By Ethnicity)**

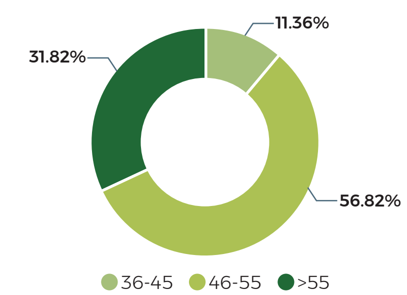



### Senior Management Team Profile

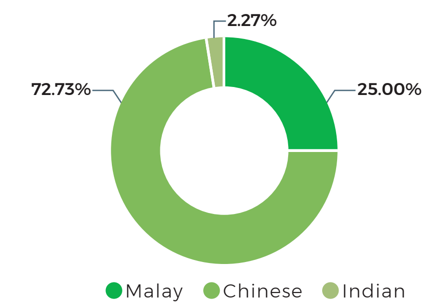
**Senior Management (By Gender)**




**Senior Management (By Age Group)**

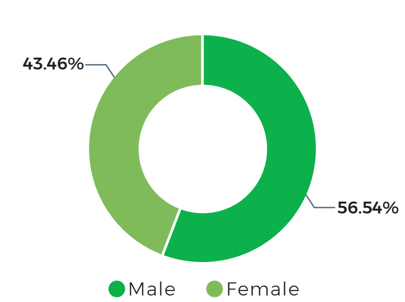



**Senior Management (By Ethnicity)**

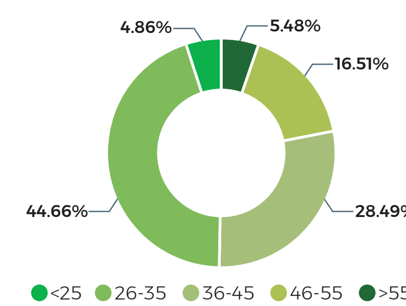



### Employee Profile

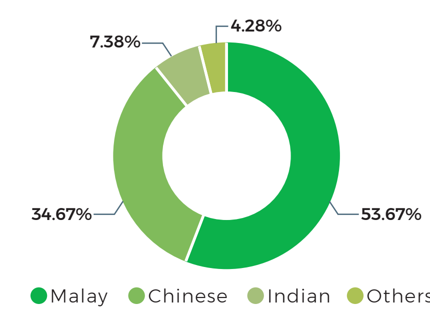
**Employee Profile (By Gender)**




**Employee Profile (By Age Group)**



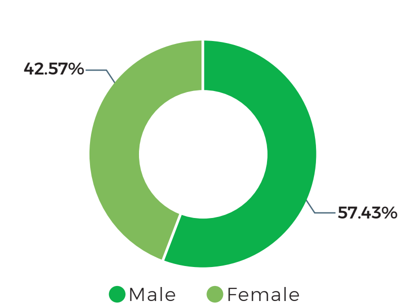

**Employee Profile (By Ethnicity)**



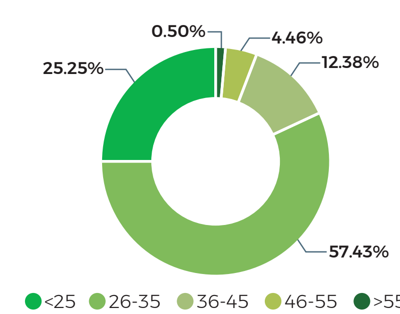

### New Hires Profile

During the year, we had a single digit employee turnover rate, similar to that of the previous year. The talent acquisition strategies are effectively managed by our Group Human Resources Department who actively organises recruitment drives all year round in partnership with the business units, ensuring that we promptly fill the vacancies and reduce any disruptions arising from staff turnover.

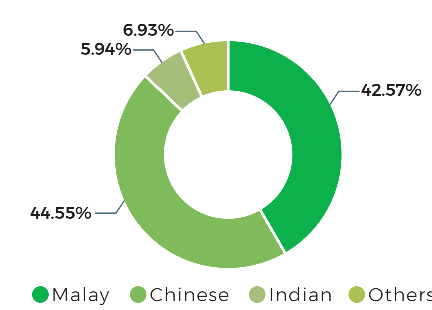
**New Hires Profile (By Gender)**




**New Hires Profile (By Age Group)**




**New Hires Profile (By Ethnicity)**



### Workplace and Employee Benefits

We value the hard work and contribution made by Team Setia. This includes providing a conducive workplace and environment in line with our philosophy **LiveLearnWorkPlay** that not only sparks creativity but also fosters teamwork among Team Setia. Feedback from each Business Unit is received to continuously improve the quality of our working environment.

We acknowledge the different needs of our employees, thus, various facilities were provided at our Corporate Headquarters as well as several sales galleries, such as a network hub/event space, parking for expectant mothers, nursing room, library, gym/hotspot, health corner, children corner and so on. The health corner which serves as a one stop centre in our Corporate Headquarters allows employees to seek medication and rest, if unwell. The health corner is equipped with off-the-shelf medications, wheelchair and blood pressure machine. The space allows employees to be well-rested and rejuvenated while maintaining work productivity.

Our employees are our utmost priority. An array of employee benefits which are above the minimum legal requirement and at par with best practices standards are provided to our employees, including Group Hospitalisation and Surgical, Group Personal Accident, Group Term Life, Travel Insurance (where applicable), and outpatient medical benefits.

On top of that, S P Setia Berhad also provides annual leaves and special leaves such as maternity, paternity, study and marriage leave. During the year, a total of 196 employees had enjoyed the benefit of both the maternity and paternity leave. Flexible working arrangements are also made available for employees who may have errands or other commitments to attend to during a working day.

ESOS and ESGP are also provided at the discretion of the Board as governed by the By-Laws of the Group's LTIP. Further information can be obtained from the Financial Statements at pages 108 to 111, 172, 210 and pages 255 to 257.

*S P Setia Berhad's Corporate HQ Gym Facilities*

*Setia Hotspot*





### Talent Development

We take great pride in nurturing our organisation by providing career development opportunities to Team Setia. Ours is a workplace where talents are groomed and achievements are credited to the team. We promote a culture of excellence by emphasising on a commitment to quality, teamwork and professionalism amongst our employees.

We believe that Leadership Development is the key enabler in ensuring **a strong leadership bench for our succession planning** in growing further, in line with having the right talent at the right role, optimising on people productivity. This year, we have added 3 more programs to complete the leadership cycle. The new Leadership Development Program covers through all levels of leadership in S P Setia Berhad through programs such as; ***PersonalExcellence@Setia*** (Executives), the existing ***PeoplExcellence@Setia*** (Managers), ***People4ward@Setia*** (Senior Managers/Heads), and ***Harvard Leadership Direct*** (GM). These programs drives a strong foundation of people management through building inspiring leadership, cultivating leadership resilience in a world of volatilty, uncertainty, complexity and ambiguity ("VUCA"), changing the mind sets of the leaders in adopting innovation and change in preparation of growing a workforce of the future.

*Leadership Direct Training conducted by Harvard Business Publishing*

*PeopleXcellence Series Graduation Ceremony – Managers making a pledge to be an effective leader by painting their hand print.*

## SUSTAINABILITY STATEMENT

**Engagement Activities**

Team Setia is undoubtfully our most critical stakeholder. We are able to continuously serve our customers at the highest quality with credits to Team Setia. As the company grows, it is important for us to engage with our employees on a timely basis to address the different needs of our multi-generational workforce.


CEO Dialogue which is held twice a year, is townhall-like session which brings together employees across all levels and provides opportunity for employee to get up close and personal with the Group leader.

Good Morning Setia is a sharing and discussion session within business units/division teams every weekday morning to update on current issues. This platform strives to provide cross learning, enhance communication and sharing among employee and improve employee engagement.

S P Setia Berhad's Family Day is held once a year, where employees and their families and friends from all regions come together to network and have fun with the rest of Team Setia.

Our annual wellness campaign, with the 2019 theme "Health is all about living", aims to promote healthy lifestyle and educate/raise awareness on topics which focus on the health of Mind, Relationships and Wealth.

S P Setia Berhad's annual dinner, a night with good food and spectacular show. This also serves as a platform where employee could showcase their leadership capabilities during the organising and performance practice.

Festive luncheons are celebrated every year across various regions in Malaysia for an excellent get-together. The luncheon is accompanied with fun games and live performances to boost engagement with the participants.

We continue to engage our people through various channels as we focus on building a high-performance culture based on excellence. Our People Pulse Survey ("PPS") is conducted annually by external consultants, Korn Ferry in November and Kincentric (fka AON) in May. It covers key engagement and leadership dimensions and surveys employees, HR and a face-to-face interview with the President and CEO.

Based on the 2019 PPS, our overall employee engagement score was 86% (2018 – 83%), higher than the average for Malaysian companies of 74%. The Kincentric Survey positioned S P Setia Berhad as the Best Employer Award winner for the 10th time and was honoured the Best Employer Hall of Fame. We believe the award can be attributed to our consistent efforts to engage our people using different channels and genuinely address issues arising from the results.

### OCCUPATIONAL HEALTH AND SAFETY

**Key Health and Safety Metrics**

Health and safety are always our top priority. Our focus to achieve zero fatalities and incidents through our enforcement, monitoring and awareness activities amongst our employees and contractors, strengthening the accountability of management for ensuring safe working environment, implementing workplace improvements on a regular basis and promoting a safety culture in our everyday activities. Our key health and safety highlights and achievements during the FY 2019 include:

| | | | | | |
|---|---|---|---|---|---|
| **14,609,309** man hours without incidents | **0** Lost Time Injury ("LTI")<br>**0** Major Incidents | **ISO Certified** – OHSAS 18001:2007 | Redefine our HSE efforts through focused and specific **HSE trainings and incentives** | Bi-annual **CEO/COO Dialogue** participated by 352 business associate<br>**HSE awareness sessions** Group-wide | All business units **achieved** minimum HSE score of **75%** |

Our aim is to be an employer of choice. The safety and wellbeing of our people is our priority and we place great emphasis on strong health and safety standards being maintained across the Group, both in our offices and at project sites. Our efforts to improve HSE include:

**Enforcement**

- Conduct safety audits
- Establish ID cards and access restriction
- Adherence of quality and HSE standards by contractors and sub-contractors
- Impose penalties and fines for safety violations
- Provide incentives to employees, contractors and sub-contractors for safety performance achievement
- Certification approval to operate heavy equipment and vehicles
- Regular equipment, machinery and vehicle inspection

**Monitoring**

- Group Safety Committee on overall HSE aspects
- HSE Committee meetings at business unit levels
- Regular discussions with third parties HSE personnel

**Awareness**

- Number of HSE trainings including type and frequency ranging from toolbox briefing to personal protective equipment
- Safety briefings at all projects

### HSE Governance

S P Setia Berhad's HSE management is governed through a Group Safety Committee comprising HSE representatives from each business unit, Head of Group Quality Management – Product Quality and HSE and chaired by COO. The Group Safety Committee meets quarterly to discuss on HSE initiatives and improvements at group level. Operationally, we established HSE Committee at each business units to oversee HSE matters at project sites on matters such as safety performance, issues, challenges and accident avoidance measures. These HSE Committees meet and conduct HSE meetings on a monthly basis.

**Group Safety Committee**

- Headed by COO
- Meets on a quarterly basis
- Discuss HSE initiatives and improvements for implementation across the group

**Group Quality Management Department**

- Coordination function for all HSE matters
- Conduct monthly HSE audits

**HSE Committee at each business unit level**

- Headed by Project Director
- Meets on a monthly basis
- Discuss safety performance, issues, challenges and accident avoidance measures

In 2019, we continued to inculcate a culture of health and safety excellence within S P Setia Berhad. Driven by strong leadership, our people are committed to putting the safety of themselves and others first. We will also continue improve on health and safety measures to prevent accidents and ensure the safety of our workforce.

### Health and Safety Monitoring

In 2017, a safety incident occurred in one of the Group's project in Kuala Lumpur. S P Setia Berhad had taken the initiative in providing medical and emotional assistance to the affected workers. We conducted a comprehensive review on this matter and imposed a more descriptive safety standard for our contractors and sub-contractors. The construction has since been completed and was officially opened to the public in November 2019.

In view of this incident, we have strengthened and intensified our HSE initiatives through continuous improvement programmes and implemented a group wide HSE monitoring project through the following initiatives:

**Health, safety and environment audit on monthly basis** → **Record all HSE findings and provide recommendation** → **Follow up on the action plan to resolve HSE findings**

Our Head of Group Quality Management – Product Quality and HSE ensures that HSE regulations, policies and procedures are implemented across all business units.

We are Occupational Health and Safety Assessment Series ("OHSAS") 18001:2017 compliant. On an annual basis, we conduct OHSAS 18001 management review meeting to review our occupational health and safety management system to manage risks associated with health and safety within the workplace.

Key Performance Indicators are developed as part of S P Setia Group's QEAP. In 2019, all business units have met the minimum scoring of 75%. Please refer to "Product and Service Quality" section for further details on the QEAP.

Through our continuous and relentless safety efforts, we achieved ZERO Lost Time Incident ("LTI") major incidents. We will continue to expand our HSE efforts to capture relevant HSE data to cover all our projects and enhance our HSE reporting.

### HSE Awareness and Training

In 2019, we continue to improve our HSE efforts by implementing strict HSE enforcements for HSE violations by our contractors and conducted 55 HSE awareness briefings and trainings for our contractors.

*CEO Dialogue*

We are imposing stringent safety measures at project sites for our contractors and sub-contractors. As part of our safety improvements, we are introducing detailed trainings, briefings and awareness campaigns focusing on the following construction safety activities:

Whereas, at the Group level, various trainings relating to HSE were conducted, with a total employee participation of 1,428 hours. The HSE awareness briefing and trainings cover relevant topics such as handling of scaffolding, rigging and slinging, and working at height.

Continuous education and updates are provided to the contractors, suppliers and other business associate on HSE matters and latest regulatory requirement through the CEO/COO Dialogue. During the year, 352 companies had attended the CEO/COO Dialogue. The objective of the CEO/COO Dialogue is to discuss on the common mistakes, expectation on products and services quality, educate on HSE matters and update on the latest regulatory compliance (e.g. anti-bribery). To encourage commitment, awards were given out to S P Setia Berhad's contractors who have performed best under the two (2) main categories of the QEAP, i.e. HSE and Product Quality.

*HSE awareness and trainings being carried out*

### Setia Wellness Campaign 2019

Each year, we host a health campaign where we encourage our employees to practise a healthy lifestyle and raise awareness within the area of wellness – be it mental, physical or in general. The Setia Wellness Campaign 2019 was themed "Health is all about living" which focused on the health of the **MIND**; building, strengthening and maintaining healthy **RELATIONSHIPS** and encouraging productive **WEALTH**.

*Setia Wellness Campaign 2019*

## PRODUCT AND SERVICE QUALITY

### Delivering Quality Product

We develop sustainable townships that take into account the needs of residents while protecting the environment. For us, quality means the best materials, sound workmanship and excellent customer service experience. We strive to meet customer expectations for both our services and products.

### Quality Commitment

S P Setia Berhad has a dedicated team to support the Company progressively improve its product and service quality by maintaining the accreditation of ISO 9001 Quality Management System. S P Setia established QEAP which is an incentive programme to reward and recognise quality performance including products and services achieved by business unit.

S P Setia Berhad's Quality Management System measures the business unit system and product quality performance at every stage of construction. S P Setia Berhad conducts ICQ assessment and CPA for measuring quality of workmanship. ICQ or In-Process Construction Quality is a measurement of in-process construction quality during the construction period in accordance with S P Setia Berhad's quality standard and specification. ICQ assessments are usually conducted during the regular site quality audit and allows defects to be highlighted promptly for immediate corrective and preventive actions. Whereas, CPA or Construction Performance Assessment assesses on quality level achieved in architectural work of a completed project in accordance with S P Setia Berhad's quality standard. The CPA quality score must achieve a minimum 75% in order for the Certificate of Practical Completion ("CPC") to be issued. During the year, our overall property development projects have exceeded the targeted score of 75%, with ICQ score at 81% and CPA score at 79% respectively.


*Bandar Setia Alam Team won the 2019 Quality Excellence Award under the Business Unit Excellence Category*

### Customer Satisfaction

Customers are the heart of our business and meeting their needs always as top priority. For continuous improvement and as part of our quality commitment, we conduct customer satisfaction survey to gauge the level of satisfaction that the customers have with respect to services, products and overall experience. We have different avenues for customer feedback via email, website and postal mail.

In 2019, over 15,000 home buyers participated in our survey to identify areas requiring further improvement. The survey findings reveal that over 86% of home buyers recommend purchasing S P Setia Berhad property to their friends or relatives which resulted an increase of 5% as compared to 2018. Furthermore, almost half of our property development projects achieved 100% in overall satisfaction and all service elements. In terms of customer service, our sales and marketing teams achieved remarkable highest satisfaction score for "Courtesy and Helpfulness". Continuous area improvement includes product quality, workmanship, ability to handle rectification works and ability to provide follow-through services.

### Cutting Edge Technology with Industrialised Building System

IBS uses precast elements manufactured in factories that are transported to construction sites. IBS brings significant improvements to construction through better control of the production environment, minimising construction waste, improving construction efficiency and stabilising work conditions.

S P Setia Berhad's emphasis on using IBS in production and construction has resulted in efficient solutions for building affordable apartments. Setia Precast Sdn. Bhd. ("Setia Precast"), our wholly owned subsidiary, manufactures structural components such as precast columns, beams, walls and staircases. In 2019, Setia Precast achieved the highest IBS score in Malaysia, at 93.95, for the construction of Kementerian Kesihatan Malaysia ("KKM") Government Quarters building in Setia Federal Hill.

By using IBS in our residential and commercial developments, we have managed to increase the efficiency of our construction and assembly processes and improved timeline in project completion and handover. This has also led to a reduction of 3% of construction material wastages as compared when using conventional construction methods.

*Setia IBS manufacturing yard*

S P Setia Berhad's residential and commercial developments that features IBS:

| Project Name | Location | Year |
|---|---|---|
| **Auritum (2-Storey Houses)** | Bandar Setia Alam | 2019 |
| **De Cemara Apartment** | Bandar Setia Alam | 2019 |
| **TRIO By Setia Apartment** | Bukit Tinggi Klang | 2018 |
| **D'Kristal Apartment** | Setia EcoHill | 2018 |
| **De Cendana Apartment** | Setia Alam | 2018 |
| **Government Quarters** | Bangsar | 2017 |
| **D'Camellia Apartment** | Setia EcoHill | 2017 |
| **D'Cassia Apartment** | Setia EcoHill | 2017 |
| **D'Cerrum Apartment** | Setia EcoHill | 2017 |
| **Setia City Residences** | Setia Alam | 2017 |
| **De Bayu Apartment** | Setia Alam | 2017 |

## SECURITY PRACTICES

Customer and public safety are the top-most priority in S P Setia Berhad. We have assigned auxiliary police force and security guards for our townships, sales galleries and convention centres to ensure we provide safe and secure locations to customer and public.

Each of our auxiliary police personnel has undergone 99 training hours to ensure we have a high capability auxiliary police force in order to protect our residents and public. Our security function is also supported with 10 security guards hired for our townships which perform 24-hour patrol with guard dog.

Most of our townships are protected and controlled by a tight security system featuring a single entry and exit point via a main guard house to control the vehicles entering and leaving the neighbourhood. Several residential projects were provided with built-in security alarm system that has intercom and panic button link to central guardhouse.

Furthermore, we had implemented an integrated perimeter fencing security for our township which allows us to monitor and detect any attempts to climb or break in within our township vicinity. Inspired by the security measures for Changi Airport Singapore, Setia Eco Park was the 1st residential development that implemented the AgilFence Perimeter Intrusion Detection System which is capable of providing high probability of detection and pin-point intrusion location.

Our commitment and efforts in customer and public safety are illustrated as below:

- **Increase the hiring of auxiliary police force personnel**
- **103 security guards hired for our townships**
- **99 training hours for each auxiliary police force personnel**
- **24-hour patrol and manage theft and accident cases in the neighbourhood**
- **Single entry and exit point via a main guard house**
- **Each home fitted with an alarm system**
- **Integrated perimeter fencing security constructed**


*S P Setia Berhad Auxiliary Police*





## LOCAL COMMUNITIES

**S P Setia Foundation**

S P Setia Foundation is a charity trust founded in 2000, through the auspices of S P Setia Berhad, with the aim of helping underprivileged individuals and charitable bodies. Governed by a Board of Trustees, the key areas of interest for S P Setia Foundation are education, general welfare and medical assistance. This is achieved via two core programmes under S P Setia Foundation i.e. #StandTogether and Setia Caring School Programme.

Since 2014, it has disbursed more than RM13.9 million in its areas of interest and has touched the lives of more than 11,300 children over the years.

**#StandTogether Campaign**

We continue to contribute to the communities via the annual #StandTogether anti-bullying campaign. Our main objective is to rally students, educators, and society at large, to stand up against bullying and to revive the lost art of kindness.

#StandTogether 2019 was focused on a nationwide "Kindness Tour" by bringing fun, educational workshops to every state across the country. The campaign activities comprise of:

1

**Kindness Tour Workshops**

15 Kindness Tour workshops across all states and Federal Territories in Malaysia.

2

**Kindness Competition**

- A competition was held amongst schools to submit their ideas on what are the kindness activities the students want to introduce in the school.
- The 20 winning schools who were shortlisted received cash grants of up to RM1,000 each to implement their Kindness Project ideas and receive a Celebrity School Visit.
- The grand prize winners get the title of "Malaysia's Kindest School" and a feature article in The Star.

3

**Back-to-School by Celebrities/Ambassadors**

- Chef Wan returned to his former school after 45 years to share messages of joy and kindness to its current students.
- Dr Jezamine Lim Iskander and her husband Harith Iskander were greeted by some inspiring students while visiting her former school for the #StandTogether campaign.
- Rapper Rabbit Mac went back to his former high school St. Xavier's Institution in Penang to show that kindness is cool.

4

**Celebrity School Visits**

Among the appointed celebrities who visited the winning schools include Korean Pop Idol, Choi Siwon, Malaysia's sweetheart, Lisa Surihani and YouTuber, Jinnyboy.

## SUSTAINABILITY STATEMENT


5

### Tea-Talk with Team Setia

Two topics were discussed:

- "Fixing the world and your workplace with kindness" by Mr. Alexius Cheang, a Lecturer in Psychology, International Medical University.
- "Celebrity Meet & Greet Session" with Lisa Surihani and Nik Qistina who shared their experiences with kindness, what they have learned through this campaign and how they struggled as celebrities with bullying.

6

### #StandTogether Kindness Concert @ SCCC2

The #StandTogether campaign culminated in the Kindness Concert, which saw Malaysians joining hands to celebrate kindness and love. Some of the top acts including Man Bai, Kyoto Protocol and The Venopian Solitude. SK Taman Maluri (primary school category) and SMK Chung Hwa (secondary school category) brought home the title of Malaysia's Kindest School 2019 that day.

**Setia Caring School Programme**

Under this programme, S P Setia Foundation adopts underperforming schools with the goal of inspiring students, teachers and parents. We work with the community members providing students with good role models, caring teachers, supportive parents and engaged peers.

The programme aims to cultivate future leaders who are not only academically successful, but also grounded in positive moral values and possessing empathy for all in a multicultural community. Anchored by the idea of sustainability, the programme is focused on creating changes that live on after the completion of the programme.

*live*

**Caring Visit and Celebration**

Engaged the elderly folks with various activities and donated essential items.

**Hydrotherapy session at SPICE Aquatics7**

28 students from SCSP Penang and SJKC Aik Hua attended the hydrotherapy session which involved body movements and coordination to improve muscle awareness and ability to utilise body movements.

*learn*

**Standard 6 Leadership Camp**

Conducted Standard 6 Leadership Camp for SCSP Johor (at Savanna Hill Resort) and Penang (at SK Batu Ferringhi) which focused on empowering the students with values and leadership qualities.

**Science Camp**

Students were exposed to programming concepts and were able to apply these concepts to create new digital content such as games and animations.

**Unity Field Trip Melaka**

30 students each from SCSP Penang and SCSP Johor enjoyed a fun-filled three-day field trip at the Historic City of Melaka.

*work*

**SCSP Teachers Teambuilding**

Teachers from SCSP Johor and SCSP Penang came together to further strengthen the bond between the teachers, encourage knowledge and experience sharing among teachers, and expose the teachers to 21st century learning best practices, classroom management and Higher Order Thinking Skills.

*play*

**SCSP Children's Day**

Held at SK Kota Dalam, Johor with the participation of 600 students including 80 students from SJKC Seelong and SJKT Kulai Besar. Students were able to play games at a few educational booths, sports activities booths and had fun with the magicians and clowns on-site while playing games with new friends.

**Unity Sports Day**

120 students each from SCSP Johor and SCSP Penang enjoyed a half day programme filled with fun and interactive physical games to instil unity, teamwork, creativity and effective communication among students.

### Charity Dinner

S P Setia Foundation Charity Dinner is a prestigious fundraising event conducted once every three years by S P Setia Foundation Board of Trustees. The fund collected will be used for the initiatives or programmes held by S P Setia Foundation with the aim to help underprivileged individuals and organisations.

In 2019, RM7.132 million of funds managed to be raised from the charity dinner held on 16th August 2019.

While, at each business units, various community engagement activities were carried out such as festive celebrations and sports activities. In 2019, we have invested up to RM4.14 million across a total of 127 events and activities.


*S P Setia Foundation Chairman, Tan Sri Wan Zahid addressing the audience at Setia Foundation Charity Dinner 2019*

### Amenities

We strive to provide a balanced and integrated township with ample amenities to be enjoyed by both our customers as well as the surrounding local communities. In tune with our eco-philosophy DNA, gardens and parks are created within the townships to provide greenery as well as recreational spaces. Whereas, the clubhouses and gyms provided are exclusive for our township residents only.

#### Park

**Penang Heritage Park**

- 100-acre park within Setia Fontaines township which has an investment cost of about RM28 million.
- Act as a Green Lung for the whole township and provide recreational and tourism value.

**Town Park**

- Available across many of its projects including Setia Tropika, Setia Alam, Alam Impian, and Bukit Indah.
- Provides a large playground for the younger ones, facilities for the elderly, picnic lawns, reflexology, basketball and football fields, multi-purpose court, gazebos and many more.

**Pocket Park**

- Consists of small playgrounds, jogging tracks and reflexology within the township to provide a fresher and healthier environment to its residents.

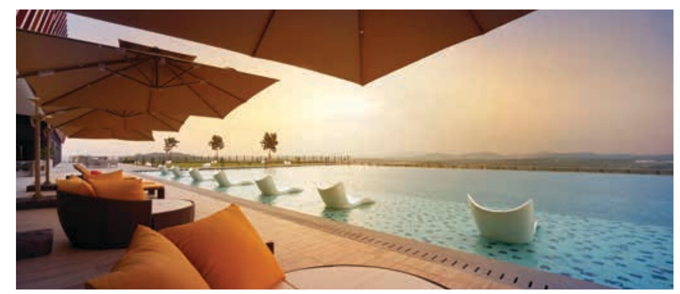
#### Club House

**Canopy Club – Setia Eco Park**

- A recreational hub with swimming pools, gymnasium, tennis courts, basketball and futsal courts, squash court and fitness studio.
- Benefits the club members of approximately 2,800 persons.

**Templer's Club – Setia Eco Templer**

- Club facilities include swimming pool, gymnasium, table tennis, football table game, American pool table games and squash.

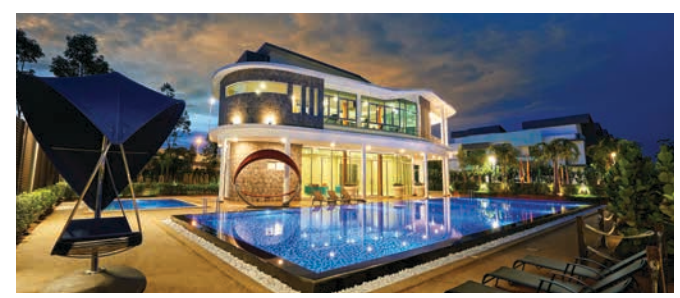


**Club 360 – Setia EcoHill**

- Sport facilities and function hall for event and convention.
- Benefits approximately 1,000 club members per month and community that are using the hall and sports arena.

**Club@Level 7 – KL Eco City**

- Recreational and wellness activities for residents.
- Benefits residents at RV1 of approximately 650 persons.



**Hammock Club, Setia Rimba – Setia Eco Glades**

- Swimming pool, gymnasium, function hall, half-court basketball, playground, and many more.

**Clubhouse & Gym – Setia EcoLakes and Setia EcoXuan, Vietnam**

- Club facilities include swimming pools, tennis courts, futsal courts, lifestyle centre, clubhouse and gym.
- Benefits approximately 8,800 club members per year.

## MOVING FORWARD

As we embarked on our sustainability efforts, we have consistently identified new areas of improvements and innovative solutions in our development. Translating our objectives into actions remain a challenge including educating our people and communities on sustainable living, protecting the environment, whilst maintaining our business objectives.

We will continue to monitor and manage our material sustainability matters and refine our sustainability indicators and targets. Where essential, we will continue to formulate suitable sustainability action plans, monitor its implementation status and regularly track the KPI and targets by considering various sustainability frameworks, standards and practices adopted both regionally and globally.

As part of our effort in ensuring continuous sustainability journey in S P Setia Berhad, we are transitioning our operation, we are transitioning our sustainability efforts into a 3-year sustainability plan broadening our initiatives to:

| Adopt | Consolidate | Align |
|---|---|---|
| Guidelines and practices recommended by other internationally recognised standards and frameworks on sustainability such as:<br>• GRESB Framework;<br>• Task Force on Climate-related Financial Disclosures;<br>• FTSE4Good Index; and<br>• Morgan Stanley Capital International – Environment, Social and Governance Index. | Relevant business processes, data and information related to sustainability into a more robust, integrated and comprehensive database aligning it with our business objective, strategies and action plan. This will provide meaningful parameters for S P Setia Group. | Our sustainability efforts with:<br>• Business plans and strategies;<br>• GRESB Framework;<br>• UNSDG 17 goals; and<br>• Risk Management.<br><br>This alignment enables integrated efforts and reducing duplicity of similar objectives. |





# SUSTAINABILITY STATEMENT MAPPING TO GRI

## MAPPING GRI CONTENT INDEX – CORE OPTION

| GENERAL DISCLOSURES | | |
|---|---|---|
| GRI STANDARD | DISCLOSURE | REFERENCE |
| 102-1 | Name of the organisation | S P Setia Berhad |
| 102-2 | Activities, bands, products and services | Overview of Setia, pages 12-29 |
| 102-3 | Location of headquarters | Page 29 |
| 102-4 | Locations of operations | Corporate Information, page 29<br>Where We Operate, pages 14-15 |
| 102-5 | Ownership and legal form | Corporate Structure, pages 26-28<br>Corporate Information, page 170<br>Share Capital, Notes to the Financial Statements, pages 255-257 |
| 102-6 | Markets served | Where We Operate, pages 14-15<br>Our Property Portfolio, pages 16-17<br>Our Operating Environment, page 32 |
| 102-7 | Scale of the organisation | Corporate Structure, pages 26-28<br>Management Discussion & Analysis, pages 32-67 |
| 102-8 | Information on employees and other workers | Our People, page 68<br>Employment and Occupational Safety and Health, pages 149-159 |
| 102-9 | Supply chain | Procurement Practices, page 139 |
| 102-10 | Significant changes to the organisation and its supply chain | Not applicable |
| 102-11 | Precautionary principle or approach | Not applicable |
| 102-12 | External initiatives | Indirect Economic Impacts, pages 135-138 |
| 102-13 | Membership of associations | Not disclosed. Will be disclosed in future reporting |
| 102-14 | Statement from senior decision maker | Chairman's Statement, pages 6-9 |
| 102-18 | Governance structure | Organisation Structure, pages 86-87<br>Corporate Governance, pages 88-111<br>Governance Structure, page 126 |
| 102-40 | List of stakeholder groups | Stakeholder Engagement, page 34<br>Stakeholders Engagement, pages 127-129 |
| 102-42 | Identifying and selecting stakeholders | Stakeholders Engagement, pages 127-129 |
| 102-43 | Approach to stakeholder engagements | Stakeholders Engagement, pages 127-129 |
| 102-44 | Key topic and concerns raised | Key Risks and Mitigation, page 33<br>Materiality Assessment and Key Sustainability Matters, pages 130-133 |
| 102-45 | Entities included in the consolidated financial statements | Reporting Scope, page 121<br>Corporate Structure, pages 26-28<br>Where We Operate, pages 14-15 |
| 102-46 | Defining report content and topic boundaries | Page 121 |
| 102-47 | List of material topics | Materiality Assessment and Key Sustainability Matters, pages 130-133 |
| 102-48 | Restatements of information | Not applicable |
| 102-49 | Changes in reporting | Not applicable |
| 102-50 | Reporting period | Page 121 |
| 102-51 | Date of most recent report | Page 121 |
| 102-52 | Reporting cycle | Annual |
| 102-53 | Contact point for questions regarding the report | Feedback, page 121 |
| 102-54 | Claims of reporting in accordance with the GRI Standards | Reporting Scope, page 121 |
| 102-55 | GRI content index | Sustainability Staetment Mapping to GRI, pages 167-168 |
| 102-56 | External assurance | The Company may consider seeking external assurance in the future. |

## SUSTAINABILITY STATEMENT MAPPING TO GRI

### MAPPING GRI CONTENT INDEX – SPECIFIC TOPICS

| MATERIAL TOPICS | | |
|---|---|---|
| GRI STANDARD | DISCLOSURE | REFERENCE |
| **Economic Performance** | | |
| 103-1 | Explanation of the material topic and its boundaries | Materiality Assessment and Key Sustainability Matters, pages 130-133 |
| 201-1 | Direct economic value generated and distributed | Economic Performance, pages 134-139 |
| **Energy** | | |
| 103-1 | Explanation of the material topic and its boundaries | Materiality Assessment and Key Sustainability Matters, pages 130-133 |
| 302-1 | Energy consumption within the organisation | Energy, page 143 |
| 302-3 | Energy intensity | Energy, page 143 |
| **Emissions** | | |
| 103-1 | Explanation of the material topic and its boundaries | Materiality Assessment and Key Sustainability Matters, pages 130-133 |
| 305-2 | Energy indirect (Scope 2) GHG emissions | Energy, page 143 |
| **Employment** | | |
| 103-1 | Explanation of the material topic and its boundaries | Materiality Assessment and Key Sustainability Matters, pages 130-133 |
| 401-1 | New employee hires and employee turnover | Page 151 |
| **Occupational Health and Safety** | | |
| 103-1 | Explanation of the material topic and its boundaries | Materiality Assessment and Key Sustainability Matters, pages 130-133 |
| 403-2 | Types of injury and rates of injury, lost days, absenteeism and no of work-related fatalities | Occupational Health and Safety, pages 155-157 |
| **Training and Education** | | |
| 103-1 | Explanation of the material topic and its boundaries | Materiality Assessment and Key Sustainability Matters, pages 130-133 |
| 401-1 | Average hours of training per year per employee | Training Development, page 153 |
| **Diversity & Equal Opportunity** | | |
| 103-1 | Explanation of the material topic and its boundaries | Materiality Assessment and Key Sustainability Matters, pages 130-133 |
| 405-1 | Diversity of governance bodies and employees | Diversity and Inclusion, pages 149-151 |



# FINANCIAL STATEMENTS

# CORPORATE INFORMATION

**DOMICILE**
Malaysia

**LEGAL FORM AND PLACE OF INCORPORATION**
Public listed company limited by way of shares incorporated in Malaysia

**REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS**
S P Setia Berhad Corporate HQ
No.12, Persiaran Setia Dagang
Setia Alam, Seksyen U13
40170 Shah Alam
Selangor Darul Ehsan





# DIRECTORS' REPORT

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of S P Setia Berhad ("the Company" or "S P Setia") for the financial year ended 31 December 2019.

### PRINCIPAL ACTIVITIES

The Company is principally an investment holding company. The principal activities and other information relating to the subsidiary companies are provided in Note 8 to the financial statements.

### RESULTS

| | Group RM'000 | Company RM'000 |
|---|---|---|
| Net profit for the financial year | 422,031 | 328,883 |
| Attributable to: | | |
| Owners of the Company | 343,720 | 328,883 |
| Non-controlling interests | 78,311 | - |
| | 422,031 | 328,883 |

There were no material transfers to or from reserves or provisions during the financial year other than as disclosed in the financial statements.

### DIVIDENDS

At the Extraordinary General Meeting of the Company held on 20 March 2014, the shareholders of the Company resolved to approve the Company's Dividend Reinvestment Plan ("DRP"). The authority granted to the Company to allot and issue new shares of the Company pursuant to the DRP was renewed by the shareholders at the 44$^{th}$ Annual General Meeting ("AGM") of the Company held on 16 May 2019.

The DRP provides an option to the shareholders to reinvest either all or a portion of the declared dividends in new shares in lieu of receiving cash. Shareholders who elect not to participate in the option to reinvest, will receive the entire dividend wholly in cash.

During the financial year, the Company paid a single-tier final dividend of 4.55 sen per ordinary share each amounting to RM180,230,944 in respect of the financial year ended 31 December 2018. A total of 71,379,352 new ordinary shares were issued on 30 April 2019 at an issue price of RM1.98 per share under the DRP and the remaining portion of RM38,899,827 was paid in cash on 30 April 2019.

Subsequent to 31 December 2019, the Directors declared a single-tier dividend of 1 sen per share amounting to RM40,424,817 in respect of the financial year ended 31 December 2019. The financial statements for the current financial year do not reflect this proposed dividend. It will be accounted for in equity as an appropriation of retained earnings for the financial year ending 31 December 2020.

# DIRECTORS' REPORT
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

## PREFERENTIAL DIVIDENDS

During the financial year, the Company paid the following preferential dividends:

(a) a semi-annual preferential dividend of 6.49% per annum in respect of Islamic Redeemable Convertible Preference Shares ("RCPS-i A") and 5.93% per annum in respect of the Class B Islamic Redeemable Cumulative Preference Shares ("RCPS-i B") for financial period from 1 July 2018 to 31 December 2018. A total of RM66,303,862 was paid in cash on 5 April 2019; and

(b) a semi-annual preferential dividend of 6.49% per annum in respect of RCPS-i A and 5.93% per annum in respect of RCPS-i B for financial period from 1 January 2019 to 30 June 2019. A total of RM66,023,695 was paid in cash on 26 September 2019.

Subsequent to 31 December 2019, the Directors declared a semi-annual preferential dividend of 6.49% per annum amounting to RM35,326,948 in respect of the RCPS-i A and 5.93% per annum amounting to RM30,696,756 in respect of RCPS-i B for financial period from 1 July 2019 to 31 December 2019. The financial statements for the current financial year do not reflect this proposed dividend. It will be accounted for in equity as an appropriation of retained earnings for the financial year ending 31 December 2020.

## ISSUE OF SHARES AND DEBENTURES

During the financial year, the Company increased its issued and paid-up share capital by way of:

(a) conversion from 10,737,664 RCPS-i B to 2,556,585 ordinary shares with the conversion ratio of five (5) new ordinary shares for twenty one (21) RCPS-i B held;

(b) issuance of 71,379,352 new ordinary shares pursuant to the 11th DRP at the price of RM1.98 per share; and

(c) allotment of 9,982,293 new ordinary shares pursuant to the vesting of shares under the Employee Share Grant Plan ("ESGP") at the price of RM2.17 per share.

## EMPLOYEE SHARE GRANT PLAN AND EMPLOYEE SHARE OPTION SCHEME

The Company's Long-term Incentive Plan ("LTIP" or "Scheme") is governed by the By-Laws which was approved by the shareholders on 28 February 2013 and is administered by the Nomination and Remuneration Committee ("NRC") which is appointed by the Board of Directors, in accordance with the By-Laws of LTIP.

On 23 February 2017, the Board of Directors approved the extension of the LTIP for another 5 years pursuant to By-Laws 18.2 of the By-Laws of LTIP and as such the LTIP shall be in force for a period of 10 years up to 9 April 2023.

The LTIP comprised the ESGP and Employee Share Option Scheme ("ESOS"). The salient features, terms and details of the LTIP are disclosed in Note 24 to the financial statements. During the financial year, the Company granted 13,969,872 shares under the ESGP and 3,447,450 options under the ESOS to eligible Executive Directors and eligible employees of the Company and/or its eligible subsidiary companies. The details of the shares and options granted under LTIP and its vesting conditions during the financial year and the number of shares and options outstanding at the end of the financial year are disclosed in Note 24 to the financial statements.





# DIRECTORS' REPORT
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

## DIRECTORS

The Directors in office since the beginning of the financial year to the date of this report are:

Y.A.M Tan Sri Dato' Seri Syed Anwar Jamalullail (appointed on 3 January 2019)
Dato' Khor Chap Jen
Dato' Halipah Binti Esa
Dato' Ahmad Pardas Bin Senin
Dato' Seri Ir. Hj. Mohd Noor Bin Yaacob
Dato' Zuraidah Binti Atan
Tengku Dato' Ab. Aziz Bin Tengku Mahmud
Puan Noraini Binti Che Dan
Mr Philip Tan Puay Koon
Dato' Azmi Bin Mohd Ali
Tan Sri Dato' Seri Dr Wan Mohd Zahid Bin Mohd Noordin (resigned on 3 January 2019)

The names of the directors of the Company's subsidiaries in office since the beginning of the financial year to the date of this report (not including those directors listed above) are:

Datuk Wong Tuck Wai
Datuk Choy Kah Yew
Datuk Koe Peng Kang
Datuk Tan Hon Lim
Datuk Kow Choong Ming
Datuk Choong Kai Wai
Datuk Yuslina Binti Mohd. Yunus
Saw Kim Suan
Soh Hee Pin
Datuk Zaini Bin Yusoff
Ng Han Seong
Neo Keng Hoe
Yeo Cheng Jway
Jamalullail Bin Abu Bakar
Sha'ari Bin Hanapi
Tan Mui Hiang
Saniman Bin Amat Yusof
Hong Boon Toh
Zulfakar Bin Abdullah
Azmy Bin Mahbot (resigned on 2 January 2020)
Tuan Hj Ahmad Khalif Bin Tan Sri Datuk (Dr) Hj Mustapha Kamal
Gan Hwa Leong
Gan Hua Tiong
Mohd Auzir Zakri Bin Abd Hamid
Shahril Bin Ramli
Datuk Ahmad Bin Abu Bakar (resigned on 15 March 2019)
Zahrin Bin Zakaria (appointed on 15 March 2019 and resigned on 1 November 2019)
Mohd. Salem Bin Kailany (appointed on 1 November 2019)
Fadzidah Binti Hashim
Puar Chin Jong
Li Wai Chee
Dato' Sri Ghazali Bin Mohd. Ali
Dato' Sri Syed Saleh Bin Syed Abdul Rahman
Jeneral Tan Sri Dato' Sri Rodzali Bin Daud (retired)
Ahmad Suhaimee Bin Ismail (resigned on 1 July 2019)
Hizamuddin Bin Jamalluddin (appointed on 1 July 2019)
Iszad Jeffri Bin Ismail (appointed on 9 January 2019)
Neoh Swee Guat
Dato' Abu Sujak Bin Mahmud
Dato' Beh Hang Kong
Beh Chee Hong
Ahmad Suhaimi Bin Endut (resigned on 9 January 2019)
Thum Kok Mun (resigned on 30 January 2019)
Anwar Syahrin Bin Abdul Ajib (appointed on 2 January 2020)

## DIRECTORS' INTEREST IN SHARES AND LTIP

According to the Register of Directors' Shareholdings required to be kept under Section 59 of the Companies Act 2016, none of the Directors who held office at the end of the financial year held any shares or debentures in the Company or its subsidiary companies during the financial year except for the following:

| | No. of ordinary shares | | | |
|---|---|---|---|---|
| | At 1.1.2019 | Addition | Disposal | At 31.12.2019 |
| Dato' Khor Chap Jen | | | | |
| – direct | 1,203,051 | 224,949 | – | 1,428,000 |

| | No. of Islamic redeemable convertible preference shares ("RCPS-i A") | | | |
|---|---|---|---|---|
| | At 1.1.2019 | Addition | Disposal | At 31.12.2019 |
| Dato' Khor Chap Jen | | | | |
| – direct | 222,178 | – | – | 222,178 |

| | No. of Class B Islamic redeemable convertible preference shares ("RCPS-i B") | | | |
|---|---|---|---|---|
| | At 1.1.2019 | Addition | Disposal | At 31.12.2019 |
| Dato' Khor Chap Jen | | | | |
| – direct | 321,778 | – | – | 321,778 |

The following Director had an interest in LTIP during the financial year:

| | No. of shares under the ESGP | | | | |
|---|---|---|---|---|---|
| | At 1.1.2019 | Granted | Vested | Lapsed | At 31.12.2019 |
| Dato' Khor Chap Jen | 501,000 | 225,000 | (198,000) | – | 528,000 |

| | No. of share options under the ESOS | | | | |
|---|---|---|---|---|---|
| | At 1.1.2019 | Granted | Exercised | Lapsed | At 31.12.2019 |
| Dato' Khor Chap Jen | 25,449,670 | – | – | – | 25,449,670 |





DIRECTORS' REPORT
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

## 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 included in the aggregate amount of emoluments received or due and receivable by the Directors as shown in the financial statements or the fixed salary of a full-time employee of the Company as shown in Note 38 to the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest except for any benefit which may be deemed to have arisen from the transactions disclosed in Note 43 to the financial statements.

