

www.simedarbyproperty.com

Sime Darby Property Berhad
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Tel: +603-7849 5000

GROWTH





Townships and Developments:

24

Winner of Elmina Photo Contest
Starlight Starbright!
Catching feels at Elmina
by Ng Mei Ten



Land bank to be Developed:

19,977

acres



Learning To Ride Bicycle by Chong Key Loy

A Simple Guide To Life by Chen Soon Ling

Opportunities



Total Estimated Gross Development Value (GDV):

RM86.9

billion





Property

47th

ANNUAL GENERAL
MEETING OF
SIME DARBY PROPERTY



WHERE

Banyan Room, Ground Floor
Sime Darby Convention Centre
1A, Jalan Bukit Kiara 1
60000 Kuala Lumpur, Malaysia

In line with the Government's initiative and the SC Guidance Note, the Company will conduct the 47th AGM on a **virtual basis through live streaming and online remote voting**. We strongly encourage you to participate in the 47th AGM via the Remote Participation and Voting ("RPV") facilities which are available on Tricor Investor & Issuing House Services Sdn Bhd's ("Tricor") TIH Online website at <https://tiih.online>.



WHEN

Friday, 26 June 2020



TIME

10.00 am

Board of Directors

CHAIRMAN

Tan Sri Dr. Zeti Akhtar Aziz

BOARD MEMBERS

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

ABOUT OUR REPORT

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



RATIONALE

At Sime Darby Property, we place great emphasis on both sustainability and growth.

By keeping up with the changes in the industry, we have managed to sustain our business and grow exponentially through the decades, and that is why even after 47 years in the business, we are still one of the leading and sustainable property developers in Malaysia.

Each year tells a different story but one that reflects our growth in the business, and of our successful track record of developing sustainable communities.

Our winning mindset is reflected by the multiple local and international accolades we have won over the years, but more importantly it is represented by our people who strive to bring innovative solutions and deliver excellence in all that we do.

This report charts our growth so far and what we aim for the future.

CORPORATE BOOK

Contents

- Provide a comprehensive assessment of the Group's performance for the Financial Year 2019 and outlook for 2020.

Regulations Complied

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

Since our listing in 2017, this is our third annual report. It covers the Financial Year 2019 (FY2019) and is prepared in accordance with the principles prescribed by the International Integrated Reporting Council. Embarking on a journey with Integrated Reporting (IR) has been an important decision for us, in terms of evolving with our paradigm of 'value creation'. With IR, our attempt will be to further build on our strategies, improve on our processes, and strengthen our capitals.

PERIOD

The FY2019 report of Sime Darby Property Berhad (hereafter referred to as Sime Darby Property), covers the period of 1 January 2019 to 31 December 2019.

SCOPE

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

FORMAT

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

THE SIX CAPITALS

In progressing towards our vision of being a leader in building sustainable communities through sustainable property development, we are empowered by our six capitals (inputs) and encouraged by their outcomes. Our business model on page 30 contextualises how the capitals are deployed, how we apply our internal governance and systems, strategies to manage externalities and key performance indicators (KPIs) towards measuring outcomes across the six capitals.

STAKEHOLDER ENGAGEMENT & VALUE CREATION

We have applied the principles of Stakeholder Relationships and Materiality (see pages 32 to 37 on our Stakeholder Engagement Plan) when determining our organisational focus. This means understanding and responding to the needs of our stakeholders and matters that are material and significantly impact our ability to create value. The key material matters, various risks and opportunities associated with them, our mitigation, strategies, and outcomes are outlined on pages 40 to 48.

SUSTAINABILITY

Sime Darby Property's ultimate objective is to create sustainable communities and to create value for our multiple stakeholders. All our efforts are channelled towards creating positive impact across the 3 Sustainability Spheres – People, Planet and Prosperity. Our sustainability commitments and achievements for the period under review are included in this report on pages 192 to 223.

FORWARD LOOKING STATEMENTS

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



CORE BUSINESS

 **PROPERTY DEVELOPMENT**

 **PROPERTY INVESTMENT**

 **LEISURE & HOSPITALITY**

Township, Integrated and Niche Developments:

24

Land Bank to be Developed:

19,977 acres

Total Estimated Gross Development Value (GDV):

RM86.9 billion



PRESENCE IN

 MALAYSIA  UNITED KINGDOM  SINGAPORE  AUSTRALIA  VIETNAM



MARKET CAPITALISATION
RM6.2 billion
as at 31 December 2019



TOTAL ASSETS
RM15.5 billion
as at 31 December 2019



TOTAL EMPLOYEES
1,515
as at 31 December 2019



VISION

Leader in Building Sustainable Communities



MISSION

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



CORE VALUES [PRIME]

Passion | Respect & Teamwork | Integrity & Accountability | Make It Happen | Entrepreneurial Spirit

WHO WE ARE AND WHAT WE DO

Sime Darby Property is an established property developer with an excellent track record in developing residential, commercial and industrial properties.

We are Malaysia's biggest property developer in terms of land bank, with 19,977 acres of remaining developable land with a total estimated GDV of RM86.9 billion.

Our growth in the industry is represented by the 24 strategically located and active townships/developments built to date.

These townships/developments are connected to major highways and transportation hubs within key growth areas from the central region of Klang Valley to Negeri Sembilan and Johor in the South.

Our global reach not only encompasses assets and operations across the Asia Pacific region, but we are also present in the United Kingdom as the developer of the iconic Battersea Power Station project in central London.

We take pride as a developer of sustainable communities and of our achievement as the first Malaysian property developer to be awarded the International FIABCI Prix d'Excellence Awards twice for its Subang Jaya and UEP Subang Jaya townships.

Our townships have matured and remain as sought-after addresses with vibrant population centres throughout the years. We continue the progress with more new addresses at prime locations in the country.



CORE BUSINESS SEGMENTS & SEGMENT HIGHLIGHTS



PROPERTY DEVELOPMENT

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



Key Highlights

94.4%

Contribution to Group Revenue

RM 3.14 billion

Sales Achieved in FY2019

RM 1.55 billion

Unbilled Sales



PROPERTY INVESTMENT

Our Property Investment segment comprises retail, office and industrial assets which are located within Klang Valley and Singapore. Included in this segment is also the Concession Arrangement business that provides asset management services which include facilities and infrastructure management for campuses in the Pagoh Education Hub in Bandar Universiti Pagoh.