Neither during nor at the end of the financial year was the Company a party to any arrangement whose object is to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, other than those arising from the shares or share options granted under the LTIP.

The Directors and officers of the Group and of the Company are covered by Directors and Officers liability insurance for any liability incurred in the discharge of their duties while holding office. During the financial year, the total amount of indemnity coverage and insurance premium paid for the Directors and officers of the Group and the Company are RM30,000,000 and RM52,600 respectively. The Directors and officers shall not be indemnified by such insurance for any deliberate negligence, fraud, intentional breach of law or breach of trust proven against them.

## OTHER STATUTORY INFORMATION

(a) Before the financial statements of the Group and of the Company were prepared, 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 making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and adequate allowance had been made for doubtful debts; and

  (ii) to ensure that any current assets which were unlikely to realise their values in the ordinary course of business as shown in the accounting records of the Group and of the Company had been written down to an amount 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 amount written off for bad debts or the amount of the allowance 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 the 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) At the date of this report, there does not exist:

  (i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or

  (ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.

(d) At the date of this report, the Directors are not aware of any circumstances, not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the respective financial statements misleading.

### OTHER STATUTORY INFORMATION (CONT'D)

(e) In the opinion of the Directors:

(i) no contingent or other liability of the Group or of the Company has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, will or may affect the ability of the Group or of the Company to meet their obligations as and when they fall due; and

(ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made.

### AUDITORS

The auditors, Ernst & Young PLT, have expressed their willingness to continue in office.

Details of auditors' remuneration are set out in Note 38 to the financial statements.

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young PLT, as part of the terms of its audit engagement against claims by third parties arising from the audit for an unspecified amount. No payment has been made to indemnify Ernst & Young PLT during and since the end of the financial year.

This report is approved by the Board of Directors on 26 February 2020.

Signed on behalf of the Board of Directors

**Y.A.M TAN SRI DATO' SERI SYED ANWAR JAMALULLAIL**
Chairman

**DATO' KHOR CHAP JEN**
Director

Shah Alam, Malaysia





# STATEMENTS OF FINANCIAL POSITION

## AS AT 31 DECEMBER 2019

| | Note | Group | | | Company | |
|---|---|---|---|---|---|---|
| | | 2019 RM'000 | 2018 RM'000 Restated | 1.1.2018 RM'000 Restated | 2019 RM'000 | 2018 RM'000 |
| **ASSETS** | | | | | | |
| **Non-current assets** | | | | | | |
| Property, plant and equipment | 2 | **639,630** | 577,293 | 425,120 | **512** | 1 |
| Right-of-use – property, plant and equipment | 3 | **3,613** | – | – | **–** | – |
| Investment properties | 4 | **2,006,439** | 1,971,817 | 1,915,089 | **3,243** | 3,243 |
| Right-of-use – investment properties | 5 | **75,853** | – | – | **–** | – |
| Inventories – land held for property development | 6 | **12,337,053** | 12,732,627 | 10,380,215 | **–** | – |
| Intangible asset | 7 | **14,089** | 14,793 | 15,497 | **–** | – |
| Investments in subsidiary companies | 8 | **–** | – | – | **8,950,110** | 9,096,646 |
| Investments in joint ventures | 9 | **2,979,178** | 2,736,896 | 2,222,869 | **35,251** | 33,506 |
| Investments in associated companies | 10 | **560,090** | 540,648 | 521,449 | **95,621** | 95,621 |
| Other investments | 11 | **96** | 96 | 133 | **–** | – |
| Amounts owing by subsidiary companies | 12 | **–** | – | – | **4,970,409** | 3,627,789 |
| Amounts owing by joint ventures | 13 | **69,785** | 69,785 | 69,785 | **–** | – |
| Trade receivables | 17 | **30,249** | 16,335 | – | **–** | – |
| Other receivables, deposits and prepayments | 19 | **66,017** | 134,093 | 140,438 | **–** | – |
| Deferred tax assets | 16 | **284,666** | 241,252 | 185,548 | **783** | 1,038 |
| | | **19,066,758** | 19,035,635 | 15,876,143 | **14,055,929** | 12,857,844 |
| **Current assets** | | | | | | |
| Trade receivables | 17 | **722,003** | 824,596 | 985,983 | **–** | – |
| Contract assets | 18 | **1,077,886** | 1,065,152 | 869,481 | **–** | – |
| Other receivables, deposits and prepayments | 19 | **212,277** | 270,713 | 701,863 | **2,798** | 1,868 |
| Inventories – property development costs | 6 | **3,125,909** | 2,568,068 | 1,580,390 | **–** | – |
| Inventories – completed properties and others | 6 | **1,444,115** | 1,586,946 | 1,702,008 | **–** | – |
| Contract cost assets | 20 | **1,177,645** | 850,029 | 259,258 | **–** | – |
| Amounts owing by subsidiary companies | 12 | **–** | – | – | **1,035,520** | 2,341,214 |
| Amounts owing by joint ventures | 13 | **85,104** | 97,932 | 515,417 | **59,301** | 58,404 |
| Amounts owing by associated companies | 14 | **590** | 450 | 364 | **576** | 450 |
| Amounts owing by related companies | 15 | **930** | 811 | – | **–** | – |
| Current tax assets | | **69,421** | 116,942 | 125,919 | **–** | – |
| Short-term funds | 21 | **1,676,226** | 1,082,940 | 1,377,749 | **526,905** | 174,139 |
| Short-term deposits | 22 | **179,503** | 402,552 | 322,310 | **10,000** | 64,000 |
| Cash and bank balances | 23 | **1,204,348** | 1,398,060 | 3,879,241 | **59,857** | 39,022 |
| | | **10,975,957** | 10,265,191 | 12,319,983 | **1,694,957** | 2,679,097 |
| Asset held for sale | | **–** | – | 1,058 | **–** | – |
| | | **10,975,957** | 10,265,191 | 12,321,041 | **1,694,957** | 2,679,097 |
| **TOTAL ASSETS** | | **30,042,715** | 29,300,826 | 28,197,184 | **15,750,886** | 15,536,941 |

## STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019

| | Note | Group | | | Company | |
|---|---|---|---|---|---|---|
| | | 2019 RM'000 | 2018 RM'000 Restated | 1.1.2018 RM'000 Restated | 2019 RM'000 | 2018 RM'000 |
| **EQUITY AND LIABILITIES** | | | | | | |
| **Equity** | | | | | | |
| Share capital | 24 | **8,432,321** | 8,252,253 | 6,693,971 | **8,432,321** | 8,252,253 |
| Share capital - RCPS-i A | 25 | **1,087,363** | 1,087,363 | 1,119,342 | **1,087,363** | 1,087,363 |
| Share capital - RCPS-i B | 25 | **1,035,304** | 1,044,753 | 1,064,608 | **1,035,304** | 1,044,753 |
| Share-based payment reserve *(non-distributable)* | | **144,721** | 140,987 | 94,450 | **144,721** | 140,987 |
| Reserve on acquisition arising from common control *(non-distributable)* | 26 | **(1,295,884)** | (1,295,884) | (1,295,884) | **-** | - |
| Exchange translation reserve *(non-distributable)* | | **(27,162)** | (50,058) | 136,916 | **-** | - |
| Retained earnings *(distributable)* | | **4,972,532** | 4,919,713 | 4,946,303 | **673,008** | 656,684 |
| Equity attributable to owners of the Company | | **14,349,195** | 14,099,127 | 12,759,706 | **11,372,717** | 11,182,040 |
| Perpetual bond | 27 | **-** | - | 610,787 | **-** | - |
| Non-controlling interests | | **1,432,647** | 1,376,263 | 1,293,893 | **-** | - |
| **Total equity** | | **15,781,842** | 15,475,390 | 14,664,386 | **11,372,717** | 11,182,040 |
| **Non-current liabilities** | | | | | | |
| Redeemable cumulative preference shares | 28 | **37,006** | 69,292 | 54,667 | **-** | - |
| Other payables and accruals | 29 | **90,874** | 43,572 | 40,000 | **-** | - |
| Long-term borrowings | 30 | **8,838,769** | 7,947,130 | 4,914,092 | **2,948,549** | 2,868,289 |
| Lease liabilities | 31 | **2,404** | - | - | **-** | - |
| Deferred tax liabilities | 16 | **455,575** | 470,829 | 247,121 | **-** | - |
| | | **9,424,628** | 8,530,823 | 5,255,880 | **2,948,549** | 2,868,289 |
| **Current liabilities** | | | | | | |
| Redeemable cumulative preference shares | 28 | **32,413** | - | - | **-** | - |
| Trade payables | 32 | **1,592,878** | 1,747,302 | 1,929,355 | **-** | - |
| Contract liabilities | 18 | **158,966** | 123,937 | 24,825 | **-** | - |
| Other payables and accruals | 29 | **688,592** | 870,315 | 738,206 | **19,231** | 24,809 |
| Short-term borrowings | 30 | **2,330,399** | 2,517,735 | 1,963,828 | **1,124,190** | 1,320,027 |
| Lease liabilities | 31 | **1,288** | - | - | **-** | - |
| Current tax liabilities | | **30,591** | 33,981 | 79,749 | **9,349** | 9,274 |
| Amounts owing to previous shareholders of I & P Group Sdn Berhad | 33 | **-** | - | 3,540,500 | **-** | - |
| Amounts owing to subsidiary companies | 12 | **-** | - | - | **276,850** | 132,502 |
| Amounts owing to related companies | 15 | **1,118** | 1,343 | 455 | **-** | - |
| | | **4,836,245** | 5,294,613 | 8,276,918 | **1,429,620** | 1,486,612 |
| **Total liabilities** | | **14,260,873** | 13,825,436 | 13,532,798 | **4,378,169** | 4,354,901 |
| **TOTAL EQUITY AND LIABILITIES** | | **30,042,715** | 29,300,826 | 28,197,184 | **15,750,886** | 15,536,941 |

The accompanying notes form an integral part of the financial statements.





## STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

| | Note | Group | | Company | |
|---|---|---|---|---|---|
| | | 2019 RM'000 | 2018 RM'000 Restated | 2019 RM'000 | 2018 RM'000 Restated |
| Revenue | 34 | **3,928,874** | 3,593,589 | **329,544** | 612,506 |
| Cost of sales | 35 | **(2,913,030)** | (2,501,335) | **-** | - |
| Gross profit | | **1,015,844** | 1,092,254 | **329,544** | 612,506 |
| Other income | 36 | **215,463** | 620,663 | **287,461** | 297,631 |
| Selling and marketing expenses | | **(88,861)** | (109,884) | **-** | - |
| Administrative and general expenses | | **(314,998)** | (395,724) | **(54,076)** | (42,008) |
| Share of results of joint ventures | | **(19,959)** | (43,345) | **-** | - |
| Share of results of associated companies | | **28,448** | 27,144 | **-** | - |
| Finance costs | 37 | **(237,707)** | (207,184) | **(192,619)** | (179,983) |
| Profit before tax | 38 | **598,230** | 983,924 | **370,310** | 688,146 |
| Taxation | 40 | **(176,199)** | (191,326) | **(41,427)** | (35,486) |
| Profit for the year | | **422,031** | 792,598 | **328,883** | 652,660 |
| Other comprehensive income, net of tax: *(Items that may be reclassified subsequently to profit or loss)* | | | | | |
| Exchange differences on translation of foreign operations | | **22,887** | (186,982) | **-** | - |
| Total comprehensive income for the year | | **444,918** | 605,616 | **328,883** | 652,660 |
| Profit attributable to: | | | | | |
| Holders of Perpetual bond | | **-** | 34,449 | **-** | 34,449 |
| Non-controlling interests | | **78,311** | 92,887 | **-** | - |
| | | **78,311** | 127,336 | **-** | 34,449 |
| Owners of the Company | | **343,720** | 665,262 | **328,883** | 618,211 |
| | | **422,031** | 792,598 | **328,883** | 652,660 |
| Total comprehensive income attributable to: | | | | | |
| Holders of Perpetual bond | | **-** | 34,449 | **-** | 34,449 |
| Non-controlling interests | | **78,302** | 92,879 | **-** | - |
| | | **78,302** | 127,328 | **-** | 34,449 |
| Owners of the Company | | **366,616** | 478,288 | **328,883** | 618,211 |
| | | **444,918** | 605,616 | **328,883** | 652,660 |
| Basic earnings per share (sen) | 41 | **5.27** | 14.67 | | |
| Diluted earnings per share (sen) | 41 | **5.23** | 14.56 | | |

The accompanying notes form an integral part of the financial statements.

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

| | Note | Attributable to owners of the Company | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | Non-distributable | | | Distributable | | | | |
| | | Share capital RM'000 | Share capital - RCPS-i A RM'000 | Share capital - RCPS-i B RM'000 | Share-based payment reserve RM'000 | Reserve on acquisition arising from common control RM'000 | Exchange translation reserve RM'000 | Retained earnings RM'000 | Total RM'000 | Perpetual bond RM'000 | Non-controlling interests RM'000 | Total equity RM'000 |
| Balance at 1.1.2018 | | 6,693,971 | 1,119,342 | 1,064,608 | 94,450 | (1,295,884) | 136,916 | 4,985,244 | 12,798,647 | 610,787 | 1,293,893 | 14,703,327 |
| Prior year adjustments | 52 | - | - | - | - | - | - | (38,941) | (38,941) | - | - | (38,941) |
| Balance at 1.1.2018 (restated) | | 6,693,971 | 1,119,342 | 1,064,608 | 94,450 | (1,295,884) | 136,916 | 4,946,303 | 12,759,706 | 610,787 | 1,293,893 | 14,664,386 |
| Total other comprehensive income for the year, represented by exchange differences on translation of foreign operations | | - | - | - | - | - | (186,974) | - | (186,974) | - | (8) | (186,982) |
| Profit for the year | | - | - | - | - | - | - | 665,262 | 665,262 | - | 92,887 | 758,149 |
| Distribution for the year | | - | - | - | - | - | - | - | - | 34,449 | - | 34,449 |
| Distribution paid | | - | - | - | - | - | - | - | - | (36,236) | - | (36,236) |
| Redemption of Perpetual bond | | - | - | - | - | - | - | - | - | (609,000) | - | (609,000) |
| Transactions with owners: | | | | | | | | | | | | |
| Issuance of ordinary shares | | | | | | | | | | | | |
| - DRP | | 483,914 | - | - | - | - | - | - | 483,914 | - | - | 483,914 |
| - vesting of ESGP | | 33,336 | - | - | (33,336) | - | - | - | - | - | - | - |
| - exercise of ESOS | | 3,411 | - | - | (549) | - | - | - | 2,862 | - | - | 2,862 |
| - new placement | | 997,750 | - | - | - | - | - | - | 997,750 | - | - | 997,750 |
| Conversion of RCPS-i A into ordinary shares | | 31,979 | (31,979) | - | - | - | - | - | - | - | - | - |
| Conversion of RCPS-i B into ordinary shares | | 19,855 | - | (19,855) | - | - | - | - | - | - | - | - |
| Incorporation of new subsidiary company | | - | - | - | - | - | - | - | - | - | 7,500 | 7,500 |
| Share issuance expenses | | (11,963) | - | - | - | - | - | - | (11,963) | - | - | (11,963) |
| RCPS-i A preferential dividends paid | 42 | - | - | - | - | - | - | (72,430) | (72,430) | - | - | (72,430) |
| RCPS-i B preferential dividends paid | 42 | - | - | - | - | - | - | (31,495) | (31,495) | - | - | (31,495) |
| Dividends paid | 42 | - | - | - | - | - | - | (587,927) | (587,927) | - | (18,009) | (605,936) |
| Share-based payment under the LTIP | | - | - | - | 80,422 | - | - | - | 80,422 | - | - | 80,422 |
| Balance at 31.12.2018 | | 8,252,253 | 1,087,363 | 1,044,753 | 140,987 | (1,295,884) | (50,058) | 4,919,713 | 14,099,127 | - | 1,376,263 | 15,475,390 |



# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

| | Note | Attributable to owners of the Company | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | Non-distributable | | | Distributable | | | |
| | | Share capital RM'000 | Share capital - RCPS-i A RM'000 | Share capital - RCPS-i B RM'000 | Share-based payment reserve RM'000 | Reserve on acquisition arising from common control RM'000 | Exchange translation reserve RM'000 | Retained earnings RM'000 | Total RM'000 | Non-controlling interests RM'000 | Total equity RM'000 |
| **Balance at 1.1.2019** | | **8,252,253** | **1,087,363** | **1,044,753** | **140,987** | **(1,295,884)** | **(50,058)** | **4,919,713** | **14,099,127** | **1,376,263** | **15,475,390** |
| Effects of adoption of MFRS 16 | | **-** | **-** | **-** | **-** | **-** | **-** | **(1,147)** | **(1,147)** | **-** | **(1,147)** |
| Balance at 1.1.2019 (restated) | | **8,252,253** | **1,087,363** | **1,044,753** | **140,987** | **(1,295,884)** | **(50,058)** | **4,918,566** | **14,097,980** | **1,376,263** | **15,474,243** |
| Total other comprehensive income for the year, represented by exchange differences on translation of foreign operations | | **-** | **-** | **-** | **-** | **-** | **22,896** | **-** | **22,896** | **(9)** | **22,887** |
| Profit for the year | | **-** | **-** | **-** | **-** | **-** | **-** | **343,720** | **343,720** | **78,311** | **422,031** |
| Transactions with owners: | | | | | | | | | | | |
| Issuance of ordinary shares | | | | | | | | | | | |
| - DRP | | **141,331** | **-** | **-** | **-** | **-** | **-** | **-** | **141,331** | **-** | **141,331** |
| - vesting of ESGP | | **29,444** | **-** | **-** | **(29,444)** | **-** | **-** | **-** | **-** | **-** | **-** |
| Conversion of RCPS-i B into ordinary shares | | **9,449** | **-** | **(9,449)** | **-** | **-** | **-** | **-** | **-** | **-** | **-** |
| Share issuance expenses | | **(156)** | **-** | **-** | **-** | **-** | **-** | **-** | **(156)** | **-** | **(156)** |
| Liquidation of subsidiary companies | | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **(306)** | **(306)** |
| RCPS-i A preferential dividends paid | 42 | **-** | **-** | **-** | **-** | **-** | **-** | **(70,654)** | **(70,654)** | **-** | **(70,654)** |
| RCPS-i B preferential dividends paid | 42 | **-** | **-** | **-** | **-** | **-** | **-** | **(61,674)** | **(61,674)** | **-** | **(61,674)** |
| Dividends paid | 42 | **-** | **-** | **-** | **-** | **-** | **-** | **(180,231)** | **(180,231)** | **(21,612)** | **(201,843)** |
| Share-based payment under the LTIP | | **-** | **-** | **-** | **33,178*** | **-** | **-** | **22,805** | **55,983** | **-** | **55,983** |
| Balance at 31.12.2019 | | **8,432,321** | **1,087,363** | **1,035,304** | **144,721** | **(1,295,884)** | **(27,162)** | **4,972,532** | **14,349,195** | **1,432,647** | **15,781,842** |

* This is stated net of the effect of reversal of share-based payment relating to lapsed entitlements.

The accompanying notes form an integral part of the financial statements.

# STATEMENT OF CHANGES IN EQUITY

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

| | Note | Share capital RM'000 | Share capital - RCPS-i A RM'000 | Share capital - RCPS-i B RM'000 | *Non-distributable* Share-based payment reserve RM'000 | *Distributable* Retained earnings RM'000 | Perpetual bond RM'000 | Total RM'000 |
|---|---|---|---|---|---|---|---|---|
| Balance at 1.1.2018 | | 6,693,971 | 1,119,342 | 1,064,608 | 94,450 | 730,325 | 610,787 | 10,313,483 |
| Total other comprehensive income for the year, represented by profit for the year | | - | - | - | - | 618,211 | - | 618,211 |
| Distribution for the year | | - | - | - | - | - | 34,449 | 34,449 |
| Distribution paid | | - | - | - | - | - | (36,236) | (36,236) |
| Redemption of Perpetual bond | | - | - | - | - | - | (609,000) | (609,000) |
| Transactions with owners: | | | | | | | | |
| Issuance of ordinary shares: | | | | | | | | |
| - DRP | | 483,914 | - | - | - | - | - | 483,914 |
| - vesting of ESGP | | 33,336 | - | - | (33,336) | - | - | - |
| - exercise of ESOS | | 3,411 | - | - | (549) | - | - | 2,862 |
| - rights issue | | 997,750 | - | - | - | - | - | 997,750 |
| Conversion of RCPS-i A into ordinary shares | | 31,979 | (31,979) | - | - | - | - | - |
| Conversion of RCPS-i B into ordinary shares | | 19,855 | - | (19,855) | - | - | - | - |
| Share issuance expenses | | (11,963) | - | - | - | - | - | (11,963) |
| RCPS-i A preferential dividends paid | 42 | - | - | - | - | (72,430) | - | (72,430) |
| RCPS-i B preferential dividends paid | 42 | - | - | - | - | (31,495) | - | (31,495) |
| Dividends paid | 42 | - | - | - | - | (587,927) | - | (587,927) |
| Share-based payment under the LTIP | | - | - | - | 80,422 | - | - | 80,422 |
| Balance at 31.12.2018 | | 8,252,253 | 1,087,363 | 1,044,753 | 140,987 | 656,684 | - | 11,182,040 |

STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

| | Note | Share capital RM'000 | Share capital - RCPS-i A RM'000 | Share capital - RCPS-i B RM'000 | *Non-distributable* Share-based payment reserve RM'000 | *Distributable* Retained earnings RM'000 | Total RM'000 |
|---|---|---|---|---|---|---|---|
| Balance at 1.1.2019 | | **8,252,253** | **1,087,363** | **1,044,753** | **140,987** | **656,684** | **11,182,040** |
| Total other comprehensive income for the year, represented by profit for the year | | - | - | - | - | **328,883** | **328,883** |
| Transactions with owners: | | | | | | | |
| Issuance of ordinary shares: | | | | | | | |
| - DRP | | **141,331** | - | - | - | - | **141,331** |
| - vesting of ESGP | | **29,444** | - | - | **(29,444)** | - | - |
| Conversion of RCPS-i B into ordinary shares | | **9,449** | - | **(9,449)** | - | - | - |
| Share issuance expenses | | **(156)** | - | - | - | - | **(156)** |
| RCPS-i A preferential dividends paid | 42 | - | - | - | - | **(70,654)** | **(70,654)** |
| RCPS-i B preferential dividends paid | 42 | - | - | - | - | **(61,674)** | **(61,674)** |
| Dividends paid | 42 | - | - | - | - | **(180,231)** | **(180,231)** |
| Share-based payment under the LTIP | | - | - | - | **33,178*** | - | **33,178** |
| Balance at 31.12.2019 | | **8,432,321** | **1,087,363** | **1,035,304** | **144,721** | **673,008** | **11,372,717** |

* This is stated net of the effect of reversal of share-based payment relating to lapsed entitlements.

The accompanying notes form an integral part of the financial statements.

# STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

| | Group | | Company | |
|---|---|---|---|---|
| | 2019 RM'000 | 2018 RM'000 Restated | 2019 RM'000 | 2018 RM'000 |
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | | |
| Profit before tax | 598,230 | 983,924 | 370,310 | 688,146 |
| Amortisation of intangible assets | 704 | 704 | - | - |
| Allowance for impairment loss on receivables no longer required | - | (25) | - | - |
| Bad debts written off | 82 | - | - | - |
| Allowance for impairment loss on receivables | 86 | 521 | - | - |
| Depreciation of property, plant and equipment | 27,253 | 23,906 | 36 | - |
| Depreciation of right-of-use – property, plant and equipment | 997 | - | - | - |
| Net (gain)/loss on disposal of property, plant and equipment | (5,543) | 467 | - | 1 |
| Gain on fair value adjustment of investment properties | (11,538) | (8,462) | - | - |
| Gain on disposal of asset held for sale | - | (6,942) | - | - |
| Gain on disposal of investment properties | - | (4,982) | - | - |
| Gain on disposal of other investments | - | (138) | - | - |
| Gain on liquidation of subsidiary companies | (106) | - | (15,895) | - |
| Loss on liquidation of a joint venture | 12 | - | 12 | - |
| Gain on remeasurement of retained equity interest in former joint venture | - | (311,594) | - | - |
| Gain on deemed disposal of previously held investment in joint venture | - | (36,942) | - | - |
| Property, plant and equipment written off | 595 | 252 | - | - |
| Impairment loss – investment in subsidiary companies | - | - | 11,323 | - |
| Share of results of joint ventures | 19,959 | 43,345 | - | - |
| Share of results of associated companies | (28,448) | (27,144) | - | - |
| Interest income from financial assets measured at amortised cost | - | - | (1,784) | (3,721) |
| Interest expense on financial liabilities measured at amortised cost | 127 | 2,484 | - | - |
| Amortisation of transaction cost on borrowings | 684 | - | 684 | - |
| Interest expense on lease liabilities | 157 | - | - | - |
| Interest income from significant financing component | (18,020) | (13,566) | - | - |
| Loss from fair value adjustment of financial assets | - | - | 1,838 | 2,850 |
| Finance income on financial liabilities at amortised cost | - | (1,221) | - | - |
| Fair value adjustment on right-of-use – investment properties | 13,192 | - | - | - |
| Share-based payment | 55,983 | 80,422 | 813 | 838 |
| Unrealised foreign exchange loss/(gain) | 15,299 | (58,857) | 15,466 | (26,875) |
| Interest expense | 236,738 | 204,700 | 191,935 | 179,983 |
| Dividend income | - | - | (329,544) | (612,506) |
| Interest income | (97,221) | (110,703) | (261,278) | (254,873) |
| Rental income | (53,067) | (39,559) | - | - |





STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

| | Group | | Company | |
|---|---|---|---|---|
| | 2019 RM'000 | 2018 RM'000 Restated | 2019 RM'000 | 2018 RM'000 |
| **CASH FLOWS FROM OPERATING ACTIVITIES (CONT'D)** | | | | |
| Operating profit/(loss) before working capital changes | 756,155 | 720,590 | (16,084) | (26,157) |
| Changes in inventories – property development costs | (1,003,435) | (440,782) | - | - |
| Changes in inventories – completed properties and others | 369,609 | 566,038 | - | - |
| Changes in contract cost assets | 1,136,588 | 227,647 | - | - |
| Changes in contract assets/liabilities | 45,005 | (66,562) | - | - |
| Changes in receivables | 128,533 | 103,129 | 890 | (45) |
| Changes in payables | (115,748) | (30,745) | (916) | (13,601) |
| Net cash generated from/(used in) operations | 1,316,707 | 1,079,315 | (16,110) | (39,803) |
| Rental received | 11,900 | 17,718 | - | - |
| Interest received | 33,228 | 55,554 | 361 | 425 |
| Interest paid on lease liabilities | (157) | - | - | - |
| Net tax paid | (190,791) | (256,875) | (41,097) | (33,158) |
| Net cash generated from/(used in) operating activities | 1,170,887 | 895,712 | (56,846) | (72,536) |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | | | |
| Additions to inventories – land held for property development | (630,674) | (1,246,452) | - | - |
| Deposits and part consideration paid for acquisition of development land | (2,450) | (2,916) | - | - |
| Additions to property, plant and equipment | (98,376) | (96,325) | (547) | - |
| Additions to investment properties | (30,673) | (127,109) | - | - |
| Proceeds from disposal of property, plant and equipment | 11,438 | 537 | - | - |
| Proceeds from disposal of investment properties | 7,000 | 18,982 | - | - |
| Proceeds from disposal of other investments | - | 175 | - | - |
| Net cash outflow arising from acquisition of remaining stake in Setia Federal Hill Sdn Bhd | - | (418,511) | - | - |
| Proceeds on incorporation of subsidiary company from non-controlling shareholders | - | 7,500 | - | - |
| Proceeds from disposal of asset held for sale | - | 8,000 | - | - |
| Net cash inflow from liquidation of a joint venture | 23 | - | - | - |
| Net cash inflow from liquidation of subsidiary companies | 137 | - | 208 | - |
| Balance consideration paid in relation to acquisition of I & P Group Sdn Berhad | - | (3,540,500) | - | (3,540,500) |
| Acquisition of additional shares in existing subsidiary companies | - | - | - | (489,295) |
| Acquisition of additional shares in existing joint ventures | (202,955) | (614,860) | (2,251) | (250) |
| Repayment from/(Capital contribution to) a joint venture | 304 | (71) | 506 | (117) |
| Advances to an associated company | (140) | (86) | (126) | (86) |
| Repayment from/(Advances to) subsidiary companies, including receipt of dividends | - | - | 860,508 | (480,941) |

## STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

| | Group | | Company | |
|---|---|---|---|---|
| | 2019 RM'000 | 2018 RM'000 Restated | 2019 RM'000 | 2018 RM'000 |
| **CASH FLOWS FROM INVESTING ACTIVITIES (CONT'D)** | | | | |
| Repayment from/(Advances to) joint ventures | **10,906** | (15,296) | **(258)** | (121,551) |
| Settlement of shareholder advances to a former joint venture partner | **–** | (94,957) | **–** | – |
| (Placement of)/withdrawal from sinking fund, debt service reserve, escrow accounts and short-term deposits | **(29,503)** | (18,269) | **938** | (7,764) |
| Dividends received from associated companies | **5,725** | 3,680 | **–** | – |
| Redeemable cumulative preference share dividends received | **–** | – | **2,968** | 2,968 |
| Interest received | **63,993** | 55,149 | **15,148** | 37,233 |
| Rental received | **41,167** | 21,841 | **–** | – |
| Net cash (used in)/generated from investing activities | **(854,078)** | (6,059,488) | **877,094** | (4,600,303) |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | | | |
| Proceeds from placement of ordinary shares | **–** | 997,750 | **–** | 997,750 |
| Refund of excess application proceeds from rights issue of shares and RCPS-i B | **–** | (310,412) | **–** | (310,412) |
| Proceeds from issuance of ordinary shares – exercise of ESOS | **–** | 2,862 | **–** | 2,862 |
| Payment of share issuance expenses | **(156)** | (11,963) | **(156)** | (11,963) |
| (Repayment to)/advances from non-controlling shareholder of subsidiary companies | **(125,000)** | 126,673 | **–** | – |
| Drawdown of bank borrowings | **2,160,206** | 4,624,412 | **465,900** | 2,896,500 |
| Repayment of bank borrowings | **(1,478,661)** | (1,663,224) | **(589,000)** | (986,000) |
| Repayment of lease liabilities | **(1,312)** | – | **–** | – |
| Perpetual bond distribution paid | **–** | (36,236) | **–** | (36,236) |
| Redemption of Perpetual bond | **–** | (609,000) | **–** | (609,000) |
| Interest paid | **(507,911)** | (425,335) | **(196,597)** | (167,864) |
| Transaction cost on borrowings paid | **(17,111)** | – | **(1,755)** | – |
| Redeemable cumulative preference share dividends paid to non-controlling interests | **(3,006)** | (3,175) | **–** | – |
| Dividends paid to non-controlling interests | **(21,612)** | (18,009) | **–** | – |
| Dividends paid | **(38,900)** | (104,013) | **(38,900)** | (104,013) |
| RCPS-i A preferential dividends paid | **(70,654)** | (72,430) | **(70,654)** | (72,430) |
| RCPS-i B preferential dividends paid | **(61,674)** | (31,495) | **(61,674)** | (31,495) |
| Net cash (used in)/generated from financing activities | **(165,791)** | 2,466,405 | **(492,836)** | 1,567,699 |





## STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

| | Group | | Company | |
|---|---|---|---|---|
| | 2019 RM'000 | 2018 RM'000 Restated | 2019 RM'000 | 2018 RM'000 |
| **NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS** | **151,018** | (2,697,371) | **327,412** | (3,105,140) |
| **EFFECT OF EXCHANGE RATE CHANGES** | **(5,262)** | (17,637) | **(56)** | (683) |
| **CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR** | **2,810,055** | 5,525,063 | **254,306** | 3,360,129 |
| **CASH AND CASH EQUIVALENTS AT END OF THE YEAR** | **2,955,811** | 2,810,055 | **581,662** | 254,306 |
| Cash and cash equivalents included in cash flows comprise the following amounts: | | | | |
| Short-term funds | **1,676,226** | 1,082,940 | **526,905** | 174,139 |
| Short-term deposits | **179,503** | 402,552 | **10,000** | 64,000 |
| Cash and bank balances | **1,204,348** | 1,398,060 | **59,857** | 39,022 |
| Bank overdrafts (Note 30) | **(23,601)** | (22,335) | **–** | (6,817) |
| | **3,036,476** | 2,861,217 | **596,762** | 270,344 |
| Less: Amounts restricted in sinking fund, debt service reserve, escrow accounts and short-term deposits | **(80,665)** | (51,162) | **(15,100)** | (16,038) |
| | **2,955,811** | 2,810,055 | **581,662** | 254,306 |

The accompanying notes form an integral part of the financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

## 1. SIGNIFICANT ACCOUNTING POLICIES

### (a) Basis of preparation

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards ("IFRS") and the requirements of the Companies Act 2016.

The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below.

The financial statements of the Group and of the Company are presented in Ringgit Malaysia ("RM"), which is also the Company's functional currency.

On 1 January 2019, the Company adopted the following new MFRSs, Amendments to MFRSs, IC Interpretations and Annual Improvements to MFRSs:

**Effective for financial periods beginning on or after 1 January 2019:**

*Amendments to MFRS 9: Financial Instruments - Prepayment Features with Negative Compensation*
*MFRS 16: Leases*
*Amendments to MFRS 128: Long-term Interests in Associates and Joint Ventures*
*Annual Improvements to MFRS Standards 2015 - 2017 Cycle*
*Amendments to MFRS 119: Employment Benefits - Plan Amendment, Curtailment or Settlement*
*IC Interpretation 23: Uncertainty over Income Tax Treatments*

Adoption of the above new MFRSs, Amendments to MFRSs, IC Interpretations and Annual Improvements to MFRSs did not have any material effect on the financial performance or position of the Company except as discussed below:

*MFRS 16: Leases*

MFRS 16 has replaced *MFRS 117 Leases, IC Interpretation 4 Determining whether an Arrangement contains a Lease, IC Interpretation 115 Operating Lease-Incentives* and *IC Interpretation 127 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.* MFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under MFRS 117.

At the commencement date of a lease, a lessee will recognise a liability to make lease payments and an asset representing the right to use the underlying asset during the lease term. Subject to certain exceptions, the right-of-use asset is initially measured at cost and subsequently measured at cost, less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications.

Classification of cash flows has also been affected as operating lease payments under MFRS 117 are presented as operating cash flows, whereas under MFRS 16, the lease payments will be split into a principal (which will be presented as financing cash flows) and an interest portion (which will be presented as operating cash flows).

Lessor accounting under MFRS 16 is substantially the same as the accounting under MFRS 117. Lessors will continue to classify all leases using the same classification principle as in MFRS 117 and distinguish between two types of leases: operating and finance leases. MFRS 16 also requires lessees and lessors to make more extensive disclosures than under MFRS 117.

The Group adopted MFRS 16 using the modified retrospective approach and the Group also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option (short-term leases), and lease contracts for which the underlying asset is of low value (low-value assets). The Group has leases of certain office equipment (i.e., personal computers, printing and photocopying machines) that are considered of low value.





## 1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (a) Basis of preparation (cont'd)

**Effective for financial periods beginning on or after 1 January 2019: (cont'd)**

*MFRS 16: Leases (cont'd)*

The effects of adopting MFRS 16 are as follows:

| | As at 1 January 2019 RM'000 Restated* | Effects of adoption of MFRS 16 RM'000 | As at 1 January 2019 RM'000 Restated |
|---|---|---|---|
| **Non-current assets** | | | |
| Right-of-use – property, plant and equipment | – | 4,225 | 4,225 |
| Right-of-use – investment properties | – | 89,045 | 89,045 |
| Other receivables, deposits and prepayments | 134,093 | (76,954) | 57,139 |
| **Current assets** | | | |
| Contract assets | 1,065,152 | (10) | 1,065,142 |
| Other receivables, deposits and prepayments | 270,713 | (13,192) | 257,521 |
| **Equity** | | | |
| Retained earnings | 4,919,713 | (1,147) | 4,918,566 |
| **Non-current liabilities** | | | |
| Lease liabilities | – | 3,128 | 3,128 |
| **Current liabilities** | | | |
| Lease liabilities | – | 1,133 | 1,133 |

** This is after the effects of the prior year adjustments and changes in comparatives as disclosed in Note 52.*

The weighted average lessees' incremental borrowing rate applied to the lease liabilities on 1 January 2019 was 3.04% per annum.

The reconciliation between the operating lease commitments disclosed applying MFRS 117 as at 31 December 2018 to the lease liabilities recognised as at 1 January 2019 is as follows:

| | Group RM'000 |
|---|---|
| Operating lease commitments as at 31 December 2018 | 3,405 |
| Discounted operating lease commitments as at 1 January 2019 | 3,157 |
| Less: | |
| Commitments relating to short-term leases | (55) |
| Commitments relating to leases of low-value assets | (136) |
| Add: | |
| Lease payments relating to renewal periods not included in operating lease commitments as at 31 December 2018 | 1,295 |
| Lease liabilities as at 1 January 2019 | 4,261 |

## 1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (a) Basis of preparation (cont'd)

**Effective for financial periods beginning on or after 1 January 2019: (cont'd)**

*Annual Improvements to MFRS Standards 2015–2017 Cycle: MFRS 123 Borrowing Costs – Borrowing costs eligible for capitalisation*

The amendments clarify that an entity treats as part of general borrowings any borrowing originally made to develop a qualifying asset when substantially all of the activities necessary to prepare that asset for its intended use or sale are complete.

An entity applies these amendments to borrowing costs incurred on or after the beginning of the annual reporting periods beginning on or after 1 January 2019.

Standards issued but not yet effective

The standards and interpretations that are issued but not yet effective up to the date of issuance of the Group's and the Company's financial statements are disclosed below. The Group and the Company intend to adopt these standards, if applicable, when they become effective.

**Effective for financial periods beginning on or after 1 January 2020**

*Amendments to MFRS 3: Definition of a Business*
*Amendments to MFRS 101: Presentation of Financial Statements – Definition of Material^*
*Amendments to MFRS 108: Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Material^*
*Revised Conceptual Framework for Financial Reporting*
*Amendments to MFRS 9, MFRS 139 and MFRS 7: Interest Rate Benchmark Reform*

**Effective for financial periods beginning on or after 1 January 2021**

*MFRS 17: Insurance Contracts^*

**Effective date yet to be determined**

*Amendments to MFRS 10 and MFRS 128: Sales or Contribution of Assets between an Investor and its Associate or Joint Venture*

*^ This resulted in consequential changes in other standards, which make reference to these standards.*

Unless otherwise described below, the new MFRSs, Amendments to MFRSs, IC Interpretations and Annual Improvements to MFRSs above are expected to have no significant impact on the financial statements of the Company upon their initial application except for the changes in presentation and disclosures of financial information arising from the adoption of the above new MFRS, Amendments to MFRSs, Annual Improvements to MFRSs and IC Interpretations.

### (b) Significant accounting judgements and estimates

The preparation of financial statements requires management to exercise judgement in the process of applying the accounting policies. It also requires the use of accounting estimates and assumptions that affect reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the reporting date, and reported amounts of income and expenses during the financial year.

Although these estimates are based on management's best knowledge of current events and actions, historical experiences and various other factors, including expectations for future events that are believed to be reasonable under the circumstances, actual results may ultimately differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.



NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

## 1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (b) Significant accounting judgements and estimates (cont'd)

*(i) Critical judgement made in applying accounting policies*

The following are judgements made by management in the process of applying the Group's accounting policies that have the most significant effect on amounts recognised in the financial statements:

*Classification between investment properties and owner-occupied properties*

The Group determines whether a property qualifies as an investment property, and has developed certain criteria based on MFRS 140 *Investment Property* in making that judgement.

In making its judgement, the Group considers whether a property generates cash flows largely independently of other assets held by the Group. Owner-occupied properties generate cash flows that are attributable not only to the property, but also to other assets used in the production or supply process.

Some properties comprise a portion that is held to earn rental or for capital appreciation and another portion that is held for use in the production or supply of goods and services or for administrative purposes.

If these portions could be sold separately (or leased out separately under a finance lease), the Group accounts for the portions separately.

If the portions could not be sold separately, the property is accounted for as an investment property only if an insignificant portion is held for use in the production and supply of goods and services or for administrative purposes.

Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as an investment property.

*(ii) Key sources of estimation uncertainty*

The key assumptions concerning the future and other key sources associated with estimation uncertainty at the reporting date that have significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

*Revenue recognition of property development activities*

Revenue on property development activities are recognised in accordance with the accounting policy set out in Note 1(t)(i) below. The terms of the property development contracts and the laws that apply to these contracts, will determine whether the control of the properties sold is transferred and the corresponding revenue is recognised over time or at a point in time.

The Group recognises certain of its property development activities over time or based on the percentage of completion method using the input method which is based on the actual cost incurred to date on the property development project as compared to the total budgeted cost for the respective development projects.

Significant judgement is required in determining the progress towards complete satisfaction of the performance obligation and this includes determining the extent of property development costs incurred and the total estimated costs of property development, which in turn is used to determine the percentage of completion and gross profit margin of property development activities undertaken by the Group. In making these judgements, management relies on past experience and the work of specialists.

## 1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (b) Significant accounting judgements and estimates (cont'd)

*(ii) Key sources of estimation uncertainty (cont'd)*

*Capitalisation of borrowing costs*

The Group capitalises borrowings cost during the period in which development activities are being undertaken or where there is on-going development activities which benefits an entire township.

Significant judgement is involved in determining whether the development activities carried out meet the criteria of an active development in ascertaining whether or not borrowing costs incurred should be capitalised. Besides that, management is also required to estimate the appropriate apportionment of borrowing costs eligible for capitalisation to the various development phases.

The borrowing costs capitalised are as disclosed in Note 2, 4 and 6.

*Allowance for stock obsolescence and inventories write down*

Inventories are stated at the lower of cost and net realisable value. The Group estimates the net realisable value of inventories based on an assessment of expected sales prices.

Inventories are reviewed on a regular basis and the Group will make an allowance for excess or obsolete inventories based primarily on historical trends and management estimates of expected and future product demand and related pricing.

The carrying amounts of the Group's inventories as at 31 December 2019 are disclosed in Note 6.

Demand levels, technological advances and pricing competition could change from time to time. If such factors result in an adverse effect on the Group's products, the Group might be required to reduce the value of its inventories and additional allowances for slow moving inventories may be required.

*Fair value of investment properties*

The Group carries its investment properties at fair value, with changes in fair value being recognised in profit or loss. The Group engaged independent professional valuers to perform valuations on its investment properties at each reporting date. The valuation methodology commonly used is the comparison method which is based on comparable historical transactions adjusted for specific market factors such as location, size, condition, accessibility and design of the respective properties and the investment method which entails determination of the net income applying suitable growth rates and capitalising of the net income by a suitable rate of return. Certain properties were valued based on the cost method which is based on current estimates of construction costs less depreciation, obsolescence and existing physical conditions of the respective properties.

The details of the investment properties are disclosed in Note 4 whilst the valuation techniques and key assumptions applied on the determination of the fair values are disclosed in Note 49(a).





NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

## 1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (b) Significant accounting judgements and estimates (cont'd)

*(ii) Key sources of estimation uncertainty (cont'd)*

*Impairment of investment in subsidiary companies*

At the reporting date, the Company reviewed its investments in subsidiary companies for indications of impairment and where such indications exist, the Company performed an impairment assessment to determine the recoverable amounts of such investments. The Company estimated the recoverable amount of the respective cash generating units ("CGU"s) based on their fair value less cost to sell or their respective value-in-use ("VIU"), whichever is higher. Estimating the VIU of the CGUs involved estimates made by management relating to the future cash inflows and outflows that will be derived from the CGUs, and discounting them at the appropriate rate. The cash flow forecasts included a number of significant judgements and estimates such as the revenue growth rate, discount rate and terminal growth rate.

The annual impairment review resulted in the Company recognising impairment losses in respect of its investment in certain of its subsidiary companies as disclosed in Note 8.

*Income taxes*

Significant judgement is involved in determining the capital allowances and deductibility of certain expenses during the estimation of the provision for income tax. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business.

The Group and the Company recognise liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

The carrying amounts of the Group's and the Company's tax assets as at 31 December 2019 were RM69,421,000 and RM Nil (2018 (restated): RM116,942,000 and RM Nil) respectively.

The carrying amounts of the Group's and the Company's tax liabilities as at 31 December 2019 were RM30,591,000 and RM9,349,000 (2018 (restated): RM33,981,000 and RM9,274,000).

*Deferred tax assets*

Deferred tax assets are recognised for all deductible temporary differences, unabsorbed capital allowances and unutilised tax losses to the extent that it is probable that taxable profit will be available in future against which the deductible temporary differences, capital allowances and tax losses can be utilised.

Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

The carrying amount of the Group's and the Company's recognised and unrecognised deferred tax assets as at 31 December 2019 are disclosed in Note 16.

### (c) Subsidiary companies

In the Company's separate financial statements, investments in subsidiary companies are stated at cost less impairment losses. The method of assessing impairment of the investment in subsidiary companies is as disclosed in Note 1(p) below. Impairment losses are charged to profit or loss.

On disposal, the difference between the net disposal proceeds and the carrying amount of the subsidiary company disposed off is taken to profit or loss.

## 1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (d) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and of all its subsidiary companies made up to the end of the financial year. The consolidated financial statements are prepared using uniform accounting policies for like transactions in similar circumstances.

The Group controls an investee if and only if the Group has all the followings:

(i) power over the entity;

(ii) exposure, or rights, to variable returns from its involvement with the entity; and

(iii) the ability to use its power over the entity to affect the amount of the investor's returns.

When the Company has less than a majority of the voting rights of an investee, the Company considers the following in assessing whether or not the Company's voting rights in an investee are sufficient to give it power over the investee:

(i) the size of the Company's holding of voting rights relative to the size and dispersion of holdings of other vote holders;

(ii) potential voting rights held by the Company, other vote holders or other parties;

(iii) rights arising from other contractual arrangements; and

(iv) any additional facts and circumstances that indicated that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meeting.

The Group reassesses whether it controls an entity if facts and circumstances indicate that there are changes to one or more of the elements of control.

All intra-group balances, transactions, income and expenses are eliminated in full on consolidation and the consolidated financial statements reflect external transactions only.

All subsidiary companies are consolidated using the acquisition method of accounting from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases except for I & P Group Sdn. Berhad, Syarikat Kemajuan Jerai Sdn Bhd and Wawasan Indera Sdn Bhd which are accounted for based on the pooling of interests method.

Business combinations under common control are accounted for using the pooling of interests method, where the results of entities or businesses under common control are accounted for as if the combination had been effected throughout the current and previous financial periods. The assets, liabilities and reserves of these entities are recorded at their pre-combination carrying amounts or existing carrying amounts are accounted for from the perspective of the common shareholder. No adjustments are made to reflect fair values, or recognise any new assets or liabilities, at the date of the combination that would otherwise be done under the acquisition method. No new goodwill is recognised as a result of the combination. Any difference between the consideration paid/transferred and the equity acquired is reflected within equity as reserve on acquisition arising from common control.

Under the acquisition method of accounting, the cost of an acquisition is measured as the aggregate of the fair values of the assets acquired, liabilities incurred or assumed and equity instruments issued at the date of exchange. Identifiable assets acquired and liabilities and contingent liabilities assumed are measured at their fair values at the acquisition date.

The consideration transferred for the acquisition of a subsidiary comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes the fair value of any contingent consideration arrangement and the fair value of any pre-existing equity interests in the subsidiary. Acquisition-related costs are expensed as incurred.

On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree at the date of acquisition either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets.





NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

## 1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (d) Basis of consolidation (cont'd)

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interests in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

The excess of the fair value of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition date fair value of any previous equity interests in the acquiree over the fair value of the net identifiable assets acquired is recorded as goodwill. Goodwill is stated at cost less accumulated impairment losses. Any excess of the Group's share in the net fair value of the acquired subsidiary's identifiable assets, liabilities and contingent liabilities over the cost of business combination is recognised as income in profit or loss on the date of acquisition.

Non-controlling interests are the part of the net results of operations and of net assets of a subsidiary attributable to the interests which are not owned directly or indirectly by the shareholders of the Company. They are shown separately in the consolidated statement of comprehensive income, statement of changes in equity and statement of financial position. Total comprehensive income is attributed to the non-controlling interests based on their respective interests in a subsidiary, even if this results in the non-controlling interests having a deficit balance.

When a change in the Company's ownership interest in a subsidiary results in a loss of control over the subsidiary, the assets and liabilities of the subsidiary including any goodwill are derecognised. Amounts recognised in other comprehensive income in respect of that entity are also reclassified to profit or loss or transferred directly to retained earnings if required by a specific standard.

Any retained interest in the entity is remeasured at fair value. The difference between the carrying amount of the retained investment at the date when control is lost and its fair value is recognised in profit or loss.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control over the subsidiary are accounted for as transactions with equity owners of the Group. Any difference between the change in the carrying amounts of the non-controlling interest and the fair value of the consideration paid or received is recognised in retained earnings within equity attributable to the shareholders of the Company.

### (e) Investments in associated companies and joint ventures

An associated company is an entity in which the Group has significant influence and that is neither a subsidiary company nor an interest in a joint arrangement. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group has significant influence.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

In the Company's separate financial statements, investments in associated companies and joint ventures are stated at cost less impairment losses. The method of assessing impairment of the investment in associated companies and joint ventures is as disclosed in Note 1(p) below. Impairment losses are recognised in profit or loss.

On disposal, the difference between the net disposal proceeds and the carrying amount of the associated companies and the joint ventures are included in profit or loss.

Investments in associated companies and joint ventures are accounted for in the consolidated financial statements by the equity method of accounting. Under the equity method, the investments in associated companies and joint ventures are initially recognised at cost and adjusted thereafter for post-acquisition changes in the Group's share of net assets of the associated companies and joint ventures. Distribution received from associated companies and joint ventures reduce the carrying amount of the investment. Where there has been change recognised in other comprehensive income by the associated companies and joint ventures, the Group recognised its share of such changes in other comprehensive income.

## 1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (e) Investments in associated companies and joint ventures (cont'd)

An investment in an associated company or a joint venture is accounted for using the equity method from the date on which the Group obtains significant influence or joint control until the date the Group ceases to have a significant influence or joint control over the associated company or joint venture.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate or joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate or joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value, and then recognises the loss within 'share of results of associated companies and joint ventures' in the statement of profit or loss.

Discount on acquisition is excluded from the carrying amount of the investment and is instead included as income in the determination of the Group's share of results of the associated companies or joint ventures in the period in which the investment is acquired.

Unrealised gains on transactions between the Group and its associated companies or joint ventures are eliminated to the extent of the Group's interest in the associated companies or joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of impairment of the asset transferred.

Equity accounting is discontinued when the carrying amount of the investment in an associated company or a joint venture diminishes by virtue of losses to zero, unless the Group has incurred legal or constructive obligations or made payments on behalf of the associated company or the joint venture.

The results and reserves of associated companies or joint ventures are accounted for in the consolidated financial statements based on audited and/or unaudited management financial statements made up to the end of the financial year and prepared using accounting policies that conform to those used by the Group for like transactions in similar circumstances.

When changes in the Group's interests in an associated company or a joint venture do not respectively result in a loss of significant influence and loss of joint control, the retained interests in the associated company or joint venture are not remeasured. Any gain or loss arising from the changes in the Group's interests in the associated company or joint venture is recognised in profit or loss.

When the Group ceases to have significant influence over an associated company or joint control over a joint venture, any retained interest in the former associated company or joint venture is recognised at fair value on the date when significant influence or joint control is lost. Any gain or loss arising from the loss of significant influence or joint control over an associated company or joint venture respectively is recognised in profit or loss.

### (f) Property, plant and equipment

*(i) Measurement basis*

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any.

The cost of property, plant and equipment includes expenditure that is directly attributable to the acquisition of an asset.

Subsequent costs are included in the asset's carrying amount when it is probable that future economic benefits associated with the asset will flow to the Group and to the Company and the cost of the asset can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial year in which they are incurred.

Property, plant and equipment are derecognised upon disposal or when no future economic benefits are expected from their use or disposal. On disposal, the difference between the net disposal proceeds and the carrying amount is recognised in profit or loss.



NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

## 1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (f) Property, plant and equipment (cont'd)

*(ii) Depreciation*

Freehold land and capital work-in-progress are not depreciated.

Depreciation is calculated to write off the depreciable amount of other property, plant and equipment on a straight-line basis over their estimated useful lives. The depreciable amount is determined after deducting residual value from cost.

The principal annual rates used for this purpose are

| | |
|---|---|
| Leasehold land | Lease term of 99 years |
| Buildings | 2% – 10% |
| Plant, machinery, cranes and trucks | 5% – 20% |
| Renovations, computer equipment, office equipment, furniture and fittings | 5% – 33% |
| Motor vehicles | 20% |

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

### (g) Investment properties

Investment properties are properties which are owned or held under a freehold and leasehold interest either to earn rental income or for capital appreciation or for both.

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the period in which they arise, including the corresponding tax effect. The fair value assessment is performed by registered independent valuers having an appropriate recognised professional qualification and recent experience in the location and categories of the properties being valued.

When the fair value of the Investment Property Under Construction ("IPUC") is not reliably determinable, the IPUC is measured at cost until either its fair value has been reliably determinable or construction is complete, whichever is earlier. Investment properties are derecognised either when they have been disposed off (i.e., at the date the recipient obtains control) or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period of derecognition. The amount of consideration to be included in the gain or loss arising from the derecognition of investment property is determined in accordance with the requirements for determining the transaction price in MFRS 15.

Transfers are made to (or from) investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

## 1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (h) Build-Operate-Transfer ("BOT") agreement

The Group recognises revenue from the construction and upgrading of infrastructure projects under BOT agreement in accordance with the accounting policy for construction contracts set out in Note 1(n) below. Where the Group performs more than one service under the arrangement, consideration received or receivable is allocated to the components by reference to the relative fair values of the services delivered, when the amounts are separately identifiable.

The Group recognises the consideration received or receivable as a financial asset to the extent that it has an unconditional right to receive cash or another financial asset for the construction services. Financial assets are accounted for in accordance with the accounting policy set out in Note 1(o) below.

When the consideration receivable does not represent an unconditional right to receive cash or another financial asset, the Group recognises the consideration receivable as either development rights or as intangible assets, based on the allocation of the fair value of the construction services rendered. The accounting policies for the development rights and intangible assets are disclosed in Notes 1(k)(iii) and 1(i) respectively.

Subsequent costs and expenditures related to infrastructure and equipment arising from the Group's commitments to the BOT agreement or that increase future revenue are recognised as additions to the intangible asset and are stated at cost. Capital expenditures necessary to support the Group's operation as a whole are recognised as property, plant and equipment, and accounted for in accordance with the policy stated under property, plant and equipment in Note 1(f) above. When the Group has contractual obligations that it must fulfil as a condition of its license to:

- maintain the infrastructure to a specified standard; or
- restore the infrastructure when the infrastructure has deteriorated below a specified condition,

it recognises and measures these contractual obligations in accordance with the accounting policy for provisions in Note 1(x) below. Repairs and maintenance and other expenses that are routine in nature are expensed and recognised in profit or loss as incurred.

### (i) Intangible assets

Intangible assets are recognised to the extent that the Group has acquired a right (a licence) to charge users of public services.

Intangible assets are stated at cost less accumulated amortisation and impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 1(p) below.

Amortisation of the intangible assets begins when it is available for use, which means when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. The right to operate Subterranean Penang International Convention & Exhibition Centre ("SPICE") is amortised over a period of 30 years.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceed and the carrying amount of the asset and is recognised in profit or loss when the asset is derecognised.



NOTES TO THE FINANCIAL STATEMENTS
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## 1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (j) Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

*(i) Group as a Lessee*

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

- Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities, unless the right-of-use asset meet the definition of an investment property, in which case, the asset would be accounted for based on the fair value model in accordance with Note 1(g) above. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

| | |
|---|---|
| Buildings | 1 to 4 years |

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment. The method of assessing impairment of the right-of-use assets is as disclosed in Note 1(p) below. Impairment losses are recognised in profit or loss.

- Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

- Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

## 1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (j) Leases (cont'd)

*(ii) Group as a Lessor*

Leases where the Group and the Company retain substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as lease income. The accounting policy for lease income is set out in Note 1(t)(viii) below.

When the assets are leased out under an operating lease, the asset is included in the statements of financial position based on the nature of the asset. Lease income is recognised over the term of the lease on a straight-line basis.

### (k) Inventories

*(i) Inventory properties*

Property acquired or being constructed for sale in the ordinary course of business, rather than to be held for rental or capital appreciation, is held as inventory and is measured at the lower of cost and net realisable value.

Cost includes:

- Freehold and leasehold rights for land;
- Amounts paid to contractors for construction;
- Borrowing costs, planning and design costs, costs of site preparation, professional fees for legal services, property transfer taxes, construction overheads and other related costs; and
- Non-refundable commission cost

Net realisable value is the estimated selling price in the ordinary course of the business, based on market prices at the reporting date and discounted for the time value of money if material, less costs to completion and the estimated costs of sales.

Inventory properties under construction are referred to as property development costs and comprise the cost of land, direct building costs and a share of development costs common to the entire development project where applicable. Once contracted to be sold, the related costs of these inventories would be transferred to cost to fulfil contracts, and subsequently recognised in profit or loss as and when control passes to the respective purchasers.

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, direct building costs and other related development costs.

Inventory properties where no development activities have been carried out or where development activities are not expected to be completed within the normal operating cycle are referred to as land held for development and classified within non-current assets. Generally no significant development work would have been undertaken on these lands other than infrastructure work, earth work and landscape work incurred to prepare the land for development and these inventory properties are stated at cost plus incidental expenditure incurred to put the land in a condition ready for development. These inventory properties are classified to current assets at the point when active development project activities have commenced and when it can be demonstrated that the development activities can be completed within the normal operating cycle.



NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

## 1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (k) Inventories (cont'd)

*(ii) Raw materials, consumable goods and others*

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average and first-in, first-out basis. In the case of finished goods and work-in-progress, cost comprises materials, direct labour, other direct charges and an appropriate proportion of factory overheads.

Net realisable value represents the estimated selling price in the ordinary course of business, less selling and distribution costs and all other estimated cost to completion.

*(iii) Development rights*

Development rights represent the rights to additional density over and above the maximum permissible density for the Group's development projects within the island of Penang, granted pursuant to a BOT agreement for the construction and refurbishment of the Subterranean Penang International Convention & Exhibition Centre ("SPICE") and complementary retail, food and beverage outlets and offices.

Development rights are recognised to the extent that the Group has performed the construction services for the BOT agreement. Development rights are initially measured at cost, which is represented by the allocated fair value of the construction services rendered.

Development rights recognised are included as part of the cost of the land held for property development or the property development costs of the Group, based on the allocation of the expected utilisation of the development rights for the planned property development projects of the Group.

### (l) Contract assets and contract liabilities

A contract asset is the right of the Group or the Company to consideration in exchange for goods or services that it has transferred to the customer when that right is conditional upon future performance but not through the passage of time. If the Group or the Company has performed its obligation by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised and presented net of any amounts that has been recognised as receivables. Contract asset is presented as the excess of cumulative revenue earned or recognised in profit or loss over the billings to date to the customer. Contract assets are subject to impairment assessment in accordance with *MFRS 9: Financial Instruments*.

A contract liability is the obligation of the Group or the Company to transfer goods and services to a customer for which it has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration or the Group or the Company has a right to an amount of consideration that is unconditional before it transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group or the Company performs its obligation under the contract. Contract liability is the excess of the billings to date to the customer over the cumulative revenue earned or recognised in profit or loss. Contract liabilities include advance payment and downpayments received from customers and other amounts where the Group or the Company has billed before the goods are delivered or services are provided to the customers.

### (m) Contract cost assets

*(i) Incremental costs of obtaining a contract*

The incremental costs of obtaining a contract are those costs that the Group incurs to obtain a contract with a customer which they would not have incurred if the contract had not been obtained. The incremental costs of obtaining a contract with a customer are recognised as contract cost assets when the Group expects those costs to be recoverable.

## 1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (m) Contract cost assets (cont'd)

*(ii) Costs to fulfil a contract*

The costs incurred in fulfilling a contract with a customer who are not within the scope of other MFRSs, such as *MFRS 102: Inventories, MFRS 116: Property, Plant and Equipment* and *MFRS 138: Intangible Assets*, are recognised as contract cost assets when all of the following criteria are met:

- costs relate directly to a contract or to an anticipated contract that can be specifically identified;
- the costs generate or enhance resources of the Group that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and
- the costs are expected to be recovered.

Contract cost assets are amortised on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the asset relates. The amortisation shall be updated subsequently to reflect any significant change to the expected timing of transfer to the customer of the goods or services to which the asset relates in accordance with *MFRS 108: Accounting Policies, Changes in Accounting Estimate and Errors*.

Impairment loss is recognised in profit or loss to the extent that the carrying amount of the contract cost exceeds:

- the remaining amount of consideration that the Group expects to receive in exchange for the goods or services to which the asset relates; less
- the costs that relate directly to providing those goods or services and that have not been recognised as expenses.

Before an impairment loss is recognised for contract costs, the Group shall recognise any impairment loss for assets related to the contract that are recognised in accordance with other MFRSs, such as MFRS 102, MFRS 116 and MFRS 138. The Group shall include the resulting carrying amount of the contract costs assets in the carrying amount of the cash-generating unit to which it belongs for the purpose of applying *MFRS 136: Impairment of Assets* to that cash-generating unit.

An impairment loss is reversed when the impairment conditions no longer exist or have improved. Such reversal is recognised in profit or loss.

### (n) Long-term construction contracts

The Group's long-term construction contracts are all fixed price contracts and where their outcome can be reasonably estimated, revenue is recognised on the percentage of completion method. The stage of completion is determined by the proportion that costs incurred to-date bear to the estimated total costs, and for this purpose, only those costs that reflect actual contract work performed are included as costs incurred.

Where the outcome of a long-term construction contract cannot be reasonably estimated, revenue is recognised only to the extent of contract costs incurred that are expected to be recoverable. At the same time, all contract costs incurred are recognised as an expense in the period in which they are incurred.

Costs that relate directly to a contract and which are incurred in securing the contract are also included as part of contract costs if they can be separately identified and measured reliably and it is probable that the contract will be secured.

When it is probable that total costs will exceed total revenue, the foreseeable loss is immediately recognised in profit or loss irrespective of whether contract work has commenced or not, or of the stage of completion of contract activity, or of the amounts of profits expected to arise on other unrelated contracts.

On the statement of financial position, contracts in progress are reflected either as contract assets which is the surplus of (i) work performed to date recognised under the percentage of completion method or over time, or (ii) the billings made to date. A contract liability would represent the surplus of (ii) over (i).





NOTES TO THE FINANCIAL STATEMENTS
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## 1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (o) Financial instruments – initial recognition and subsequent measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

*(i) Financial assets*

*Initial recognition and measurement*

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group and the Company applied the practical expedient, the Group and the Company have initially measured a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group and the Company have applied the practical expedient are measured at the transaction price determined under MFRS 15.

In order for a financial asset to be classified and measured at amortised cost, it needs to give rise to cash flows that are 'solely payments of principal and interest ("SPPI")' on the principal amount outstanding. The assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's and the Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group and the Company commit to purchase or sell the asset.

*Subsequent measurement*

For purposes of subsequent measurement, financial assets of the Group and of the Company are classified into two categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through profit or loss

*Financial assets at amortised cost (debt instruments)*

This category is the most relevant to the Group and the Company. The Group and the Company measure financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest rate ("EIR") method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's and the Company's financial assets at amortised cost are disclosed in Note 48.

## 1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (o) Financial instruments – initial recognition and subsequent measurement (cont'd)

*(i) Financial assets (cont'd)*

*Subsequent measurement (cont'd)*

*Financial assets at fair value through profit or loss*

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through other comprehensive income ("OCI"), debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with the net changes in fair value recognised in the statement of profit or loss.

This category includes investments which the Group had not irrevocably elected to classify at fair value through OCI. Dividends on investments are also recognised as other income in the statement of profit or loss when the right of payment has been established.

The Group's and the Company's financial assets at fair value through profit or loss are disclosed in Note 48.

*Derecognition*

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised when:

- The rights to receive cash flows from the asset have expired; or
- The Group or the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group or the Company has transferred substantially all the risks and rewards of the asset, or (b) the Group or the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group or the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group or the Company continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group or the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group or the Company has retained.

On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received together with any cumulative gain or loss that has been recognised in other comprehensive income is recognised in profit or loss.

*Impairment of financial assets*

The Group and the Company assess at each reporting date whether there is any objective evidence that an asset is impaired.

The Group recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.





NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(o) Financial instruments – initial recognition and subsequent measurement (cont'd)

(i) Financial assets (cont'd)

*Impairment of financial assets (cont'd)*

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has performed its assessment based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. In making this assessment, the Group also takes into consideration that it would maintain its name as the registered owner of the properties until full settlement is made by the purchasers or the purchasers' end-financiers.

*(ii) Financial liabilities*

*Initial recognition and measurement*

Financial liabilities are recognised when, and only when, the entity becomes party to the contractual provisions of the instruments.

Financial liabilities are classified, at initial recognition, as financial liabilities at amortised cost or financial liabilities at fair value through profit or loss.

The Group and the Company initially measure a financial liability at its fair value minus, in the case of a financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the issue of the financial liability.

*Subsequent measurement*

The measurement of financial liabilities depends on their classification, as described below:

*Financial liabilities at fair value through profit or loss*

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Gain or losses on liabilities held for trading are recognised in the statement of profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in MFRS 9 are satisfied. The Group has not designated any financial liability as at fair value through profit or loss.

*Amortised cost*

Financial liabilities are measured at amortised cost using the effective interest method, which allocates interest expenses at a constant rate over the term of the financial liabilities. The effective interest rate is calculated at initial recognition and is the rate that discounts the estimated future cash flows (including all fees and points paid that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability to the amortised cost of the financial liability.

Subsequent to initial recognition, the amortised cost of a financial liability is the amount at initial recognition minus principal repayments, plus the cumulative amortisation using the effective interest method.

Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

## 1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (o) Financial instruments – initial recognition and subsequent measurement (cont'd)

*(ii) Financial liabilities (cont'd)*

*Derecognition*

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

*(iii) Offsetting of financial instruments*

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

### (p) Impairment of non-financial assets

*Property, plant and equipment, right-of-use – property, plant and equipment, intangible asset, investments in subsidiary companies, associated companies and joint ventures*

The Group and the Company assess at each reporting date whether there is an indication that an asset may be impaired.

If such an indication exists, the asset's recoverable amount is estimated. The recoverable amount is the higher of an asset's fair value less cost to sell and its value-in-use. Value-in-use is the present value of the future cash flows expected to be derived from the asset. Recoverable amounts are estimated for individual assets, unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the cash generating unit ("CGU") to which the asset belongs to.

An impairment loss is recognised whenever the carrying amount of an asset or a CGU exceeds its recoverable amount. Impairment losses are charged to profit or loss immediately.

An assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss.

### (q) Share capital, Islamic redeemable cumulative preference shares ("RCPS-i A" and "RCPS-i B") and Sukuk Musharakah ("Perpetual bond")

Ordinary shares, RCPS-i A, RCPS-i B and Perpetual bond are classified as equity when there is no contractual obligation to deliver cash or other financial assets to another person or entity or to exchange financial assets or liabilities with another person or entity that are potentially unfavourable to the issuer.

Ordinary shares, RCPS-i A and RCPS-i B are recorded at nominal value.

The proceeds received net of any directly attributable transaction costs are credited to share capital or perpetual capital securities.

Dividends on ordinary shares, RCPS-i A and RCPS-i B as well as distribution on Perpetual bond are recognised in equity in the period in which they are declared.





NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (r) Redeemable cumulative preference shares ("RCPS")

Redeemable cumulative preference shares are classified as financial liabilities in accordance with the substance of the contractual arrangement of the RCPS. Dividends to shareholders of the RCPS are recognised as finance costs, on an accrual basis.

RCPS are measured at amortised cost.

### (s) Contingencies

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event not wholly within the control of the Group or of the Company.

Contingent liabilities and assets are not recognised in the statement of financial position of the Group except for contingent liabilities assumed in a business combination of which the fair value can be reliably measured.

### (t) 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 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 performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

This is generally established when:

- the promised properties are specifically identified by its plot, lot and parcel number and its attributes (such as its size and location) in the sale and purchase agreements and the attached layout plan, and the purchasers could enforce its rights to the promised properties if the Group seeks to sell the unit to another purchaser. The contractual restriction on the Group's ability to direct the promised residential 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 Group has the right to payment for performance completed to date and 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.

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 input method, which is based on the actual cost incurred to date on the property development project as compared to the total budgeted cost for the respective development projects.

The Group recognises sales at a point in time for the sale of completed properties, when the control of the properties has been transferred to the purchasers, being when the properties have been completed and delivered to the customers and it is probable that the Group will collect the considerations to which it will be entitled to in exchange for the assets sold.

## 1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (t) Revenue recognition (cont'd)

*(i) Revenue from property development (cont'd)*

The Group has determined that it has a significant financing component related to the sales of its property units being developed under the deferred payment scheme (10:90 scheme). As a result of this the amount of the promised consideration is adjusted for the significant financing component and the related interest income is recognised using the effective interest method over the term of the deferment.

*(ii) Revenue from construction contracts*

Under such contracts, the Group is engaged to construct buildings and related infrastructure and in certain instances to supply equipments. These contracts may include multiple promises to the customers and therefore accounted for as separate performance obligations. The fair value of the revenue, which is based on fixed price under the agreement will be allocated based on relative stand-alone selling price of the considerations of each of the separate performance obligations.

The Group recognises 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 performance completed to date. The stage of completion is measured using the input method, which is based on the total actual construction cost incurred to date as compared to the total budgeted costs for the respective construction projects.

*(iii) Sale of goods*

Revenue from the sale of goods is measured at the fair value of the consideration receivable and is recognised in profit or loss when the significant risks and rewards of ownership have been transferred to the buyer.

*(iv) Management fees*

Management fees are recognised when services are rendered.

*(v) Recreational club operations*

Revenue from recreational club operations consists of recreational club membership fees, monthly subscription fees, sports and other recreational facilities. Where there are more than one performance obligations, 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.

Revenue from recreational club activities including subscription fees but excluding club membership fees are recognised when the services are rendered. The payment of the transaction price is due immediately upon delivery of the services. Recreational club membership fees which are received upfront are recognised on a straight-line basis over the tenure of the respective memberships.

The revenue recognition of other classes of revenue that are not within the scope of MFRS 15 are set out below:

*(vi) Dividend income*

Dividend income is recognised when the Group's and the Company's right to receive payment is established.

*(vii) Interest income*

Interest income is recognised on a time proportion basis.

*(viii) Lease income*

Lease income is accounted for on a straight-line basis over the lease terms. The aggregate costs of incentives provided to lessees are recognised as a reduction of lease income over the lease term on a straight-line basis.

Other than the above, all other income are recognised on an accrual basis.





NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (u) Foreign currencies

*(i) Functional currency*

Functional currency is the currency of the primary economic environment in which an entity operates.

The financial statements of each entity within the Group are measured using their respective functional currencies.

*(ii) Transactions and balances in foreign currencies*

Transactions in currencies other than the functional currency ("foreign currencies") are translated to the functional currency at the rate of exchange ruling at the date of the transaction.

Monetary items denominated in foreign currencies at the reporting date are translated at foreign exchange rates ruling at that date.

Non-monetary items which are measured in terms of historical costs denominated in foreign currencies are translated at foreign exchange rates ruling at the date of the transaction.

Non-monetary items which are measured at fair values denominated in foreign currencies are translated at the foreign exchange rates ruling at the date when the fair values were determined.

Exchange differences arising on the settlement of monetary items and the translation of monetary items are included in profit or loss for the period.

When a gain or loss on a non-monetary item is recognised directly in equity, any corresponding exchange gain or loss is recognised directly in equity. When a gain or loss on a non-monetary item is recognised in profit or loss, any corresponding exchange gain or loss is recognised in profit or loss.

*(iii) Translation of foreign operations*

For consolidation purposes, all assets and liabilities of foreign operations that have a functional currency other than RM (including goodwill and fair value adjustments arising from the acquisition of the foreign operations) are translated at the exchange rates ruling at the reporting date.

Income and expense items are translated at exchange rates approximating those ruling on transactions dates.

All exchange differences arising from the translation of the financial statements of foreign operations are dealt with through the exchange translation reserve account within equity. On the disposal of a foreign operation, the exchange translation differences relating to that foreign operation are recognised in profit or loss as part of gain or loss on disposal.

### (v) Employee benefits

*(i) Short-term employee benefits*

Wages, salaries, paid annual leave, paid sick leave, maternity leave, bonuses and non-monetary benefits are recognised as an expense in the period in which the associated services are rendered by employees other than those that are attributable to property development activities or construction contract in which case such expenses are capitalised as part of the costs of the relevant assets.

*(ii) Post-employment benefits*

The Company and its subsidiary companies incorporated in Malaysia make contributions to the Employees Provident Fund ("EPF") and foreign subsidiary companies make contributions to their respective countries' statutory pension schemes. The contributions are recognised as a liability after deducting any contributions already paid and as expenses in the period in which the employees render their services.

## 1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (v) Employee benefits (cont'd)

*(iii) Share-based payment transactions*

The Group operates an equity-settled share-based long-term incentive plan ("LTIP" or "Scheme"), which comprises the Employee Share Grant Plan ("ESGP") and Employee Share Option Scheme ("ESOS") for its employees and Executive Directors.

ESGP

Employees and Executive Directors are entitled to ESGP in the form of Restricted Share Plan ("RSP") and Performance Share Plan ("PSP") as consideration for services rendered. The RSP is a restricted share plan for employees and Executive Directors, while the PSP is a performance share plan for selected senior management and Executive Directors.

The RSP and PSP are settled by way of issuance and transfer of new shares upon vesting. The total fair value of RSP and PSP granted is recognised as an employee cost with a corresponding increase in the share options reserve within equity over the vesting period after taking into account the probability that the RSP and PSP will vest.

The fair value of RSP and PSP is measured at grant date, taking into account, if any, the market vesting conditions upon which the RSP and PSP were granted but excluding the impact of any non-market vesting conditions. Non-market vesting conditions are included in assumptions about the number of shares that are expected to vest on the vesting date.

At each reporting date, the Group revises its estimates of the number of RSP and PSP that are expected to vest on vesting date. It recognises the impact of the revision of original estimates, if any, in profit or loss and a corresponding adjustment to equity over the remaining vesting period. The equity amount is recognised in the share-based payment reserve.

ESOS

The ESOS allows the Group's employees and Executive Directors to acquire shares of the Company. The total fair value of share options granted is recognised as an employee cost with a corresponding increase in the share options reserve within equity over the vesting period and taking into account the probability that the options will vest.

The fair value of share options is measured at grant date using the binomial model, taking into account, if any, the market vesting conditions upon which the options were granted but excluding the impact of any non-market vesting conditions. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable on vesting date.

At each reporting date, the Group revises its estimates of the number of options that are expected to become exercisable on vesting date. It recognises the impact of the revision of original estimates, if any, in profit or loss and a corresponding adjustment to equity over the remaining vesting period. The equity amount is recognised in the share-based payment reserve.

The fair value of the share options recognised in the share-based payment reserve is transferred to share capital when the share options are exercised, or transferred to retained earnings upon expiry of the share-based payment options.

The proceeds received net of any direct attributable transaction costs are credited to equity when the option are exercised.





NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

## 1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (w) Borrowing costs

Borrowing costs directly attributable to the acquisition or construction of an inventory property that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. Capitalisation commences when: (1) the Group incurs expenditures for the asset; (2) the Group incurs borrowing costs; and (3) the Group undertakes activities that are necessary to prepare the asset for its intended use or sale. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

The capitalisation of finance costs is suspended if there are prolonged periods when development activity is interrupted. Interest is also capitalised on the purchase cost of a site of property acquired specifically for redevelopment, but only where activities necessary to prepare the asset for redevelopment are in progress.

### (x) Provisions

Provisions are recognised when the Group and the Company have a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as finance cost.

### (y) Income tax

(i) Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

(ii) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiary companies, associated companies and joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

## 1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (y) Income tax (cont'd)

(ii) Deferred tax (cont'd)

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiary companies, associated companies and joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

### (z) Cash and cash equivalents

Cash and cash equivalents consist of cash and bank balances, short-term deposits with licensed banks and other financial institutions and fixed income trust funds, which are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value.

For the purposes of the statements of cash flows, cash and cash equivalents are presented net of bank overdrafts and exclude sinking fund, debt service reserve, escrow accounts and short-term deposits pledged to secure banking facilities.

### (aa) Operating segments

Segment reporting in the financial statements is presented on the same basis as it is used by management internally for evaluating operating segment performance and in deciding how to allocate resources to each operating segment. Operating segments are distinguishable components of the Group that engage in business activities from which they may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's results are reviewed regularly by the chief operating decision maker to decide how to allocate resources to the segment and assess its performance, and for which discrete financial information is available.

Segment revenues, expenses, assets and liabilities are those amounts resulting from operating activities of a segment that are directly attributable to the segment and a relevant portion that can be allocated on a reasonable basis to the segment.

Segment revenues, expenses, assets and liabilities are determined before intra-group balances and intra-group transactions are eliminated as part of the consolidation process, except to the extent that such intra-group balances and transactions are between group entities within a single segment.





NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (ab) Current versus non-current classification

The Group presents assets and liabilities in statement of financial position based on current/non-current classification. An asset is classified as current when it is:

(i) expected to be realised or intended to be sold or consumed in normal operating cycle;

(ii) held primarily for the purpose of trading;

(iii) expected to be realised within twelve months after the reporting period; or

(iv) cash or cash equivalents unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current when:

(i) it is expected to be settled in normal operating cycle;

(ii) it is held primarily for the purpose of trading;

(iii) it is due to be settled within twelve months after the reporting period; or

(iv) there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

### (ac) Fair value measurement

The Group measures financial instruments, such as short-term funds, quoted and unquoted securities and non-financial assets such as investment properties, at fair value at each reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability; or
- in the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

## 1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (ac) Fair value measurement (cont'd)

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether the transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Group's management determines the policies and procedures for both recurring fair value measurement, such as investment properties, financial assets and for non-recurring measurement, such as assets held for distribution in discontinued operations.

External valuers are involved for valuation of significant assets, such as investment properties. Involvement of external valuers is decided upon annually by the management. Selection criteria of external valuers include market knowledge, reputation, independence and whether professional standards are maintained. The management decides, after discussions with the Group's external valuers, which valuation techniques and inputs to use for each case.

At each reporting date, the management analyses the movement in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Group's accounting policies. For this analysis, the management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

### (ad) Disposal groups held for sale and discontinued operations

Disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset disposal group is available for immediate sale in its present condition subject only to terms that are usual and customary.

Immediately before classification as held for sale, the measurement of the assets and liabilities in a disposal group is brought up-to-date in accordance with applicable MFRSs. Then, on initial classification as held for sale, disposal groups are measured in accordance with MFRS 5 that is at the lower of carrying amount and fair value less costs to sell. Any differences are included in profit or loss.

A component of the Group is classified as a discontinued operation when the criteria to be classified as held for sale have been met or it has been disposed and such a component represents a separate major line of business or geographical area of operations, is part of a single coordinated major line of business or geographical area of operations or is a subsidiary acquired exclusively with a view to resale.





## 2. PROPERTY, PLANT AND EQUIPMENT

| Group 2019 | Freehold land RM'000 | Leasehold land RM'000 | Buildings RM'000 | Plant, machinery, cranes and trucks RM'000 | Computer equipment, office equipment, renovations, furniture and fittings RM'000 | Motor vehicles RM'000 | Capital work-in-progress RM'000 | Total RM'000 |
|---|---|---|---|---|---|---|---|---|
| **Cost** | | | | | | | | |
| At 1.1.2019 | 34,960 | 14,242 | 346,116 | 42,840 | 198,673 | 38,220 | 135,833 | 810,884 |
| Additions | - | - | 789 | 585 | 13,000 | 3,335 | 82,742 | 100,451 |
| Disposals | - | - | (8,064) | (148) | (366) | (2,417) | - | (10,995) |
| Liquidation of a subsidiary company | - | - | - | - | (305) | (41) | - | (346) |
| Write-offs | - | - | (298) | - | (6,610) | (182) | - | (7,090) |
| Reclassification | - | - | 28,341 | - | (896) | - | (27,445) | - |
| Exchange differences | - | - | (217) | - | (56) | (5) | - | (278) |
| At 31.12.2019 | 34,960 | 14,242 | 366,667 | 43,277 | 203,440 | 38,910 | 191,130 | 892,626 |
| **Accumulated depreciation** | | | | | | | | |
| At 1.1.2019 | - | 475 | 51,253 | 25,775 | 132,241 | 23,608 | - | 233,352 |
| Charge for the year | - | 146 | 8,837 | 3,958 | 15,265 | 3,169 | - | 31,375 |
| Disposals | - | - | (2,451) | (146) | (341) | (2,162) | - | (5,100) |
| Liquidation of a subsidiary company | - | - | - | - | (304) | (33) | - | (337) |
| Write-offs | - | - | (298) | - | (6,121) | (76) | - | (6,495) |
| Reclassification | - | - | 1,208 | - | (1,208) | - | - | - |
| Exchange differences | - | - | (14) | - | (23) | (1) | - | (38) |
| At 31.12.2019 | - | 621 | 58,535 | 29,587 | 139,509 | 24,505 | - | 252,757 |
| **Accumulated impairment losses** | | | | | | | | |
| At 1.1.2019/31.12.2019 | - | - | 202 | - | 37 | - | - | 239 |
| **Net carrying amount** | | | | | | | | |
| At 31.12.2019 | 34,960 | 13,621 | 307,930 | 13,690 | 63,894 | 14,405 | 191,130 | 639,630 |

## 2. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

| Group 2018 Restated | Freehold land RM'000 | Leasehold land RM'000 | Buildings RM'000 | Plant, machinery, cranes and trucks RM'000 | Computer equipment, office equipment, renovations, furniture and fittings RM'000 | Motor vehicles RM'000 | Capital work-in-progress RM'000 | Total RM'000 |
|---|---|---|---|---|---|---|---|---|
| **Cost** | | | | | | | | |
| At 1.1.2018 | 29,174 | 14,242 | 280,655 | 36,909 | 170,241 | 36,769 | 75,935 | 643,925 |
| Additions | – | – | 2,178 | 5,400 | 22,916 | 3,681 | 62,150 | 96,325 |
| Disposals | – | – | – | (19) | (4,377) | (1,781) | – | (6,177) |
| Write-offs | – | – | – | – | (6,297) | (544) | (240) | (7,081) |
| Transfer from inventories – property development costs *(see Note 6)* | – | – | – | – | 9,827 | – | – | 9,827 |
| Net transfer from investment properties *(see Note 4)* | 5,786 | – | 69,284 | – | – | – | – | 75,070 |
| Reclassification | – | – | (5,134) | 551 | 6,595 | – | (2,012) | – |
| Acquisition of new subsidiary company | – | – | – | – | 15 | 116 | – | 131 |
| Exchange differences | – | – | (867) | (1) | (247) | (21) | – | (1,136) |
| At 31.12.2018 | 34,960 | 14,242 | 346,116 | 42,840 | 198,673 | 38,220 | 135,833 | 810,884 |
| **Accumulated depreciation** | | | | | | | | |
| At 1.1.2018 | – | 329 | 46,846 | 21,754 | 127,300 | 22,337 | – | 218,566 |
| Charge for the year | – | 146 | 7,056 | 4,040 | 13,992 | 3,059 | – | 28,293 |
| Disposals | – | – | – | (19) | (3,875) | (1,279) | – | (5,173) |
| Write-offs | – | – | – | – | (6,285) | (544) | – | (6,829) |
| Net transfer from investment properties *(see Note 4)* | – | – | (1,441) | – | – | – | – | (1,441) |
| Reclassification | – | – | (1,184) | – | 1,184 | – | – | – |
| Acquisition of new subsidiary company | – | – | – | – | 15 | 38 | – | 53 |
| Exchange differences | – | – | (24) | – | (90) | (3) | – | (117) |
| At 31.12.2018 | – | 475 | 51,253 | 25,775 | 132,241 | 23,608 | – | 233,352 |
| **Accumulated impairment losses** | | | | | | | | |
| At 1.1.2018/31.12.2018 | – | – | 202 | – | 37 | – | – | 239 |
| **Net carrying amount** | | | | | | | | |
| At 31.12.2018 | 34,960 | 13,767 | 294,661 | 17,065 | 66,395 | 14,612 | 135,833 | 577,293 |





NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

## 2. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

| Company | Computer equipment, office equipment, renovations, furniture and fittings RM'000 | Motor vehicles RM'000 | Total RM'000 |
|---|---|---|---|
| **2019** | | | |
| **Cost** | | | |
| At 1.1.2019 | **2,329** | **8** | **2,337** |
| Additions | **–** | **547** | **547** |
| At 31.12.2019 | **2,329** | **555** | **2,884** |
| **Accumulated depreciation** | | | |
| At 1.1.2019 | **2,329** | **7** | **2,336** |
| Charge for the year | **–** | **36** | **36** |
| At 31.12.2019 | **2,329** | **43** | **2,372** |
| **Net carrying amount** | | | |
| At 31.12.2019 | **–** | **512** | **512** |
| **2018** | | | |
| **Cost** | | | |
| At 1.1.2018 | 2,344 | 8 | 2,352 |
| Disposals | (15) | – | (15) |
| At 31.12.2018 | 2,329 | 8 | 2,337 |
| **Accumulated depreciation** | | | |
| At 1.1.2018 | 2,343 | 7 | 2,350 |
| Disposals | (14) | – | (14) |
| At 31.12.2018 | 2,329 | 7 | 2,336 |
| **Net carrying amount** | | | |
| At 31.12.2018 | – | 1 | 1 |

Land and buildings of the Group included above at a net carrying amount of RM171,061,000 (2018 (restated): RM161,261,000) have been charged to banks to partially secure the long-term borrowings, revolving credits and bank overdrafts referred to in Note 30 below.

Included under the Group's property, plant and equipment is borrowing costs of RM2,075,000 (2018: Nil).