Key Highlights

RM 1.70 billion

Total Value of Assets

1.68 million sq.ft.

Total Net Lettable Area

87%

Average Occupancy Rate

4

institutions of higher learning

Over

7,800

students

* Total asset value, total net lettable area and average occupancy rate include assets held under joint ventures.

** The average occupancy rate excludes the occupancy rate of KL East Mall, which is expected to commence operations in the second half of 2020.

* Effective from 1 January 2019, the Group has combined the Property Investment and Concession Arrangement which have similar economic characteristics as a single operating segment.



LEISURE & HOSPITALITY

The Leisure and Hospitality arm of our business manages assets which include a convention centre, three golf courses, a cricket club and lawn bowl facilities in Malaysia and a serviced residence located in Vietnam.



Key Highlights

TPC KL received 4

recognitions from World Golf Awards and Asian Golf Awards 2019, including Audubon Cooperative Sanctuary for Golf in Malaysia

Achieved average

87.7%

Customer Satisfaction Index for 3 key Malaysian assets

OUR COMPETITIVE STRENGTHS



OUR DISTINCTIVE DEVELOPMENTS



TOWNSHIP DEVELOPMENT

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

Kota Elmina (1,540 acres)

Bukit Jelutong (2,205 acres)

Bandar Bukit Raja, Klang (4,333 acres)

Serenia City, Sepang (2,370 acres)

Nilai Impian, Nilai (1,809 acres)

Planters' Haven, Nilai (250 acres)

Putra Heights, Subang Jaya (1,796 acres)

Saujana Impian, Kajang (600 acres)

Bandar Ainsdale, Seremban (562 acres)

Bandar Universiti Pagoh, Muar (4,099 acres)

Taman Pasir Putih, Pasir Gudang (356 acres)

INTEGRATED DEVELOPMENT

KL East, Kuala Lumpur

- (160 acres)
- The Ridge
- The Veo
- KL East Mall

SJCC, Subang Jaya

- (30 acres)
- Lot 15
- Aurora

SJ7, Subang Jaya

(35 acres)

Ara Damansara, Petaling Jaya

- (693 acres)
- Oasis Corporate Park
- Cantara Residences

Melawati, Ulu Klang

- (880 acres)
- Serini
- Melawati Corporate Centre

SIGNATURE/NICHE DEVELOPMENT

KLGCC Resort, Kuala Lumpur

- (360 acres)
- Senada Residences
- East Residence

USJ Heights, Subang Jaya

(375 acres)

Chemara Hills, Seremban

(44 acres)

JOINT VENTURE DEVELOPMENTS

PJ Midtown

(6 acres)

Radia, Bukit Jelutong

(12 acres)

As at 31 December 2019

Number of Units Launched:

2,917

Number of Units Sold:

4,198

Sales Achieved:

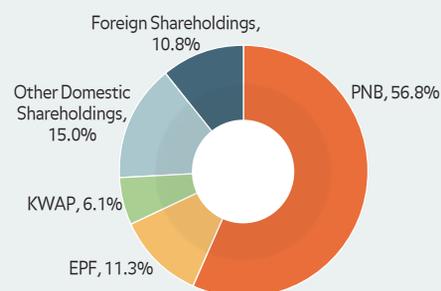
RM3.14 billion

Sales Performance as at 31 December 2019:

| Sales by Region | |
|-----------------------------|-------|
| Other areas in Klang Valley | 45.8% |
| Guthrie Corridor Expressway | 26.3% |
| Klang | 19.9% |
| Negeri Sembilan | 4.5% |
| Others | 3.5% |

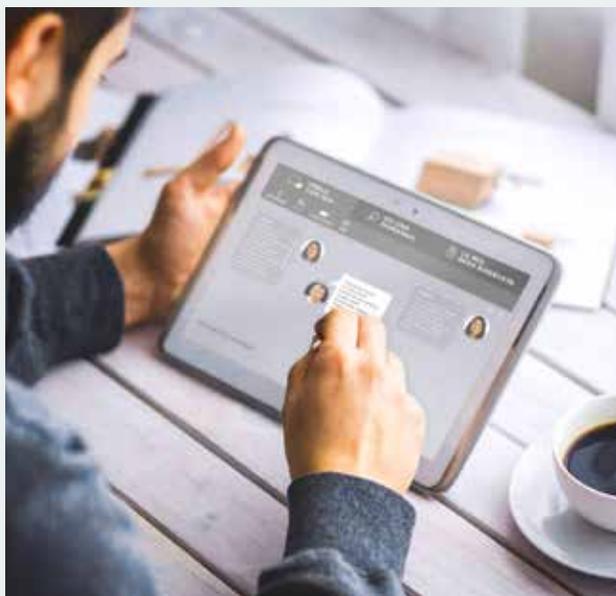
Shareholding Structure

as at 31 December 2019



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ANNUAL REPORT 2019



PDF Version
These reports are available on
our website



Go online to our website at:
www.simedarbyproperty.com



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“**M**arket uncertainty and volatility arising from global trade tensions, geo-political developments, digital disruptions, the unprecedented health scares and more discerning customers – all seem to be the ‘New Normal’ of this decade. In the face of adversity, the option is not to fail, but to overcome such challenges and to become more resilient. It is time to think differently, exercise caution, remain creative, forge partnerships, embrace inclusion, pursue growth with responsibility, and create value that is meaningful for everyone in the business and to the community. //”



CHAIRMAN'S STATEMENT

TAN SRI DR. ZETI AKHTAR AZIZ

DEAR STAKEHOLDERS,

It is with great pleasure and pride that I present this third Sime Darby Property Integrated Report following its listing as an independent business in 2017. While our strong legacy and parentage provided an initial impetus for growth, we have demonstrated our inherent capabilities and strong fundamentals by delivering an improved financial year amid a highly challenging operating environment. The year 2020 will experience an even more challenging environment, following the economic consequences of the global spread of coronavirus early in the first half of the year. I am however reinforced in my belief in the organisation, its potential, and its leadership in the field that will continue to create value for our shareholders and the stakeholders in our universe. To achieve our aspirations, we need to recognise some of the new mega trends that are reshaping our economy that relate to changes in our demographic structure, the changes in technology and digitalisation, the greater urbanisation, the infrastructure requirements including in the healthcare sector and the changing patterns in consumption demand.

The developments in 2019 were already extremely overwhelming. The global externalities – from the US-China trade tensions and the aftermath of Brexit, to the local market conditions with disparate demand and supply trends and the weak market sentiments. On the cusp of the new year 2020, trade and investment flows worsened with the COVID-19 pandemic that has plagued the world and augmented with the collapse in oil prices following tensions among the major economies. On the home front, Malaysians have largely remained peaceful and calm following the political developments and the health scare, reflecting the country's maturity and resilience.

However, the progressive Government policies and reform measures in 2019 boded well for the markets last year. Despite a challenging environment, the Malaysian economy was able to register Gross Domestic Product growth of 4.3 percent while the property market seemed to partially pick up in the first half of the year with the policy measures focused on affordable housing and the sizable emergence of new generation of first-time home buyers. But this does not provide us with the complete picture.

It is important to acknowledge and recognise the fact that the current imbalance in the property market, which has been building for some years, will correct itself and find its own equilibrium. Policymakers, analysts, market watchers, and industry players have been signaling the need for cautious optimism – with respect to the planned growth, with responsible investments, and prudent strategies. Additionally, the domestic economy in 2020 will suffer a setback following the overwhelming damage of the coronavirus pandemic to the global economy. What will separate leaders from laggards is the ability to continue rebuilding the business and catalyse the industry recovery and growth, while cushioning the economy against any potential negative spill-over effects from our sector.

Our shareholders and stakeholders are invested in Sime Darby Property's future. It is my strong conviction that our resilient, robust, and re-energising strategies will build on the performance that we have achieved over the recent two years. In the event of any severe setbacks following highly extreme global conditions, we can expect to be affected, but the foundations that we have put in place will increase our potential to emerge positively from these conditions.

 **30%**
rise in revenue
to **RM3.2 billion**



Net Profit

RM598.5
million



Landed properties at affordable price points contribute to strong take-up rates during launches.



CHAIRMAN'S STATEMENT

Navigating the Changing Landscape

The future for Sime Darby Property relies on our ability to remain agile, resourceful, and resilient. It is not only the challenges of the present, but also the imbalances in our sector that have been built up over the years that requires us to remain focused on identifying the opportunities while adjusting to the new operating environment so that we can sustain our performance and remain competitive.

In 2019, while the demand in certain property segments remained below average, the potential with landed and affordable properties, and the industrial products were promising. In response, the delivering of landed properties at affordable prices reinforced by Sime Darby Property's position as a reputable developer of townships generated positive outcomes, as was reflected by the strong take-up rates during the launches in 2019.

This has been reinforced by our technical expertise and design innovation. Additionally, greater consumer awareness was supported by the roll out of our marketing campaigns which effectively highlighted our unique value propositions. This garnered a positive response despite the weak market. The Primetime 8 and Spotlight 8 campaigns recorded RM2 billion in sales, contributing to our revenue potential.

In 2019, our capabilities were also strengthened through our joint venture projects, in particular, for the industrial business segment. We not only launched the Bandar Bukit Raja Industrial Gateway, but our project proved to be a milestone for the township with Built-to-Suit facilities and ready supply chain hubs.

In the retail segment, we also sought alternative solutions. We remained on track with our aspiration to expand our retail footprint, which served well in terms of increasing our recurring income potential.

Overall, these differentiated approaches to planning growth helped us deliver a positive year in 2019.

Continued Commitment to Performance

For the year ended 31 December 2019, the Group has performed satisfactorily with a net profit of RM598.5 million, a significant improvement from 2018. This is on the back of a 30 percent rise in revenue to RM3.2 billion for 2019.

In building our foundations for consistent financial performance, we remain committed to offer predictability in earnings to our shareholders year-on-year.

I am pleased to inform that the Board has declared dividends amounting to 3.0 sen per share for the financial year ended 31 December 2019 with a total dividend payout to shareholders amounting to RM204 million.

The dividends declared are a reflection of the value of the company. Our future will however also rely heavily on our continuing leadership in anticipating and proactively responding to the newly emerging trends and to be well-positioned to meet the consequent challenges with solutions of the future – for both customers as well as the marketplace.

Principles of Good Governance

Beyond financial performance and profits, I cannot emphasise enough on the critical need to embed principles of good governance in the conduct of our business. It is the cornerstone of our reforms to promote stability and growth for the property sector. The new order of the business and its complex challenges require transparent, inclusive and accountable governance mechanisms and leadership.

In 2019, we strengthened our orientation to governance and what this means for sustaining our performance and growth. An important area of focus for the Group during the year was to ensure our preparedness in meeting the requirements of Section 17A of the Malaysia Anti-Corruption Commission Act 2009 (MACC Act). The Act which was amended to introduce corporate liability for corruption offences of commercial organisations will be enforced on 1 June 2020.

While the Code of Business Conduct has made it clear that the Group has zero tolerance towards bribery and corruption, the Group has also taken necessary steps to identify various corruption risks across our operations and value chain, to plan and adopt adequate mitigation measures.

For a Sustainable Future

Our sustainability journey continues to receive due recognition from the investment community. For the second year running, Sime Darby Property has been recognised as the only Malaysian developer listed on the Dow Jones Sustainability Index, a global benchmark for corporate sustainability performance.

The rapid pace and adverse effects of climate change and other environmental shocks in the recent years have raised considerable awareness on the need to care for the environment. This however misses the other two pillars of sustainability namely people and prosperity. Apart from minimising environmental harm, organisations should also contribute to the betterment of society and to sustainable development. For Sime Darby Property, this is reflected in the way that we approach, design and develop our projects to achieve the intended impact for our stakeholders and to the community at large.



People for Progress

The development and retention of our employees have always been an important focus for the Group. This is reflected in the design and implementation of the human capital development strategies for the year under review. Also central to this is reinforcing the capabilities through continuous learning and development, and greater engagement.

This includes introducing new and updated learning programmes, and establishing an appraisal and rewards framework that drives performance while also increasing engagement levels significantly. Cumulatively, this aims to improve productivity which is integral to enhancing our overall performance and growth.