## 3. RIGHT-OF-USE – PROPERTY, PLANT AND EQUIPMENT

| | Group 2019 Buildings RM'000 |
|---|---|
| **Cost** | |
| At beginning of the year, as previously stated | **–** |
| Effects of adoption of MFRS 16 | **5,934** |
| At beginning of the year, as restated | **5,934** |
| Additions | **737** |
| Exchange differences | **7** |
| At end of the year | **6,678** |
| **Accumulated depreciation** | |
| At beginning of the year, as previously stated | **–** |
| Effects of adoption of MFRS 16 | **1,709** |
| At beginning of the year, as restated | **1,709** |
| Charge for the year | **1,355** |
| Exchange differences | **1** |
| At end of the year | **3,065** |
| **Net carrying amount** | |
| At end of the year | **3,613** |





NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

## 4. INVESTMENT PROPERTIES

| | Group | | Company | |
|---|---|---|---|---|
| | 2019 RM'000 | 2018 RM'000 Restated | 2019 RM'000 | 2018 RM'000 |
| At beginning of the year | **1,971,817** | 1,915,089 | **3,243** | 3,243 |
| Additions | **31,035** | 142,944 | **–** | – |
| Disposals | **(7,000)** | (14,000) | **–** | – |
| Net transfer to property, plant and equipment *(see Note 2)* | **–** | (76,511) | **–** | – |
| Changes in fair value *(see Note 36)* | **11,538** | 8,462 | **–** | – |
| Exchange differences | **(951)** | (4,167) | **–** | – |
| At end of the year | **2,006,439** | 1,971,817 | **3,243** | 3,243 |
| Included in the above are: | | | | |
| At fair value: | | | | |
| Freehold land and building | **1,138,440** | 1,107,735 | **1,273** | 1,273 |
| Leasehold land and building | **820,210** | 827,220 | **1,970** | 1,970 |
| | **1,958,650** | 1,934,955 | **3,243** | 3,243 |
| At cost: | | | | |
| Investment properties under construction | **47,789** | 36,862 | **–** | – |
| | **2,006,439** | 1,971,817 | **3,243** | 3,243 |

The Group's investment properties at a net carrying amount of RM1,262,162,000 (2018 (restated): RM1,245,542,000) have been charged to banks to secure the borrowings referred to in Note 30 below.

Included under the Group's investment properties is borrowing costs of RM362,000 (2018: RM15,835,000) incurred during the financial year.

The fair values of the investment properties of the Group were assessed with reference to open market value of properties in the similar vicinity. The fair value of the investment properties as at 31 December 2019 was substantially arrived at via valuations performed by certified external valuers.

Investment properties of the Group are measured at fair value except for investment properties under construction which are measured at cost until either the fair value becomes reliably determinable or when construction is completed, whichever is earlier.

The fair value hierarchy of the investment properties are disclosed in Note 49.

The Group has no restriction on the realisability of its investment properties and no contractual obligation to either purchase, construct or develop the investment properties or for repairs, maintenance and enhancements.

## 5. RIGHT-OF-USE – INVESTMENT PROPERTIES

| | Group 2019 RM'000 |
|---|---|
| At beginning of the year, as previously stated | – |
| Effects of adoption of MFRS 16 | **89,045** |
| At beginning of the year, as restated | **89,045** |
| Changes in fair value *(see Note 38)* | **(13,192)** |
| At end of the year | **75,853** |
| Included in the above are: | |
| At fair value: | |
| Leasehold land and building | **75,853** |

## 6. INVENTORIES

| | Group | |
|---|---|---|
| | 2019 RM'000 | 2018 RM'000 Restated |
| **Non-current** | | |
| Land held for property development *(Note (a))* | **12,337,053** | 12,732,627 |
| **Current** | | |
| At cost: | | |
| – Property development costs *(Note (b))* | **3,125,909** | 2,568,068 |
| – Completed properties | **1,435,410** | 1,581,063 |
| – Consumable goods, raw materials and others | **8,705** | 5,883 |
| | **4,570,024** | 4,155,014 |
| Total inventories | **16,907,077** | 16,887,641 |

During the financial year, the amount of inventories recognised as an expense in cost of sales of the Group was RM354,950,000 (2018 (restated): RM563,969,000).





NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

## 6. INVENTORIES (CONT'D)

The following inventories have been charged to various banks to partially secure the borrowings referred to in Note 30 below:

| | Group | |
|---|---|---|
| | 2019 RM'000 | 2018 RM'000 Restated |
| Land held for property development | **3,607,699** | 2,990,197 |
| Property development costs | **858,113** | 798,340 |
| Completed properties | **40,341** | 102,276 |
| | **4,506,153** | 3,890,813 |

### (a) LAND HELD FOR PROPERTY DEVELOPMENT

| | Freehold land RM'000 | Leasehold land RM'000 | Development expenditure RM'000 | Total RM'000 |
|---|---|---|---|---|
| **Group 2019** | | | | |
| **Cost** | | | | |
| At 1.1.2019 | **5,719,511** | **3,113,510** | **3,899,606** | **12,732,627** |
| Additions | **290,293** | **126,090** | **496,095** | **912,478** |
| Transfer to inventories – property development costs *(see Note (b))* | **(248,555)** | **(78,741)** | **(501,516)** | **(828,812)** |
| Transfer to contract cost assets – costs to fulfil contracts with customers *(see Note 20)* | **(281,495)** | **(6,684)** | **(190,430)** | **(478,609)** |
| Exchange differences | **(492)** | **(99)** | **(40)** | **(631)** |
| At 31.12.2019 | **5,479,262** | **3,154,076** | **3,703,715** | **12,337,053** |
| **Group 2018 Restated** | | | | |
| **Cost** | | | | |
| At 1.1.2018 | 5,516,025 | 1,448,915 | 3,415,275 | 10,380,215 |
| Additions | 631,625 | 298,774 | 596,581 | 1,526,980 |
| Transfer to inventories – property development costs *(see Note (b))* | (413,462) | (902,664) | (308,576) | (1,624,702) |
| Transfer to contract cost assets – costs to fulfil contracts with customers *(see Note 20)* | (2,368) | (289) | (89) | (2,746) |
| Reclassification | (323) | – | 323 | – |
| Acquisition of new subsidiary company | – | 2,282,963 | 196,334 | 2,479,297 |
| Exchange differences | (11,986) | (14,189) | (242) | (26,417) |
| At 31.12.2018 | 5,719,511 | 3,113,510 | 3,899,606 | 12,732,627 |

Included in additions incurred during the financial year are borrowing costs of RM213,292,000 (2018: RM184,377,000).

## 6. INVENTORIES (CONT'D)

### (b) PROPERTY DEVELOPMENT COSTS

| | Group | |
|---|---|---|
| | 2019 RM'000 | 2018 RM'000 Restated |
| Freehold land at cost | **452,250** | 339,815 |
| Leasehold land at cost | **833,890** | 58,649 |
| Development costs | **1,281,928** | 1,181,926 |
| **At 1 January** | **2,568,068** | 1,580,390 |
| Costs transferred to property, plant and equipment *(see Note 2)* | | |
| – development costs | **–** | (9,827) |
| Costs transferred from inventories – land held for property development *(see Note (a))* | | |
| – freehold land | **248,555** | 413,462 |
| – leasehold land | **78,741** | 902,664 |
| – development costs | **501,516** | 308,576 |
| Costs transferred to contract cost assets *(see Note 20)* | | |
| – freehold land | **(249,827)** | (294,164) |
| – leasehold land | **(97,485)** | (123,097) |
| – development costs | **(642,608)** | (415,173) |
| Costs incurred/(reversed) during the year | | |
| – freehold land | **32,686** | 44,690 |
| – leasehold land | **23,793** | (13,577) |
| – development costs | **897,590** | 621,149 |
| Exchange differences | **(8,027)** | 4,519 |
| | **784,934** | 1,439,222 |
| Unsold completed properties transferred to inventories | **(227,093)** | (451,544) |
| | **3,125,909** | 2,568,068 |
| **At 31 December** | | |
| Freehold land at cost | **448,804** | 452,250 |
| Leasehold land at cost | **839,512** | 833,890 |
| Development costs | **1,837,593** | 1,281,928 |
| | **3,125,909** | 2,568,068 |

Included under development and construction costs incurred and accounted for under inventories – property development costs and contract cost assets during the financial year are borrowing costs of RM55,487,000 (2018: RM54,038,000).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

## 7. INTANGIBLE ASSET – RIGHT TO OPERATE SPICE

| | Group | |
|---|---|---|
| | 2019 RM'000 | 2018 RM'000 |
| **Cost** | | |
| At beginning and end of the year | **16,025** | 16,025 |
| **Accumulated amortisation** | | |
| At beginning of the year | **1,232** | 528 |
| Charge for the year *(see Note 38)* | **704** | 704 |
| At end of the year | **1,936** | 1,232 |
| **Net carrying amount** | | |
| At end of the year | **14,089** | 14,793 |

The Group has entered into a BOT agreement with Majlis Perbandaran Pulau Pinang ("MPPP") to construct the Subterranean Penang International Convention & Exhibition Centre ("SPICE") and complementary retail, food and beverage outlets and offices. The terms of the arrangement also require the Group to improve and refurbish the existing Penang International Sports Arena indoor stadium and aquatic centre.

The terms of the arrangement allow the Group to operate SPICE for up to a period of thirty years ("Concession Period") after the completion of construction. Upon expiry of the concession arrangement, subject to the agreement between the Group and MPPP, the Group may be able to operate SPICE for two further terms, consisting of a period of not less than fifteen years each.

The BOT agreement also grants the Group the right to additional density for the Group's development project within the island of Pulau Pinang. Such development rights are limited to 1,500 residential units. The development rights are only exercisable during the Concession Period and any right not exercised by the end of the Concession Period shall lapse.

## 8. INVESTMENTS IN SUBSIDIARY COMPANIES

| | Company | |
|---|---|---|
| | 2019 RM'000 | 2018 RM'000 |
| Unquoted shares in subsidiary companies, at cost | **4,642,983** | 4,635,489 |
| Capital contribution to subsidiary companies, at cost | **4,183,264** | 4,344,865 |
| LTIP granted to employees of subsidiary companies | **195,880** | 177,286 |
| | **9,022,127** | 9,157,640 |
| Impairment losses | **(72,017)** | (60,994) |
| | **8,950,110** | 9,096,646 |

The capital contribution to subsidiary companies represents additional shareholders' net investment. The capital contribution is unsecured, interest free and the repayment of such balances are not expected in the foreseeable future until such time the subsidiary companies are in the position to repay the amount without impairing its liquidity position.

The subsidiary companies are as follows:

| | Equity interests | | | | Place of business/ Country of Incorporation | Principal activities |
|---|---|---|---|---|---|---|
| | Direct | | Indirect | | | |
| | 2019 % | 2018 % | 2019 % | 2018 % | | |
| Bandar Setia Alam Sdn Bhd | **100** | 100 | **–** | – | Malaysia | Property development and property investment holding |
| Setia Indah Sdn Bhd | **100** | 100 | **–** | – | Malaysia | Property development and property investment holding |
| Setia Duta One Sdn Bhd | **–** | 100 | **–** | – | Malaysia | Liquidated |
| Syarikat Kemajuan Jerai Sdn Bhd | **100** | 100 | **–** | – | Malaysia | Under member's voluntary winding-up |
| S P Setia Project Management Sdn Bhd | **100** | 100 | **–** | – | Malaysia | Property development and project management |
| Lagavest Sdn Bhd | **–** | – | **–** | 100 | Malaysia | Liquidated |
| Wawasan Indera Sdn Bhd | **100** | 100 | **–** | – | Malaysia | Inactive |
| S P Setia Eco-Projects Management Sdn Bhd | **100** | 100 | **–** | – | Malaysia | Property development, project management and other related activities |
| Setia Fontaines Sdn Bhd | **100** | 100 | **–** | – | Malaysia | Property development and property investment holding |
| Ambleside Sdn Bhd | **–** | – | **–** | 100 | Malaysia | Liquidated |
| Bukit Indah (Johor) Sdn Bhd | **100** | 100 | **–** | – | Malaysia | Property development and property investment holding |
| Setia Bina Raya Sdn Bhd | **100** | 100 | **–** | – | Malaysia | Property development and property investment holding |
| Setia Precast Sdn Bhd | **–** | – | **100** | 100 | Malaysia | Building contractors |
| Setia-Wood Industries Sdn Bhd | **100** | 100 | **–** | – | Malaysia | Prefabrication, installation, sale of wood products and provision of kiln dry services |





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## 8. INVESTMENTS IN SUBSIDIARY COMPANIES (CONT'D)

| | Equity interests | | | | Place of business/ Country of Incorporation | Principal activities |
|---|---|---|---|---|---|---|
| | Direct | | Indirect | | | |
| | 2019 % | 2018 % | 2019 % | 2018 % | | |
| S P Setia Marketing Sdn Bhd | **–** | – | **100** | 100 | Malaysia | Sale of wood products and building materials |
| Setia Readymix Sdn Bhd | **100** | 100 | **–** | – | Malaysia | Building contractors and manufacturing and sale of building materials |
| Bukit Indah (Perak) Sdn Bhd | **100** | 100 | **–** | – | Malaysia | Under member's voluntary winding-up |
| S P Setia Management Services Sdn Bhd | **100** | 100 | **–** | – | Malaysia | Under member's voluntary winding-up |
| Futurecrest (M) Sdn Bhd | **100** | 100 | **–** | – | Malaysia | Investment holding |
| Shabra Development Sdn Bhd | **100** | 100 | **–** | – | Malaysia | Property development |
| KL Eco City Sdn Bhd | **100** | 100 | **–** | – | Malaysia | Property development and property investment holding |
| Setia Prefab Sdn Bhd | **100** | 100 | **–** | – | Malaysia | Under member's voluntary winding-up |
| Manih System Construction Sdn Bhd | **–** | – | **100** | 100 | Malaysia | Under member's voluntary winding-up |
| Tenaga Raya Sdn Bhd | **100** | 100 | **–** | – | Malaysia | Dormant |
| Cosmotek Sdn Bhd | **–** | 100 | **–** | – | Malaysia | Liquidated |
| SJ Classic Land Sdn Bhd | **–** | – | **–** | 60 | Malaysia | Liquidated |
| Indera Perasa Sdn Bhd | **100** | 100 | **–** | – | Malaysia | Investment holding, property and building management |
| Dian Mutiara Sdn Bhd | **–** | – | **–** | 100 | Malaysia | Liquidated |
| Setia Eco Templer Recreation Sdn Bhd | **–** | – | **100** | 100 | Malaysia | Operate and manage a recreation club, banqueting and leasing of retail and food and beverage outlets |
| Setia IP Holdings Sdn Bhd | **100** | 100 | **–** | – | Malaysia | Custodian and management of Group's intellectual property rights |
| Kenari Kayangan Sdn Bhd | **99.99** | 99.99 | **–** | – | Malaysia | Under member's voluntary winding-up |
| Setia Ecohill 2 Sdn Bhd | **100** | 100 | **–** | – | Malaysia | Property development and property investment holding |
| Setia Ecohill Recreation Sdn Bhd | **–** | – | **100** | 100 | Malaysia | Operate and manage a recreation club |
| Setia Hicon Sdn Bhd | **100** | 100 | **–** | – | Malaysia | Property development |
| S P Setia Technology Sdn Bhd | **100** | 100 | **–** | – | Malaysia | Provision of money lending service |
| S P Setia PMC Sdn Bhd | **100** | 100 | **–** | – | Malaysia | Provision of accounting, finance and corporate secretarial services |

## 8. INVESTMENTS IN SUBSIDIARY COMPANIES (CONT'D)

| | Equity interests | | | | Place of business/ Country of Incorporation | Principal activities |
|---|---|---|---|---|---|---|
| | Direct | | Indirect | | | |
| | 2019 % | 2018 % | 2019 % | 2018 % | | |
| Setia Promenade Sdn Bhd | **100** | 100 | **–** | – | Malaysia | Property development and property investment holding |
| Bukit Indah Property Management Sdn Bhd | **70** | 70 | **–** | – | Malaysia | Property development |
| Kewira Jaya Sdn Bhd | **100** | 100 | **–** | – | Malaysia | Property development and property investment holding |
| Kay Pride Sdn Bhd | **–** | – | **100** | 100 | Malaysia | Property development and property investment holding |
| Aeropod Sdn Bhd | **100** | 100 | **–** | – | Malaysia | Property development, property investment holding and general construction |
| Setia Japan Holding Sdn Bhd *(formerly known as Setiahomes (MM2H) Sdn Bhd)* | **100** | 100 | **–** | – | Malaysia | Investment holding |
| Eco Meridian Sdn Bhd | **100** | 100 | **–** | – | Malaysia | Construction and operation of concession asset and property investment holding |
| Setia Ecohill Sdn Bhd | **100** | 100 | **–** | – | Malaysia | Property development and property investment holding |
| S P Setia (Indonesia) Sdn Bhd | **100** | 100 | **–** | – | Malaysia | Dormant |
| Setia City Development Sdn Bhd | **100** | 100 | **–** | – | Malaysia | Property development and property investment holding |
| Gita Kasturi Sdn Bhd | **100** | 100 | **–** | – | Malaysia | Property development and property investment holding |
| Intra Hillside Sdn Bhd | **100** | 100 | **–** | – | Malaysia | Property development and property investment holding |
| Setia Alam Recreation Sdn Bhd | **–** | – | **100** | 100 | Malaysia | Operate and manage a recreation club |
| Setia Eco Green Sdn Bhd | **100** | 100 | **–** | – | Malaysia | Property investment holding |
| Setia Eco Heights Sdn Bhd | **100** | 100 | **–** | – | Malaysia | Dormant |
| Setia Eco Land Sdn Bhd | **100** | 100 | **–** | – | Malaysia | Property development and property investment holding |
| Setia Alamsari Sdn Bhd *(formerly known as KL East Sdn Bhd)* | **100** | 100 | **–** | – | Malaysia | Property development and property investment holding |
| S P Setia Property Services Sdn Bhd | **100** | 100 | **–** | – | Malaysia | Operation of convention centre |
| Flexrise Projects Sdn Bhd | **100** | 100 | **–** | – | Malaysia | Property investment holding |
| Pelita Mentari Sdn Bhd | **100** | 100 | **–** | – | Malaysia | Property investment holding |
| Setia Eco Templer Sdn Bhd | **100** | 100 | **–** | – | Malaysia | Property development and property investment holding |



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## 8. INVESTMENTS IN SUBSIDIARY COMPANIES (CONT'D)

| | Equity interests | | | | Place of business/ Country of Incorporation | Principal activities |
|---|---|---|---|---|---|---|
| | Direct | | Indirect | | | |
| | 2019 % | 2018 % | 2019 % | 2018 % | | |
| Setia EM (Central) Sdn Bhd | **100** | 100 | **–** | – | Malaysia | Property management services |
| S P Setia DMC Sdn Bhd | **100** | 100 | **–** | – | Malaysia | Development management consultancy |
| Exceljade Sdn Bhd | **100** | 100 | **–** | – | Malaysia | Property development |
| Sendiman Sdn Bhd | **100** | 100 | **–** | – | Malaysia | Property development |
| Setia Ventures Excellence Sdn Bhd | **100** | 100 | **–** | – | Malaysia | Investment holding and treasury management |
| Kemboja Mahir Sdn Bhd | **70** | 70 | **–** | – | Malaysia | Property development and investment holding |
| Bandar Eco-Setia Sdn Bhd | **50** | 50 | **–** | – | Malaysia | Property development and property investment holding |
| Setia Eco Park Recreation Sdn Bhd | **–** | – | **50** | 50 | Malaysia | Operate and manage a recreation club and banqueting |
| Ganda Anggun Sdn Bhd | **–** | – | **70** | 70 | Malaysia | Property development |
| Kesas Kenangan Sdn Bhd | **–** | – | **70** | 70 | Malaysia | Property development and property investment holding |
| Setia Eco Glades Sdn Bhd | **70** | 70 | **–** | – | Malaysia | Property development and property investment holding |
| Setia Safiro Sdn. Bhd. | **70** | 70 | **–** | – | Malaysia | Property development and property investment holding |
| Setia Federal Hill Sdn Bhd | **100** | 100 | **–** | – | Malaysia | Property development, planning and development of the Kompleks Institut Penyelidikan Kesihatan Bersepadu |
| Setia International Limited | **100** | 100 | **–** | – | Malaysia | Investment holding |
| Setia MyPhuoc Limited | **–** | – | **100** | 100 | Malaysia | Investment holding |
| Setia Australia Limited | **–** | – | **100** | 100 | Malaysia | Investment holding |
| Setia Lai Thieu Limited | **–** | – | **95** | 95 | British Virgin Islands | Investment holding |
| + Setia Lai Thieu One Member Company Limited | **–** | – | **95** | 95 | Vietnam | Property development |
| + Setia (Melbourne) Development Company Pty Ltd | **–** | – | **100** | 100 | Australia | Property development |
| + Setia St Kilda (Melbourne) Pty Ltd | **–** | – | **100** | 100 | Australia | Property development |
| + Setia Carnegie Pty Ltd | **–** | – | **100** | 100 | Australia | Property development |
| + Setia A'Beckett (Melbourne) Pty Ltd | **–** | – | **100** | 100 | Australia | Property development |

## 8. INVESTMENTS IN SUBSIDIARY COMPANIES (CONT'D)

| | Equity interests | | | | Place of business/ Country of Incorporation | Principal activities |
|---|---|---|---|---|---|---|
| | Direct | | Indirect | | | |
| | 2019 % | 2018 % | 2019 % | 2018 % | | |
| * Setia Land (China) Limited | **–** | – | **–** | 100 | Hong Kong | Deregistered |
| + S P Setia International (S) Pte. Ltd. | **100** | 100 | **–** | – | Singapore | Promotion, marketing and other activities related to property development |
| + Setia (Bukit Timah) Pte. Ltd. | **–** | – | **100** | 100 | Singapore | Property development |
| + S P Setia Development Pte. Ltd. | **100** | 100 | **–** | – | Singapore | Dormant |
| Setia International Japan Co. Ltd. | **100** | 100 | **–** | – | Japan | Property development and property investment holding |
| + Setia Osaka Tokutei Mokuteki Kaisha | **–** | – | **100** | 100 | Japan | Property development |
| αμ S P Setia Foundation | **–** | – | **–** | – | Malaysia | Promotion and advancement of education, research and dissemination of knowledge |
| *αμ Setia Badminton Academy | **–** | – | **–** | – | Malaysia | Promotion of badminton |
| I & P Group Sdn. Berhad | **100** | 100 | **–** | – | Malaysia | Investment holding and provision of management services |
| I & P Menara Sendirian Berhad | **–** | – | **100** | 100 | Malaysia | Property development |
| I & P Alam Impian Sdn. Bhd. | **–** | – | **99.87** | 99.87 | Malaysia | Property development |
| I & P Setiawangsa Sdn. Bhd. | **–** | – | **100** | 100 | Malaysia | Property development |
| Petaling Garden Sdn. Bhd. | **–** | – | **100** | 100 | Malaysia | Property development and investment holding |
| Setia Mayuri Sdn. Bhd. | **–** | – | **100** | 100 | Malaysia | Property development |
| Biltmore (M) Sdn. Bhd. | **–** | – | **100** | 100 | Malaysia | Property development |
| ^ PG Resorts Sdn. Bhd. | **–** | – | **100** | 100 | Malaysia | Property development |
| Temasya Development Co. Sdn. Bhd. | **–** | – | **66.06** | 66.06 | Malaysia | Property development |
| Alpine Affluent Sdn. Bhd. | **–** | – | **66.06** | 66.06 | Malaysia | Property development |
| Scenic Promenade Sdn. Bhd. | **–** | – | **66.06** | 66.06 | Malaysia | Sublease of land |
| Syarikat Perumahan Pegawai Kerajaan Sendirian Berhad | **–** | – | **70.09** | 70.09 | Malaysia | Development and sale of land, residential and commercial properties and rental of properties |
| Plaza Damansara Sdn. Bhd. | **–** | – | **70.09** | 70.09 | Malaysia | Ceased operation |
| Perumahan Kinrara Berhad | **–** | – | **51** | 51 | Malaysia | Property development, operation of golf course and resort |
| Kinrara Golf Club Sdn. Bhd. | **–** | – | **51** | 51 | Malaysia | Ceased operation |
| Kinrara Urusharta Sdn. Bhd. | **–** | – | **51** | 51 | Malaysia | Ceased operation |



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## 8. INVESTMENTS IN SUBSIDIARY COMPANIES (CONT'D)

| | Equity interests | | | | Place of business/ Country of Incorporation | Principal activities |
|---|---|---|---|---|---|---|
| | Direct | | Indirect | | | |
| | 2019 % | 2018 % | 2019 % | 2018 % | | |
| # I & P Kota Bayuemas Sdn. Bhd. | **–** | – | **51.91** | 51.91 | Malaysia | Property development |
| Pelangi Sdn. Bhd. | **–** | – | **100** | 100 | Malaysia | Property development and investment holding |
| Yukong Development (Pte) Limited | **–** | – | **100** | 100 | Singapore | Property development and investment in real properties |
| Taman Gunong Hijau Sdn. Bhd. | **–** | – | **89.14** | 89.14 | Malaysia | Property development and investment in real properties |
| I & P Multi Resources Sdn. Berhad | **–** | – | **100** | 100 | Malaysia | Investment holding |
| I & P Development Sdn. Bhd. | **–** | – | **100** | 100 | Malaysia | Ceased operation |
| I & P Supply Berhad | **–** | – | **100** | 100 | Malaysia | Ceased operation |
| I & P Inderawasih Jaya Sdn. Bhd. | **–** | – | **100** | 100 | Malaysia | Property development |
| Peninsular Land Development Sdn. Berhad | **–** | – | **100** | 100 | Malaysia | Ceased operation |
| I & P Nibong Sdn. Bhd. | **–** | – | **100** | 100 | Malaysia | Ceased operation |
| Perusahaan Minyak Sawit Bintang Sendirian Berhad | **–** | – | **100** | 100 | Malaysia | Ceased operation |
| Yong Peng Realty Sdn. Bhd. | **–** | – | **100** | 100 | Malaysia | Ceased operation |
| Pelangi Concrete Industries Sdn. Bhd. | **–** | – | **100** | 100 | Malaysia | Investment holding |
| Eng Lee Knitting Factory Sdn. Bhd. | **–** | – | **100** | 100 | Malaysia | Dormant |
| Petaling Garden Industrial Estate Sdn. Bhd. | **–** | – | **100** | 100 | Malaysia | Ceased operation |

* *Audited by a firm other than Ernst & Young*
\+ *Audited by member firms of Ernst & Young Global*
α *A trust established under the Trustees (Incorporation) Act 1952*
μ *S P Setia Berhad has effective interest of 100%*
\# *51% directly owned by Perumahan Kinrara Berhad and 25.9% directly owned by I & P Group Sdn. Berhad*
^ *70% directly owned by Petaling Garden Sdn. Bhd. and 30% directly owned by I & P Group Sdn. Berhad*

## 8. INVESTMENTS IN SUBSIDIARY COMPANIES (CONT'D)

**Acquisition of remaining 50% equity interest in Setia Federal Hill Sdn Bhd ("Setia Federal Hill")**

On 8 March 2018, S P Setia Berhad had entered into a Share Purchase Agreement ("SPA") with Mekar Gemilang Sdn Bhd ("Mekar") to acquire 500,000 ordinary shares, representing the remaining 50% equity interest in Setia Federal Hill for a total cash consideration of RM431,891,000.

The acquisition was duly completed in the previous financial year. As a result, Setia Federal Hill which was previously a 50% owned joint venture of the Group, became a wholly-owned subsidiary of S P Setia Berhad. Accordingly, the previously held 50% equity interest in Setia Federal Hill had been remeasured at the acquisition date fair value.

The following summarises the purchase consideration transferred, the remeasurement of existing stake and the recognised amounts of assets acquired and liabilities assumed at the acquisition date:

| | 2018 RM'000 |
|---|---|
| Inventories – land held for property development | 2,479,297 |
| Other assets acquired, excluding cash and cash equivalents | 10,652 |
| Cash and cash equivalents acquired | 13,380 |
| Borrowings | (676,000) |
| Deferred tax liabilities | (197,685) |
| Other liabilities assumed | (886,159) |
| Net assets acquired | 743,485 |
| Less: Purchase consideration for remaining 50% stake settled in cash | (431,891) |
| Gain on remeasurement of retained equity interest in former joint venture | 311,594 |
| Gain on deemed disposal of previously held investment in joint venture | 36,942 |
| | 348,536 |

| | 2018 RM'000 |
|---|---|
| Purchase consideration settled in cash and cash equivalents | 431,891 |
| Cash and cash equivalents acquired | (13,380) |
| Net cash outflow arising from acquisition of remaining 50% stake in Setia Federal Hill | 418,511 |





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## 8. INVESTMENTS IN SUBSIDIARY COMPANIES (CONT'D)

**Subsidiary companies that have material non-controlling interests**

Details of the Group's subsidiary companies that have material non-controlling interests at the end of the reporting period are as follows:

| Name of subsidiary company | Place of incorporation and operation | Proportion of ownership interests held by non-controlling interests | | Profit allocated to non-controlling interests | | Carrying amount of non-controlling interests | |
|---|---|---|---|---|---|---|---|
| | | 2019 | 2018 | 2019 RM'000 | 2018 RM'000 | 2019 RM'000 | 2018 RM'000 |
| Bandar Eco-Setia Sdn Bhd Group | Malaysia | **50%** | 50% | **19,417** | 22,191 | **401,883** | 392,206 |
| Setia Eco Glades Sdn Bhd | Malaysia | **30%** | 30% | **6,600** | 6,345 | **54,444** | 48,804 |
| Kesas Kenangan Sdn Bhd | Malaysia | **30%** | 30% | **3,048** | (1,063) | **76,666** | 73,618 |
| Perumahan Kinrara Berhad Group | Malaysia | **49%** | 49% | **24,424** | 12,353 | **511,803** | 490,613 |
| Syarikat Perumahan Pegawai Kerajaan Sendirian Berhad Group | Malaysia | **29.91%** | 29.91% | **10,351** | 35,950 | **194,095** | 188,014 |
| Temasya Development Co. Sdn. Bhd. Group | Malaysia | **33.94%** | 33.94% | **17,806** | 13,128 | **159,108** | 144,710 |
| Individually immaterial subsidiary companies with non-controlling interests | | | | | | **34,648** | 38,298 |
| | | | | | | **1,432,647** | 1,376,263 |

Summarised financial information of the Group's subsidiary companies that have material non-controlling interests (amounts before intra-group elimination) is as follows:

| | 2019 RM'000 | 2018 RM'000 |
|---|---|---|
| **Bandar Eco-Setia Sdn Bhd Group** | | |
| Non-current assets | **413,616** | 444,546 |
| Current assets | **461,564** | 431,303 |
| Non-current liabilities | **(17,315)** | (17,407) |
| Current liabilities | **(54,100)** | (74,030) |
| Net assets | **803,765** | 784,412 |
| Revenue | **116,367** | 134,015 |
| Profit for the year, representing total comprehensive income for the year | **38,833** | 44,381 |
| Dividends paid to non-controlling interests | **9,740** | 6,017 |
| Net cash generated from operating activities | **106,629** | 60,817 |
| Net cash used in investing activities | **(12,033)** | (16,466) |
| Net cash used in financing activities | **(19,516)** | (12,035) |
| Net increase in cash and cash equivalents | **75,080** | 32,316 |

## 8. INVESTMENTS IN SUBSIDIARY COMPANIES (CONT'D)

**Subsidiary companies that have material non-controlling interests (cont'd)**

Summarised financial information of the Group's subsidiary companies that have material non-controlling interests (amounts before intra-group elimination) is as follows: (cont'd)

| | 2019 RM'000 | 2018 RM'000 |
|---|---|---|
| **Setia Eco Glades Sdn Bhd** | | |
| Non-current assets | **339,085** | 372,674 |
| Current assets | **249,382** | 218,785 |
| Non-current liabilities | **(145,218)** | (248,159) |
| Current liabilities | **(261,770)** | (180,620) |
| Net assets | **181,479** | 162,680 |
| Revenue | **162,557** | 147,691 |
| Profit for the year, representing total comprehensive income for the year | **22,000** | 21,150 |
| Dividends paid to non-controlling interests | **960** | 1,080 |
| Net cash generated from operating activities | **61,867** | 31,724 |
| Net cash used in investing activities | **(1,670)** | (17,887) |
| Net cash used in financing activities | **(61,258)** | (16,078) |
| Net decrease in cash and cash equivalents | **(1,061)** | (2,241) |

| | 2019 RM'000 | 2018 RM'000 |
|---|---|---|
| **Kesas Kenangan Sdn Bhd** | | |
| Non-current assets | **383,887** | 408,774 |
| Current assets | **217,829** | 201,909 |
| Non-current liabilities | **(131,339)** | (141,854) |
| Current liabilities | **(214,826)** | (223,437) |
| Net assets | **255,551** | 245,392 |
| Revenue | **89,226** | 63,759 |
| Profit/(loss) for the year, representing total comprehensive income/(loss) for the year | **10,160** | (3,544) |
| Dividends paid to non-controlling interests | **-** | - |
| Net cash generated from operating activities | **54,491** | 16,538 |
| Net cash (used in)/generated from investing activities | **(8,773)** | 1,299 |
| Net cash used in financing activities | **(17,897)** | (3,972) |
| Net increase in cash and cash equivalents | **27,821** | 13,865 |







## 8. INVESTMENTS IN SUBSIDIARY COMPANIES (CONT'D)

**Subsidiary companies that have material non-controlling interests (cont'd)**

Summarised financial information of the Group's subsidiary companies that have material non-controlling interests (amounts before intra-group elimination) is as follows: (cont'd)

| | 2019 RM'000 | 2018 RM'000 |
|---|---|---|
| **Perumahan Kinrara Berhad Group** | | |
| Non-current assets | **712,084** | 713,047 |
| Current assets | **460,988** | 434,092 |
| Non-current liabilities | **(83,486)** | (62,262) |
| Current liabilities | **(45,091)** | (83,626) |
| Net assets | **1,044,495** | 1,001,251 |
| Revenue | **237,249** | 198,207 |
| Profit for the year, representing total comprehensive income for the year | **49,845** | 25,210 |
| Dividends paid to non-controlling interests | **3,234** | 3,234 |
| Net cash generated from operating activities | **52,992** | 42,312 |
| Net cash used in investing activities | **(15,847)** | (39,433) |
| Net cash used in financing activities | **(6,719)** | (6,600) |
| Net increase/(decrease) in cash and cash equivalents | **30,426** | (3,721) |

| | 2019 RM'000 | 2018 RM'000 |
|---|---|---|
| **Syarikat Perumahan Pegawai Kerajaan Sendirian Berhad Group** | | |
| Non-current assets | **423,692** | 320,961 |
| Current assets | **243,234** | 328,854 |
| Current liabilities | **(17,994)** | (21,213) |
| Net assets | **648,932** | 628,602 |
| Revenue | **72,073** | 248,479 |
| Profit for the year, representing total comprehensive income for the year | **34,606** | 120,195 |
| Dividends paid to non-controlling interests | **4,270** | 4,270 |
| Net cash generated from operating activities | **67,466** | 202,843 |
| Net cash used in investing activities | **(1,968)** | (30,562) |
| Net cash used in financing activities | **(112,855)** | (7,528) |
| Net (decrease)/increase in cash and cash equivalents | **(47,357)** | 164,753 |

## 8. INVESTMENTS IN SUBSIDIARY COMPANIES (CONT'D)

**Subsidiary companies that have material non-controlling interests (cont'd)**

Summarised financial information of the Group's subsidiary companies that have material non-controlling interests (amounts before intra-group elimination) is as follows: (cont'd)

| | 2019 RM'000 | 2018 RM'000 |
|---|---|---|
| **Temasya Development Co. Sdn. Bhd. Group** | | |
| Non-current assets | **157,320** | 111,407 |
| Current assets | **378,720** | 412,574 |
| Non-current liabilities | **(6,130)** | (11,050) |
| Current liabilities | **(61,117)** | (86,559) |
| Net assets | **468,793** | 426,372 |
| Revenue | **181,576** | 109,688 |
| Profit for the year, representing total comprehensive income for the year | **52,463** | 38,681 |
| Dividends paid to non-controlling interests | **3,408** | 3,408 |
| Net cash generated from operating activities | **97,291** | 31,804 |
| Net cash (used in)/generated from investing activities | **(15,863)** | 18,859 |
| Net cash used in financing activities | **(84,662)** | (4,169) |
| Net (decrease)/increase in cash and cash equivalents | **(3,234)** | 46,494 |

**Impairment loss on investment in subsidiary companies**

At the reporting date, the Company conducted an impairment review of its investment in certain subsidiary companies, principally based on the Company's share of net assets in these subsidiary companies, which represents the directors' estimation of fair value less costs to sell of these subsidiary companies.

The review gave rise to the recognition of impairment losses of investments in subsidiary companies of RM11,323,000 (2018: Nil) as disclosed in Note 38 based on recoverable amounts of RM29,747,000 (categorised as level 3 in the fair value hierarchy). The impairment losses arose due mainly to the inactivity of these subsidiary companies or following the sale of their respective core assets.

## 9. INVESTMENTS IN JOINT VENTURES

| | Group | | Company | |
|---|---|---|---|---|
| | 2019 RM'000 | 2018 RM'000 | 2019 RM'000 | 2018 RM'000 |
| Unquoted ordinary shares/capital contribution, at cost | **2,791,280** | 2,588,325 | **35,251** | 33,000 |
| Group's share of post-acquisition profits less losses | **215,654** | 235,613 | **–** | – |
| Group's share of non-distributable reserves | **(27,756)** | (87,346) | **–** | – |
| LTIP granted to employees of joint ventures | **–** | 304 | **–** | 506 |
| | **2,979,178** | 2,736,896 | **35,251** | 33,506 |







## 9. INVESTMENTS IN JOINT VENTURES (CONT'D)

The joint ventures are as follows:

| | Equity interests | | | | Place of business/ Country of Incorporation | Principal activities |
|---|---|---|---|---|---|---|
| | Direct | | Indirect | | | |
| | 2019 % | 2018 % | 2019 % | 2018 % | | |
| Setia Putrajaya Sdn Bhd | **60** | 60 | **–** | – | Malaysia | Property development, building construction and investment holding |
| Setia Putrajaya Construction Sdn Bhd | **–** | – | **–** | 60 | Malaysia | Liquidated |
| Setia Putrajaya Development Sdn Bhd | **–** | – | **60** | 60 | Malaysia | Property development |
| Greenhill Resources Sdn Bhd | **–** | – | **50** | 50 | Malaysia | Property investment holding, landlord and operator of a retail mall |
| # SetiaBecamex Joint Stock Company | **–** | – | **57.25** | 55 | Vietnam | Property development |
| Retro Highland Sdn Bhd | **50** | 50 | **–** | – | Malaysia | Property development |
| # Battersea Project Holding Company Limited | **–** | – | **40** | 40 | Jersey | Mixed use redevelopment of Battersea Power Station |
| # Battersea Power Station Development Company Limited | **–** | – | **40** | 40 | United Kingdom | Property development and estate management services |
| # Battersea Power Station Estates Limited | **–** | – | **40** | 40 | United Kingdom | Property sales, letting and management services |

# *Audited by a firm other than Ernst & Young*

Notwithstanding that the Group has ownership of more than half of the equity shareholding in certain companies, they are treated as joint ventures pursuant to the contractual rights and obligations of the respective joint venture agreements.

The Group's joint ventures are accounted for using the equity method in the financial statements.

The Group's share of capital commitments of the joint ventures at the reporting date are as below:

| | 2019 RM'000 | 2018 RM'000 |
|---|---|---|
| Capital commitments: | | |
| – Commitments for construction of investment properties | **32,194** | 97,964 |
| – Commitments for acquisition of development land | **113,734** | 111,214 |

There is no share of contingent liability and operating lease commitment of the joint ventures of the Group as at the reporting date.

# NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

## 9. INVESTMENTS IN JOINT VENTURES (CONT'D)

Summarised financial information in respect of the Group's material joint ventures which comprise the Battersea Group of companies are set out below.

**Battersea Group of companies**

Summarised statements of financial position:

| | 2019 RM'000 | 2018 RM'000 |
|---|---|---|
| **Non-current assets** | **2,908,432** | 4,431,992 |
| **Current assets** | | |
| Cash and cash equivalents | **947,968** | 284,667 |
| Other current assets | **8,232,495** | 7,674,504 |
| | **9,180,463** | 7,959,171 |
| **Non-current liabilities** | | |
| Other non-current liabilities | **3,463,222** | 4,270,392 |
| **Current liabilities** | | |
| Trade and other payables and provisions | **1,916,784** | 1,888,996 |
| Other current liabilities | **5,859** | 6,700 |
| | **1,922,643** | 1,895,696 |
| **Net assets** | **6,703,030** | 6,225,075 |

Summarised statements of comprehensive income:

| | 2019 RM'000 | 2018 RM'000 |
|---|---|---|
| Revenue | **1,753,237** | 133,258 |
| Depreciation and amortisation | **(13,154)** | (12,603) |
| Interest income | **636** | 253 |
| Interest expense | **(4,879)** | (2,242) |
| Loss before tax | **(113,460)** | (89,138) |
| Taxation | **22,057** | (9,986) |
| Loss for the financial year | **(91,403)** | (99,124) |
| Total comprehensive loss for the financial year | **(91,403)** | (99,124) |
| Share of results of joint ventures | **(36,561)** | (39,650) |



NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

9. INVESTMENTS IN JOINT VENTURES (CONT'D)

Reconciliation of the above summarised financial information to the carrying amount of the Group's interest in the Battersea Group of companies is as follows:

| | 2019 RM'000 | 2018 RM'000 |
|---|---|---|
| **Net assets** | | |
| At the beginning of the financial year | **6,225,075** | 5,020,463 |
| Acquisition of additional shares during the year | **419,616** | 1,536,526 |
| Non-distributable reserves | **149,742** | (232,790) |
| Total comprehensive loss for the financial year | **(91,403)** | (99,124) |
| At end of the financial year | **6,703,030** | 6,225,075 |
| Proportion of ownership interest held by the Group | **40%** | 40% |
| Carrying amount of the Group's interest in the joint venture | **2,681,212** | 2,490,030 |

There is no dividend paid by Battersea Group of companies during the financial year (2018: RM Nil).

The summarised aggregate financial information of the Group's share of other individually non-material joint ventures as at 31 December is set out below:

| | 2019 RM'000 | 2018 RM'000 |
|---|---|---|
| Profit/(loss) for the year, representing total comprehensive income/(loss) for the financial year | **16,602** | (3,695) |
| Carrying amount of the Group's interest in individually non-material joint ventures | **297,966** | 246,866 |

## NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

### 10. INVESTMENTS IN ASSOCIATED COMPANIES

| | Group | | Company | |
|---|---|---|---|---|
| | 2019 RM'000 | 2018 RM'000 | 2019 RM'000 | 2018 RM'000 |
| Unquoted ordinary shares, at cost | **71,138** | 71,138 | **900** | 900 |
| Capital contribution to an associated company, at cost | **94,721** | 94,721 | **94,721** | 94,721 |
| Group's share of post-acquisition profits less losses | **389,702** | 366,979 | **-** | - |
| Group's share of non-distributable reserves | **5,901** | 9,182 | **-** | - |
| Impairment losses | **(1,372)** | (1,372) | **-** | - |
| | **560,090** | 540,648 | **95,621** | 95,621 |

The associated companies are as follows:

| | Equity interests | | | | Place of business/ Country of Incorporation | Principal activities |
|---|---|---|---|---|---|---|
| | Direct | | Indirect | | | |
| | 2019 % | 2018 % | 2019 % | 2018 % | | |
| ∞ PTB Property Developer Sdn Bhd | **-** | - | **49** | 49 | Malaysia | Dormant |
| ∞ Qinzhou Development (Malaysia) Consortium Sdn. Bhd. | **45** | 45 | **-** | - | Malaysia | Investment holding |
| ∞ China-Malaysia Qinzhou Industrial Park (Guangxi) Development Co. Ltd | **-** | - | **22** | 22 | China | Property development |
| * Tanah Sutera Development Sdn. Bhd. | **-** | - | **35** | 35 | Malaysia | Property development and investment in real properties |
| * Tanah Sutera Management Sdn. Bhd. | **-** | - | **35** | 35 | Malaysia | Property management |
| * Merit Properties Sdn. Bhd. | **-** | - | **20** | 20 | Malaysia | Property development, investment in real properties and providing management services |
| ∞β Fahim-I Hitech Sdn. Bhd. | **-** | - | **20** | 20 | Malaysia | Dormant |

* *Audited by member firms of Ernst & Young*
∞ *Audited by a firm other than Ernst & Young*
β *Financial year end 30 June*

For the purpose of applying the equity method of accounting, the management accounts of these associated companies for the financial year ended 31 December 2019 have been used.