As part of our efforts to improve operational efficiency, the Group has also launched the first phase of the HR On-Cloud (HROC), an integrated, cloud-based solution to implement human resource management. HROC offers more convenience and greater connectivity for employees. It allows for access from anywhere and at anytime through a mobile application and web browser.

Acknowledgements

In closing, I would like to express my gratitude to fellow Board members for their efforts and contributions during the financial year. My heartfelt appreciation goes to the senior management and all the employees for their commitment and dedication.



Primetime 8 and Spotlight 8 marketing campaigns recorded

RM2 billion in sales



Launched Bandar Bukit Raja Industrial Gateway, a milestone for the township



Launched HR On-Cloud, an integrated cloud-based solution to implement human resource management.

On 22 April 2020 we welcome on Board Dato' Azmir Merican as our new Group Managing Director. He joins Sime Darby Property with a wealth of experience. We look forward to working with him to steer Sime Darby Property to a new direction and towards strengthening the organisational capacity of the corporation to address the new challenges that are before us. I wish to take this opportunity to thank Dato' Wan Hashimi Albakri W.A.A Jaffri who was Acting Group Chief Executive Officer for the eleven-month period prior to this. I also wish to thank members of the Board for the attention and time given to Sime Darby Property during this period to oversee the challenging matters confronting the corporation during the year. I would also like to thank Dato' Johan Ariffin following his retirement after a nine year tenure with the Board.

To our shareholders, we will strive to improve our performance and my sincere thanks for the continued trust and support accorded to the Group.

Tan Sri Dr. Zeti Akhtar Aziz
Non-Independent, Non-Executive Chairman



“The test of a sustainable business lies in how it navigates through the toughest of challenges and the most unfavourable market conditions. And tested Sime Darby Property has, as it will be time and again in the future. It was with the guidance of our senior leadership and management members that the Company navigated the challenging waters last year, and I am confident the same strength can see us through the troubled times ahead. **”**



ACTING GROUP CHIEF EXECUTIVE OFFICER'S REVIEW

DATO' WAN HASHIMI ALBAKRI W.A.A. JAFFRI

DEAR STAKEHOLDERS,

It is a known fact that more than 140 industries are positively influenced by the spill-over benefits from the property sector. Despite the economic and industry headwinds that are expected to come, the sector will continue to play an integral role in catalysing socio-economic progress. In most recent years, with strategic efforts of the Government to accelerate home ownership, we have also seen the relevance of this sector to enable policies that will contribute to the welfare of broader communities. And I acknowledge the responsibility of larger players such as Sime Darby Property to not just create an impetus for sectoral growth, but also in responding to the evolving needs of the marketplace with innovations of the future.

With this belief, in 2019, despite the less favourable operating environment and the lukewarm market sentiments, we focused our efforts on various internal and external opportunities that can be leveraged to successfully implement our strategic roadmap. For some years now, we have seen the demand-supply gaps widening, creating a situation of overhang and eroding rental returns in the case of commercial properties.

However, for the year under review, there were some positive initiatives from both the Government as well as the regulators. The Home Ownership Campaign, for instance, proved to be a springboard for young aspiring Malaysians to plan their first home purchase. To partially mitigate the imbalance, the price threshold for foreign buyers was reduced from RM1 million to RM600,000 for completed high-rise properties. Meanwhile, Bank Negara Malaysia (BNM) reduced the Overnight Policy Rate (OPR) to 2.75 percent from 3.00 percent as a pre-emptive measure to secure the nation's economic growth. The lower cost of borrowings will support domestic spending, which in turn will spur the domestic economy.

Sime Darby Property was not unaffected by the softened market. While the prospects seemed weak, our strength as a township developer gave us some protection against the demand and supply situation. Our ability to design and deliver product solutions to a cross-section of consumers in the market gave us a business advantage, in terms of our flexibility to diversify our revenue potential across segments. In 2019, a major share of our offerings was in the affordable product segment, targeted at first-home buyers. This strategy was instrumental in garnering good response from the market, contributing to our overall performance.



RM3.14 billion
sales, beating the annual
sales target by

37%



ACTING GROUP CHIEF EXECUTIVE OFFICER'S REVIEW

Beyond Challenges: Reporting Positive Growth

As at end FY2019, the Company registered a 30 percent growth in revenue, from RM2.4 billion in the previous financial year to RM3.2 billion. Profit before Interest and Tax (PBIT) also improved significantly from RM30.9 million in the previous year to RM567.3 million. Profit after Tax and Minority Interests or PATAMI was at RM598.5 million, a significant improvement from the previous year's loss of RM238.5 million. This sharp increase can be attributed to higher revenue and one-off gains.

The key contributor to revenue, however, has been the Property Development segment that saw a significant jump in segment result from the previous year to RM431.8 million in this current financial year, mainly attributed to the higher sales and development activities in Denai Alam, Bukit Jelutong, Nilai Utama, Bandar Bukit Raja, Serenia City and Putra Heights townships as well as KLGCC Resort and Cantara Residences.

A major achievement for Sime Darby Property was meeting its sales target for the year. The Company posted sales of RM3.14 billion, which exceeded its target of RM2.30 billion for 2019. Unbilled sales improved 4.9 percent and remained healthy at RM1.55 billion as at end December last year.

Beyond Financial Performance: Value Creation for All

During the year, our robust business roadmap reinforced our confidence in both people as well as our untapped potential. We allocated more resources, forged new partnerships to innovate and accelerated our performance by focusing on



qualitative aspects that could strengthen our businesses as well as create value for all stakeholders. Some of the key achievements include:

- With rapid advancements in technology, the new-age consumers interact, engage, and contribute through innovative and participative digital platforms. In 2019, we launched dto, Malaysia's first online crowdsourcing platform to reach-out to our ever-evolving customers and co-create solutions that are meaningful for everyone. With active solicitation of ideas from potential customers, we initiated efforts to conceptualise and co-create our first high-rise residential project – Aurora Subang Jaya. The future of property development will be increasingly about customisation or bespoke features that will capture the imagination of the new generation of consumers, who work with developers to design product solutions.
- With the ongoing phenomenon of global heating and climate emergency, there is growing pressure on the business community to manage and reduce its dependence on fossil fuels and transition to alternative energy sources. In keeping with our commitment to the sustainability agenda, we partnered with TNBX Sdn Bhd to provide the first-of-its-kind Smart Green Home Solutions. We became the first homegrown development to have installed photo voltaic panels in 513 units of Elmina Grove. Homeowners are now able to make significant savings of up to 50 percent per month on their electricity bills above RM200, in addition to reducing their individual and collective carbon footprint. The residents are also able to commercialise/sell excess energy back to the grid through Tenaga Nasional Berhad (TNB). The green solution offers consumers an option to meet their energy needs more efficiently with a smart meter, but also helps them fulfil their social responsibility towards the environment and the planet.
- Our customers are changing fast in their preferences and their behaviour. The marketplace is extremely competitive, with new disruptive forces. Amid such a challenging environment, innovation is the only solution to gain business and market advantage. Therefore, we started looking at the concept of Multi-Generational Homes. In the City of Elmina, our first landed strata precinct named Elmina Grove, with 513 residential units is the first phase that embraces multigenerational features to suit residents of different age groups and demographics, with diverse needs, interests and expectations.

Additionally, affordability alongside accessibility has been and will be the key customer value proposition into the future. During the year under review, we launched Elsa, our first product under the Affordable Collection in Bandar Bukit Raja, which was fully sold-out on the launch day itself. This encouraging trend continued with Serenia City, our youngest township, recording take-up rates of more than 90 percent.

Beyond Strategies: Realigning with the Changing Landscapes

The predictions of increased economic and industrial headwinds will catalyse corporations, particularly those in key sectors, to realign their strategies moving forward. This global predicament pushes the Management to remain vigilant in ensuring Sime Darby Property, as the largest property developer in the country, with international exposure, is protected via prudent cash flow management, alignment of immediate priorities and increased engagements with stakeholders.

More than two years after we unveiled our five strategic priorities, we believe that the Company has gained positive momentum. A key part of this is the setting-up of a new Industrial and Logistics Development business segment to spearhead our venture into this new growth area, especially in Bandar Bukit Raja, Serenia City and City of Elmina. We expect Bandar Bukit Raja to be a major beneficiary from the opening of two interchanges connecting the township to the new West Coast Expressway.

The Malaysia Vision Valley 2.0 is also gaining traction with the groundbreaking of its first industrial park in Nilai Impian. MVV 2.0 has been well supported by the Negeri Sembilan State Government and the revival of two major infrastructure projects, namely the East Coast Rail Link and the High Speed Rail, would benefit the development.

As for residential development, we will continue to prioritise developments in key areas, namely townships along the Guthrie Corridor Expressway, Bandar Bukit Raja, Serenia City and Nilai Impian.

This momentum however is expected to be affected by the global economic downturn that will beset Corporate Malaysia. While it is difficult to predict the near-term outlook, Sime Darby Property will prepare for all eventualities by being agile and respond rapidly to changes in the internal and external environment.

The COVID-19 pandemic has taught us that disruption comes in many forms. The restrictions that entail pushes us to rise and meet the changing requirements, and to keep up, we are using this period to revisit our current strategies to move towards a more wholesome approach of township development. This includes creating a supportive ecosystem for healthcare sector and SMEs as well as forming catalytic partnerships beneficial to the communities within our developments.



Property Development remains a key contributor to the Group's performance



Unbilled sales up
4.9%
to a healthy
RM1.55 billion

Beyond Business Acumen: Management Leadership

We strongly believe that alongside business acumen, to survive and compete amid the globalising market, businesses need strong leadership to motivate performance. I take pride in acknowledging the demonstrated leadership of our Board of Directors, Senior Management Team, and the Sime Darby Property family of employees to deliver a positive financial year.

To all our colleagues in Sime Darby Property, our heartfelt appreciation for your dedication and unwavering commitment.

And finally, we are also grateful for the support from the Government, the various regulatory bodies, our multitude of business partners and most importantly our customers for their unyielding trust.

We look forward to many more years of collaboration and growth.

Dato' Wan Hashimi Albakri W.A.A. Jaffri
Acting Group Chief Executive Officer



BUSINESS HIGHLIGHTS



Sales Achieved
RM3.14
 billion



4,198 units
 Number of
 units sold



Delivery of
 completed units
886 units
 mainly in City of
 Elmina, Bandar Bukit
 Raja and Bandar
 Universiti Pagoh

2nd
 year

Sime Darby Property was reselected as an
**Index Constituent of the Dow
 Jones Sustainability Index**



The only
Real Estate Company
 in Malaysia to
 receive the
 honour



Member of
**Dow Jones Emerging
 Markets sub-indices**

FINANCIAL HIGHLIGHTS & SEGMENT HIGHLIGHTS

REVENUE
RM

3,180.0 million

TOTAL EQUITY
RM

9,950.0 million

PATAMI
RM

598.5 million

NET ASSETS PER SHARE
ATTRIBUTABLE TO OWNERS
OF THE COMPANY

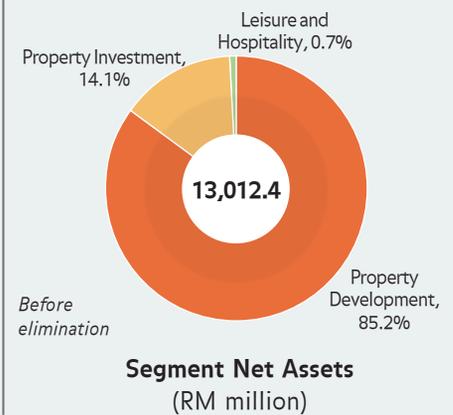
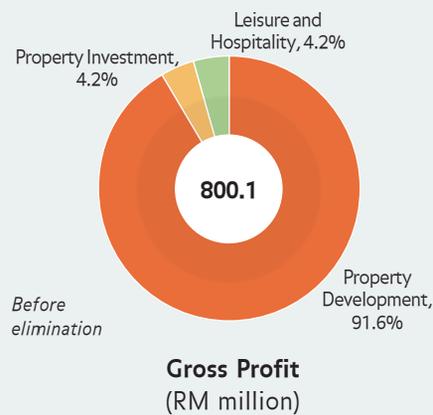
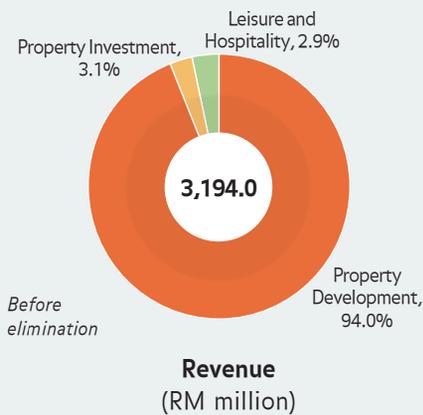
RM
1.43