Summarised financial information in respect of the Group's material associated companies is set out below. The summarised financial information below represents amounts based on the associated companies' financial statements adjusted for any material differences with the Group's accounting policies.



NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

### 10. INVESTMENTS IN ASSOCIATED COMPANIES (CONT'D)

Summarised statements of financial position:

| | Tanah Sutera Development Sdn. Bhd. Group | | Merit Properties Sdn. Bhd. | |
|---|---|---|---|---|
| | 2019 RM'000 | 2018 RM'000 | 2019 RM'000 | 2018 RM'000 |
| **Non-current assets** | **604,807** | 627,194 | **425,732** | 415,666 |
| **Current assets** | | | | |
| Cash and cash equivalents | **238,361** | 185,227 | **41,121** | 34,063 |
| Other current assets | **211,476** | 259,857 | **1,886** | 2,094 |
| | **449,837** | 445,084 | **43,007** | 36,157 |
| **Non-current liabilities** | | | | |
| Trade and other payables and provisions | **3,449** | 29,632 | **-** | - |
| Other non-current liabilities | **30,554** | 29,057 | **13,031** | 12,657 |
| | **34,003** | 58,689 | **13,031** | 12,657 |
| **Current liabilities** | | | | |
| Trade and other payables and provisions | **35,808** | 61,659 | **2,593** | 2,656 |
| **Net assets** | **984,833** | 951,930 | **453,115** | 436,510 |

Summarised statements of comprehensive income:

| | Tanah Sutera Development Sdn. Bhd. Group | | Merit Properties Sdn. Bhd. | |
|---|---|---|---|---|
| | 2019 RM'000 | 2018 RM'000 | 2019 RM'000 | 2018 RM'000 |
| Revenue | **105,286** | 116,069 | **4,891** | 4,585 |
| Depreciation and amortisation | **(6,100)** | (1,823) | **(18)** | (13) |
| Interest income | **8,148** | 5,993 | **1,398** | 1,071 |
| Interest expense | **(1,025)** | (1,529) | **(20)** | (20) |
| Profit before tax | **65,803** | 61,316 | **27,189** | 28,229 |
| Taxation | **(22,400)** | (12,546) | **(334)** | (709) |
| Profit for the financial year | **43,403** | 48,770 | **26,855** | 27,520 |
| Total comprehensive income for the financial year | **43,403** | 48,770 | **26,855** | 27,520 |
| Share of results of associated companies | **15,191** | 17,070 | **5,371** | 5,504 |
| Dividend received from associated companies | **3,675** | 2,450 | **2,050** | 1,230 |

## 10. INVESTMENTS IN ASSOCIATED COMPANIES (CONT'D)

Reconciliation of the summarised financial information presented to the carrying amount of the Group's interest in the associated companies are as follows:

| | Tanah Sutera Development Sdn. Bhd. Group | | Merit Properties Sdn. Bhd. | |
|---|---|---|---|---|
| | 2019 RM'000 | 2018 RM'000 | 2019 RM'000 | 2018 RM'000 |
| **Net assets** | | | | |
| At beginning of the financial year | **951,930** | 910,160 | **436,510** | 415,140 |
| Total comprehensive income for the financial year | **43,403** | 48,770 | **26,855** | 27,520 |
| Dividends paid | **(10,500)** | (7,000) | **(10,250)** | (6,150) |
| At end of the financial year | **984,833** | 951,930 | **453,115** | 436,510 |
| Group's interest in the associated companies | **35%** | 35% | **20%** | 20% |
| Carrying amount at end of the financial year | **344,692** | 333,176 | **90,623** | 87,302 |

The summarised aggregate financial information of the Group's share of other individually non-material associated companies as at 31 December is set out below:

| | 2019 RM'000 | 2018 RM'000 |
|---|---|---|
| Profit for the year, representing total comprehensive income for the year | **7,886** | 4,570 |
| Carrying amount of the Group's interest in individually non-material associated companies companies | **30,054** | 25,449 |
| Capital contribution to an associated company, at cost * | **94,721** | 94,721 |
| | **124,775** | 120,170 |

* This amount relates to the capital contribution to Qinzhou Development (Malaysia) Consortium Sdn Bhd, an associated company which holds the investment in China-Malaysia Qinzhou Industrial Park (Guangxi) Development Co. Ltd. in China.

The capital contribution is unsecured, interest free and is not expected to be recalled within the foreseeable future.

## 11. OTHER INVESTMENTS

| | Group | |
|---|---|---|
| | 2019 RM'000 | 2018 RM'000 |
| **Non-current** | | |
| At fair value through profit or loss<br>Equity instruments (unquoted in Malaysia) | **96** | 96 |





NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

## 12. AMOUNTS OWING BY/TO SUBSIDIARY COMPANIES

Amounts owing by subsidiary companies included under non-current assets

The amounts owing by subsidiary companies included under non-current assets represent unsecured advances which are not expected to be recalled within the next 12 months and are analysed as follows:

| | Company | |
|---|---|---|
| | 2019 RM'000 | 2018 RM'000 |
| Bearing interest at 4.18% to 8.00% (2018: 4.28% to 8.00%) per annum | **4,837,038** | 3,493,776 |
| Unquoted redeemable cumulative preference shares | **133,371** | 134,013 |
| | **4,970,409** | 3,627,789 |

Amounts owing by subsidiary companies included under current assets

| | Company | |
|---|---|---|
| | 2019 RM'000 | 2018 RM'000 |
| Trade accounts: | | |
| - staff secondment fee | **3,560** | 2,636 |
| Unsecured advances: | | |
| - bearing interest at 4.18% to 8.00% (2018: 4.28% to 8.00%) per annum | **12,842** | 1,053,008 |
| - interest free | **1,020,409** | 1,286,900 |
| | **1,036,811** | 2,342,544 |
| - allowance for impairment loss | **(1,291)** | (1,330) |
| | **1,035,520** | 2,341,214 |

## 12. AMOUNTS OWING BY/TO SUBSIDIARY COMPANIES (CONT'D)

The movements in the allowance for impairment losses during the financial year are as follows:

| | Company | |
|---|---|---|
| | **2019 RM'000** | **2018 RM'000** |
| At beginning of the year | **1,330** | 1,330 |
| Liquidation of a subsidiary company | **(39)** | – |
| At end of the year | **1,291** | 1,330 |

The trade accounts are expected to be settled within the normal credit periods. Unsecured advances are repayable on demand.

Amounts owing to subsidiary companies included under current liabilities

| | Company | |
|---|---|---|
| | **2019 RM'000** | **2018 RM'000** |
| Unsecured advances: | | |
| – bearing interest at 4.45% to 4.92% per annum | **171,430** | – |
| – interest free | **105,420** | 132,502 |
| | **276,850** | 132,502 |

Unsecured advances are repayable on demand.





NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

## 13. AMOUNTS OWING BY JOINT VENTURES

Amounts owing by joint ventures included under non-current assets

| | Company | |
|---|---|---|
| | **2019 RM'000** | **2018 RM'000 Restated** |
| Unsecured advances: | | |
| – bearing interest at 3.58% (2018: 3.58%) per annum | **69,785** | 69,785 |

The unsecured advances owing by a joint venture bears interest at a maximum amount of RM2,500,000 per annum and is not repayable within the next 12 months.

Amounts owing by joint ventures included under current assets

| | Group | | Company | |
|---|---|---|---|---|
| | **2019 RM'000** | **2018 RM'000 Restated** | **2019 RM'000** | **2018 RM'000** |
| Unsecured advances: | | | | |
| – bearing interest at 4.00% to 6.75% (2018: 4.00% to 6.75%) per annum | **29,602** | 41,968 | **9,624** | 9,424 |
| – interest free | **55,502** | 55,964 | **49,677** | 48,980 |
| | **85,104** | 97,932 | **59,301** | 58,404 |

Unsecured advances are repayable on demand.

## 14. AMOUNTS OWING BY ASSOCIATED COMPANIES

Amounts owing by associated companies included under current assets

| | Group | | Company | |
|---|---|---|---|---|
| | **2019 RM'000** | **2018 RM'000** | **2019 RM'000** | **2018 RM'000** |
| Unsecured advances: | | | | |
| – interest free | **590** | 450 | **576** | 450 |

Unsecured advances are repayable on demand.

## 15. AMOUNTS OWING BY/TO RELATED COMPANIES

These represent amounts owing by/to Permodalan Nasional Berhad ("PNB") and the government related entities disclosed in Note 43(a) ("PNB Group"). PNB was I & P Group Sdn. Berhad's previous shareholder and immediate holding company.

The amounts owing by/to related companies are repayable/payable on demand.

## 16. DEFERRED TAX

| | Group | | Company | |
|---|---|---|---|---|
| | 2019 RM'000 | 2018 RM'000 Restated | 2019 RM'000 | 2018 RM'000 |
| Deferred tax assets | **284,666** | 241,252 | **783** | 1,038 |
| Deferred tax liabilities | **(455,575)** | (470,829) | **–** | – |
| | **(170,909)** | (229,577) | **783** | 1,038 |
| At beginning of the year | **(229,577)** | (61,573) | **1,038** | 388 |
| Credited/(charged) to profit or loss | **58,459** | 29,066 | **(255)** | 650 |
| Disposal of a subsidiary company | **2** | – | **–** | – |
| Acquisition of new subsidiary company | **–** | (197,685) | **–** | – |
| Exchange rate differences | **207** | 615 | **–** | – |
| At end of the year | **(170,909)** | (229,577) | **783** | 1,038 |

The Group has recognised the deferred tax assets as it is probable that its existing construction contracts and development projects would generate sufficient taxable profits in future against which the deferred tax assets can be utilised.

The temporary differences on which deferred tax assets/liabilities have been recognised are as follows:

| | Group | | Company | |
|---|---|---|---|---|
| | 2019 RM'000 | 2018 RM'000 Restated | 2019 RM'000 | 2018 RM'000 |
| Tax effects of: | | | | |
| – unabsorbed capital allowances | **5,321** | 4,928 | **–** | – |
| – unutilised tax losses | **47,979** | 47,163 | **–** | – |
| – valuation of development land and property development and construction profits | **(166,927)** | (219,969) | **–** | – |
| – excess of capital allowances claimed over accumulated depreciation on property, plant and equipment | **(30,680)** | (30,225) | **–** | – |
| – fair value changes on investment properties | **(56,716)** | (57,553) | **(89)** | (89) |
| – others | **30,114** | 26,079 | **872** | 1,127 |
| | **(170,909)** | (229,577) | **783** | 1,038 |



NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

## 16. DEFERRED TAX (CONT'D)

Unutilised tax losses, unabsorbed capital allowances and other temporary differences which exist as at 31 December on which deferred tax assets have not been recognised in the financial statements are as follows:

| | Group | |
|---|---|---|
| | 2019 RM'000 | 2018 RM'000 Restated |
| Unutilised tax losses | **374,551** | 239,631 |
| Unabsorbed capital allowances | **6,558** | 4,622 |
| Others – deductible temporary differences | **207,116** | 331,847 |
| | **588,225** | 576,100 |

Deferred tax assets have not been recognised in respect of these items for certain subsidiary companies as it is not probable that taxable profits of the subsidiary companies would be available against which the unutilised tax losses, unabsorbed capital allowances and other deductible temporary differences could be utilised.

The unutilised capital allowances of the Group are available indefinitely for offsetting against future taxable profits of the respective entities within the Group, subject to no substantial changes in shareholdings of those entities under the Income Tax Act, 1967 and guidelines issued by the tax authority.

On the other hand, the Malaysia Finance Act gazetted on 27 December 2018 has imposed a time limitation to restrict the carry forward of the unutilised tax losses.

The unutilised tax losses accumulated up to the year of assessment 2018 are allowed to be carried forward for 7 consecutive years of assessment (i.e. from years of assessment 2019 to 2025) and any balance of the unutilised losses thereafter shall be disregarded.

However, for any unutilised tax losses that originated from the year of assessment 2019 onwards, these are allowed to be carried forward for a maximum period of 7 consecutive years of assessment immediately following that originating year of assessment and any balance of the unutilised tax losses thereafter shall be disregarded.

The foreign unutilised losses and unabsorbed capital allowances applicable to foreign incorporated subsidiary companies, if any, are pre-determined by and subject to the tax legislations of the respective countries.

## 17. TRADE RECEIVABLES

| | Group | |
|---|---|---|
| | **2019 RM'000** | **2018 RM'000 Restated** |
| **Non-Current** | | |
| Gross progress billings receivable | **30,249** | 16,335 |
| **Current** | | |
| Gross progress billings receivable | **554,400** | 659,728 |
| Gross retention sums receivable | **163,496** | 165,747 |
| Other gross receivables | **5,459** | 460 |
| Total gross receivables | **723,355** | 825,935 |
| Allowance for impairment loss | **(1,352)** | (1,339) |
| | **722,003** | 824,596 |
| Total | **752,252** | 840,931 |

The progress billings are due within 14 to 90 days (2018: 14 to 90 days) as stipulated in sale and purchase agreements and construction contracts. The retention sums are due upon the expiry of the defect liability period stated in the respective sale and purchase agreements and construction contracts.

Non-current gross progress billings receivables are collectible within 3 to 5 years (2018: 3 to 5 years). Current other gross receivables are collectible within 7 to 90 days (2018: 7 to 90 days).

Ageing analysis of the Group's trade receivables are as follows:

| | Group | |
|---|---|---|
| | **2019 RM'000** | **2018 RM'000** |
| Neither past due nor impaired | **502,559** | 578,931 |
| 1 to 30 days past due but not impaired | **87,670** | 76,380 |
| 31 to 60 days past due but not impaired | **36,690** | 68,176 |
| 61 to 90 days past due but not impaired | **61,110** | 30,940 |
| 91 to 120 days past due but not impaired | **13,419** | 35,312 |
| More than 121 days past due but not impaired | **50,804** | 51,192 |
| | **752,252** | 840,931 |
| Individually impaired | **1,352** | 1,339 |
| | **753,604** | 842,270 |





## 17. TRADE RECEIVABLES (CONT'D)

Receivables that are neither past due nor impaired

The receivables that are neither past due nor impaired are creditworthy debtors with good payment track records with the Group. None of the Group's trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

Receivables that are past due but not impaired

The receivables that are past due but not impaired are mainly related to the progress billings to be settled by the purchasers or the purchasers' end-financiers. However, the directors are of the opinion that these debts should be realised in full without material losses in the ordinary course of business as the legal title to the properties sold remains with the Group until the purchase consideration is fully settled/paid.

Receivables that are impaired

Trade receivables that are individually determined to be impaired at the reporting date relate to debtors that are in financial difficulties and have defaulted on payment. These receivables are not secured by any collateral or credit enhancements.

The Group measures allowance for impairment losses of trade receivables based on lifetime ECLs.

The expected credit losses on trade receivables are estimated by reference to historical loss experience of the debtors and an analysis of the debtor's current financial position, adjusted for forward-looking factors specific to the debtors and the general economic conditions, where applicable. The Group generally performs impairment assessment on trade receivables on an individual basis or on an account-by-account basis. In respect of its property development activities, the Group has assessed that these debts should be realised in full without material losses in the ordinary course of business as the legal title to the properties sold remains with the Group until the purchase consideration is fully settled/paid.

The movements in the allowance for impairment losses of trade receivables during the financial year are as follows:

| | Group | |
|---|---|---|
| | **2019 RM'000** | **2018 RM'000** |
| At beginning of the year | **1,339** | 843 |
| Allowance for impairment loss during the year | **13** | 521 |
| Reversal of allowance for impairment loss during the year | **–** | (25) |
| At end of the year | **1,352** | 1,339 |

The currency exposure profile of trade receivables net of allowance for impairment losses is as follows:

| | Group | |
|---|---|---|
| | **2019 RM'000** | **2018 RM'000** |
| Malaysian Ringgit | **747,883** | 836,824 |
| Singapore Dollar | **4,369** | 4,107 |
| | **752,252** | 840,931 |

## 18. CONTRACT ASSETS/(LIABILITIES)

| | Group | |
|---|---|---|
| | 2019 RM'000 | 2018 RM'000 Restated |
| Contract assets | | |
| Property development *(see Note (a))* | **1,074,064** | 1,056,445 |
| Construction and other contracts *(see Note (b))* | **3,822** | 8,707 |
| | **1,077,886** | 1,065,152 |
| Contract liabilities | | |
| Property development *(see Note (a))* | **(114,154)** | (50,767) |
| Construction and other contracts *(see Note (b))* | **(44,812)** | (73,170) |
| | **(158,966)** | (123,937) |
| | **918,920** | 941,215 |

(a) Contract assets and contract liabilities from property development

| | Group | |
|---|---|---|
| | 2019 RM'000 | 2018 RM'000 Restated |
| Contract assets | **1,074,064** | 1,056,445 |
| Contract liabilities | **(114,154)** | (50,767) |
| | **959,910** | 1,005,678 |
| At beginning of the year | **1,005,678** | 844,702 |
| Consideration payable to customers | **96,977** | 140,198 |
| Revenue recognised during the year | **3,667,861** | 3,318,939 |
| Interest income relating to deferred payment scheme | **18,020** | 13,566 |
| Progress billings during the year | **(3,828,837)** | (3,311,256) |
| Exchange rate differences | **211** | (471) |
| At end of the year | **959,910** | 1,005,678 |

Revenue from property development activities are recognised over time using the input method, which is based on the actual cost incurred to date on the property development projects as compared to the total budgeted cost for the respective development projects.



NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

## 18. CONTRACT ASSETS/(LIABILITIES) (CONT'D)

(a) Contract assets and contract liabilities from property development (cont'd)

The transaction price allocated to the unsatisfied performance obligations as at 31 December 2019 is RM4,418,333,000 (2018: RM4,166,816,000). The remaining performance obligations are expected to be recognised as follows:

| | Group | |
|---|---|---|
| | 2019 RM'000 | 2018 RM'000 |
| Within 1 year | **1,740,659** | 1,484,213 |
| Between 1 and 4 years | **2,677,674** | 2,682,603 |
| | **4,418,333** | 4,166,816 |

(b) Contract assets and contract liabilities from construction and other contracts

| | Group | |
|---|---|---|
| | 2019 RM'000 | 2018 RM'000 Restated |
| Contract assets | **3,822** | 8,707 |
| Contract liabilities | **(44,812)** | (73,170) |
| | **(40,990)** | (64,463) |
| At beginning of the year, as previously stated | **(64,463)** | (46) |
| Effects of adoption of MFRS 16 | **(10)** | – |
| At beginning of the year, as restated | **(64,473)** | (46) |
| Acquisition of new subsidiary company | **–** | (105,245) |
| Revenue recognised during the year | **122,680** | 179,853 |
| Progress billings during the year | **(99,197)** | (139,025) |
| At end of the year | **(40,990)** | (64,463) |

Contract expenditure includes the following expenses incurred during the financial year:

| | Group | |
|---|---|---|
| | 2019 RM'000 | 2018 RM'000 |
| Depreciation of property, plant and equipment | **4,122** | 4,387 |
| Depreciation of right-of-use – property, plant and equipment | **358** | – |
| Hire of machinery | **29,233** | 19,347 |
| Rental expense | **637** | 312 |

The construction revenue is recognised progressively based on the actual cost incurred to date on the construction projects as compared to the total budgeted cost for the respective projects.

The transaction price allocated to the unsatisfied performance obligations for construction and other contracts as at 31 December 2019 is RM46,671,000 (2018 (restated): RM75,276,000).

## 19. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

| | Group | | Company | |
|---|---|---|---|---|
| | 2019 RM'000 | 2018 RM'000 Restated | 2019 RM'000 | 2018 RM'000 |
| **Non-current** | | | | |
| Prepaid rental *(Note a)* | – | 76,954 | – | – |
| Lease receivable | **66,017** | 57,139 | – | – |
| | **66,017** | 134,093 | – | – |
| **Current** | | | | |
| Refundable deposits and part purchase consideration for the acquisition of development land in | | | | |
| – Seberang Perai Utara, Pulau Pinang | **2,450** | – | – | – |
| – Osaka, Japan | – | 2,916 | – | – |
| Dividend receivable | – | – | **2,523** | 927 |
| Deposits | **96,719** | 74,487 | **112** | 142 |
| Value Added Tax/Goods and Services Tax receivables | **24,444** | 32,984 | **19** | 19 |
| Prepaid rental *(Note a)* | – | 13,192 | – | – |
| Prepayments | **26,110** | 18,449 | – | 10 |
| Other sundry receivables | **66,538** | 132,620 | **144** | 770 |
| | **216,261** | 274,648 | **2,798** | 1,868 |
| Allowance for impairment loss | **(3,984)** | (3,935) | – | – |
| | **212,277** | 270,713 | **2,798** | 1,868 |
| Total | **278,294** | 404,806 | **2,798** | 1,868 |

**Note a**
This represents the prepayment of lease rental in respect of an office tower which was sold and subsequently leased back from Datuk Bandar Kuala Lumpur for a period of 8 years. This has been accounted as a right-of-use asset following the adoption of MFRS 16 effective 1 January 2019, as disclosed in Note 5.

The refundable deposits and part purchase considerations were paid for the acquisition of development land that have yet to be completed as at end of the respective financial years. The balance of these purchase considerations is disclosed as other commitments in Note 44(b) below.



## 19. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS (CONT'D)

The movement in the allowance for impairment losses of other receivables during the financial year are as follows:

| | Group | |
|---|---|---|
| | 2019 RM'000 | 2018 RM'000 |
| At beginning of the year | **3,935** | 3,935 |
| Allowance for impairment loss during the year | **73** | – |
| Written off during the year | **(24)** | – |
| At end of the year | **3,984** | 3,935 |

The currency exposure profile of other receivables, deposits and prepayments net of allowance for impairment losses is as follows:

| | Group | | Company | |
|---|---|---|---|---|
| | 2019 RM'000 | 2018 RM'000 | 2019 RM'000 | 2018 RM'000 |
| Malaysian Ringgit | **269,038** | 374,308 | **2,798** | 1,868 |
| Australian Dollar | **8,429** | 3,084 | – | – |
| Singapore Dollar | **213** | 20,912 | – | – |
| Vietnamese Dong | **606** | 3,575 | – | – |
| Japanese Yen | – | 2,916 | – | – |
| United States Dollar | **8** | 8 | – | – |
| Hong Kong Dollar | – | 3 | – | – |
| | **278,294** | 404,806 | **2,798** | 1,868 |

## 20. CONTRACT COST ASSETS

| | Group | |
|---|---|---|
| | 2019 RM'000 | 2018 RM'000 Restated |
| Contract cost assets | | |
| Costs to fulfil contracts with customers *(Note (a))* | **1,098,188** | 791,604 |
| Costs to obtain contracts with customers *(Note (b))* | **79,457** | 58,425 |
| | **1,177,645** | 850,029 |

(a) Costs to fulfil contracts with customers

| | 2019 RM'000 | 2018 RM'000 |
|---|---|---|
| At beginning of the financial year | **791,604** | 241,676 |
| Costs transferred from inventories – land held for property development *(see Note 6)* | **478,609** | 2,746 |
| Costs transferred from inventories – property development costs *(see Note 6)* | **989,920** | 832,434 |
| Costs incurred during the year | **1,137,700** | 1,341,613 |
| Costs recognised in profit or loss during the year | **(2,295,664)** | (1,611,884) |
| Exchange differences | **(3,981)** | (14,981) |
| At end of the financial year | **1,098,188** | 791,604 |

(b) Costs to obtain contracts with customers

| | 2019 RM'000 | 2018 RM'000 |
|---|---|---|
| At beginning of the financial year | **58,425** | 17,582 |
| Costs incurred during the year | **40,849** | 58,720 |
| Costs recognised in profit or loss during the year | **(19,473)** | (16,096) |
| Exchange differences | **(344)** | (1,781) |
| At end of the financial year | **79,457** | 58,425 |

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## 21. SHORT-TERM FUNDS

| | Group | | Company | |
|---|---|---|---|---|
| | 2019 RM'000 | 2018 RM'000 | 2019 RM'000 | 2018 RM'000 |
| At fair value through profit or loss: | | | | |
| – investments in trust funds in Malaysia | **1,676,226** | 1,082,940 | **526,905** | 174,139 |

Investments in short-term funds in Malaysia represent investments in trust funds investing in highly liquid money market instrument and deposits with financial institutions in Malaysia and are redeemable with one (1) day notice without penalty or redemption charges. These short-term funds are subject to an insignificant risk of changes in value.

All the short-term funds are denominated in Malaysian Ringgit.

As at reporting date, the effective interest rates for the Group's and the Company's short-term funds range from 3.12% to 3.38% and 3.12% to 3.38% per annum (2018: 3.32% to 3.83% and 3.32% to 3.66% per annum) respectively.

## 22. SHORT-TERM DEPOSITS

| | Group | | Company | |
|---|---|---|---|---|
| | 2019 RM'000 | 2018 RM'000 | 2019 RM'000 | 2018 RM'000 |
| Short-term deposits with licensed banks | **179,503** | 402,552 | **10,000** | 64,000 |

Included in short-term deposits of the Group is an amount of RM3,325,000 (2018: RM5,700,000) which has been charged to banks as security for banking facilities.

As at reporting date, the effective interest rates for the Group's and the Company's short-term deposits range from 0.55% to 3.05% and is 2.90% per annum (2018: 1.61% to 3.20% and 3.20% per annum) respectively. All short-term deposits have average maturity periods of within a year.

The currency exposure profile of short-term deposits is as follows:

| | Group | | Company | |
|---|---|---|---|---|
| | 2019 RM'000 | 2018 RM'000 | 2019 RM'000 | 2018 RM'000 |
| Malaysian Ringgit | **83,091** | 92,313 | **10,000** | 64,000 |
| Australian Dollar | **96,412** | 310,239 | **–** | – |
| | **179,503** | 402,552 | **10,000** | 64,000 |

## 23. CASH AND BANK BALANCES

| | Group | | Company | |
|---|---|---|---|---|
| | 2019 RM'000 | 2018 RM'000 | 2019 RM'000 | 2018 RM'000 |
| Cash and bank balances include monies in: | | | | |
| – Housing Development Accounts | **639,509** | 772,679 | **–** | – |
| – Sinking Fund Accounts | **10,525** | 9,664 | **–** | – |
| – Debt Service Reserve Accounts | **55,196** | 36,268 | **15,100** | 16,038 |
| – Escrow Accounts | **11,619** | 5,521 | **–** | – |
| – Revenue Accounts | **3,060** | 1,931 | **–** | – |

Withdrawals from the Housing Development Accounts are restricted in accordance with the Housing Developers (Housing Development Account) Regulations 1991.

Funds maintained in the Housing Development Accounts earn interest ranging from 0.95% to 3.00% (2018: 1.50% to 2.25%) per annum.

The sinking fund, debt service reserve, escrow and revenue accounts were opened in accordance with the terms and conditions set out in the term loan agreements referred to in Note 30 below.

The currency exposure profile of cash and bank balances is as follows:

| | Group | | Company | |
|---|---|---|---|---|
| | 2019 RM'000 | 2018 RM'000 | 2019 RM'000 | 2018 RM'000 |
| Malaysian Ringgit | **984,221** | 1,168,730 | **50,569** | 31,930 |
| Singapore Dollar | **161,216** | 191,429 | **–** | – |
| Australian Dollar | **15,840** | 17,220 | **2,442** | 26 |
| Great British Pound | **11,500** | 12,837 | **6,432** | 7,061 |
| Vietnamese Dong | **19,522** | 3,469 | **–** | – |
| United States Dollar | **7,084** | 4,366 | **414** | 4 |
| Japanese Yen | **4,965** | 9 | **–** | 1 |
| | **1,204,348** | 1,398,060 | **59,857** | 39,022 |





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## 24. SHARE CAPITAL

| | Group/Company | | | |
|---|---|---|---|---|
| | 2019 | | 2018 | |
| | Number of shares '000 | Amount RM'000 | Number of shares '000 | Amount RM'000 |
| Issued and fully paid share capital: | | | | |
| At beginning of the year | **3,958,563** | **8,252,253** | 3,427,783 | 6,693,971 |
| Share issuance expenses | **–** | **(156)** | – | (11,963) |
| Issuance of shares: | | | | |
| – DRP | **71,379** | **141,331** | 179,201 | 483,914 |
| – vesting of ESGP | **9,982** | **29,444** | 10,728 | 33,336 |
| – exercise of ESOS | **–** | **–** | 1,018 | 3,411 |
| – new placement | **–** | **–** | 325,000 | 997,750 |
| Conversion from RCPS-i A *(see Note 25)* | **–** | **–** | 9,461 | 31,979 |
| Conversion from RCPS-i B *(see Note 25)* | **2,557** | **9,449** | 5,372 | 19,855 |
| At end of the year | **4,042,481** | **8,432,321** | 3,958,563 | 8,252,253 |

During the financial year, the issued and paid-up ordinary share capital of the Company was increased by way of:

(a) conversion from 10,737,664 RCPS-i B to 2,556,585 ordinary shares with the conversion ratio of five (5) new ordinary shares for twenty one (21) RCPS-i B held;

(b) issuance of 71,379,352 new ordinary shares pursuant to the 11th DRP at the price of RM1.98 per share; and

(c) allotment of 9,982,293 new ordinary shares pursuant to the vesting of shares under the Employee Share Grant Plan ("ESGP") at the price of RM2.17 per share.

The Long-term Incentive Plan ("LTIP" or "Scheme") was implemented on 10 April 2013. The LTIP, which comprises the ESGP and ESOS allows the Company to grant shares and/or share options under the ESGP and ESOS respectively to eligible employees and Executive Directors of the Group of up to 15% of the issued and paid-up share capital of the Company. The LTIP is governed by the By-Laws of the LTIP which was approved by the shareholders on 28 February 2013 and is administered by the Nomination and Remuneration Committee ("NRC") which is appointed by the Board, in accordance with the By-Laws.

On 23 February 2017, the Board of Directors approved the extension of the LTIP for another 5 years pursuant to By-Laws 18.2 of the By-Laws of LTIP and as such the LTIP shall be in force for a period of 10 years up to 9 April 2023.

## 24. SHARE CAPITAL (CONT'D)

The main features of the Scheme are as follows:

(a) The maximum number of new ordinary shares which may be made available under the Scheme at the point in time when an LTIP award is offered shall not be more than fifteen percent (15%) of the issued and paid-up ordinary share capital of the Company.

(b) The LTIP awards shall be awarded after taking into consideration the employee's position, contribution and performance (where applicable) or such criteria as the NRC may deem fit subject to the following:

(i) that the number of new ordinary shares made available under the Scheme shall not exceed the amount stipulated in (a) above; and

(ii) that not more than ten percent (10%) of the total new ordinary shares to be issued under the Scheme at the point in time when an LTIP award is offered be allocated to any employee or Executive Director who, either singly or collectively through persons connected with him, holds twenty percent (20%) or more in the issued and paid-up share capital of the Company.

(c) In the case of the ESGP, the shares will be vested with the grantee at no consideration on the vesting date; while in the case of the ESOS, the option price will be determined based on the five (5) days volume weighted average market price of the ordinary shares on the date the ESOS award is offered with a potential discount of not more than ten percent (10%) or any such other limit in accordance with any prevailing guideline issued by Bursa Malaysia Securities Berhad or any other relevant authorities as may be amended from time to time.

(d) The shares and share options granted under the ESGP and ESOS will vest over a period of up to four (4) years from the date of the LTIP award.

The movement during the financial year in the number of shares and share options in which employees of the Group and the Company are entitled to are as follows:

ESGP

| | At 1.1.2019 '000 | Granted '000 | Vested '000 | Lapsed '000 | At 31.12.2019 '000 |
|---|---|---|---|---|---|
| Offer 6 | 9,460 | – | (4,604) | (289) | 4,567 |
| Offer 7 | 427 | – | (202) | (22) | 203 |
| Offer 8 | 16,081 | – | (5,176) | (723) | 10,182 |
| Offer 9 | – | 13,970 | – | (214) | 13,756 |
| | 25,968 | 13,970 | (9,982) | (1,248) | 28,708 |

ESOS

| | At 1.1.2019 '000 | Granted '000 | Exercised '000 | Lapsed '000 | At 31.12.2019 '000 |
|---|---|---|---|---|---|
| Offer 1 | 23,832 | – | – | (582) | 23,250 |
| Offer 3 | 1,358 | – | – | – | 1,358 |
| Offer 4 | 14,374 | – | – | – | 14,374 |
| Offer 5 | 8,834 | – | – | – | 8,834 |
| Offer 6 | 137,930 | – | – | (2,849) | 135,081 |
| Offer 7 | 18,665 | – | – | – | 18,665 |
| Offer 8 | – | 3,447 | – | (9) | 3,438 |
| | 204,993 | 3,447 | – | (3,440) | 205,000 |





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## 24. SHARE CAPITAL (CONT'D)

The fair values of the shares and share options granted under the ESGP and ESOS to which MFRS 2 applies were determined using the binomial model. The significant inputs into the model were as follows:

| | ESGP | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Offer 1 | Offer 2 | Offer 3 | Offer 4 | Offer 5 | Offer 6 | Offer 7 | Offer 8 | Offer 9 |
| Exercise price | * | * | * | * | * | * | * | * | * |
| Date of grant | 6 May 2013 | 19 August 2013 | 31 October 2014 | 20 August 2015 | 17 August 2016 | 7 August 2017 | 2 January 2018 | 9 August 2018 | 20 August 2019 |
| Fair value at grant date | RM3.15 | RM3.14 | RM3.13 | RM3.01 | RM3.27 | RM3.05 | RM3.21 | RM2.85 | RM1.57 |
| Vesting period/Option life | 2 years | 2 years | 2 years | 2 years | 1 year 5 months | 2 years | 2 years | 2 years | 2 years |
| Weighted average share price at grant date | RM3.42 | RM3.37 | RM3.35 | RM3.02 | RM3.17 | RM3.30 | RM3.40 | RM2.96 | RM1.73 |
| Expected dividend yield | 4.1% | 4.2% | 3.3% | 3.0% | 5.3% | 6.0% | 5.8% | 5.1% | 5.2% |
| Risk-free interest rates | 3.21% | 3.67% | 3.71% | 4.01% | 3.4% | 3.4% | 3.4% | 3.7% | 3.5% |
| Expected volatility | 18.62% | 18.82% | 18.51% | 21.34% | 22.88% | 24.26% | 53.21% | 40.33% | 27.91% |

| | ESOS | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Offer 1 | Offer 2 | Offer 3 | Offer 4 | Offer 5 | Offer 6 | Offer 7 | Offer 8 |
| Exercise price | RM2.96^ | RM2.92^ | RM2.91^ | RM2.62^ | RM2.76^ | RM3.03^ | RM2.82 | RM1.65 |
| Date of grant | 6 May 2013 | 19 August 2013 | 31 October 2014 | 20 August 2015 | 17 August 2016 | 7 August 2017 | 9 August 2018 | 20 August 2019 |
| Fair value at grant date | RM0.51 | RM0.52 | RM0.53 | RM0.57 | RM0.55 | RM0.51 | RM0.87 | RM0.27 |
| Vesting period/Option life | 8 years 3 months | 8 years 3 months | 7 years 3 months | 6 years 3 months | 5 years 4 months | 4 years 10 months | 3 years 3 months | 2 years 3 months |
| Weighted average share price at grant date | RM3.42 | RM3.37 | RM3.35 | RM3.02 | RM3.17 | RM3.30 | RM2.96 | RM1.73 |
| Expected dividend yield | 4.1% | 4.2% | 3.3% | 3.0% | 5.3% | 6.0% | 5.1% | 5.2% |
| Risk-free interest rates | 3.21% | 3.67% | 3.71% | 4.01% | 3.4% | 3.4% | 3.7% | 3.5% |
| Expected volatility | 18.62% | 18.82% | 18.51% | 21.34% | 22.88% | 24.26% | 40.33% | 27.91% |

** The shares under the ESGP will vest with the grantee at no consideration on the vesting date*

*^ Pursuant to the LTIP By-Laws of the Company, the ESOS exercise price options were adjusted for the rights issue of up to 451,916,434 ordinary shares in S P Setia Berhad and rights issue of up to 1,355,749,304 RCPS-i B in S P Setia Berhad which were allotted on 29 December 2017 and listed on 4 January 2018 ("Rights Issue Adjustment")*

The expected life of the shares and share options are based on historical data and is not necessarily indicative of the exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome. No other features of the shares and/or share options granted were incorporated into the measurement of fair value.

## 25. ISLAMIC REDEEMABLE CUMULATIVE PREFERENCE SHARES ("RCPS-I A") ("RCPS-I B")

| | Group/Company | | | |
|---|---|---|---|---|
| | 2019 | | 2018 | |
| | Number of shares '000 | Amount RM'000 | Number of shares '000 | Amount RM'000 |
| Issued and fully paid RCPS-i A: | | | | |
| At beginning of the year | **1,088,658** | **1,087,363** | 1,120,637 | 1,119,342 |
| Conversion to ordinary shares *(see Note 24)* | **–** | **–** | (31,979) | (31,979) |
| At end of the year | **1,088,658** | **1,087,363** | 1,088,658 | 1,087,363 |
| Issued and fully paid RCPS-i B: | | | | |
| At beginning of the year | **1,187,218** | **1,044,753** | 1,209,781 | 1,064,608 |
| Conversion to ordinary shares *(see Note 24)* | **(10,738)** | **(9,449)** | (22,563) | (19,855) |
| At end of the year | **1,176,480** | **1,035,304** | 1,187,218 | 1,044,753 |

RCPS-i A

The RCPS-i A issued by the Company to the shareholders are convertible at any time at the discretion of the holder commencing 2 December 2016 ("Issue Date A") up to such date no later than nine (9) market days prior to the relevant redemption date into such number of fully paid new S P Setia shares without payment of any consideration (cash or otherwise) and with the conversion ratio of two (2) new S P Setia shares for seven (7) RCPS-i A held.

The Company may at any time on or after the 15th anniversary of the Issue Date A, at its discretion, redeem all (and not some only of) the outstanding RCPS-i A in cash at the redemption price which shall be the aggregate of the issue price of RM1.00, any preferential dividends declared but unpaid as at the redemption date and any Deferred Dividends A (as defined below) as at the redemption date.

Under the Constitution, the conversion ratio for RCPS-i A is subject to adjustments from time to time, at the determination of our Board, in the event of any alteration to our Company's share capital, whether by way of rights issue, capitalisation issue, consolidation of shares, subdivision of shares or reduction of capital howsoever being effected, in accordance with the provisions of the Constitution. Pursuant to the rights issue of S P Setia shares undertaken by the Company in prior years, the conversion ratio for RCPS-i A has been adjusted to fifty (50) new S P Setia shares for one hundred sixty nine (169) RCPS-i A held. The effective date for the adjusted conversion ratio was 4 December 2017.





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## 25. ISLAMIC REDEEMABLE CUMULATIVE PREFERENCE SHARES ("RCPS-I A") ("RCPS-I B") (CONT'D)

RCPS-i A (cont'd)

The RCPS-i A confers on holders, the following rights and privileges:

(i) The right to receive preferential dividends, out of distributable profits of the Company earned from the first day of the calendar month following the Issue Date A ("Profits for RCPS-i A") when declared and approved by the Board of the Company, at an expected preferential dividend rate of 6.49%.

From the period commencing on and including the 15th anniversary of the Issue Date A until the redemption date, an additional stepped-up preferential dividend rate of 1.0% per annum above the expected rate abovementioned, shall be payable on the RCPS-i A on an annual basis, provided that the aggregate of the expected preferential dividend rate (including the stepped-up preferential dividends, if applicable) ("Expected Preferential Dividend Rate A") shall not exceed a total rate of 20%. The maximum amount of preferential dividends that can be declared and paid on each preferential dividend entitlement date ("Expected Preferential Dividend Amount A") shall be capped at such Expected Preferential Dividend Rate A unless otherwise decided by the Board of the Company.

On any preferential dividend entitlement date for RCPS-i A:

i. In the event that the Profits for RCPS-i A are lower than the Expected Preferential Dividend Amount A and the Company does not declare the preferential dividends up to the Expected Preferential Dividend Amount A (in whole or in part):

(a) The Company may, at its discretion, declare and pay any amount of preferential dividends up to an amount equal to the Profits for RCPS-i A as at such preferential dividend entitlement date. The amount of Profits for RCPS-i A declared as preferential dividends by the Company on a particular preferential dividend entitlement date, if any shall be referred to as ("Declared Sum A"); and

(b) The amount equivalent to the difference between the Profits for RCPS-i A as at such preferential dividend entitlement date and Declared Sum A, shall be cumulative ("Deferred Dividends A-1"), so long as the RCPS-i A remains unredeemed.

ii. In the event that the Profits for RCPS-i A are more than the Expected Preferential Dividend Amount A and the Company does not declare the preferential dividends up to the Expected Preferential Dividend Amount A (in whole or in part), the amount equivalent to the difference between the Expected Preferential Dividend Amount A and the Declared Sum A, shall be cumulative ("Deferred Dividends A-2"), so long as the RCPS-i A remains unredeemed.

Deferred Dividends A-1 and A-2 (as the case may be) ("Deferred Dividends A") may be declared and/or paid, at the discretion of the Company, on any subsequent preferential dividend entitlement date for RCPS-i A, provided that the Cumulative Condition A (as defined below) is fulfilled on such preferential dividend entitlement date.

"Cumulative Condition A" of the RCPS-i A means on any preferential dividend entitlement date, the Company:

(a) has sufficient Profits for RCPS-i A that is at least equivalent to the aggregate of the Declared Sum A and any Deferred Dividends A accumulated as at and on such preferential dividend entitlement date;

(b) has maintained books and records that evidence the Company having Profits for RCPS-i A that is at least equivalent to the aggregate of the Declared Sum A and any Deferred Dividends A accumulated as at and on such preferential dividend entitlement date; and

(c) makes an announcement on the Main Market of Bursa Malaysia Securities Berhad that such amount of Deferred Dividends A on such preferential dividend entitlement date shall be cumulative.

Where there is no Profit for RCPS-i A available for the declaration and payment of dividends, the Company shall have no obligation to declare or distribute any preferential dividends on the relevant preferential dividend entitlement date for RCPS-i A. Such preferential dividends shall not be cumulative.

Each RCPS-i A holder will cease to receive any preferential dividends from and including the date the RCPS-i A is converted into new S P Setia shares save for preferential dividends declared but unpaid up to the date of conversion.

## 25. ISLAMIC REDEEMABLE CUMULATIVE PREFERENCE SHARES ("RCPS-I A") ("RCPS-I B") (CONT'D)

RCPS-i A (cont'd)

The RCPS-i A confers on holders, the following rights and privileges: (cont'd)

(ii) The rights as regards to the receipt of notices (including that of general meetings), reports and audited financial statements, to attend meetings and to receive shareholders' resolutions in writing, but shall not be entitled to vote or approve any shareholders' resolutions or vote at any general meeting of the Company, save and except in the respect of any resolution made:

i. when the preferential dividends for RCPS-i A or any part thereof is in arrears and unpaid for more than six (6) months;

ii. on a proposal to reduce the Company's share capital;

iii. on a proposal for the disposal of substantially the whole of the Company's property, business and undertaking;

iv. on a proposal to wind up the Company;

v. during the winding up of the Company; or

vi. on any proposal that affects the rights and privileges attached to the RCPS-i A, including the amendments to the Constitution of the Company.