SALES ACHIEVED
RM

3,135.7 million

GROSS DEBT-TO-EQUITY
RATIO

33.1 %



Property Development recorded a
Gross Profit of

RM
732.9 million

Property Investment registered a
Gross Profit of

RM
33.9 million

Leisure and Hospitality achieved a
Gross Profit of

RM
33.3 million



AWARDS AND ACHIEVEMENTS

2019

The Star Property Awards

Top Ranked Developers of the Year

The Happy Buyer Award (Most ROI Development Category)
Gateway 16 @Bandar Bukit Raja

High QCLASSIC Achievement Awards

Won 12 awards for a mix of residential and commercial developments

Malaysia Landscape Architecture Awards (MLAA)

Honour in Landscape Master Plan Awards (Developer Category)
Serenia City Landscape Master Plan

Honour in Landscape Analysis and Study Awards (Professional Category)
Town Park, Bandar Bukit Raja

Merit in Landscape Design Awards (Professional Category)
Linear Park, Putra Heights

BCI Asia Top 10 Developers Awards (Malaysia)

Putra Brand Awards

Gold Award in Property Category



The Edge Malaysia Property Excellence Awards

The Edge Top Property Developers Awards

The Edge – PEPS Value Creation Excellence Award
(Non-Residential Category)
Gateway 16 @Bandar Bukit Raja

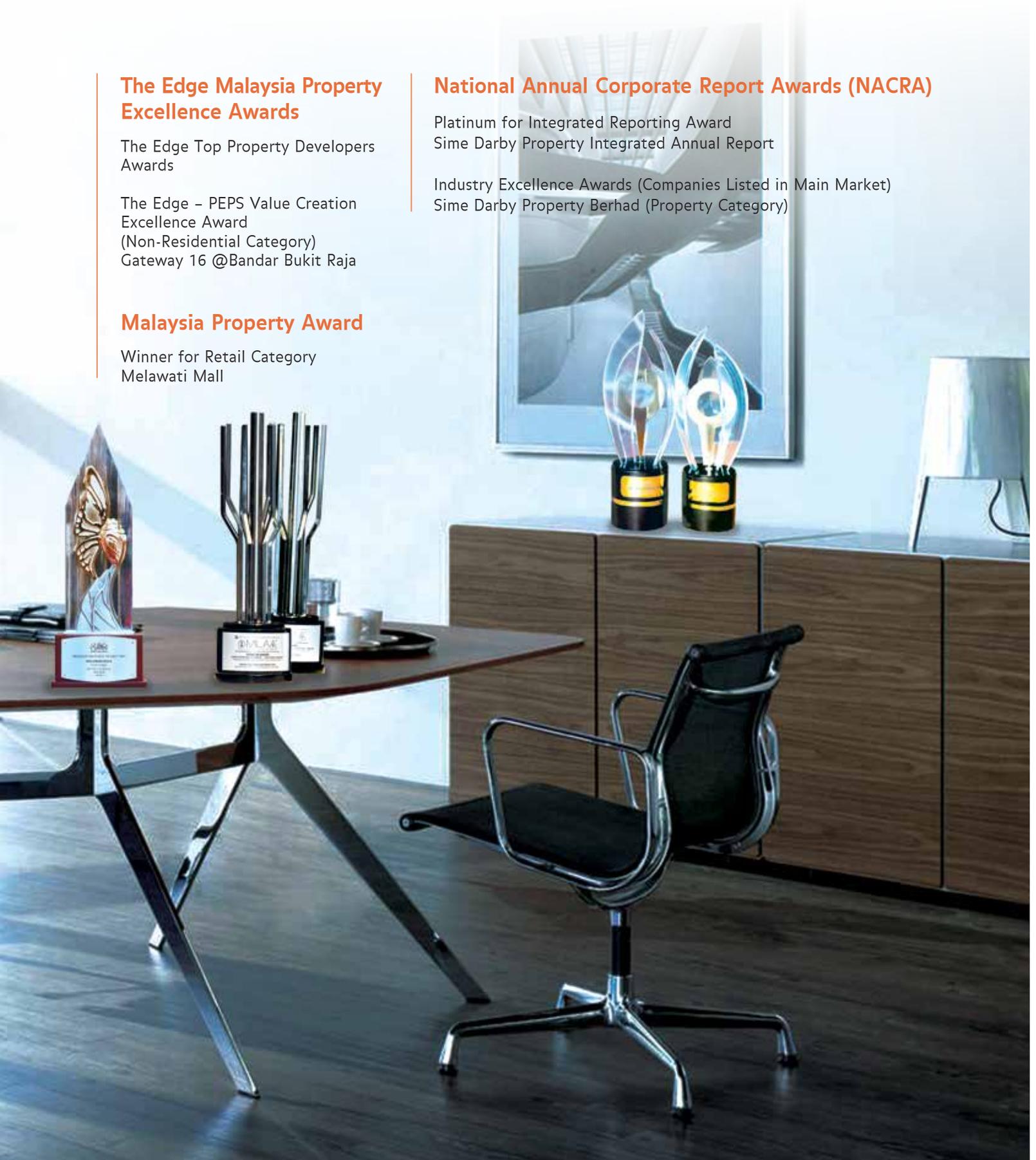
Malaysia Property Award

Winner for Retail Category
Melawati Mall

National Annual Corporate Report Awards (NACRA)

Platinum for Integrated Reporting Award
Sime Darby Property Integrated Annual Report

Industry Excellence Awards (Companies Listed in Main Market)
Sime Darby Property Berhad (Property Category)





KEY MILESTONES

1972

- Negara Properties, subsidiary of Golden Hope Plantations, launches Taman Melawati.

1974

- The launch of Subang Jaya township.

1984

- Sime UEP is established through the acquisition of a large stake in United Estates Projects Bhd.

1990

- Guthrie Property Development Holding Bhd is established and the Bukit Jelutong development commences.

1995

- Subang Jaya receives the International FIABCI Prix d'Excellence Award.

1997

- Bukit Jelutong wins Best Planned Township Award from the Institute of Town Planners in Malaysia.

2000

- Sime UEP, the first Malaysian developer to receive the MS ISO 14000 Environmental Management System.

2002

- The launch of Bandar Bukit Raja township, covering 4,333 acres.

2003

- Guthrie Property launches Denai Alam and wins the Institute of Planners' Planning Innovation Award for Township.

2005

- Completion of the Guthrie Corridor Expressway which connects Shah Alam and Rawang.

2007

- The merger of Sime Darby Bhd, Kumpulan Guthrie Bhd and Golden Hope Plantations Bhd.

2010

- Sime Darby Property forms a 50:50 joint venture with UEM Sunrise to develop Radia, a commercial development in Bukit Jelutong.

2011

- Sime Darby Property launches first affordable housing project in Bandar Ainsdale, in collaboration with PR1MA.

2012

- Sime Darby Property, SP Setia and EPF acquire the iconic Battersea Power Station site in London for £400 million.
- Sime Darby Property launches the 5,000-acre freehold City of Elmina township.
- Sime Darby Property signs concession agreements with the Government of Malaysia and four higher learning institutions to build the country's first multi-varsity education hub in Pagoh, Johor.
- Sime Darby Property enters a joint venture with CapitaMalls Asia to develop Melawati Mall in Taman Melawati.

2014

- Sime Darby Property launches Rumah Mampu Milik Johor at Taman Pasir Putih in Pasir Gudang.

2016

- Launch of Sime Darby Property Mobile Application.

2017

- Pagoh Education Hub completion in May 2017.
- Sime Darby Property opens Melawati Mall, a new iconic lifestyle mall in Taman Melawati.
- Sime Darby Property makes its debut on the Main Board of Bursa Malaysia Securities Berhad on 30 November 2017.

2018

- Sime Darby Property partners Japan's Mitsui and Mitsubishi Estate for Logistic and Industrial development at Bandar Bukit Raja.
- Tan Sri Dr. Zeti Akhtar Aziz is appointed the first woman chairman of the Board.
- Sime Darby Property and UNICEF sign an MoU to develop Malaysia's first Inclusive Playground in the City of Elmina.
- Official launch of Malaysia Vision Valley 2.0.

2019

- Launch of dto, Malaysia's first property co-creation digital platform.
- Sime Darby Property is reselected as an Index Constituent in the Dow Jones Sustainability Index.
- Sime Darby Property makes more than RM1 billion sales with Primetime 8 campaign.
- Sime Darby Property partners a Malaysian-based environmental NGO to set up a rainforest knowledge centre in the City of Elmina.
- Sime Darby Property collaborates with TNBX Sdn Bhd to provide smarter and greener homes in the City of Elmina.
- Spotlight 8 campaign hits RM1 billion sales.
- Groundbreaking ceremony of Bandar Bukit Raja Industrial Gateway.



GROUP CORPORATE STRUCTURE (OPERATING ENTITIES)



▶ MALAYSIA: WHOLLY-OWNED SUBSIDIARIES

Harvard Hotel (Jerai) Sdn Bhd
 Impian Golf Resort Berhad
 Kuala Lumpur Golf & Country Club Berhad
 MVV Holdings Sdn Bhd
 Sime Darby Builders Sdn Bhd
 Sime Darby Property (Ainsdale) Sdn Bhd
(formerly known as Sime Darby Ainsdale Development Sdn Bhd)
 Sime Darby Property (Ampar Tenang) Sdn Bhd
(formerly known as Sime Darby Ampar Tenang Sdn Bhd)
 Sime Darby Property (Ara Damansara) Sdn Bhd
(formerly known as Sime Darby Ara Damansara Development Sdn Bhd)
 Sime Darby Property (BBR Industrial I) Sdn Bhd
 Sime Darby Property (Bukit Jelutong) Sdn Bhd
(formerly known as Sime Darby Augsburg (M) Sdn Bhd)
 Sime Darby Property (Bukit Raja) Sdn Bhd
(formerly known as Sime Darby USJ Development Sdn Bhd)
 Sime Darby Property (Bukit Selarong) Sdn Bhd
 Sime Darby Property (Bukit Subang) Sdn Bhd
(formerly known as Sime Darby Paralimni Sdn Bhd)
 Sime Darby Property (Bukit Tunku) Sdn Bhd
 Sime Darby Property (Chemara) Sdn Bhd
(formerly known as Sime Darby Chemara Sdn Berhad)
 Sime Darby Property (City of Elmina) Sdn Bhd
(formerly known as Sime Darby Elmina Development Sdn Bhd)
 Sime Darby Property (Convention Centre) Sdn Bhd
(formerly known as Stableford Development Sdn Bhd)
 Sime Darby Property (Golfhome) Sdn Bhd
(formerly known as Golfhome Development Sdn Bhd)
 Sime Darby Property (Golftek) Sdn Bhd
(formerly known as Golftek Development Sdn Bhd)
 Sime Darby Property (Ironwood) Sdn Bhd
(formerly known as Ironwood Development Sdn Bhd)
 Sime Darby Property (KL East) Sdn Bhd
(formerly known as Sime Darby Melawati Development Sdn Bhd)
 Sime Darby Property (Klang) Sdn Bhd