In any of the aforesaid circumstances, each RCPS-i A holder shall be entitled to vote at all general meetings of the members of its class, and on a poll at any such general meetings to one (1) vote for each RCPS-i A held.

RCPS-i B

The RCPS-i B issued by the Company to the shareholders are convertible at any time at the discretion of the holder commencing 29 December 2017 ("Issue Date B") up to such date no later than nine (9) market days prior to the relevant redemption date into such number of fully paid new S P Setia shares without payment of any consideration (cash or otherwise) and with the conversion ratio of five (5) new S P Setia shares for twenty one (21) RCPS-i B held.

The Company may at any time on or after the 5th anniversary of the Issue Date B, at its discretion, redeem all (and not some only of) the outstanding RCPS-i B in cash at the redemption price which shall be the aggregate of the issue price of RM0.88, any preferential dividends declared but unpaid as at the redemption date and any Deferred Dividends B (as defined below) as at the redemption date.

The RCPS-i B confers on holders, the following rights and privileges:

(i) The right to receive preferential dividends, out of distributable profits of the Company earned from the first day of the calendar month following the Issue Date B ("Profits for RCPS-i B") when declared and approved by the Board of the Company, at an expected preferential dividend rate of 5.93%.

From the period commencing on and including the 5th anniversary of the Issue Date B until the redemption date, an additional stepped-up preferential dividend rate of 1.0% per annum above the expected rate abovementioned, shall be payable on the RCPS-i B on an annual basis, provided that the aggregate of the expected preferential dividend rate (including the stepped-up preferential dividends, if applicable) ("Expected Preferential Dividend Rate B") shall not exceed a total rate of 20%. The maximum amount of preferential dividends that can be declared and paid on each preferential dividend entitlement date ("Expected Preferential Dividend Amount B") shall be capped at such Expected Preferential Dividend Rate B unless otherwise decided by the Board of the Company.



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25. ISLAMIC REDEEMABLE CUMULATIVE PREFERENCE SHARES ("RCPS-I A") ("RCPS-I B") (CONT'D)

RCPS-i B (cont'd)

The RCPS-i B confers on holders, the following rights and privileges: (cont'd)

On any preferential dividend entitlement date for RCPS-i B:

i. In the event that the Profits for RCPS-i B are lower than the Expected Preferential Dividend Amount B and the Company does not declare the preferential dividends up to the Expected Preferential Dividend Amount B (in whole or in part):

(a) The Company may, at its discretion, declare and pay any amount of preferential dividends up to an amount equal to the Profits for RCPS-i B as at such preferential dividend entitlement date. The amount of Profits for RCPS-i B declared as preferential dividends by the Company on a particular preferential dividend entitlement date, if any shall be referred to as ("Declared Sum B"); and

(b) The amount equivalent to the difference between the Profits for RCPS-i B as at such preferential dividend entitlement date and Declared Sum B, shall be cumulative ("Deferred Dividends B-1"), so long as the RCPS-i B remains unredeemed.

ii. In the event that the Profits for RCPS-i B are more than the Expected Preferential Dividend Amount B and the Company does not declare the preferential dividends up to the Expected Preferential Dividend Amount B (in whole or in part), the amount equivalent to the difference between the Expected Preferential Dividend Amount B and the Declared Sum B, shall be cumulative ("Deferred Dividends B-2"), so long as the RCPS-i B remains unredeemed.

Deferred Dividends B-1 and B-2 (as the case may be) ("Deferred Dividends B") may be declared and/or paid, at the discretion of the Company, on any subsequent preferential dividend entitlement date for RCPS-i B, provided that the Cumulative Condition B (as defined below) is fulfilled on such preferential dividend entitlement date.

"Cumulative Condition B" of the RCPS-i B means on any preferential dividend entitlement date, the Company:

(a) has sufficient Profits for RCPS-i B that is at least equivalent to the aggregate of the Declared Sum B and any Deferred Dividends B accumulated as at and on such preferential dividend entitlement date;

(b) has maintained books and records that evidence the Company having Profits for RCPS-i B that is at least equivalent to the aggregate of the Declared Sum B and any Deferred Dividends B accumulated as at and on such preferential dividend entitlement date; and

(c) makes an announcement on the Main Market of Bursa Malaysia Securities Berhad that such amount of Deferred Dividends B on such preferential dividend entitlement date shall be cumulative.

Where there is no Profit for RCPS-i B available for the declaration and payment of dividends, the Company shall have no obligation to declare or distribute any preferential dividends on the relevant preferential dividend entitlement date for RCPS-i B. Such preferential dividends shall not be cumulative.

Each RCPS-i B holder will cease to receive any preferential dividends from and including the date the RCPS-i B is converted into new S P Setia Shares save for preferential dividends declared but unpaid up to the date of conversion.

## 25. ISLAMIC REDEEMABLE CUMULATIVE PREFERENCE SHARES ("RCPS-I A") ("RCPS-I B") (CONT'D)

RCPS-i B (cont'd)

The RCPS-i A confers on holders, the following rights and privileges: (cont'd)

(ii) The rights as regards to the receipt of notices (including that of general meetings), reports and audited financial statements, to attend meetings and to receive shareholders' resolutions in writing, but shall not be entitled to vote or approve any shareholders' resolutions or vote at any general meeting of the Company, save and except in the respect of any resolution made:

i. when the preferential dividends for RCPS-i B or any part thereof is in arrears and unpaid for more than six (6) months;

ii. on a proposal to reduce the Company's share capital;

iii. on a proposal for the disposal of substantially the whole of the Company's property, business and undertaking;

iv. on a proposal to wind up the Company;

v. during the winding up of the Company; or

vi. on any proposal that affects the rights and privileges attached to the RCPS-i B, including the amendments to the Constitution of the Company.

In any of the aforesaid circumstances, each RCPS-i B holder shall be entitled to vote at all general meetings of the members of its class, and on a poll at any such general meetings to one (1) vote for each RCPS-i B held.

## 26. RESERVE ON ACQUISITION ARISING FROM COMMON CONTROL

| | Group | |
|---|---|---|
| | 2019 RM'000 | 2018 RM'000 |
| Reserve arising on acquisition accounted for under common control | **(1,295,884)** | (1,295,884) |

This represents the difference between the consideration payable on the acquisition of I & P Group Sdn. Berhad in the previous financial year in excess of the equity of I & P Group Sdn. Berhad arising as a result of the application of the pooling of interests method of accounting whereby assets, liabilities and reserves of the entities are recorded at their pre-combination carrying amounts or existing carrying amounts from the perspective of common control shareholder.





NOTES TO THE FINANCIAL STATEMENTS
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## 27. PERPETUAL BOND

On 13 December 2013, the Company issued a total of RM609 million in nominal value of unrated subordinated Islamic Perpetual Notes ("Sukuk Musharakah") via private placement on a best effort basis without prospectus pursuant to a Sukuk Musharakah Programme ("Perpetual bond") of up to RM700 million in nominal value. The Perpetual bond was established to raise funds as and when required to be utilised for Shariah-compliant purposes which include the Company's investments and working capital.

The salient features of the Perpetual bond were as follows:

(i) the Perpetual bond is issued under the Islamic principle of Musharakah, while the principle of Commodity Musawamah will be employed to effect the deferral of the periodic distributions, if any;

(ii) perpetual in tenure, where the Company has a call option to redeem the Perpetual bond at the end of the 5th year and on each periodic distribution date thereafter;

(iii) the Company also has the option to redeem the Perpetual bond if there is a change in accounting standards resulting in the Perpetual bond no longer being classified as equity;

(iv) the expected periodic distribution up to year 5 is 5.95% per annum payable semi-annually. If the Company does not exercise its option to redeem at the end of the 5th year, the periodic distribution increases by 1% per annum subject to a maximum rate of 20%;

(v) deferred periodic distribution, if any, will be cumulative but will not earn additional profits (i.e. there will be no compounding);

(vi) payment obligations on the Perpetual bond will at all times, rank ahead of other share capital instruments for the time being outstanding, but junior to the claims of present and future creditor of the Company (other than obligations ranking pari passu with the Perpetual bond); and

(vii) the Perpetual bond is not rated and is unsecured.

The Perpetual bond was fully redeemed in the previous financial year.

## 28. REDEEMABLE CUMULATIVE PREFERENCE SHARES (UNSECURED)

The redeemable cumulative preference shares ("RCPS") issued by subsidiaries of the Company ("the Subsidiaries") are redeemable at any time at the discretion of the Subsidiaries after 5th anniversary but before the 8th to 15th anniversary of the respective issue dates, provided always that the redemption sum to be determined shall not be less than RM1.00 and any amount of dividend payable on the redemption date (including the aggregate amount of any arrears or accruals of dividend, whether or not declared, at the time of redemption).

The preference shares confer on their holders the following rights and privileges:

(i) The right to be paid, a cumulative preferential dividend of 4% per annum on the issue price, or at 500% per annum gross based on its nominal value;

(ii) The right in a winding up or return of capital (other than on the redemption of the preference shares) to receive, in priority to the holders of any other class of shares in the capital of the Subsidiaries, repayment in full of RM1.00 and the payment of any cumulative preferential dividend calculated up to the date of commencement of the winding up or return of capital, but no further right to share in surplus assets; and

(iii) The right to receive notice of and attend all general meetings of the Subsidiaries, and shall have the right on a poll at any general meeting of the Subsidiaries to one vote for each preference share held:

(a) upon any resolution which varies or is deemed to vary the rights attached to the preference shares;

(b) upon any resolution for the reduction of capital of the Subsidiaries; and

(c) upon any resolution for the winding up of the Subsidiaries,

but shall otherwise have no right to vote at general meetings of the Subsidiaries.

## 29. OTHER PAYABLES AND ACCRUALS

| | Group | | Company | |
|---|---|---|---|---|
| | 2019 RM'000 | 2018 RM'000 Restated | 2019 RM'000 | 2018 RM'000 |
| **Non-current** | | | | |
| Unpaid consideration for acquisition of development land | **90,874** | 43,572 | **–** | – |
| **Current** | | | | |
| Unsecured advances | **20,039** | 144,208 | **–** | – |
| Interest accrued | **20,311** | 27,942 | **13,978** | 19,148 |
| Deposits received | **40,951** | 36,109 | **–** | – |
| Unpaid consideration for acquisition of development land | **233,928** | 223,715 | **–** | – |
| Accrued selling and marketing costs | **119,529** | 112,822 | **–** | – |
| Other sundry payables and accruals | **253,834** | 325,519 | **5,253** | 5,661 |
| | **688,592** | 870,315 | **19,231** | 24,809 |
| Total | **779,466** | 913,887 | **19,231** | 24,809 |

The unsecured advances are from minority shareholders of subsidiary companies. These advances are interest free and payable on demand.

The currency exposure profile of other payables and accruals is as follows:

| | Group | | Company | |
|---|---|---|---|---|
| | 2019 RM'000 | 2018 RM'000 Restated | 2019 RM'000 | 2018 RM'000 |
| Malaysian Ringgit | **757,079** | 899,664 | **16,102** | 21,602 |
| Vietnamese Dong | **13,924** | 2,684 | **–** | – |
| Singapore Dollar | **2,544** | 4,023 | **–** | – |
| Australian Dollar | **1,821** | 4,153 | **–** | – |
| Great British Pound | **3,129** | 3,207 | **3,129** | 3,207 |
| Japanese Yen | **869** | 3 | **–** | – |
| United States Dollar | **100** | 149 | **–** | – |
| Hong Kong Dollar | **–** | 4 | **–** | – |
| | **779,466** | 913,887 | **19,231** | 24,809 |





NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

## 30. BORROWINGS

| | Group | | Company | |
|---|---|---|---|---|
| | 2019 RM'000 | 2018 RM'000 | 2019 RM'000 | 2018 RM'000 |
| **Non-current** | | | | |
| *Secured:* | | | | |
| Term loans | **3,937,242** | 3,714,039 | **–** | – |
| Bridging loans | **80,209** | 51,241 | **–** | – |
| Revolving credits | **251,000** | 248,485 | **–** | – |
| Medium term notes and commercial paper *(Note b)* | **799,899** | 434,000 | **–** | – |
| Hire purchase and finance lease *(Note a)* | **1,696** | 2,449 | **–** | – |
| *Unsecured:* | | | | |
| Term loans | **3,718,723** | 3,446,916 | **2,898,549** | 2,818,289 |
| Revolving credits | **50,000** | 50,000 | **50,000** | 50,000 |
| | **8,838,769** | 7,947,130 | **2,948,549** | 2,868,289 |
| **Current** | | | | |
| *Secured:* | | | | |
| Term loans | **479,115** | 385,887 | **–** | – |
| Bridging loans | **80,785** | 98,405 | **–** | – |
| Revolving credits | **595,936** | 611,131 | **–** | – |
| Medium term notes and commercial paper *(Note b)* | **–** | 60,000 | **–** | – |
| Hire purchase and finance lease *(Note a)* | **772** | 767 | **–** | – |
| Bank overdrafts | **6,867** | 1,858 | **–** | – |
| *Unsecured:* | | | | |
| Term loans | **265,672** | 454,000 | **265,672** | 454,000 |
| Revolving credits | **884,518** | 885,210 | **858,518** | 859,210 |
| Bank overdrafts | **16,734** | 20,477 | **–** | 6,817 |
| | **2,330,399** | 2,517,735 | **1,124,190** | 1,320,027 |
| Total borrowings | **11,169,168** | 10,464,865 | **4,072,739** | 4,188,316 |
| The borrowings are repayable as follows: | | | | |
| Not later than one year | **2,330,399** | 2,517,735 | **1,124,190** | 1,320,027 |
| Later than one year but not later than five years | **7,856,504** | 7,084,779 | **2,848,549** | 2,643,289 |
| Later than five years | **982,265** | 862,351 | **100,000** | 225,000 |
| | **11,169,168** | 10,464,865 | **4,072,739** | 4,188,316 |

## 30. BORROWINGS (CONT'D)

**Note a**

| | Group | |
|---|---|---|
| | 2019 RM'000 | 2018 RM'000 |
| The minimum lease payment: | | |
| Not later than one year | **904** | 904 |
| Later than one year but not later than five years | **1,984** | 2,888 |
| Total minimum lease payment | **2,888** | 3,792 |
| Amount representing finance charges | **(420)** | (576) |
| Present value of minimum lease payment | **2,468** | 3,216 |
| The present value of payments are as follows: | | |
| Not later than one year | **772** | 767 |
| Later than one year but not later than five years | **1,696** | 2,449 |
| Present value of minimum lease payment | **2,468** | 3,216 |

The range of interest rates per annum at the reporting date for borrowings are as follows:

| | Group | | Company | |
|---|---|---|---|---|
| | 2019 % | 2018 % | 2019 % | 2018 % |
| Term loans | **1.07 – 5.50** | 2.38 – 5.44 | **3.10 – 5.50** | 2.90 – 5.39 |
| Bridging loans | **4.17 – 5.04** | 4.48 – 5.23 | **–** | – |
| Revolving credits | **4.08 – 5.32** | 4.28 – 5.44 | **4.32 – 5.24** | 4.53 – 5.17 |
| Medium term notes and commercial paper | **5.10 – 5.34** | 4.44 – 5.16 | **–** | – |
| Hire purchase and finance lease | **4.26 – 4.50** | 4.26 – 4.50 | **–** | – |
| Bank overdrafts | **4.51 – 4.95** | 4.70 – 7.72 | **–** | 4.70 – 4.97 |

The borrowings are secured by:

- various fixed and floating charges and deeds of assignment over various assets belonging to the Group, including properties as indicated in Notes 2, 4 and 6 above; and
- short-term deposits, sinking fund, debt service reserve, escrow and revenue accounts as indicated in Notes 22 and 23 above.





NOTES TO THE FINANCIAL STATEMENTS
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## 30. BORROWINGS (CONT'D)

**Note b**

Medium Term Notes ("MTN") and Commercial Paper ("CP")

In prior years, Setia Ecohill Sdn Bhd ("Setia Ecohill"), a wholly-owned subsidiary of the Group, had issued Medium Term Notes (MTN) and Commercial Paper (CP) with a total nominal value of RM580 million (the "Programmes"), collectively known as CP/MTN Programme consisting of 3 Tranches to part finance the purchase of freehold land, working capital requirement and development costs in relation to clubhouse and school with tenure of up to 7 years from the date of the first issuance.

The interest payment is due every month with an interest rate of between 4.44% to 4.59% (2018: 4.20% to 4.59%) per annum, commencing from the issue date of the relevant tranches.

The CP/MTN was secured by a first party fixed charge over the freehold land of Setia Ecohill held under inventories as disclosed in Note 6 and a corporate guarantee from the Company.

As at 31 December 2019, the remaining nominal value of the CP/MTN is RM Nil (2018: RM60 million).

During the current financial year, Setia Alamsari Sdn Bhd ("Setia Alamsari"), a wholly-owned subsidiary of the Group, had issued Islamic MTN ("Sukuk Murabahah")("Alamsari MTN") with a total nominal value of RM358 million pursuant to a Sukuk Murabahah Programme (the "Programme"). The Programme, which has a tenure of 10 years from the date of first issuance is to partially finance the purchase consideration of parcels of land acquired by Setia Alamsari in the previous financial year and its related land conversion premium.

The interest payment is due every quarter with a profit rate of between 5.03% to 5.34% per annum, commencing from the issue date of the Alamsari MTN.

The Alamsari MTN is secured by:

(i) First party first legal charge over the freehold land of Setia Alamsari held under inventories as disclosed in Note 6;

(ii) Corporate guarantee from the Company; and

(iii) First ranking charge over the Finance Service Reserve Account.

As at 31 December 2019, the outstanding amount of the Alamsari MTN is RM358 million.

In prior years, a wholly-owned subsidiary of the Group, Setia Fontaines Sdn Bhd ("Setia Fontaines") issued Islamic MTN ("Sukuk Murabahah")(Setia Fontaines MTN") amounting to RM434 million pursuant to a Sukuk Murabahah Programme of up to RM434 million in nominal value ("Sukuk Murabahah Programme") to finance the purchase of freehold land acquired by Setia Fontaines. The Sukuk Murabahah Programme has a tenure of up to 10 years from the date of the first issuance.

The interest payment was due every month with the profit rate of 1.00% per annum plus the bank's cost of funds commencing from the issuance date of the Setia Fontaines MTN.

During the financial year, Setia Fontaines has upsized the existing Sukuk Murabahah Programme of up to RM2.5 billion in nominal value with approved subscription of up to RM753 million. The Sukuk Murabahah Programme comprises of 4 Tranches to redeem the existing Tranche 1 of the Sukuk Murabahah programme of RM434 million and to part finance the construction and development cost to be incurred by Setia Fontaines on its inventories held under Mukim 6, Daerah Seberang Perai Utara, Pulau Pinang. Pursuant to this, Setia Fontaines has issued Setia Fontaines MTN amounting to RM444 million. The Sukuk Murabahah Programme has a tenure between 10 to 12 years from the date of the first issuance.

### 30. BORROWINGS (CONT'D)

The interest payment is due every month with the profit rate of 1.10% per annum plus the bank's cost of funds commencing from the issuance date of the Setia Fontaines MTN.

The Setia Fontaines MTN is secured by:

(i) First legal charge created over the freehold land of Setia Fontaines under inventories as disclosed in Note 6;

(ii) Corporate guarantee by the Company;

(iii) Legal charge over designated accounts; and

(iv) Assignment and legal charge over redemption proceeds account.

As at 31 December 2019, the outstanding amount of the Setia Fontaines MTN is RM444 million (2018: RM434 million).

The currency exposure profile of borrowings is as follows:

| | Group | | Company | |
|---|---|---|---|---|
| | 2019 RM'000 | 2018 RM'000 | 2019 RM'000 | 2018 RM'000 |
| Malaysian Ringgit | **8,822,803** | 8,365,513 | **3,377,039** | 3,508,027 |
| Great British Pound | **1,515,874** | 1,308,916 | **695,700** | 680,289 |
| Singapore Dollar | **586,907** | 585,652 | **–** | – |
| Australian Dollar | **188,296** | 192,028 | **–** | – |
| Japanese Yen | **41,036** | – | **–** | – |
| United States Dollar | **14,252** | 12,756 | **–** | – |
| | **11,169,168** | 10,464,865 | **4,072,739** | 4,188,316 |





NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

### 31. LEASE LIABILITIES

| | Group 2019 RM'000 |
|---|---|
| **Non-current** | |
| Lease liabilities | **2,404** |
| **Current** | |
| Lease liabilities | **1,288** |
| Total lease liabilities | **3,692** |

The movement of lease liabilities during the financial year is as follows:

| | Group 2019 RM'000 |
|---|---|
| At beginning of the year, as previously stated | **–** |
| Effects of adoption of MFRS 16 | **4,261** |
| At beginning of the year, as restated | **4,261** |
| Additions | **737** |
| Interest charged | **157** |
| Payments of: | |
| – Principal | **(1,312)** |
| – Interest | **(157)** |
| Exchange differences | **6** |
| At end of the year | **3,692** |

## 32. TRADE PAYABLES

| | Group | |
|---|---|---|
| | 2019 RM'000 | 2018 RM'000 Restated |
| Sub-contractors' claims | **158,647** | 196,641 |
| Retention sums | **375,143** | 378,835 |
| Accrued construction costs | **1,028,109** | 1,133,822 |
| Others | **30,979** | 38,004 |
| | **1,592,878** | 1,747,302 |

The normal credit terms extended by sub-contractors and suppliers range from 7 to 90 days (2018: 7 to 90 days). The retention sums are repayable upon the expiry of the defect liability period.

Other trade payables are required to be settled within 14 to 60 days (2018: 14 to 60 days).

The currency exposure profile of trade payables is as follows:

| | Group | |
|---|---|---|
| | 2019 RM'000 | 2018 RM'000 Restated |
| Malaysian Ringgit | **1,568,285** | 1,714,547 |
| Singapore Dollar | **18,499** | 31,002 |
| Vietnamese Dong | **6,088** | 1,753 |
| Japanese Yen | **6** | – |
| | **1,592,878** | 1,747,302 |

## 33. AMOUNTS OWING TO PREVIOUS SHAREHOLDERS OF I & P GROUP

The amounts owing to previous shareholders of I & P Group Sdn. Berhad as at 1 January 2018 of RM3,540,500,000 is stated net of real property gains tax paid on behalf of the previous shareholders in respect of the disposal of I & P Group Sdn. Berhad to the Company.

This liability had crystallised upon completion of the acquisition of I & P Group Sdn. Berhad on 1 December 2017, and has been fully settled in the previous financial year.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

## 34. REVENUE

| | Group | | Company | |
|---|---|---|---|---|
| | 2019 RM'000 | 2018 RM'000 | 2019 RM'000 | 2018 RM'000 Restated |
| Sale of development properties | **3,667,861** | 3,318,939 | **–** | – |
| Construction revenue | **60,755** | 88,515 | **–** | – |
| Sale of other goods and services | **200,258** | 186,135 | **–** | – |
| Gross dividend from subsidiary companies | **–** | – | **329,544** | 612,506 |
| | **3,928,874** | 3,593,589 | **329,544** | 612,506 |
| Revenue from contracts with customers | **3,910,747** | 3,586,838 | **–** | – |
| Revenue from other sources of income | **18,127** | 6,751 | **329,544** | 612,506 |
| | **3,928,874** | 3,593,589 | **329,544** | 612,506 |
| Disaggregation of the revenue from contracts with customers: | | | | |
| Timing of revenue recognition: | | | | |
| At a point in time | **1,275,948** | 1,162,602 | **–** | – |
| Over time | **2,634,799** | 2,424,236 | **–** | – |
| | **3,910,747** | 3,586,838 | **–** | – |

## 35. COST OF SALES

| | Group | |
|---|---|---|
| | 2019 RM'000 | 2018 RM'000 Restated |
| Cost of properties sold | **2,682,513** | 2,261,726 |
| Construction cost recognised as expense | **47,995** | 71,221 |
| Cost of other goods and services sold | **182,522** | 168,388 |
| | **2,913,030** | 2,501,335 |

## NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

### 36. OTHER INCOME

| | Group | | Company | |
|---|---|---|---|---|
| | 2019 RM'000 | 2018 RM'000 Restated | 2019 RM'000 | 2018 RM'000 Restated |
| Interest income from: | | | | |
| – subsidiary companies | – | – | 245,083 | 211,171 |
| – joint ventures | 4,028 | 5,026 | 686 | 6,044 |
| – deposits | 63,993 | 68,715 | 14,680 | 37,160 |
| – significant financing component | 18,020 | 13,566 | – | – |
| – financial assets measured at amortised cost | – | – | 1,784 | 3,721 |
| – others | 29,200 | 36,962 | 829 | 498 |
| Rental income from: | | | | |
| – investment properties | 41,167 | 25,875 | – | – |
| – other operating leases | 11,900 | 13,684 | – | – |
| Allowance for impairment loss on receivables no longer required | – | 25 | – | – |
| Gain on disposal of investment properties | – | 4,982 | – | – |
| Gain on disposal of property, plant and equipment | 5,543 | – | – | – |
| Gain on disposal of asset held for sale | – | 6,942 | – | – |
| Finance income on financial liabilities at amortised cost | – | 1,221 | – | – |
| Gain on fair value adjustment of investment properties | 11,538 | 8,462 | – | – |
| Forfeiture income | 4,288 | 6,944 | – | – |
| Gain on disposal of subsidiary companies | 106 | – | 15,895 | – |
| Gain on disposal of other investments | – | 138 | – | – |
| Gain on foreign exchange | | | | |
| – realised | – | 1,599 | – | 2,986 |
| – unrealised | – | 58,857 | – | 26,875 |
| Gain on remeasurement of retained equity interest in former joint venture | – | 311,594 | – | – |
| Gain on deemed disposal of previously held investment in joint venture | – | 36,942 | – | – |
| Other miscellaneous income | 25,680 | 19,129 | 8,504 | 9,176 |
| | 215,463 | 620,663 | 287,461 | 297,631 |

## NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

### 37. FINANCE COSTS

| | Group | | Company | |
|---|---|---|---|---|
| | 2019 RM'000 | 2018 RM'000 | 2019 RM'000 | 2018 RM'000 |
| Interest on: | | | | |
| – bank overdrafts | 2,479 | 838 | 1,633 | 360 |
| – revolving credits | 41,594 | 63,482 | 41,788 | 58,539 |
| – term loans | 183,955 | 134,058 | 146,599 | 117,951 |
| – hire purchase and finance lease | 156 | 133 | – | – |
| Preference share dividend | 3,006 | 2,322 | – | – |
| Interest expense to subsidiary companies | – | – | 1,390 | 290 |
| Interest expense on financial liabilities measured at amortised cost | 127 | 2,484 | – | – |
| Interest expense on lease liabilities | 157 | – | – | – |
| Amortisation of transaction costs on borrowings | 684 | – | 684 | – |
| Others | 5,549 | 3,867 | 525 | 2,843 |
| | 237,707 | 207,184 | 192,619 | 179,983 |

## 38. PROFIT BEFORE TAX

| | Group | | Company | |
|---|---|---|---|---|
| | 2019 RM'000 | 2018 RM'000 Restated | 2019 RM'000 | 2018 RM'000 |
| Profit before tax is stated after charging: | | | | |
| Fees for statutory audits | | | | |
| - current year | | | | |
| - Ernst & Young PLT Malaysia | **1,799** | 1,869 | **142** | 140 |
| - member firms of Ernst & Young Global | **458** | 379 | **-** | - |
| - other auditors | **295** | 7 | **-** | - |
| - underprovision in prior year | **-** | 124 | **-** | - |
| Other non-audit services | | | | |
| - Ernst & Young PLT Malaysia | **271** | 265 | **33** | 33 |
| Amortisation of intangible asset | **704** | 704 | **-** | - |
| Bad debts written off | **82** | - | **-** | - |
| Allowance for impairment loss on receivables | **86** | 521 | **-** | - |
| Depreciation | | | | |
| - property, plant and equipment | **27,253** | 23,906 | **36** | - |
| - right-of-use - property, plant and equipment | **997** | - | **-** | - |
| Direct operating expenses on: | | | | |
| - income generating investment properties | **10,607** | 9,340 | **-** | - |
| - non-income generating investment properties | **8** | 8 | **8** | 8 |
| Directors' remuneration | | | | |
| - Company's Directors: | | | | |
| - fees and other emoluments | **7,343** | 8,597 | **2,581** | 2,889 |
| - share-based payment under LTIP | **1,788** | 5,347 | **-** | - |
| - Other key management personnel: | | | | |
| - other emoluments | **12,787** | 14,731 | **-** | - |
| - share-based payment under LTIP | **10,144** | 22,095 | **-** | - |
| Property, plant and equipment written off | **595** | 252 | **-** | - |
| Impairment loss on investment in subsidiary companies | **-** | - | **11,323** | - |
| Fair value adjustment of right-of-use - investment properties | **13,192** | - | **-** | - |
| Loss from fair value adjustment of financial assets/ liabilities | **-** | - | **1,838** | 2,850 |
| Loss on disposal of property, plant and equipment | **-** | 467 | **-** | 1 |
| Loss on liquidation of a joint venture | **12** | - | **12** | - |
| Expenses relating to leases: | | | | |
| - short-term leases | **16** | - | **-** | - |
| - low value assets | **1,738** | - | **90** | - |
| Rental expense on: | | | | |
| - equipment | **-** | 1,840 | **-** | 112 |
| - premises | **-** | 15,204 | **-** | - |
| Loss on foreign exchange: | | | | |
| - realised | **204** | - | **37** | - |
| - unrealised | **15,299** | - | **15,466** | - |

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

## 38. PROFIT BEFORE TAX (CONT'D)

Directors' and other key management personnel's remuneration do not include the estimated monetary value of benefits-in-kind as follows:

| | Group | | Company | |
|---|---|---|---|---|
| | 2019 RM'000 | 2018 RM'000 | 2019 RM'000 | 2018 RM'000 |
| Company's Directors | **86** | 33 | **71** | 7 |
| Other key management personnel | **852** | 583 | **-** | - |

## 39. EMPLOYEE BENEFITS EXPENSE

| | Group | | Company | |
|---|---|---|---|---|
| | 2019 RM'000 | 2018 RM'000 | 2019 RM'000 | 2018 RM'000 |
| Expensed off during the year | **273,732** | 371,232 | **10,940** | 12,414 |
| Capitalised during the year | **58,191** | 55,487 | **-** | - |
| | **331,923** | 426,719 | **10,940** | 12,414 |

The employee benefit expenses which include the remuneration of Directors and key management personnel are as follow:

| | Group | | Company | |
|---|---|---|---|---|
| | 2019 RM'000 | 2018 RM'000 | 2019 RM'000 | 2018 RM'000 |
| Salaries, bonus and other emoluments | **213,084** | 282,103 | **8,890** | 10,249 |
| Defined contribution plan | **26,991** | 31,233 | **577** | 690 |
| Share-based payment under the LTIP | **55,983** | 80,422 | **813** | 838 |

## 40. TAXATION

| | Group | | Company | |
|---|---|---|---|---|
| | 2019 RM'000 | 2018 RM'000 Restated | 2019 RM'000 | 2018 RM'000 |
| **Income tax:** | | | | |
| In respect of current year: | | | | |
| - Malaysian income tax | **234,572** | 215,662 | **42,587** | 34,485 |
| - foreign income tax | **1,587** | 285 | **-** | - |
| | **236,159** | 215,947 | **42,587** | 34,485 |
| Under/(over) provision in prior years | | | | |
| - Malaysian income tax | **11,797** | 4,770 | **(1,415)** | 1,651 |
| - foreign income tax | **(13,298)** | (325) | **-** | - |
| | **(1,501)** | 4,445 | **(1,415)** | 1,651 |
| | **234,658** | 220,392 | **41,172** | 36,136 |
| **Deferred tax:** | | | | |
| - Origination and reversal of temporary differences | **(39,271)** | 8,715 | **255** | (650) |
| - Over provision in prior years | **(19,188)** | (37,781) | **-** | - |
| | **(58,459)** | (29,066) | **255** | (650) |
| | **176,199** | 191,326 | **41,427** | 35,486 |

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2018: 24%) of the estimated assessable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.



NOTES TO THE FINANCIAL STATEMENTS
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## 40. TAXATION (CONT'D)

The provision for taxation differs from the amount of taxation determined by applying the applicable statutory tax rate on the profit before tax as a result of the following differences:

| | Group | | Company | |
|---|---|---|---|---|
| | 2019 RM'000 | 2018 RM'000 Restated | 2019 RM'000 | 2018 RM'000 |
| Accounting profit (excluding share of results in joint ventures and associated companies) | **589,741** | 1,000,125 | **370,310** | 688,146 |
| Taxation at 24% tax rate | **141,538** | 240,030 | **88,874** | 165,155 |
| Tax effects arising from: | | | | |
| Non-deductible expenses | **71,482** | 72,798 | **36,871** | 32,669 |
| Perpetual bond distribution | **-** | (8,268) | **-** | (8,268) |
| Non-taxable income | | | | |
| - interest income | **(8,844)** | (13,196) | **(3,812)** | (8,765) |
| - single tier dividend | **-** | - | **(79,091)** | (147,001) |
| - others | **(9,435)** | (119,830) | **-** | - |
| Deferred tax assets not recognised | **4,437** | 25,218 | **-** | - |
| Utilisation of tax losses brought forward from previous years, not previously recognised | **(1,527)** | (511) | **-** | - |
| Effect on different tax rate used | **862** | 848 | **-** | - |
| Deferred tax on fair value of investment properties at real property gain tax rate | **(1,625)** | 27,573 | **-** | 45 |
| (Over)/under provision in prior years | | | | |
| - income tax | **(1,501)** | 4,445 | **(1,415)** | 1,651 |
| - deferred tax | **(19,188)** | (37,781) | **-** | - |
| | **176,199** | 191,326 | **41,427** | 35,486 |
| Tax savings during the financial year arising from: | | | | |
| - utilisation of current tax losses | **482** | 660 | **-** | - |
| - utilisation of tax losses brought forward from previous years | **1,527** | 511 | **-** | - |

The Company is on the single tier income tax system; accordingly the entire retained earnings of the Company is available for distribution by way of dividend without incurring additional tax liability.

## 41. EARNINGS PER SHARE

**Basic earnings per share**

The basic earnings per share for the year is calculated by dividing the Group's profit attributable to owners of the Company adjusted for the effects of RCPS-i A & RCPS-i B preferential dividends paid for the year, divided by the weighted average number of shares in issue is as follows:-

| | Group | |
|---|---|---|
| | **2019 '000** | **2018 '000 Restated** |
| Profit attributable to owners of the Company (RM) | **343,720** | 665,262 |
| – less: RCPS-i A preferential dividends (RM) | **(70,654)** | (72,430) |
| – less: RCPS-i B preferential dividends (RM) | **(61,674)** | (31,495) |
| Adjusted profit attributable to equity holders of the Company (RM) | **211,392** | 561,337 |
| Number of ordinary shares at beginning of the year | **3,958,563** | 3,427,783 |
| Weighted average effect of shares issued pursuant to: | | |
| – DRP | **47,521** | 98,905 |
| – vesting of ESGP | **4,759** | 5,085 |
| – exercise of ESOS | **–** | 743 |
| – new placement | **–** | 289,384 |
| – conversion of RCPS-i A into ordinary shares | **–** | 2,453 |
| – conversion of RCPS-i B into ordinary shares | **1,912** | 1,471 |
| Weighted average number of ordinary shares | **4,012,755** | 3,825,824 |
| Basic Earnings Per Share (sen) | **5.27** | 14.67 |





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## 41. EARNINGS PER SHARE (CONT'D)

**Diluted earnings per share**

The diluted earnings per share for the year is calculated by dividing the Group's profit attributable to owners of the Company adjusted for the effects of RCPS-i A and RCPS-i B preferential dividends paid for the year, divided by the weighted average number of shares that would have been in issue upon full exercise of the options under the LTIP granted, calculated as follows:

| | Group | |
|---|---|---|
| | **2019 '000** | **2018 '000 Restated** |
| Profit attributable to owners of the Company (RM) | **343,720** | 665,262 |
| – less: RCPS-i A preferential dividends (RM) | **(70,654)** | (72,430) |
| – less: RCPS-i B preferential dividends (RM) | **(61,674)** | (31,495) |
| Adjusted profit attributable to equity holders of the Company (RM) | **211,392** | 561,337 |
| Weighted average number of ordinary shares calculated above | **4,012,755** | 3,825,824 |
| Weighted average number of unissued shares under the LTIP | **29,472** | 29,467 |
| Adjusted weighted average number of ordinary shares that would have been in issue | **4,042,227** | 3,855,291 |
| Diluted Earnings Per Share (sen) | **5.23** | 14.56 |

The effects of conversion of RCPS-i A and RCPS-i B have not been included in the computation of the dilutive earnings per share of the Group as they are anti-dilutive.

## 42. DIVIDENDS

| | 2019 RM'000 | 2018 RM'000 |
|---|---|---|
| ***Ordinary Shares Dividends*** | | |
| *In respect of the financial year ended 31 December 2017* | | |
| Single-tier final dividend of 11.5 sen per share: | | |
| – Reinvested into 134,578,221 new ordinary shares at an issue price of RM2.80 per ordinary share pursuant to the DRP | **–** | 376,819 |
| – Payment in cash | **–** | 55,037 |
| *In respect of the financial year ended 31 December 2018* | | |
| Single-tier interim dividend of 4 sen per share: | | |
| – Reinvested into 44,622,898 new ordinary shares at an issue price of RM2.40 per ordinary share pursuant to the DRP | **–** | 107,095 |
| – Payment in cash | **–** | 48,976 |
| Single-tier final dividend of 4.55 sen per share: | | |
| – Reinvested into 71,379,352 new ordinary shares at an issue price of RM1.98 per ordinary share pursuant to the DRP | **141,331** | – |
| – Payment in cash | **38,900** | – |
| | **180,231** | 587,927 |

Subsequent to 31 December 2019, the Directors declared a single tier dividend of 1 sen per ordinary share amounting to RM40,424,817 in respect of the financial year ended 31 December 2019.

| | 2019 RM'000 | 2018 RM'000 |
|---|---|---|
| ***Preferential Dividends*** | | |
| *In respect of the financial period from 1 July 2017 to 31 December 2017* | | |
| – RCPS-i A preferential dividend of 6.49% per annum, payment in cash | **–** | 36,215 |
| *In respect of the financial period from 1 January 2018 to 30 June 2018* | | |
| – RCPS-i A preferential dividend of 6.49% per annum, payment in cash | **–** | 36,215 |
| – RCPS-i B preferential dividend of 5.93% per annum, payment in cash | **–** | 31,495 |
| *In respect of the financial period from 1 July 2018 to 31 December 2018* | | |
| – RCPS-i A preferential dividend of 6.49% per annum, payment in cash | **35,327** | – |
| – RCPS-i B preferential dividend of 5.93% per annum, payment in cash | **30,977** | – |
| *In respect of the financial period from 1 January 2019 to 30 June 2019* | | |
| – RCPS-i A preferential dividend of 6.49% per annum, payment in cash | **35,327** | – |
| – RCPS-i B preferential dividend of 5.93% per annum, payment in cash | **30,697** | – |
| | **132,328** | 103,925 |

Subsequent to 31 December 2019, the Directors declared a preferential dividend of 6.49% per annum amounting to RM35,326,948 in respect of the RCPS-i A and 5.93% per annum amounting to RM30,696,756 in respect of RCPS-i B for financial period from 1 July 2019 to 31 December 2019.





NOTES TO THE FINANCIAL STATEMENTS
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## 43. RELATED PARTY DISCLOSURES

In addition to related party disclosures elsewhere in the financial statements, set out below are the other related party disclosures. The following significant related party transactions took place at terms agreed between the parties during the financial year:

(a) Significant related party transactions during the financial year are as follows:

| | Transaction value | | | |
|---|---|---|---|---|
| | Group | | Company | |
| | 2019 RM'000 | 2018 RM'000 | 2019 RM'000 | 2018 RM'000 |
| ***Transactions with subsidiary companies*** | | | | |
| Interest received and receivable | **–** | – | **245,083** | 211,171 |
| Interest paid and payable | **–** | – | **1,390** | 290 |
| Event service fee paid and payable | **–** | – | **33** | 35 |
| Dividend received and receivable | **–** | – | **329,544** | 612,506 |
| Staff secondment fee received and receivable | **–** | – | **8,355** | 8,830 |
| Group management fee paid and payable | **–** | – | **12,159** | 13,876 |
| ***Transactions with related companies*** | | | | |
| Rental paid and payable | **–** | 939 | **–** | – |
| ***Transactions with associated companies*** | | | | |
| Dividend received and receivable | **5,725** | 3,680 | **–** | – |
| ***Transactions with joint ventures*** | | | | |
| Management fee received and receivable | **1,301** | 2,876 | **–** | – |
| Construction services rendered | **–** | 48,954 | **–** | – |
| Interest received and receivable | **4,028** | 6,563 | **686** | 6,044 |
| Rental received and receivable | **469** | 279 | **–** | – |
| Rental paid and payable | **194** | 158 | **–** | – |
| Staff secondment fee received and receivable | **489** | 476 | **141** | 144 |
| Event and support service fee received and receivable | **184** | 195 | **–** | – |

## 43. RELATED PARTY DISCLOSURES (CONT'D)

| | Transaction value | | Outstanding balance | |
|---|---|---|---|---|
| | Group | | Group | |
| | 2019 RM'000 | 2018 RM'000 | 2019 RM'000 | 2018 RM'000 |
| ***Transactions with Directors of the Company and close family members of the Directors*** | | | | |
| Event service fee charged to: | | | | |
| – Noraini Binti Che Dan | **160** | – | **–** | – |
| Sale of property to: | | | | |
| – Noraini Binti Che Dan | **623** | – | **–** | – |
| Sale of property to company in which: | | | | |
| – Dato' Azmi Bin Mohd Ali has interests – Frontier Steps Sdn Bhd | **619** | – | **–** | – |
| ***Transactions with Directors of subsidiary companies and close family members of the Directors*** | | | | |
| Sale of properties to: | | | | |
| – Datuk Choy Kah Yew | **1,402** | 577 | **–** | – |
| – Datuk Zaini Bin Yusoff | **2,580** | 1,683 | **–** | 110 |
| – Datuk Yuslina Binti Mohd Yunus | **867** | – | **–** | (2) |
| – Paul Soh Hee Pin | **1,395** | – | **–** | – |

***Transactions with shareholders and Government***

Permodalan Nasional Berhad ("PNB") and Amanahraya Trustees Berhad – Amanah Saham Bumiputera ("ATR-ASB"), both government-linked entities, are the substantial shareholders of the Company, with direct shareholding of 25.55% and 24.19% respectively (2018: 25.69% and 24.15%). PNB, ATR-ASB and entities directly controlled by PNB are collectively referred to as government-related entities to the Group and the Company.

The transactions entered into with these government-linked corporations have been established on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties.





## 43. RELATED PARTY DISCLOSURES (CONT'D)

(b) Key management personnel remuneration

| | Group | | Company | |
|---|---|---|---|---|
| | 2019 RM'000 | 2018 RM'000 | 2019 RM'000 | 2018 RM'000 |
| *Directors* | | | | |
| Fees, salaries, bonuses and other emoluments | **6,841** | 7,985 | **2,581** | 2,889 |
| Estimated monetary value of benefits-in-kind | **86** | 33 | **71** | 7 |
| Share-based payment under the LTIP | **1,788** | 5,347 | **–** | – |
| Total short-term employee benefits | **8,715** | 13,365 | **2,652** | 2,896 |
| Post-employment benefits | | | | |
| – EPF and social security cost | **502** | 612 | **–** | – |
| | **9,217** | 13,977 | **2,652** | 2,896 |
| *Other key management personnel* | | | | |
| Salaries, allowances and bonuses | **11,488** | 13,212 | **–** | – |
| Estimated monetary value of benefits-in-kind | **852** | 583 | **–** | – |
| Share-based payment under the LTIP | **10,144** | 22,095 | **–** | – |
| Total short-term employee benefits | **22,484** | 35,890 | **–** | – |
| Post-employment benefits | | | | |
| – EPF and social security cost | **1,299** | 1,519 | **–** | – |
| | **23,783** | 37,409 | **–** | – |
| Total compensation | **33,000** | 51,386 | **2,652** | 2,896 |

<u>Shares and share options granted to Directors and other key management personnel</u>

1,305,000 ESGP and no ESOS were granted to the Company's Executive Directors and other key management personnel during the financial year (2018: 1,640,000 ESGP and 6,857,600 ESOS).

## 44. COMMITMENTS

(a) Operating lease commitments

*The Group as lessor*

The Group leases out its investment properties to third parties under non-cancellable operating leases. These leases are with remaining lease period of 1 to 30 years (2018: 1 to 28 years) with the option to renew upon expiry. Certain of the leases include contingent rental arrangements computed based on sales achieved by tenants.

Future minimum rentals receivable under non-cancellable operating leases at the reporting date are as follows:

| | Group | |
|---|---|---|
| | 2019 RM'000 | 2018 RM'000 |
| Not later than one year | **63,570** | 38,042 |
| Later than one year but not later than five years | **121,305** | 81,643 |
| Later than five years | **361,584** | 305,469 |
| | **546,459** | 425,154 |

(b) Other commitments

| | Group | |
|---|---|---|
| | 2019 RM'000 | 2018 RM'000 |
| Contractual commitment for acquisition of development land | | |
| – Seberang Perai Utara, Pulau Pinang | **22,050** | – |
| – Osaka, Japan | **–** | 55,369 |
| Contractual commitment for construction of investment properties | **42,874** | 88,654 |
| Contractual commitment to acquire property, plant and equipment | **134,841** | 174,784 |
| | **199,765** | 318,807 |

## 45. CONTINGENT LIABILITIES

(a) Corporate Guarantees

| | Company | |
|---|---|---|
| | 2019 RM'000 | 2018 RM'000 |
| Guarantees given to banks to secure banking facilities granted to subsidiary companies | **6,778,721** | 5,868,422 |
| Guarantees given to banks for performance bonds granted to subsidiary companies | **134,308** | 92,902 |
| Guarantees given to the suppliers of goods for credit terms granted to subsidiary companies | **7,702** | 2,164 |
| | **6,920,731** | 5,963,488 |

As at reporting date, no values are ascribed on these guarantees and letter of undertaking provided by the Group and the Company to secure banking facilities described above as the Directors regard the value of the credit enhancement provided by these guarantees as minimal and the probability of default, based on historical track records of the parties receiving the guarantees are remote.







## 45. CONTINGENT LIABILITIES (CONT'D)

(b) Others

Setia Fontaines Sdn Bhd ("Setia Fontaines") entered into a Sale and Purchase Agreement with CIMB Islamic Trustee Berhad (as Trustee) and Boustead Plantations Berhad ("Boustead") to purchase 5 adjoining parcels of freehold land located in Penang ("the Lands") on 22 February 2016. Boustead took the view that goods and services tax ("GST") is chargeable on the Lands.

However, Setia Fontaines took the view that the Lands acquired are exempted from GST pursuant to Item 1(1), First Schedule of the Goods and Services Tax (Exempt Supply) Order 2014 given that the Lands are used for agricultural purposes.

Notwithstanding the objection from Setia Fontaines, Boustead remitted RM37,207,353 of GST to the Customs and demanded that Setia Fontaines reimburse the said amount pursuant to Clause 28 of the Sale and Purchase Agreement.

After several settlement attempts, the parties were not able to reach a common ground on this issue.

On 28 December 2018, Boustead and the Trustee as the plaintiffs filed a civil suit in High Court of Kuala Lumpur and on 3 January 2019, a copy of the sealed Writ of Summons and Statement of Claim was served on Setia Fontaines as the defendant seeking the repayment of RM37,207,353 with 8% interest.

First case management was held before the High Court of Kuala Lumpur on 28 January 2019 where the Registrar instructed the following:

(1) The Plaintiffs to file a reply by 21 February 2019;

(2) Any interlocutory application to be filed by 21 February 2019; and

(3) Parties to consider mediation.

Setia Fontaines filed its Defence and served the same on Boustead on 31 January 2019. Boustead filed its Reply on 21 February 2019 and the matter has been fixed for Trial from 1 April 2020 to 3 April 2020.

In respect of Setia Fontaines' judicial review (JR) application against the Customs and Ministry of Finance (MOF), the matter came up for Case Management on 8 January 2020 whereby the Hearing is now fixed on 5 March 2020.

Meanwhile, with respect to the Setia Fontaines' application to stay the main proceeding pending the disposal of the JR application, the matter came up for Case Management on 21 January 2020 and 30 January 2020 whereby the court directed that the matter is now fixed for Hearing on 9 March 2020. The main proceeding is further fixed for Case Management on 9 March 2020 as well.

Solicitors for Setia Fontaines are of the view that:

(a) given the Lands were used for agricultural purposes, i.e. the cultivation of oil palm plantations, at the time of the completion of the transfer of the Lands to Setia Fontaines, the sale of the Lands should be an exempted supply and no GST would be payable by Boustead; and

(b) in the factual matrix of the present case, the intended use of the Lands by Setia Fontaines is irrelevant and immaterial for the determination of whether the sale of the Lands is an exempt supply for GST purposes.

Accordingly, the solicitors take the view that there are merits in Setia Fontaines' case and Setia Fontaines has an arguable case to defend its position in court.

Given that the suit was filed via writ of summons, full trial with witnesses is expected to take at least one (1) year before a decision is made, and that is assuming parties do not have any appeals and interlocutory applications in between.

On this note, the Directors of the Group are of the opinion that no provision in respect of the GST liability in dispute is required to be made in the financial statements.

## 46. CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

| | At 1 January RM'000 | Cash flows RM'000 | Foreign exchange movement RM'000 | Others RM'000 | At 31 December RM'000 |
|---|---|---|---|---|---|
| **2019** | | | | | |
| **Group** | | | | | |
| Long-term and short-term borrowings excluding bank overdrafts | **10,442,530** | **664,434** | **29,450** | **9,153** | **11,145,567** |
| Unsecured advances | **144,208** | **(125,000)** | **–** | **831** | **20,039** |
| Redeemable cumulative preference shares | **69,292** | **(3,006)** | **–** | **3,133** | **69,419** |
| Lease liabilities* | **4,261** | **(1,312)** | **6** | **737** | **3,692** |
| Total liabilities from financing activities | **10,660,291** | **535,116** | **29,456** | **13,854** | **11,238,717** |

** Arising from effects of adoption of MFRS 16 Leases.*

| | At 1 January RM'000 | Cash flows RM'000 | Foreign exchange movement RM'000 | Others RM'000 | At 31 December RM'000 |
|---|---|---|---|---|---|
| **Company** | | | | | |
| Long-term and short-term borrowings excluding bank overdrafts, representing total liabilities from financing activities | **4,181,499** | **(124,855)** | **15,411** | **684** | **4,072,739** |
| **2018** | | | | | |
| **Group** | | | | | |
| Long-term and short-term borrowings excluding bank overdrafts | 6,856,576 | 2,961,188 | (51,234) | 676,000* | 10,442,530 |
| Unsecured advances | 17,535 | 126,673 | – | – | 144,208 |
| Redeemable cumulative preference shares | 54,667 | (3,175) | – | 17,800 | 69,292 |
| Total liabilities from financing activities | 6,928,778 | 3,084,686 | (51,234) | 693,800 | 10,656,030 |

** This represents the borrowings of a newly acquired subsidiary, which was previously a joint venture.*

| | At 1 January RM'000 | Cash flows RM'000 | Foreign exchange movement RM'000 | Others RM'000 | At 31 December RM'000 |
|---|---|---|---|---|---|
| **Company** | | | | | |
| Long-term and short-term borrowings excluding bank overdrafts, representing total liabilities from financing activities | 2,298,557 | 1,910,500 | (27,558) | - | 4,181,499 |







## 47. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's and the Company's activities are exposed to a variety of financial risks, including interest rate risk, credit risk, foreign currency risk, liquidity and cash flow risks. The Group's and the Company's overall financial risk management objective is to minimise potential adverse effects on the financial performance of the Group and the Company.

Financial risk management is carried out through risk review, internal control systems and adherence to the Group's and the Company's financial risk management policies. The Board regularly reviews these risks and approves the policies covering the management of these risks. The Group and the Company do not trade in derivative instruments.

(a) Interest rate risk

The Group and the Company are exposed to interest rate risk which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates.

Surplus funds are placed in short-term funds and with licensed financial institutions to earn interest income based on prevailing market rates. The Group and the Company manage its interest rate risks by placing such funds on short tenures of 12 months or less.

The Group's and the Company's policy is to borrow principally on a floating rate basis. The Group and the Company do not generally hedge interest rate risks. The Group and the Company have a policy to ensure that interest rates obtained are competitive.

Sensitivity analysis for interest rate risk

The weighted average interest rate for bank borrowings of the Group and the Company are as follows:

| | Group | | Company | |
|---|---|---|---|---|
| | 2019 % | 2018 % | 2019 % | 2018 % |
| Weighted average interest rate | **4.37** | 4.58 | **4.47** | 4.65 |

A sensitivity analysis has been performed based on the outstanding floating rate bank borrowings of the Group and the Company as at 31 December 2019. If interest rates were to increase or decrease by 50 basis points with all other variables held constant, the Group's and the Company's profit before tax would decrease or increase by RM25,582,000 and RM20,364,000 (2018: RM22,465,000 and RM20,907,000) respectively.

For those interest expense incurred and capitalised as part of the expenditure on property, plant and equipment under construction, investment property under construction, land held for property development and property development costs during the financial year, if the interest rates were to increase or decrease by 50 basis points with all other variables held constant, those assets of the Group would increase or decrease by RM29,079,000 (2018: RM21,287,000).

## 47. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(b) Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or a customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities.

The Group and the Company minimise and monitor its credit risk by dealing with creditworthy counter-parties and applying credit approval controls for material contracts. If necessary, the Group may obtain collaterals from counter-parties as a means of mitigating losses in the event of default.

In respect of trade receivables arising from the sale of development properties, the Group mitigates its credit risk by maintaining its name as the registered owner of the development properties until full settlement by the purchasers or the purchasers' end-financiers.

At the reporting date, the Group did not have any significant concentration of credit risk that may arise from exposure to a single debtor or to group of debtors.

The ageing analysis of receivables which are trade in nature is disclosed in Note 17. Short-term funds, short-term deposits with banks and other financial institutions that are neither past due nor impaired are placed with or entered into with reputable banks and financial institutions with high credit ratings and no history of default.

(c) Foreign currency exchange risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign currency rates.

The Group operates internationally and is exposed to various currencies, mainly Great Britain Pound, Australian Dollar, Singapore Dollar, Vietnam Dong, United States Dollar, Chinese Yuan and Japanese Yen.

The Group maintains a natural hedge, whenever possible, by borrowing in the currency of the country in which the property or investment is located.

The material unhedged financial assets/liabilities of the Group that are not denominated in their functional currencies are as follows:

| | 2019 GBP RM'000 | 2018 GBP RM'000 |
|---|---|---|
| Functional currencies of the Group of companies | | |
| Borrowings | | |
| Ringgit Malaysia | **695,700** | 680,289 |
| United States Dollar | **–** | 628,626 |





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## 47. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(c) Foreign currency exchange risk (cont'd)

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's profit before tax to a reasonably possible change in the GBP and USD exchange rates against the respective major functional currencies of the Group entities, with all other variables remaining constant:

| | | 2019 RM'000 | 2018 RM'000 |
|---|---|---|---|
| Increase/(decrease) to profit before tax | | | |
| GBP/RM | strengthened by 10% | **(69,570)** | (68,029) |
| | weakened by 10% | **69,750** | 68,029 |
| GBP/USD | strengthened by 10% | **–** | (62,863) |
| | weakened by 10% | **–** | 62,863 |

The impact of sensitivity analysis of the rest of the foreign currencies is not material to the Group.

(d) Liquidity and cash flow risks

Liquidity and cash flow risks are the risks that the Group and the Company will not be able to meet its financial obligations when they fall due. The Group's and the Company's exposure to liquidity risk arises principally from its various payables and borrowings.

The Group and the Company seek to ensure all business units maintain optimum levels of liquidity at all times, sufficient for their operating, investing and financing activities.

Therefore, the policy seeks to ensure that each business unit, through efficient working capital management (i.e. inventory, accounts receivable and accounts payable management), must be able to convert its current assets into cash to meet all demands for payment as and when they fall due.

Owing to the nature of its businesses, the Group and the Company always maintain sufficient credit lines available to meet their liquidity requirements while ensuring an effective working capital management within the Group and the Company.

## 47. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(d) Liquidity and cash flow risks (cont'd)

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and the Company's financial liabilities at the reporting date based on contractual undiscounted repayment obligations.

| | On demand or within one year RM'000 | One to five years RM'000 | Over five years RM'000 | Total RM'000 |
|---|---|---|---|---|
| **2019** | | | | |
| **Group** | | | | |
| **Financial liabilities:** | | | | |
| Trade payables | **1,592,878** | **–** | **–** | **1,592,878** |
| Other payables and accruals | **688,592** | **28,038** | **101,870** | **818,500** |
| Amounts owing to related companies | **1,118** | **–** | **–** | **1,118** |
| Borrowings | **2,791,631** | **8,608,053** | **1,148,013** | **12,547,697** |
| Lease liabilities | **1,426** | **2,538** | **–** | **3,964** |
| Redeemable cumulative preference shares | **34,198** | **26,886** | **18,468** | **79,552** |
| Total undiscounted financial liabilities | **5,109,843** | **8,665,515** | **1,268,351** | **15,043,709** |
| **Company** | | | | |
| **Financial liabilities:** | | | | |
| Amounts owing to subsidiary companies | **276,850** | **–** | **–** | **276,850** |
| Other payables and accruals | **19,231** | **–** | **–** | **19,231** |
| Borrowings | **1,295,152** | **3,108,081** | **102,315** | **4,505,548** |
| Total undiscounted financial liabilities | **1,591,233** | **3,108,081** | **102,315** | **4,801,629** |



NOTES TO THE FINANCIAL STATEMENTS
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## 47. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(d) Liquidity and cash flow risks (cont'd)

Analysis of financial instruments by remaining contractual maturities (cont'd)

| | On demand or within one year RM'000 | One to five years RM'000 | Over five years RM'000 | Total RM'000 |
|---|---|---|---|---|
| **2018** | | | | |
| **Group** | | | | |
| **Restated** | | | | |
| **Financial liabilities:** | | | | |
| Trade payables | 1,747,302 | – | – | 1,747,302 |
| Other payables and accruals | 870,315 | 48,038 | – | 918,353 |
| Amounts owing to related companies | 1,343 | – | – | 1,343 |
| Borrowings | 2,950,026 | 7,941,165 | 968,806 | 11,859,997 |
| Redeemable cumulative preference shares | 3,006 | 61,084 | 18,468 | 82,558 |
| Total undiscounted financial liabilities | 5,571,992 | 8,050,287 | 987,274 | 14,609,553 |
| **Company** | | | | |
| **Financial liabilities:** | | | | |
| Amounts owing to subsidiary companies | 132,502 | – | – | 132,502 |
| Other payables and accruals | 24,809 | – | – | 24,809 |
| Borrowings | 1,492,726 | 2,935,935 | 232,320 | 4,660,981 |
| Total undiscounted financial liabilities | 1,650,037 | 2,935,935 | 232,320 | 4,818,292 |

## 48. FINANCIAL INSTRUMENT

Financial assets and financial liabilities are measured either at fair value or at amortised cost. The principal accounting policies in Note 1 describe how the classes of financial instruments are measured, and how income and expense, including fair value gains and losses, are recognised. The following table analyses the financial assets and liabilities in the statements of financial position by the class of financial instruments to which they are assigned, and therefore by the measurement basis:

| | At amortised cost RM'000 | At fair value through profit or loss RM'000 | Total RM'000 |
|---|---|---|---|
| **2019** | | | |
| **Group** | | | |
| **Financial assets:** | | | |
| Other investments | **–** | **96** | **96** |
| Other receivables and deposits | **186,167** | **–** | **186,167** |
| Trade receivables | **752,252** | **–** | **752,252** |
| Amounts owing by joint ventures | **154,889** | **–** | **154,889** |
| Amounts owing by associated companies | **590** | **–** | **590** |
| Amounts owing by related companies | **930** | **–** | **930** |
| Short-term funds | **–** | **1,676,226** | **1,676,226** |
| Short-term deposits | **179,503** | **–** | **179,503** |
| Cash and bank balances | **1,204,348** | **–** | **1,204,348** |
| Total financial assets | **2,478,679** | **1,676,322** | **4,155,001** |
| **Financial liabilities:** | | | |
| Trade payables | **1,592,878** | **–** | **1,592,878** |
| Other payables and accruals | **779,466** | **–** | **779,466** |
| Amounts owing to related companies | **1,118** | **–** | **1,118** |
| Long-term borrowings | **8,838,769** | **–** | **8,838,769** |
| Short-term borrowings | **2,330,399** | **–** | **2,330,399** |
| Long-term lease liabilities | **2,404** | **–** | **2,404** |
| Short-term lease liabilities | **1,288** | **–** | **1,288** |
| Redeemable cumulative preference shares | **69,419** | **–** | **69,419** |
| Total financial liabilities | **13,615,741** | **–** | **13,615,741** |





NOTES TO THE FINANCIAL STATEMENTS
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## 48. FINANCIAL INSTRUMENT (CONT'D)

| | At amortised cost RM'000 | At fair value through profit or loss RM'000 | Total RM'000 |
|---|---|---|---|
| **2018** | | | |
| **Group** | | | |
| **Restated** | | | |
| **Financial assets:** | | | |
| Other investments | – | 96 | 96 |
| Other receivables and deposits | 239,072 | – | 239,072 |
| Trade receivables | 840,931 | – | 840,931 |
| Amounts owing by joint ventures | 167,717 | – | 167,717 |
| Amounts owing by associated companies | 450 | – | 450 |
| Amount owing by related companies | 811 | – | 811 |
| Short-term funds | – | 1,082,940 | 1,082,940 |
| Short-term deposits | 402,552 | – | 402,552 |
| Cash and bank balances | 1,398,060 | – | 1,398,060 |
| Total financial assets | 3,049,593 | 1,083,036 | 4,132,629 |
| **Financial liabilities:** | | | |
| Trade payables | 1,747,302 | – | 1,747,302 |
| Other payables and accruals | 913,887 | – | 913,887 |
| Amounts owing to related companies | 1,343 | – | 1,343 |
| Long-term borrowings | 7,947,130 | – | 7,947,130 |
| Short-term borrowings | 2,517,735 | – | 2,517,735 |
| Redeemable cumulative preference shares | 69,292 | – | 69,292 |
| Total financial liabilities | 13,196,689 | – | 13,196,689 |

## 48. FINANCIAL INSTRUMENT (CONT'D)

| | At amortised cost RM'000 | At fair value through profit or loss RM'000 | Total RM'000 |
|---|---|---|---|
| **2019** | | | |
| **Company** | | | |
| **Financial assets:** | | | |
| Other receivables and deposits | **2,798** | **–** | **2,798** |
| Amounts owing by subsidiary companies | **6,005,929** | **–** | **6,005,929** |
| Amounts owing by joint ventures | **59,301** | **–** | **59,301** |
| Amounts owing by associated companies | **576** | **–** | **576** |
| Short-term funds | **–** | **526,905** | **526,905** |
| Short-term deposits | **10,000** | **–** | **10,000** |
| Cash and bank balances | **59,857** | **–** | **59,857** |
| Total financial assets | **6,138,461** | **526,905** | **6,665,366** |
| **Financial liabilities:** | | | |
| Amounts owing to subsidiary companies | **276,850** | **–** | **276,850** |
| Other payables and accruals | **19,231** | **–** | **19,231** |
| Long-term borrowings | **2,948,549** | **–** | **2,948,549** |
| Short-term borrowings | **1,124,190** | **–** | **1,124,190** |
| Total financial liabilities | **4,368,820** | **–** | **4,368,820** |
| **2018** | | | |
| **Company** | | | |
| **Financial assets:** | | | |
| Other receivables and deposits | 1,858 | – | 1,858 |
| Amounts owing by subsidiary companies | 5,969,003 | – | 5,969,003 |
| Amounts owing by joint ventures | 58,404 | – | 58,404 |
| Amounts owing by associated companies | 450 | – | 450 |
| Short-term funds | – | 174,139 | 174,139 |
| Short-term deposits | 64,000 | – | 64,000 |
| Cash and bank balances | 39,022 | – | 39,022 |
| Total financial assets | 6,132,737 | 174,139 | 6,306,876 |
| **Financial liabilities:** | | | |
| Amounts owing to subsidiary companies | 132,502 | – | 132,502 |
| Other payables and accruals | 24,809 | – | 24,809 |
| Long-term borrowings | 2,868,289 | – | 2,868,289 |
| Short-term borrowings | 1,320,027 | – | 1,320,027 |
| Total financial liabilities | 4,345,627 | – | 4,345,627 |





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## 49. FAIR VALUE MEASUREMENT

The Group and the Company measure fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

(a) Non-financial assets that are measured at fair value

(i) The table below analyses the Group's and the Company's non-financial assets measured at fair value at the reporting date, according to the levels in the fair value hierarchy:

| | Level 1 RM'000 | Level 2 RM'000 | Level 3 RM'000 | Total RM'000 |
|---|---|---|---|---|
| Investment Properties | | | | |
| **Group** | | | | |
| **2019** | | | | |
| Commercial properties | **–** | **47,876** | **1,910,774** | **1,958,650** |
| **2018** | | | | |
| Restated | | | | |
| Commercial properties | – | 55,948 | 1,879,007 | 1,934,955 |
| **Company** | | | | |
| **2019** | | | | |
| Commercial properties | **–** | **–** | **3,243** | **3,243** |
| **2018** | | | | |
| Commercial properties | – | – | 3,243 | 3,243 |
| Right-of-use – Investment Properties | | | | |
| **Group** | | | | |
| **2019** | | | | |
| Commercial properties | **–** | **–** | **75,853** | **75,853** |

## 49. FAIR VALUE MEASUREMENT (CONT'D)

(a) Non-financial assets that are measured at fair value (cont'd)

(ii) Description of valuation techniques used and key inputs to valuation on non-financial assets

The fair value of the investment properties was substantially arrived at via valuations performed by certified external valuers based on the following valuation techniques depending on the location and types of properties:

(a) Comparison method

The market comparison approach is a method whereby the property's fair value is estimated based on comparable transactions. This approach is based upon the principle of substitution under which a potential buyer will not pay more for the property than it will cost to buy a comparable substitute property. In theory, the best comparable sale would be an exact duplicate of the subject property and would indicate, by the known selling price of the duplicate, the price for which the subject property could be sold. Investment properties valued under the comparison method, with insignificant adjustments factors, are categorised as Level 2 in the fair value hierarchy. Certain other investment properties valued using the comparison method with significant adjustments made for differences such as location, size, condition, accessibility and design ("adjustment factors") are categorised as Level 3 in the fair value hierarchy.

(b) Investment method

The investment method entails determining the net annual income by deducting the annual ongoings from the gross annual income and capitalising the net income by a suitable rate of return consistent with the type and quality of the investment to arrive at the market value of the subject property.

The investment properties valued using this method is categorised as Level 3 in the fair value hierarchy.

(c) Comparison/Depreciable Replacement Cost method

The comparison/cost method of valuation entails separate valuations of the land and buildings to arrive at the market value of the subject property. The land is valued by reference to transactions of similar lands in the surrounding areas with appropriate adjustments made for differences in the relevant characteristics of the land. Completed buildings are valued by reference to the current estimates on construction costs to erect equivalent buildings, taking into consideration of similar buildings in terms of size, construction, finishes, contractors' overheads, fees and profits. Appropriate adjustments are then made for the factors of obsolescence and existing physical condition of the building.

The investment properties valued using this method is categorised as Level 3 in the fair value hierarchy.



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## 49. FAIR VALUE MEASUREMENT (CONT'D)

(a) Non-financial assets that are measured at fair value (cont'd)

(ii) Description of valuation techniques used and key inputs to valuation on non-financial assets (cont'd)

Description of valuation techniques used and key inputs to valuation on investment properties are as below:

| | Valuation techniques | Significant unobservable inputs | Range |
|---|---|---|---|
| Land | Comparison method | Adjustment factors to prices of comparable properties | -50% to 40% |
| Building | Investment method | Estimated rental value per square foot per month | RM2.00 to RM40.00 |
| | | Capitalisation/Discount rate | 4.50% to 8.00% |
| | | Void allowance | 5.00% to 10.00% |
| Building | Depreciable replacement cost method | Construction cost per square foot | RM90.00 to RM506.00 |
| | | Depreciation rate | 1% to 40% |

(iii) Fair value reconciliation of non-financial assets measured at Level 3

Investment Properties

| | Group | | Company | |
|---|---|---|---|---|
| | **2019 RM'000** | **2018 RM'000 Restated** | **2019 RM'000** | **2018 RM'000** |
| At beginning of the year | **1,879,007** | 1,103,768 | **3,243** | 3,243 |
| Additions | **20,108** | 855,495 | **–** | – |
| Disposals | **–** | (14,000) | **–** | – |
| Transfer to property, plant and equipment *(see Note 2)* | **–** | (76,511) | **–** | – |
| Changes in fair value | **11,659** | 10,255 | **–** | – |
| At end of the year | **1,910,774** | 1,879,007 | **3,243** | 3,243 |

Right-of-use – Investment Properties

Refer to fair value reconciliation disclosed in Note 5.

## 49. FAIR VALUE MEASUREMENT (CONT'D)

(b) Financial instruments that are measured or disclosed at fair value

The carrying amounts and fair values of the long-term financial assets and liabilities of the Group and the Company at the reporting date are as follows:

| | Group | | | Company | |
|---|---|---|---|---|---|
| | Carrying amount RM'000 | Fair Value RM'000 Level 1 | Fair Value RM'000 Level 2 | Carrying amount RM'000 | Fair Value RM'000 Level 2 |
| **2019** | | | | | |
| **Financial assets:** | | | | | |
| Other investments | **96** | **96** | – | – | – |
| Amounts owing by subsidiary companies | – | – | – | **4,970,409** | # |
| Amounts owing by joint ventures | **69,785** | – | # | – | – |
| Trade receivables | **30,249** | – | # | – | – |
| **Financial liabilities:** | | | | | |
| Redeemable cumulative preference shares | **37,006** | – | **37,210** | – | – |
| Other payables and accruals | **90,874** | – | # | – | – |
| Floating rate long-term borrowings | **8,838,769** | – | * | **2,948,549** | * |
| Lease liabilities | **2,404** | – | # | – | – |
| **2018** | | | | | |
| **Restated** | | | | | |
| **Financial assets:** | | | | | |
| Other investments | 96 | 96 | – | – | – |
| Amounts owing by subsidiary companies | – | – | – | 3,627,789 | # |
| Amounts owing by joint ventures | 69,785 | – | # | – | – |
| Trade receivables | 16,335 | – | # | – | – |
| **Financial liabilities:** | | | | | |
| Redeemable cumulative preference shares | 69,292 | – | 68,698 | – | – |
| Other payables and accruals | 43,572 | – | # | – | – |
| Floating rate long-term borrowings | 7,947,130 | – | * | 2,868,289 | * |

* *The carrying amounts are reasonable approximation of fair values because they are floating rate instruments which are repriced to market interest rates at regular intervals.*

\# *The carrying amounts are reasonable approximation of fair value.*

The short-term funds of the Group and the Company are measured at fair value through profit or loss.

The carrying amounts of all other financial assets and liabilities of the Group and the Company at the reporting date approximated or were at their fair values due either to their short-term nature or that they are floating rate instruments that are repriced to market interest rates on or near the reporting date. The fair values of the financial assets and financial liabilities above are determined using discounted cash flow method. The most significant input being the discount rate that reflects the credit risk of the counterparties.

There were no transfers between Level 1, Level 2 and Level 3 during the financial year.





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## 50. CAPITAL MANAGEMENT

The primary objectives of the Group's and the Company's capital management are to ensure that it maintains a strong capital base and healthy capital ratios in order to support its existing business operations and enable future development of the businesses as well as maximise shareholders' value.

The capital structure of the Group and the Company consists of equity attributable to the shareholders of the Company (i.e. share capital, RCPS-i A, RCPS-i B, reserves and retained earnings), and total debts, which include borrowings.

Management reviews and manages the capital structure regularly and makes adjustments to address changes in the economic environment and risk characteristics inherent in its business operations. These initiatives may include equity capital raising exercises and adjustments to the amount of dividends distributed to shareholders. No changes were made in the objectives, policies and processes during the financial year ended 31 December 2019 and 31 December 2018.

| | Group | | Company | |
|---|---|---|---|---|
| | 2019 RM'000 | 2018 RM'000 Restated | 2019 RM'000 | 2018 RM'000 |
| **Debt:** | | | | |
| Redeemable cumulative preference shares | **69,419** | 69,292 | **–** | – |
| Long-term borrowings | **8,838,769** | 7,947,130 | **2,948,549** | 2,868,289 |
| Short-term borrowings | **2,330,399** | 2,517,735 | **1,124,190** | 1,320,027 |
| | **11,238,587** | 10,534,157 | **4,072,739** | 4,188,316 |
| **Short-term funds and deposits, cash and bank balances:** | | | | |
| Short-term funds | **1,676,226** | 1,082,940 | **526,905** | 174,139 |
| Short-term deposits | **179,503** | 402,552 | **10,000** | 64,000 |
| Cash and bank balances | **1,204,348** | 1,398,060 | **59,857** | 39,022 |
| | **3,060,077** | 2,883,552 | **596,762** | 277,161 |
| **Net debt** | **(8,178,510)** | (7,650,605) | **(3,475,977)** | (3,911,155) |
| **Total equity** | **15,781,842** | 15,475,390 | **11,372,717** | 11,182,040 |
| **Gross gearing ratio** | **0.71** | 0.68 | **0.36** | 0.37 |
| **Net gearing ratio** | **0.52** | 0.49 | **0.31** | 0.35 |

The gearing ratio is not governed by the MFRS and its definition and calculation may vary from one group/company to another.

## 51. SEGMENTAL ANALYSIS

Primary reporting format – business segment

The operations of the Group are primarily organised into three main segments:

(i) Property development – Property development
(ii) Construction – Building construction
(iii) Others – Manufacturing, trading and investing

Transactions between segments were entered into in the normal course of business and were established on terms and conditions that are not materially different from that obtainable in transactions with unrelated parties. The effects of such inter-segmental transactions are eliminated on consolidation.

The operations of the Group are primarily carried out in Malaysia. Group income taxes are presented on a group basis and are not allocated to operating segments.

(a) Segment results

| | Property Development RM'000 | Construction RM'000 | Others RM'000 | Eliminations RM'000 | Consolidated RM'000 |
|---|---|---|---|---|---|
| **2019** | | | | | |
| External revenue | **3,667,861** | **60,755** | **200,258** | **–** | **3,928,874** |
| Inter-segment revenue | **354,107** | **494,292** | **44,740** | **(893,139)** | **–** |
| Total revenue | **4,021,968** | **555,047** | **244,998** | **(893,139)** | **3,928,874** |
| Gross profit | **985,348** | **12,760** | **17,736** | **–** | **1,015,844** |
| Other income | **184,555** | **46** | **30,862** | **–** | **215,463** |
| Operating expenses | **(366,960)** | **(11,213)** | **(25,686)** | **–** | **(403,859)** |
| Share of results of joint ventures | **(29,422)** | **–** | **9,463** | **–** | **(19,959)** |
| Share of results of associated companies | **28,448** | **–** | **–** | **–** | **28,448** |
| Finance costs | **(203,625)** | **(707)** | **(33,375)** | **–** | **(237,707)** |
| Profit/(loss) before tax | **598,344** | **886** | **(1,000)** | **–** | **598,230** |
| Taxation | | | | | **(176,199)** |
| Profit for the year | | | | | **422,031** |







## 51. SEGMENTAL ANALYSIS (CONT'D)

| | Property Development RM'000 | Construction RM'000 | Others RM'000 | Eliminations RM'000 | Consolidated RM'000 |
|---|---|---|---|---|---|
| **2018** **Restated** | | | | | |
| External revenue | 3,318,939 | 88,515 | 186,135 | – | 3,593,589 |
| Inter-segment revenue | 297,480 | 458,697 | 51,087 | (807,264) | – |
| Total revenue | 3,616,419 | 547,212 | 237,222 | (807,264) | 3,593,589 |
| Gross profit | 1,057,213 | 17,294 | 17,747 | – | 1,092,254 |
| Other income | 597,418 | 3,379 | 19,866 | – | 620,663 |
| Operating expenses | (459,740) | (15,002) | (30,866) | – | (505,608) |
| Share of results of joint ventures | (45,126) | – | 1,781 | – | (43,345) |
| Share of results of associated companies | 27,144 | – | – | – | 27,144 |
| Finance costs | (179,043) | (105) | (28,036) | – | (207,184) |
| Profit/(loss) before tax | 997,866 | 5,566 | (19,508) | – | 983,924 |
| Taxation | | | | | (191,326) |
| Profit for the year | | | | | 792,598 |

## 51. SEGMENTAL ANALYSIS (CONT'D)

(b) Segment assets, liabilities and other information

| | Property Development RM'000 | Construction RM'000 | Others RM'000 | Consolidated RM'000 |
|---|---|---|---|---|
| **2019** | | | | |
| Segment assets | **24,053,954** | **26,199** | **2,069,207** | **26,149,360** |
| Investments in joint ventures | **2,826,914** | **–** | **152,264** | **2,979,178** |
| Investments in associated companies | **560,090** | **–** | **–** | **560,090** |
| Current and deferred tax assets | | | | **354,087** |
| Consolidated total assets | | | | **30,042,715** |
| Segment liabilities | **7,878,303** | **180,843** | **5,715,561** | **13,774,707** |
| Current and deferred tax liabilities | | | | **486,166** |
| Consolidated total liabilities | | | | **14,260,873** |
| Additions to non-current assets* (other than financial instruments and deferred tax assets) | **973,600** | **1,022** | **70,079** | **1,044,701** |
| Interest income | **111,589** | **15** | **3,637** | **115,241** |
| Depreciation and amortisation | **(22,445)** | **(68)** | **(6,441)** | **(28,954)** |
| Other material non-cash items | **(49,906)** | **(4,340)** | **(18,690)** | **(72,936)** |
| **2018 Restated** | | | | |
| Segment assets | 24,000,679 | 31,765 | 1,632,644 | 25,665,088 |
| Investments in joint ventures | 2,623,594 | – | 113,302 | 2,736,896 |
| Investments in associated companies | 540,648 | – | – | 540,648 |
| Current and deferred tax assets | | | | 358,194 |
| Consolidated total assets | | | | 29,300,826 |
| Segment liabilities | 11,715,628 | 178,005 | 1,426,993 | 13,320,626 |
| Current and deferred tax liabilities | | | | 504,810 |
| Consolidated total liabilities | | | | 13,825,436 |
| Additions to non-current assets* (other than financial instruments and deferred tax assets) | 1,605,538 | 735 | 159,976 | 1,766,249 |
| Interest income | 116,234 | 2,635 | 5,400 | 124,269 |
| Depreciation and amortisation | (18,908) | (71) | (5,631) | (24,610) |
| Other material non-cash items | 341,070 | (7,099) | 1,462 | 335,433 |

* *Non-current assets comprise property, plant and equipment, right-of-use – property, plant and equipment, investment properties, right-of-use – investment properties, intangible asset and inventory – land held for property development.*





## 51. SEGMENTAL ANALYSIS (CONT'D)

(c) Segment by geographical location

Revenue and non-current assets other than financial instruments and deferred tax assets, by location of the Group's operations are analysed as follows:

| | Revenue | | Non-current assets (other than financial instruments and deferred tax assets) | |
|---|---|---|---|---|
| | 2019 RM'000 | 2018 RM'000 Restated | 2019 RM'000 | 2018 RM'000 Restated |
| Malaysia | **3,852,467** | 3,464,978 | **15,783,865** | 16,053,666 |
| Singapore | **32,883** | 13,230 | **3,241** | 1,392 |
| Australia | **8,474** | 110,878 | **58,994** | 60,830 |
| Vietnam | **35,050** | 4,503 | **87,799** | 102,249 |
| United Kingdom | **–** | – | **2,681,212** | 2,490,030 |
| Japan | **–** | – | **66,851** | – |
| | **3,928,874** | 3,593,589 | **18,681,962** | 18,708,167 |

(d) Information about major customers

There is no significant concentration of revenue from any major customers as the Group sells its development properties to individual end purchasers.

## 52. PRIOR YEAR ADJUSTMENTS AND CHANGES IN COMPARATIVES

In the current financial year the Group has effected the following prior year adjustments:

(a) The Group has reassessed the usage and intent for certain of its properties previously classified as investment properties and has established that this classification does not appropriately reflect the manner in which these assets are principally used or intended to be used or disposed off. This has resulted in the reclassification of two properties previously residing under investment properties to property, plant and equipment and inventory - land held for property development respectively. The effects of reclassification of these assets and its related profit or loss impact have been adjusted for retrospectively; and

(b) In the prior financial years, the Group had inadvertently not accounted for an under provision of income tax expense amounting to RM22,763,000 pertaining to prior years and residing under tax recoverable. The effect of this adjustment has been adjusted for retrospectively.

The Group has also effected certain reclassifications principally to more appropriately reflect the detailed disclosure requirements of *MFRS 15 Revenue from Contracts with Customers*, which requires the transfer of costs related to property units sold but still under construction from inventories – property development costs to contract cost assets.

The financial effects of the abovementioned prior year adjustments and changes in certain comparative amounts to conform to the current year's financial statements presentation of the Group and of the Company are as follows:

## 52. PRIOR YEAR ADJUSTMENTS AND CHANGES IN COMPARATIVES (CONT'D)

**Statement of Financial Position**
**As at 31 December 2018**

| | As previously stated RM'000 | Prior year adjustments (a) and (b) RM'000 | Reclassification RM'000 | As restated RM'000 |
|---|---|---|---|---|
| **Group** | | | | |
| **Non-current assets** | | | | |
| Property, plant and equipment | 524,328 | 52,965 | – | 577,293 |
| Investment properties | 2,059,406 | (87,589) | – | 1,971,817 |
| Inventories – land held for property development | 12,720,220 | 12,407 | – | 12,732,627 |
| Intangible asset | 14,793 | – | – | 14,793 |
| Investments in joint ventures | 2,736,896 | – | – | 2,736,896 |
| Investments in associated companies | 540,648 | – | – | 540,648 |
| Other investments | 96 | – | – | 96 |
| Amounts owing by joint ventures | – | – | 69,785 | 69,785 |
| Trade receivables | – | – | 16,335 | 16,335 |
| Other receivables, deposits and prepayments | 76,954 | – | 57,139 | 134,093 |
| Deferred tax assets | 240,052 | 1,200 | – | 241,252 |
| | 18,913,393 | (21,017) | 143,259 | 19,035,635 |
| **Current assets** | | | | |
| Trade receivables | 840,931 | – | (16,335) | 824,596 |
| Contract assets | 1,065,152 | – | – | 1,065,152 |
| Other receivables, deposits and prepayments | 327,852 | – | (57,139) | 270,713 |
| Inventories – property development costs | 3,418,097 | – | (850,029) | 2,568,068 |
| Inventories – completed properties and others | 1,586,946 | – | – | 1,586,946 |
| Contract cost assets | – | – | 850,029 | 850,029 |
| Amounts owing by joint ventures | 167,717 | – | (69,785) | 97,932 |
| Amounts owing by associated companies | 450 | – | – | 450 |
| Amounts owing by related companies | 811 | – | – | 811 |
| Current tax assets | 131,991 | (15,049) | – | 116,942 |
| Short-term funds | 1,082,940 | – | – | 1,082,940 |
| Short-term deposits | 402,552 | – | – | 402,552 |
| Cash and bank balances | 1,398,060 | – | – | 1,398,060 |
| | 10,423,499 | (15,049) | (143,259) | 10,265,191 |
| **Total assets** | 29,336,892 | (36,066) | – | 29,300,826 |





NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

## 52. PRIOR YEAR ADJUSTMENTS AND CHANGES IN COMPARATIVES (CONT'D)

**Statement of Financial Position (cont'd)**
**As at 31 December 2018 (cont'd)**

| | As previously stated RM'000 | Prior year adjustments (a) and (b) RM'000 | Reclassification RM'000 | As restated RM'000 |
|---|---|---|---|---|
| **Group** | | | | |
| **Equity** | | | | |
| Share capital | 8,252,253 | – | – | 8,252,253 |
| Share capital – RCPS-i A | 1,087,363 | – | – | 1,087,363 |
| Share capital – RCPS-i B | 1,044,753 | – | – | 1,044,753 |
| Share based payment reserve | 140,987 | – | – | 140,987 |
| Reserve on acquisition arising from common control | (1,295,884) | – | – | (1,295,884) |
| Exchange translation reserve | (50,058) | – | – | (50,058) |
| Retained earnings | 4,964,351 | (44,638) | – | 4,919,713 |
| Equity attributable to owners of the Company | 14,143,765 | (44,638) | – | 14,099,127 |
| Non-controlling interests | 1,376,263 | – | – | 1,376,263 |
| **Total equity** | 15,520,028 | (44,638) | – | 15,475,390 |
| **Non-current liabilities** | | | | |
| Redeemable cumulative preference shares | 69,292 | – | – | 69,292 |
| Other payables and accruals | 35,534 | – | 8,038 | 43,572 |
| Long-term borrowings | 7,947,130 | – | – | 7,947,130 |
| Deferred tax liabilities | 470,829 | – | – | 470,829 |
| | 8,522,785 | – | 8,038 | 8,530,823 |
| **Current liabilities** | | | | |
| Trade payables | 1,747,302 | – | – | 1,747,302 |
| Contract liabilities | 28,071 | – | 95,866 | 123,937 |
| Other payables and accruals | 973,361 | 858 | (103,904) | 870,315 |
| Short-term borrowings | 2,517,735 | – | – | 2,517,735 |
| Current tax liabilities | 26,267 | 7,714 | – | 33,981 |
| Amounts owing to related companies | 1,343 | – | – | 1,343 |
| | 5,294,079 | 8,572 | (8,038) | 5,294,613 |
| **Total liabilities** | 13,816,864 | 8,572 | – | 13,825,436 |
| **Total equity and liabilities** | 29,336,892 | (36,066) | – | 29,300,826 |

# NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

## 52. PRIOR YEAR ADJUSTMENTS AND CHANGES IN COMPARATIVES (CONT'D)

**Statement of Financial Position**
**As at 1 January 2018**

| | As previously stated RM'000 | Prior year adjustments (a) and (b) RM'000 | Reclassification RM'000 | As restated RM'000 |
|---|---|---|---|---|
| **Group** | | | | |
| **Non-current assets** | | | | |
| Property, plant and equipment | 425,120 | – | – | 425,120 |
| Investment properties | 1,943,089 | (28,000) | – | 1,915,089 |
| Inventories – land held for property development | 10,367,808 | 12,407 | – | 10,380,215 |
| Intangible asset | 15,497 | – | – | 15,497 |
| Investments in joint ventures | 2,222,869 | – | – | 2,222,869 |
| Investments in associated companies | 521,449 | – | – | 521,449 |
| Other investments | 133 | – | – | 133 |
| Amounts owing by joint ventures | – | – | 69,785 | 69,785 |
| Other receivables, deposits and prepayments | 90,146 | – | 50,292 | 140,438 |
| Deferred tax assets | 185,275 | 273 | – | 185,548 |
| | 15,771,386 | (15,320) | 120,077 | 15,876,143 |
| **Current assets** | | | | |
| Trade receivables | 985,983 | – | – | 985,983 |
| Contract assets | 869,481 | – | – | 869,481 |
| Other receivables, deposits and prepayments | 752,155 | – | (50,292) | 701,863 |
| Inventories – property development costs | 1,839,648 | – | (259,258) | 1,580,390 |
| Inventories – completed properties and others | 1,702,008 | – | – | 1,702,008 |
| Contract cost assets | – | – | 259,258 | 259,258 |
| Amounts owing by joint ventures | 585,202 | – | (69,785) | 515,417 |
| Amounts owing by associated companies | 364 | – | – | 364 |
| Current tax assets | 148,682 | (22,763) | – | 125,919 |
| Short-term funds | 1,377,749 | – | – | 1,377,749 |
| Short-term deposits | 322,310 | – | – | 322,310 |
| Cash and bank balances | 3,879,241 | – | – | 3,879,241 |
| | 12,462,823 | (22,763) | (120,077) | 12,319,983 |
| Assets of disposal group classified as held for sale | 1,058 | – | – | 1,058 |
| | 12,463,881 | (22,763) | (120,077) | 12,321,041 |
| **Total assets** | 28,235,267 | (38,083) | – | 28,197,184 |





NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

## 52. PRIOR YEAR ADJUSTMENTS AND CHANGES IN COMPARATIVES (CONT'D)

**Statement of Financial Position (cont'd)**
**As at 1 January 2018 (cont'd)**

| | As previously stated RM'000 | Prior year adjustments (a) and (b) RM'000 | Reclassification RM'000 | As restated RM'000 |
|---|---|---|---|---|
| **Group** | | | | |
| **Equity** | | | | |
| Share capital | 6,693,971 | – | – | 6,693,971 |
| Share capital – RCPS-i A | 1,119,342 | – | – | 1,119,342 |
| Share capital – RCPS-i B | 1,064,608 | – | – | 1,064,608 |
| Share based payment reserve | 94,450 | – | – | 94,450 |
| Reserve on acquisition arising from common control | (1,295,884) | – | – | (1,295,884) |
| Exchange translation reserve | 136,916 | – | – | 136,916 |
| Retained earnings | 4,985,244 | (38,941) | – | 4,946,303 |
| Equity attributable to owners of the Company | 12,798,647 | (38,941) | – | 12,759,706 |
| Perpetual bond | 610,787 | – | – | 610,787 |
| Non-controlling interests | 1,293,893 | – | – | 1,293,893 |
| **Total equity** | 14,703,327 | (38,941) | – | 14,664,386 |
| **Non-current liabilities** | | | | |
| Redeemable cumulative preference shares | 54,667 | – | – | 54,667 |
| Other payables and accruals | 40,000 | – | – | 40,000 |
| Long-term borrowings | 4,914,092 | – | – | 4,914,092 |
| Deferred tax liabilities | 247,121 | – | – | 247,121 |
| | 5,255,880 | – | – | 5,255,880 |
| **Current liabilities** | | | | |
| Trade payables | 1,929,355 | – | – | 1,929,355 |
| Contract liabilities | 12,469 | – | 12,356 | 24,825 |
| Other payables and accruals | 749,704 | 858 | (12,356) | 738,206 |
| Short-term borrowings | 1,963,828 | – | – | 1,963,828 |
| Current tax liabilities | 79,749 | – | – | 79,749 |
| Amounts owing to previous shareholders of I & P Group Sdn. Berhad | 3,540,500 | – | – | 3,540,500 |
| Amounts owing to related companies | 455 | – | – | 455 |
| | 8,276,060 | 858 | – | 8,276,918 |
| **Total liabilities** | 13,531,940 | 858 | – | 13,532,798 |
| **Total equity and liabilities** | 28,235,267 | (38,083) | – | 28,197,184 |

## 52. PRIOR YEAR ADJUSTMENTS AND CHANGES IN COMPARATIVES (CONT'D)

**Statement of Comprehensive Income**
**For the financial year ended 31 December 2018**

| | As previously stated RM'000 | Prior year adjustment (a) RM'000 | As restated RM'000 |
|---|---|---|---|
| **Group** | | | |
| Revenue | 3,593,589 | – | 3,593,589 |
| Cost of sales | (2,501,335) | – | (2,501,335) |
| Gross profit | 1,092,254 | – | 1,092,254 |
| Other income | 627,208 | (6,545) | 620,663 |
| Selling and marketing expenses | (109,884) | – | (109,884) |
| Administrative and general expenses | (395,645) | (79) | (395,724) |
| Share of results of joint ventures | (43,345) | – | (43,345) |
| Share of results of associated companies | 27,144 | – | 27,144 |
| Finance costs | (207,184) | – | (207,184) |
| Profit before tax | 990,548 | (6,624) | 983,924 |
| Taxation | (192,253) | 927 | (191,326) |
| Profit for the year | 798,295 | (5,697) | 792,598 |
| Other comprehensive income, net of tax | | | |
| Exchange differences on translation of foreign operations | (186,982) | – | (186,982) |
| Total comprehensive income for the year | 611,313 | (5,697) | 605,616 |
| Profit attributable to: | | | |
| Holders of Perpetual bond | 34,449 | – | 34,449 |
| Non-controlling interests | 92,887 | – | 92,887 |
| | 127,336 | – | 127,336 |
| Owners of the Company | 670,959 | (5,697) | 665,262 |
| | 798,295 | (5,697) | 792,598 |
| Total comprehensive income attributable to: | | | |
| Holders of Perpetual bond | 34,449 | – | 34,449 |
| Non-controlling interests | 92,879 | – | 92,879 |
| | 127,328 | – | 127,328 |
| Owners of the Company | 483,985 | (5,697) | 478,288 |
| | 611,313 | (5,697) | 605,616 |





NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

## 52. PRIOR YEAR ADJUSTMENTS AND CHANGES IN COMPARATIVES (CONT'D)

**Statement of Comprehensive Income (cont'd)**
**For the financial year ended 31 December 2018 (cont'd)**

| | As previously stated RM'000 | Reclassification RM'000 | As restated RM'000 |
|---|---|---|---|
| **Company** | | | |
| Revenue | – | 612,506 | 612,506 |
| Gross profit | – | 612,506 | 612,506 |
| Other income | 910,137 | (612,506) | 297,631 |
| Administrative and general expenses | (42,008) | – | (42,008) |
| Finance costs | (179,983) | – | (179,983) |
| Profit before tax | 688,146 | – | 688,146 |
| Taxation | (35,486) | – | (35,486) |
| Profit for the year, representing total comprehensive income for the year | 652,660 | – | 652,660 |

## 53. AUTHORISATION FOR ISSUE OF FINANCIAL STATEMENTS

These financial statements were authorised for issue on 26 February 2020 by the Board of Directors.

# STATEMENT BY DIRECTORS

## PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT, 2016

We, Y.A.M Tan Sri Dato' Seri Syed Anwar Jamalullail and Dato' Khor Chap Jen, being two of the Directors of S P Setia Berhad, do hereby state that, in the opinion of the Directors, the accompanying financial statements set out on pages 177 to 309 are drawn up in accordance with the Malaysian Financial Reporting Standards, the 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 2019 and of their financial performance and cash flows for the year then ended.

Signed on behalf of the Board of Directors in accordance
with a Directors' resolution dated 26 February 2020

| | |
|---|---|
| **Y.A.M TAN SRI DATO' SERI SYED ANWAR JAMALULLAIL** | **DATO' KHOR CHAP JEN** |
| Chairman | Director |

Shah Alam, Malaysia

# STATUTORY DECLARATION

## PURSUANT TO SECTION 251(1)(B) OF THE COMPANIES ACT, 2016

I, Datuk Choy Kah Yew, being the officer primarily responsible for the financial management of S P Setia Berhad, do solemnly and sincerely declare that to the best of my knowledge and belief, the financial statements set out on pages 177 to 309 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

| | | |
|---|---|---|
| Subscribed and solemnly declared by | ) | |
| the abovenamed Datuk Choy Kah Yew | ) | |
| at Shah Alam | ) | **DATUK CHOY KAH YEW** |
| on 26 February 2020 | ) | [MIA 10950] |

Before me:

Commissioner for Oaths

# INDEPENDENT AUDITORS' REPORT

## TO THE MEMBERS OF S P SETIA BERHAD (INCORPORATED IN MALAYSIA)

### REPORT ON AUDIT OF THE FINANCIAL STATEMENTS

**Opinion**

We have audited the financial statements of S P Setia Berhad, which comprise the statements of financial position as at 31 December 2019 of the Group and of the Company, and statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 177 to 309.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2019, and of their financial performance and cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

***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 audit 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 Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

***Key Audit Matters***

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current year. These matters were addressed in the context of our audit of the financial statements of the Group as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditors' responsibilities for the audit of the financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis of our audit opinion on the accompanying financial statements.

## REPORT ON AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

***Key Audit Matters (CONT'D)***

**Key audit matters in respect of the financial statements of the Group**

**(a) Revenue and cost of sales from property development activities recognised on percentage of completion method**

For the financial year ended 31 December 2019, revenue of RM3,667.86 million and cost of sales of RM2,682.51 million from property development activities account for approximately 93% and 92% of the total Group's revenue and cost of sales respectively.

Where the Group uses percentage of completion method to recognise revenue and profit from its property development activities, the amount of revenue and profit recognised are dependent on, amongst others, the extent of costs incurred to the total estimated costs of construction to derive at the percentage of completion, the actual number of units sold and the estimated total revenue for each of the respective projects.

We identified revenue and cost of sales recognised on percentage of completion method or over time from property development activities as matters requiring audit focus as these areas involved significant management's judgement and estimates in estimating the total property development costs (which is used to determine the percentage of completion and gross profit margin of property development activities undertaken by the Group).

In assessing the appropriateness of the extent of costs incurred, total estimated costs of construction and total estimated revenue collectively, we have:

- Obtained an understanding of the process in deriving the stage of completion which includes verifying the certified work done such as examining the progress claims from contractors, architect certification, and performing site visits on a sampling basis;
- Evaluated the assumptions applied in estimating the property development costs for property development phases on a sampling basis by examining documentary evidence such as letter of award issued to contractors to support the budgeted costs;
- Verified the gross development value against the signed sales and purchase agreements and estimated selling price of the unsold development to the latest transacted selling price;
- Considered the expected handover date of ongoing development projects on a sampling basis to determine the adequacy of provision for liquidated ascertained damages, if any; and
- Checked the mathematical accuracy of the revenue and profit based on the percentage of completion calculations and considered the implications of identified errors and changes in estimates.

The Group's accounting policies and disclosures on property development activities based on percentage of completion method are disclosed in Notes 1(b)(ii), 1(t)(i), 6, 34 and 35 respectively to the financial statements.

**(b) Net realisable value of completed properties**

As at 31 December 2019, the carrying amount of completed properties stood at RM1,435.41 million, which represents 13% of the Group's total current assets. Completed properties are classified as inventories and are carried at the lower of cost or net realisable value. Management's annual assessment of realisable value of completed properties is significant to our audit because it is based on assumptions that are affected by expected future market and economic conditions.

Our procedures in relation to management assessment of the net realisable value of completed properties include:

- Comparing the recent transacted prices of comparable completed properties, after taking into consideration of the discount given, or where applicable, for certain properties, reviewed valuation reports obtained by management to facilitate the assessment. We focused our evaluation on those completed properties that are slow moving;
- Where applicable, assessed the objectivity, independence, reputation, experience and expertise of the independent valuers;





INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF S P SETIA BERHAD (INCORPORATED IN MALAYSIA)

## REPORT ON AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

***Key Audit Matters (CONT'D)***

**Key audit matters in respect of the financial statements of the Group (cont'd)**

**(b) Net realisable value of completed properties (cont'd)**

- Reviewed the methodology adopted by the independent valuers in estimating the fair value of the completed properties and assessed whether such methodology is consistent with those used in the industry;
- Evaluated the appropriateness of the data used by the independent valuers as input into their valuations. We interviewed the independent valuers, discussed and challenged the significant estimates and assumptions applied in their valuation process; and
- Physical sighting of completed properties on a sampling basis and assessed the related cost of maintenance to determine any potential write down due to physical obsolescence.

The Group's accounting policies and disclosures on completed properties are disclosed in Notes 1(b)(ii), 1(k) and 6 respectively to the financial statements.

**(c) Valuation of investment properties**

As at 31 December 2019, the carrying amount of investment properties amounted to RM2,006.44 million, representing approximately 11% and 7% of the Group's total non-current assets and total assets respectively.

Investment properties are stated at fair value and any gain or loss arising from changes in the fair value are included in profit or loss in the year in which they arise. The Group has appointed independent professional valuers to perform valuations on its investment properties. The valuations are based on assumptions, amongst others, comparable historical transactions and adjustments factors to comparable transactions including location, size, condition, accessibility and design and market knowledge, estimated rental value per square feet, expected market rental growth and discount rate.

We consider the valuation of the investment properties as an area of audit focus as such valuation involves significant judgement and estimates that are highly subjective.

Our procedures to address this area of focus include, amongst others, the following:

- Assessed the objectivity, independence, reputation, experience and expertise of the independent valuers;
- Reviewed the methodology adopted by the independent valuers in estimating the fair value of the investment properties and assessed whether such methodology is consistent with those used in the industry; and
- Evaluated the appropriateness of the data used by the independent valuers as input into their valuations. We interviewed the external valuers, discussed and challenged the significant estimates and assumptions applied in their valuation process.

The Group's accounting policies and disclosures on investment properties are disclosed in Notes 1(b)(ii), 1(g) and 4 respectively to the financial statements.

## INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF S P SETIA BERHAD (INCORPORATED IN MALAYSIA)

### REPORT ON AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

***Key Audit Matters (CONT'D)***

**Key audit matter in respect of the financial statements of the Company**

**(d) Impairment assessment of investment in subsidiary companies**

As at 31 December 2019, the carrying amount of the investment in subsidiary companies of the Company amounted to RM8,950.11 million, representing approximately 64% and 57% of the Company's total non-current assets and total assets respectively.

At the reporting date, the Company reviewed its investments in subsidiary companies for indications of impairment and where such indications exist, the Company performed an impairment assessment to determine the recoverable amounts of such investments. The Company estimated the recoverable amount of the respective cash generating units ("CGU"s) based on their fair value less cost to sell or their respective value-in-use ("VIU") whichever is higher. Estimating the VIU of the CGUs involved estimates made by management relating to the future cash inflows and outflows that will be derived from the CGU and discounting them at the appropriate rate. The cash flow forecasts included a number of significant judgements and estimates such as the revenue growth rate, discount rate and terminal growth rate.

We consider this to be an area of focus for our audit as the amounts involved are significant, the assessment process is complex and involves significant management's judgements about future market and economic conditions and changes in assumptions may lead to a significant change in the recoverable amount of the investment in subsidiary companies.

Our procedures to address this area of focus included, amongst others, the following:

- Obtained an understanding of the relevant internal controls over the process of estimating the recoverable amounts of the CGUs;
- Evaluated the appropriateness of the methodology and approach applied;
- For impairment assessment based on VIU, we have:
  - Checked the basis of preparing the cash flow forecasts taking into consideration the assessment of management's historical budgeting accuracy; and
  - Evaluated whether key assumptions which comprised the revenue growth rate, discount rate and terminal growth rate were reasonable by making comparisons to historical trends, taking into consideration the current and expected outlook of the economic growth.
- For impairment assessment based on fair value less cost to sell, to the extent that management relied on valuation reports provided by independent professional valuers, we have:
  - Assessed the objectivity, independence, reputation, experience and expertise of the independent valuers;
  - Reviewed the methodology adopted by the independent valuers in estimating the fair value of the assets and assessed whether such methodology is consistent with those used in the industry; and
  - Evaluated the appropriateness of the data used by the independent valuers as input into their valuations. We interviewed the external valuers, discussed and challenged the significant estimates and assumptions applied in their valuation process.
- Analysed the sensitivity of the key assumptions by assessing the impact of changes to the key assumptions on the recoverable amount.

We also reviewed and assessed the Company's disclosures relating to the impairment of assessment of investment in subsidiary companies in Note 1(b)(ii), 1(p) and 8.





## INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF S P SETIA BERHAD (INCORPORATED IN MALAYSIA)

### REPORT ON AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

***Information other than the financial statements and auditors' report thereon***

The directors of the Company are responsible for the other information. The other information comprises the Director's Report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon, which we obtained prior to the date of this auditors' report, and the annual report, which is expected to be made available to us after the date of this auditors' report.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not and will 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 identified above 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.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors of the Company and take appropriate action.

***Responsibilities of the directors for the financial statements***

The directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

***Auditors' responsibilities for the audit of the financial statements***

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- 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;

# INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF S P SETIA BERHAD (INCORPORATED IN MALAYSIA)

## REPORT ON AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

***Auditors' responsibilities for the audit of the financial statements (Cont'd)***

- 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;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors;
- 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;
- 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; and
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

***Report on other legal and regulatory requirements***

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 8 to the financial statements.

***Other matters***

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

**Ernst & Young PLT**
202006000003 (LLP0022760-LCA) & AF 0039
Chartered Accountants

**Kua Choo Kai**
No. 02030/03/2020 J
Chartered Accountant

Kuala Lumpur, Malaysia
26 February 2020





# ANALYSIS OF SHAREHOLDINGS

AS AT 19 MARCH 2020

| | |
|---|---|
| **Issued and Paid-Up Share Capital** | : RM10,547,939,983.56 divided into 4,042,481,732 ordinary shares ("Ordinary Shares") and 1,088,657,886 Islamic redeemable convertible preference shares ("RCPS-i-A") and 1,176,481,520 Class B Islamic redeemable convertible preference shares ("RCPS-i B") |
| **Class of Shares** | : Ordinary Shares, RCPS-i A and RCPS-i B |
| **Voting Rights** | : One Vote per Ordinary Share or RCPS-i A or RCPS-i B |

## DISTRIBUTION OF SHAREHOLDINGS OF ORDINARY SHARES

| Size of Shareholdings | No. of Ordinary Shareholders | % | No. of Ordinary Shares | % |
|---|---|---|---|---|
| less than 100 | 1,169 | 11.54 | 42,116 | 0.00 |
| 101 – 1,000 | 1,930 | 19.06 | 1,172,572 | 0.03 |
| 1,001 – 10,000 | 4,854 | 47.94 | 19,981,638 | 0.49 |
| 10,001 – 100,000 | 1,786 | 17.64 | 52,559,128 | 1.30 |
| 100,001 to less than 5% of issued shares | 383 | 3.78 | 1,147,461,425 | 28.39 |
| 5% and above of issued shares | 4 | 0.04 | 2,821,264,853 | 69.79 |
| **Total** | **10,126** | **100.00** | **4,042,481,732** | **100.00** |

## LIST OF THIRTY LARGEST SHAREHOLDERS

| | Name of Ordinary Shareholders | No. of Ordinary Shares | % |
|---|---|---|---|
| 1. | Permodalan Nasional Berhad | 1,032,842,258 | 25.55 |
| 2. | Amanahraya Trustees Berhad<br>Amanah Saham Bumiputera | 977,897,447 | 24.19 |
| 3. | Citigroup Nominees (Tempatan) Sdn Bhd<br>Employees Provident Fund Board | 448,917,678 | 11.11 |
| 4. | Kumpulan Wang Persaraan (Diperbadankan) | 361,607,470 | 8.95 |
| 5. | Amanahraya Trustees Berhad<br>Amanah Saham Malaysia | 150,785,827 | 3.73 |
| 6. | Amanahraya Trustees Berhad<br>Amanah Saham Malaysia 3 | 101,501,763 | 2.51 |
| 7. | Amanahraya Trustees Berhad<br>Amanah Saham Malaysia 2 – Wawasan | 74,901,886 | 1.85 |
| 8. | CIMB Group Nominees (Tempatan) Sdn Bhd<br>CIMB Bank Berhad (EDP 2) | 43,189,699 | 1.07 |
| 9. | Amanahraya Trustees Berhad<br>Amanah Saham Bumiputera 3 – Didik | 41,526,059 | 1.03 |
| 10. | Amanahraya Trustees Berhad<br>Amanah Saham Bumiputera 2 | 37,426,792 | 0.925 |
| 11. | Amanahraya Trustees Berhad<br>Public Ittikal Sequel Fund | 24,597,933 | 0.61 |
| 12. | Cartaban Nominees (Tempatan) Sdn Bhd<br>PAMB For Prulink Equity Fund | 23,789,642 | 0.59 |
| 13. | Citigroup Nominees (Tempatan) Sdn Bhd<br>Employees Provident Fund Board (Affin-Hwg) | 22,538,835 | 0.56 |

# ANALYSIS OF SHAREHOLDINGS
AS AT 19 MARCH 2020

## LIST OF THIRTY LARGEST SHAREHOLDERS (CONT'D.)

| Name of Ordinary Shareholders | No. of Ordinary Shares | % |
|---|---|---|
| 14. Cartaban Nominees (Asing) Sdn Bhd<br>BCSL Client AC PB Cayman Clients | 22,526,300 | 0.56 |
| 15. Citigroup Nominees (Tempatan) Sdn Bhd<br>Great Eastern Life Assurance (Malaysia) Berhad (PAR 1) | 21,395,133 | 0.53 |
| 16. HSBC Nominees (Asing) Sdn Bhd<br>JPMCB NA For Vanguard Total International Stock Index Fund | 21,388,278 | 0.53 |
| 17. Maybank Investment Bank Berhad IVT (16) | 19,889,000 | 0.49 |
| 18. Maybank Nominees (Tempatan) Sdn Bhd<br>MTrustee Berhad For Principal Dali Equity Growth Fund<br>(UT-CIMB-DALI) (419455) | 19,222,654 | 0.475 |
| 19. Lembaga Tabung Haji | 19,024,155 | 0.47 |
| 20. HSBC Nominees (Asing) Sdn Bhd<br>JPMCB NA For Vanguard Emerging Markets Stock Index Fund | 18,872,045 | 0.47 |
| 21. Citigroup Nominees (Asing) Sdn Bhd<br>CBNY For Norges Bank (FI 17) | 17,828,200 | 0.44 |
| 22. Cartaban Nominees (Asing) Sdn Bhd<br>Exempt AN For State Street Bank & Trust Company (West CLT OD67) | 16,270,600 | 0.40 |
| 23. Hong Leong Assurance Berhad<br>As Beneficial Owner (Life Par) | 12,143,137 | 0.30 |
| 24. Guoline (Singapore) Pte Ltd | 11,830,000 | 0.29 |
| 25. Citigroup Nominees (Tempatan) Sdn Bhd<br>Urusharta Jamaah Sdn Bhd (Principal 1) | 11,253,933 | 0.28 |
| 26. CIMB Islamic Nominees (Tempatan) Sdn Bhd<br>CIMB Islamic Trustee Berhad - Kenanga Syariah Growth Fund | 10,263,500 | 0.25 |
| 27. Citigroup Nominees (Tempatan) Sdn Bhd<br>Urusharta Jamaah Sdn Bhd (Maybank 1) | 10,257,100 | 0.25 |
| 28. Citigroup Nominees (Tempatan) Sdn Bhd<br>Urusharta Jamaah Sdn Bhd (Nomura 1) | 10,257,100 | 0.25 |
| 29. Citigroup Nominees (Tempatan) Sdn Bhd<br>Urusharta Jamaah Sdn Bhd (Aberdeen 1) | 10,014,400 | 0.25 |
| 30. Pertubuhan Keselamatan Sosial | 9,705,200 | 0.24 |
| | **3,603,664,024** | **89.14** |





# ANALYSIS OF SHAREHOLDINGS
AS AT 19 MARCH 2020

## DISTRIBUTION OF SHAREHOLDINGS OF RCPS-i A

| Size of Shareholdings | No. of Holders of RCPS-i A | % | No. of RCPS-i A | % |
|---|---|---|---|---|
| less than 100 | 46 | 3.52 | 1,639 | 0.00 |
| 101 – 1,000 | 388 | 29.73 | 213,538 | 0.02 |
| 1,001 – 10,000 | 599 | 45.90 | 2,150,902 | 0.20 |
| 10,001 – 100,000 | 172 | 13.18 | 5,244,076 | 0.48 |
| 100,001 to less than 5% of issued shares | 96 | 7.36 | 270,257,325 | 24.82 |
| 5% and above of issued shares | 4 | 0.31 | 810,790,406 | 74.48 |
| **Total** | **1,305** | **100.00** | **1,088,657,886** | **100.00** |

## LIST OF THIRTY LARGEST HOLDERS OF RCPS-i A

| Name of Holders of RCPS-i A | No. of RCPS-i A | % |
|---|---|---|
| 1. Amanahraya Trustees Berhad<br>Amanah Saham Bumiputera | 372,483,700 | 34.21 |
| 2. Permodalan Nasional Berhad | 273,400,432 | 25.11 |
| 3. Kumpulan Wang Persaraan (Diperbadankan) | 108,006,374 | 9.92 |
| 4. Citigroup Nominees (Tempatan) Sdn Bhd<br>Employees Provident Fund Board | 56,899,900 | 5.23 |
| 5. Amanahraya Trustees Berhad<br>Amanah Saham Bumiputera 3 – Didik | 42,745,400 | 3.93 |
| 6. Amanahraya Trustees Berhad<br>Amanah Saham Malaysia | 32,071,600 | 2.95 |
| 7. Lembaga Tabung Haji | 32,000,000 | 2.94 |
| 8. Amanahraya Trustees Berhad<br>Amanah Saham Malaysia 2 – Wawasan | 27,737,200 | 2.55 |
| 9. Amanahraya Trustees Berhad<br>Amanah Saham Malaysia 3 | 24,046,800 | 2.21 |
| 10. Citigroup Nominees (Tempatan) Sdn Bhd<br>Employees Provident Fund Board (Affin-Hwg) | 16,673,800 | 1.53 |
| 11. Amanahraya Trustees Berhad<br>Amanah Saham Bumiputera 2 | 15,000,000 | 1.38 |
| 12. CIMB Group Nominees (Tempatan) Sdn Bhd<br>CIMB Islamic Trustee Berhad For Affin Hwang Select Dividend Fund | 6,763,800 | 0.62 |
| 13. HSBC Nominees (Tempatan) Sdn Bhd<br>HSBC (M) Trustee Bhd For Maybank Malaysia Dividend Fund | 5,282,233 | 0.49 |
| 14. Maybank Nominees (Tempatan) Sdn Bhd<br>Maybank Trustees Berhad For Manulife Investment – HW Flexi Fund (270519) | 4,599,100 | 0.42 |
| 15. Citigroup Nominees (Tempatan) Sdn Bhd<br>Employees Provident Fund Board (Aberislamic) | 4,533,304 | 0.42 |
| 16. Amanahraya Trustees Berhad<br>Public Ittikal Sequel Fund | 3,605,132 | 0.33 |
| 17. Citigroup Nominees (Tempatan) Sdn Bhd<br>Employees Provident Fund Board (Aberdeen) | 3,325,537 | 0.31 |

## ANALYSIS OF SHAREHOLDINGS
AS AT 19 MARCH 2020

### LIST OF THIRTY LARGEST HOLDERS OF RCPS-i A (CONT'D.)

| Name of Holders of RCPS-i A | No. of RCPS-i A | % |
|---|---|---|
| 18. Citigroup Nominees (Tempatan) Sdn Bhd<br>Kumpulan Wang Persaraan (Diperbadankan) (Aberdeen) | 2,883,653 | 0.26 |
| 19. Maybank Nominees (Tempatan) Sdn Bhd<br>Affin Hwang Asset Management Berhad For MSIG Insurance (Malaysia) Bhd (210236) | 2,663,667 | 0.24 |
| 20. Maybank Nominees (Tempatan) Sdn Bhd<br>Affin Hwang Asset Management Berhad For Hong Leong Assurance Berhad (PAR-220082) | 2,647,800 | 0.24 |
| 21. Universal Trustee (Malaysia) Berhad<br>KAF Dana Adib | 2,410,000 | 0.22 |
| 22. Universal Trustee (Malaysia) Berhad<br>KAF Tactical Fund | 2,339,500 | 0.21 |
| 23. Hong Leong Assurance Berhad<br>As Beneficial Owner (Life Par) | 2,274,705 | 0.21 |
| 24. Citigroup Nominees (Tempatan) Sdn Bhd<br>Great Eastern Life Assurance (Malaysia) Berhad (DR) | 2,189,548 | 0.20 |
| 25. KAF Trustee Berhad<br>KIFB For The Institute Of Strategic And International Studies Malaysia | 1,770,700 | 0.16 |
| 26. Ng Ho Fatt | 1,750,800 | 0.16 |
| 27. Citigroup Nominees (Tempatan) Sdn Bhd<br>Great Eastern Life Assurance (Malaysia) Berhad (LPF) | 1,465,440 | 0.13 |
| 28. CIMB Islamic Nominees (Tempatan) Sdn Bhd<br>CIMB Islamic Trustee Berhad-Amanah Saham Kedah | 1,361,000 | 0.13 |
| 29. Ng Ho Fatt | 1,325,000 | 0.12 |
| 30. Citigroup Nominees (Tempatan) Sdn Bhd<br>Great Eastern Life Assurance (Malaysia) Berhad (PAR 3) | 995,638 | 0.09 |
| | 1,055,251,763 | 96.93 |

### DISTRIBUTION OF SHAREHOLDINGS OF RCPS-i B

| Size of Shareholdings | No. of Holders of RCPS-i B | % | No. of RCPS-i B | % |
|---|---|---|---|---|
| less than 100 | 51 | 4.49 | 1,838 | 0.00 |
| 101 - 1,000 | 343 | 30.22 | 189,352 | 0.02 |
| 1,001 - 10,000 | 509 | 44.85 | 1,799,728 | 0.15 |
| 10,001 - 100,000 | 135 | 11.89 | 4,102,769 | 0.35 |
| 100,001 to less than 5% of issued shares | 94 | 8.28 | 335,803,059 | 28.54 |
| 5% and above of issued shares | 3 | 0.26 | 834,584,774 | 70.94 |
| **Total** | **1,135** | **100.00** | **1,176,481,520** | **100.00** |





## ANALYSIS OF SHAREHOLDINGS
AS AT 19 MARCH 2020

### LIST OF THIRTY LARGEST HOLDERS OF RCPS-i B

| Name Of Holders of RCPS-i B | No. of RCPS-i B | % |
|---|---|---|
| 1. Amanahraya Trustees Berhad<br>Amanah Saham Bumiputera | 407,156,800 | 34.61 |
| 2. Permodalan Nasional Berhad | 339,173,422 | 28.83 |
| 3. Kumpulan Wang Persaraan (Diperbadankan) | 88,254,552 | 7.50 |
| 4. Citigroup Nominees (Tempatan) Sdn Bhd<br>Employees Provident Fund Board | 56,358,156 | 4.79 |
| 5. Amanahraya Trustees Berhad<br>Amanah Saham Malaysia | 55,424,100 | 4.71 |
| 6. Amanahraya Trustees Berhad<br>Amanah Saham Malaysia 3 | 43,164,000 | 3.67 |
| 7. Amanahraya Trustees Berhad<br>Amanah Saham Malaysia 2 - Wawasan | 38,737,800 | 3.29 |
| 8. Lembaga Tabung Haji | 29,232,643 | 2.48 |
| 9. Amanahraya Trustees Berhad<br>Amanah Saham Bumiputera 2 | 17,126,400 | 1.46 |
| 10. Amanahraya Trustees Berhad<br>Amanah Saham Bumiputera 3 - Didik | 13,410,500 | 1.14 |
| 11. Citigroup Nominees (Tempatan) Sdn Bhd<br>Employees Provident Fund Board (Affin-Hwg) | 7,808,426 | 0.66 |
| 12. Amanahraya Trustees Berhad<br>Amanah Saham Nasional | 7,503,600 | 0.64 |
| 13. Citigroup Nominees (Tempatan) Sdn Bhd<br>Great Eastern Life Assurance (Malaysia) Berhad (PAR 1) | 5,056,600 | 0.43 |
| 14. HSBC Nominees (Tempatan) Sdn Bhd<br>HSBC (M) Trustee Bhd For Affin Hwang Select Opportunity Fund (3969) | 3,382,600 | 0.29 |
| 15. HSBC Nominees (Asing) Sdn Bhd<br>BNP Paribas Secs Svs Jersey For Aberdeen Asian Income Fund Limited | 3,040,000 | 0.26 |
| 16. Amanahraya Trustees Berhad<br>ASN Equity 2 | 2,916,900 | 0.24 |
| 17. CIMSEC Nominees (Tempatan) Sdn Bhd<br>CIMB For Ng Paik Pheng (PB) | 2,890,300 | 0.25 |
| 18. CIMSEC Nominees (Tempatan) Sdn Bhd<br>CIMB Bank For Siva Kumar A/L M Jeyapalan (PBCL-0G0015) | 2,793,000 | 0.24 |
| 19. Amanahraya Trustees Berhad<br>ASN Umbrella For ASN Equity 3 | 2,698,400 | 0.23 |
| 20. Citigroup Nominees (Tempatan) Sdn Bhd<br>Great Eastern Life Assurance (Malaysia) Berhad (DR) | 2,572,075 | 0.22 |
| 21. Amanahraya Trustees Berhad<br>ASN Imbang (Mixed Asset Balanced) 1 | 2,388,000 | 0.20 |
| 22. Hong Leong Assurance Berhad<br>As Beneficial Owner (Life Par) | 2,316,453 | 0.20 |
| 23. Citigroup Nominees (Tempatan) Sdn Bhd<br>Great Eastern Life Assurance (Malaysia) Berhad (PAR 3) | 2,235,638 | 0.19 |
| 24. Citigroup Nominees (Tempatan) Sdn Bhd<br>Kumpulan Wang Persaraan (Diperbadankan) (Aberdeen) | 2,044,984 | 0.17 |

## ANALYSIS OF SHAREHOLDINGS
AS AT 19 MARCH 2020

### LIST OF THIRTY LARGEST HOLDERS OF RCPS-i B (CONT'D.)

| | Name Of Holders of RCPS-i B | No. of RCPS-i B | % |
|---|---|---|---|
| 25. | Citigroup Nominees (Tempatan) Sdn Bhd<br>Employees Provident Fund Board (Aberdeen) | 1,884,048 | 0.16 |
| 26. | Pertubuhan Keselamatan Sosial | 1,879,700 | 0.16 |
| 27. | Citigroup Nominees (Tempatan) Sdn Bhd<br>Great Eastern Life Assurance (Malaysia) Berhad (PAR 2) | 1,794,720 | 0.15 |
| 28. | Maybank Nominees (Tempatan) Sdn Bhd<br>Maybank Trustees Berhad For Saham Amanah Sabah<br>(Acc 2-940410) | 1,631,462 | 0.14 |
| 29. | Citigroup Nominees (Tempatan) Sdn Bhd<br>Employees Provident Fund Board (Aberislamic) | 1,288,640 | 0.11 |
| 30. | Citigroup Nominees (Tempatan) Sdn Bhd<br>Great Eastern Life Assurance (Malaysia) Berhad (Leef) | 1,277,242 | 0.108 |
| | | 1,147,441,161 | 97.53 |

### SUBSTANTIAL SHAREHOLDERS

| Name of Substantial Shareholders | Direct Interest | % of Issued Shares | Indirect Interest | % of Issued Shares |
|---|---|---|---|---|
| Permodalan Nasional Berhad | 1,032,842,258 | 25.55 | – | – |
| Amanahraya Trustees Berhad – Amanah Saham Bumiputera | 977,897,447 | 24.19 | – | – |
| Employees Provident Fund Board | 490,292,066 | 12.13 | – | – |
| Kumpulan Wang Persaraan (Diperbadankan) | 362,180,050 | 8.96 | 23,534,066 | 0.58 |
| Yayasan Pelaburan Bumiputra | – | – | 1,032,842,258 | 25.55 |

### DIRECTORS AND THEIR SHAREHOLDINGS

| | No. of Ordinary Shares Held | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Name | Direct | % | Indirect | % | No. of RCPS-i A Held | No. of RCPS-i B Held | No. of shares under the Employee Share Grant Plan | No. of share options under the Employee Share Option Scheme |
| Y.A.M. Tan Sri Dato' Seri Syed Anwar Jamalullail | – | – | – | – | – | – | – | – |
| Dato' Khor Chap Jen | 1,428,000 | 0.04 | – | – | 222,178 | 321,778 | 528,000 | 25,449,670 |
| Dato' Halipah Binti Esa | – | – | – | – | – | – | – | – |
| Dato' Ahmad Pardas Bin Senin | – | – | – | – | – | – | – | – |
| Dato' Seri Ir. Hj. Mohd Noor Bin Yaacob | – | – | – | – | – | – | – | – |
| Dato' Zuraidah Binti Atan | – | – | – | – | – | – | – | – |
| Tengku Dato' Ab. Aziz Bin Tengku Mahmud | – | – | – | – | – | – | – | – |
| Noraini Binti Che Dan | – | – | – | – | – | – | – | – |
| Philip Tan Puay Koon | – | – | – | – | – | – | – | – |
| Dato' Azmi bin Mohd Ali | – | – | – | – | – | – | – | – |



# LIST OF MATERIAL PROPERTIES HELD BY THE GROUP
AS AT 31 DECEMBER 2019

| No. | Location | Description | Date of Acquisition | Land Area (sq. ft.) | Tenure | Net Book Value (RM'000)* |
|---|---|---|---|---|---|---|
| 1 | HSD120100, HSD120110 & HSD120820, Bandar Kuala Lumpur | Land held for development | 29/11/2012<br>13/04/2018 | 2,250,430 | Leasehold | 2,578,049 |
| 2 | Lot 9149L at Toh Tuck Road, Singapore | Land under development | 17/07/2017 | 201,517 | Leasehold | 933,116 |
| 3 | Seksyen 95A & 98, Kampung Haji Abdullah Hukum, Kuala Lumpur | Land use right | 24/10/2011 | – | Leasehold | 928,842 |
| 4 | Daerah Kelang, Mukim of Klang, Selangor Darul Ehsan | Land under development and held for development | 24/10/2001 | 20,694,889 | Freehold | 886,199 |
| 5 | Mukim Bukit Raja, Daerah Petaling, Selangor Darul Ehsan | Land under development and held for development | 30/03/2002 | 13,079,209 | Freehold | 772,769 |
| 6 | Mukim 06, Daerah Seberang Perai Utara, Pulau Pinang | Land under development and held for development | 22/12/2016 | 72,955,595 | Freehold | 756,136 |
| 7 | Lot 39 GRN 45874 Mukim Beranang, Daerah Hulu Langat, Selangor Darul Ehsan | Land under development and held for development | 28/11/2012 | 32,897,071 | Freehold | 685,309 |
| 8 | 308, Exhibition St, Melbourne VIC 3000, Australia | Land under development | 29/04/2016 | 44,563 | Freehold | 559,729 |
| 9 | Pekan Kinrara, Daerah Petaling, Selangor Darul Ehsan | Land under development and held for development | 24/12/1981 | 4,334,158 | Freehold | 502,469 |
| 10 | HSD184053 & HSD184054 Mukim Beranang, Daerah Ulu Langat, Selangor Darul Ehsan | Land held for development | 21/12/2018 | 14,919,300 | Freehold | 492,247 |

* Amount is inclusive of land held for property development, property development costs and contract cost assets

# GROUP DIRECTORY



## HEAD OFFICE

**S P SETIA BERHAD**
197401002663 (19698-X)

**S P SETIA PROJECT MANAGEMENT SDN BHD**
199201015192 (246695-X)

**SETIA IP HOLDINGS SDN BHD**
201401046540 (1122728-W)

**SETIA PRECAST SDN BHD**
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## CENTRAL REGION

**ALAM DAMAI**
**SYARIKAT PERUMAHAN PEGAWAI KERAJAAN SDN BHD**
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**BANDAR KINRARA**
**PERUMAHAN KINRARA BERHAD**
192001000029 (305-P)
Bandar Kinrara Welcome Centre
Eight Kinrara – Block B, Jalan BK 5A/1 Bandar Kinrara, 47180
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**BANDAR BARU SERI PETALING**
**PETALING GARDEN SDN BHD**
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**I & P KOTA BAYUEMAS SDN BHD**
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Kota Bayuemas, 41200 Klang
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**KL ECO CITY**
**KL ECO CITY SDN BHD**
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**SETIA ALAM**
**BANDAR SETIA ALAM SDN BHD**
200101030381 (566140-D)
**SETIA ALAMAN**
**PETALING GARDEN SDN BHD**
195701000208 (3113-T)
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Alam Sari, 43000 Kajang
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**SETIA CITY CONVENTION CENTRE**
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**SETIA ECO GLADES**
**SETIA ECO GLADES SDN BHD**
200701009474 (767476-H)
**SETIA SAFIRO**
**SETIA SAFIRO SDN BHD**
201801012245 (1274261-M)
Setia Eco Glades Lifestyle Gallery
1, Persiaran Setia Eco Glades
Setia Eco Glades, Cyber 1
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**SETIA ECOHILL**
**SETIA ECOHILL SDN BHD**
201001019878 (903607-T)
**SETIA ECOHILL 2**
**SETIA ECOHILL 2 SDN BHD**
199801010090 (466218-P)
Setia Ecohill Welcome Centre
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**SETIA MAYURI**
**SETIA MAYURI SDN BHD**
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**BANDAR ECO-SETIA SDN BHD**
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**S P SETIA ECO-PROJECTS MANAGEMENT SDN BHD**
199401003986 (289665-V)
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**SETIA ECO TEMPLER**
**SETIA ECO TEMPLER SDN BHD**
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**SETIA PUTRAJAYA SDN BHD**
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**SETIA SERAYA RESIDENCES**
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**SETIA SKY RESIDENCES**
**EXCELJADE SDN BHD**
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**SETIA SKY SEPUTEH**
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**BAYU LAKEHOMES**
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**TRIO BY SETIA**
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**F** +603 3162 3323
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**SETIA WOOD**
**SETIA-WOOD INDUSTRIES SDN BHD**
197501001985 (23725-V)
**S P SETIA MARKETING SDN BHD**
198801007841 (175198-P)
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## GROUP DIRECTORY

### SOUTHERN REGION

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**BUKIT INDAH (JOHOR) SDN BHD** 199401021581 (307260-V)
**TAMAN PERLING**
**PELANGI SDN BHD** 197201001814 (13509-H)
**TAMAN INDUSTRI JAYA**
**BILTMORE (M) SDN BHD** 198401012737 (125293-X)
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S3-0111, Laman Indah 3
Jalan Indah 15
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**SETIA ECO CASCADIA**
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**SETIA SKY 88**
**SETIA CITY DEVELOPMENT SDN BHD** 201101005745 (933887-K)
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**PELANGI SDN BHD** 197201001814 (13509-H)
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**SETIA TROPIKA**
**SETIA INDAH SDN BHD** (198901008253 (185555-H)
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Taman Setia Tropika
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Johor Darul Takzim, Malaysia
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**F** +607 237 2225
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**TAMAN PELANGI INDAH**
**YUKONG DEVELOPMENT (PTE) LIMITED** 195102000014 (991872-U)
PLO 12062
Jalan Persiaran Pelangi Indah
Taman Pelangi Indah
81800 Ulu Tiram, Johor Bahru
Johor Darul Takzim, Malaysia
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**F** +607 861 9235
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**TAMAN RINTING**
**TAMAN GUNONG HIJAU SDN BHD** 197301002956 (16420-U)
PTD 46378, Jalan Balau
Taman Rinting
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### NORTHERN REGION

**SETIA FONTAINES**
**SETIA FONTAINES SDN BHD** 200001002967 (505572-T)
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**SETIA PEARL ISLAND**
**SETIA VISTA**
**SETIA PROMENADE SDN BHD** 199601016034 (388384-W)
**SETIA GREENS**
**11 BROOK RESIDENCES**
**KEWIRA JAYA SDN BHD** 200001002246 (504851-V)
**SETIA V RESIDENCES**
**SETIA SKY VILLE**
**KAY PRIDE SDN BHD** 198901000466 (177772-V)
Setia Welcome Centre, SPICE
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**SETIA SPICE**
**ECO MERIDIAN SDN BHD** 201001025513 (909427-K)
Setia SPICE Convention Centre
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## GROUP DIRECTORY

### EASTERN REGION

**AEROPOD**
**AEROPOD SDN BHD** 200701009762 (767765-P)
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## INTERNATIONAL

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### AUSTRALIA

**SAPPHIRE BY THE GARDENS**
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### VIETNAM

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**ECOXUAN, LAI THIEU**
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### JAPAN

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Setia

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