Sime Darby Property (KLGCC Resort) Sdn Bhd
(formerly known as Sime Darby KLGCC Development Sdn Bhd)
 Sime Darby Property (Kulai) Sdn Bhd
(formerly known as Sime Darby Kulai Development Sdn Bhd)
 Sime Darby Property (Lagong) Sdn Bhd
(formerly known as Sime Darby Landscaping Sdn Bhd)
 Sime Darby Property (Lembah Acob) Sdn Bhd
 Sime Darby Property (Lukut) Sdn Bhd
(formerly known as Sime Darby Lukut Development Sdn Bhd)
 Sime Darby Property (Nilai Realty) Sdn Bhd
(formerly known as Sime Darby Properties Realty Sdn Bhd)
 Sime Darby Property (Nilai) Sdn Bhd
 Sime Darby Property (Pagoh) Sdn Bhd
(formerly known as Sime Darby Pagoh Development Sdn Bhd)
 Sime Darby Property (Sabah) Sdn Bhd
(formerly known as Sime Darby Properties (Sabah) Sdn Bhd)
 Sime Darby Property (Saujana Impian) Sdn Bhd
(formerly known as Sime Darby Sungai Kantan Development Sdn Bhd)
 Sime Darby Property (Selangor) Sdn Bhd
(formerly known as Sime Darby Properties (Selangor) Sdn Bhd)
 Sime Darby Property (Serenia City) Sdn Bhd
(formerly known as Sime Darby Serenia Development Sdn Bhd)
 Sime Darby Property (SJ7) Sdn Bhd
(formerly known as Syarikat Perumahan Guthrie Sdn Bhd)
 Sime Darby Property (Subang) Sdn Bhd
 Sime Darby Property (Sungai Kapar) Sdn Bhd
 Sime Darby Property (USJ) Sdn Bhd
 Sime Darby Property (Utara) Sdn Bhd
 Sime Darby Property Holdings Sdn Bhd
 Sime Darby Property Management Sdn Bhd
 Sime Darby Property Selatan (Holding) Sdn Bhd
(formerly known as Sime Darby Johor Development Sdn Bhd)
 Sime Darby Property Urus Harta Sdn Bhd
(formerly known as Sime Darby Urus Harta Sdn Bhd)
 Sime Wood Industries Sdn Bhd

▶ MALAYSIA: NON-WHOLLY-OWNED SUBSIDIARIES

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

▶ MALAYSIA: JOINT VENTURE

PJ Midtown Development Sdn Bhd
 Sime Darby Property CapitaLand (Melawati Mall) Sdn Bhd
(formerly known as Sime Darby CapitaLand (Melawati Mall) Sdn Bhd)
 Sime Darby Property MIT Development Sdn Bhd
(formerly known as Sime Darby MIT Development Sdn Bhd) Group
 Sime Darby Sunrise Development Sdn Bhd

▶ FOREIGN: WHOLLY-OWNED SUBSIDIARIES

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

▶ FOREIGN: 40% ASSOCIATES

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

Note:

For the full list of entities, please refer to pages 335 to 342, Note 44 List of Subsidiaries, Joint Ventures and Associates

CORPORATE INFORMATION

BOARD OF DIRECTORS

Tan Sri Dr. Zeti Akhtar Aziz
(Non-Independent Non-Executive Chairman)

Dato' Azmir Merican Dato' Azmi Merican
(Group Managing Director – appointed on 22 April 2020)

Dato' Jaganath Derek Steven Sabapathy
(Senior Independent Non-Executive Director)

Tengku Datuk Seri Ahmad Shah Alhaj ibni Almarhum Sultan Salahuddin Abdul Aziz Shah Alhaj
(Independent Non-Executive Director)

Dato' Johan Ariffin
(Non-Independent Non-Executive Director)

Datuk Dr. Mohd Daud Bakar
(Non-Independent Non-Executive Director)

Dato' Seri Ahmad Johan Mohammad Raslan
(Independent Non-Executive Director)

Datin Norazah Mohamed Razali
(Independent Non-Executive Director)

Encik Rizal Rickman Ramli
(Non-Independent Non-Executive Director)

Datuk Poh Pai Kong
(Independent Non-Executive Director)

GROUP MANAGING DIRECTOR

Dato' Azmir Merican Dato' Azmi Merican
(appointed on 22 April 2020)

GROUP SECRETARY

Moriami Mohd (MAICSA 7031470)

REGISTERED OFFICE

Level 10, Block G
No. 2, Jalan PJU 1A/7A
Ara Damansara, PJU 1A
47301 Petaling Jaya
Selangor Darul Ehsan
Malaysia
Tel. no.: +603 7849 5000
Fax no.: +603 7849 5688
E-mail address: property.communications@simeidarbyproperty.com
Website: www.simeidarbyproperty.com

SHARE REGISTRAR

Tricor Investor & Issuing House Services Sdn Bhd
Registration No. 197101000970 (11324-H)

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

Tel. no.: +603 2783 9299
Fax no.: +603 2783 9222
Email: is.enquiry@my.tricorglobal.com

Customer Service Centre:

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

AUDITORS

PricewaterhouseCoopers PLT
(LLP0014401-LCA & AF 1146)

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

Tel no.: +603 2173 1188
Fax no.: +603 2173 1288

FORM OF LEGAL ENTITY

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

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

STOCK EXCHANGE LISTING

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

Stock Code : 5288
Stock Name : SIMEPROP

PLACE OF INCORPORATION AND DOMICILE

Malaysia

MARKET REVIEW AND OUTLOOK

THE MALAYSIAN ECONOMY AND GENERAL OPERATING LANDSCAPE

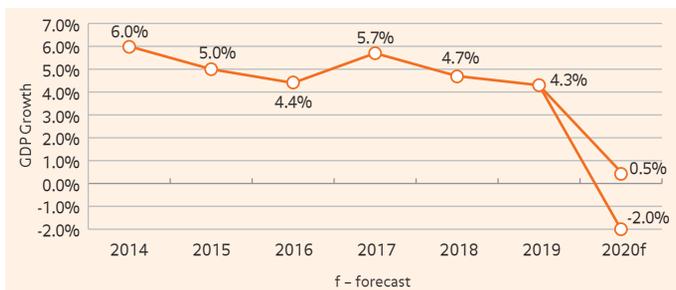
2020 is expected to be an exceptionally challenging year for the global economy. Confronted with an unprecedented health crisis due to the COVID-19 pandemic, the global economy is projected to register negative growth in 2020 mainly due to the significant economic repercussions. The International Monetary Fund (IMF) declared that the global economy has entered into recession, which is estimated to be at least as severe as the 2007-2009 Global Financial Crisis, and a projected recovery only in 2021¹.

Against this highly challenging global economic outlook, Malaysia's Gross Domestic Product (GDP) growth is projected to be between -2.0 percent to +0.5 percent in 2020 (2019: 4.3 percent), supported by stimulus measures, policy rate cuts, continued progress of public projects and higher public sector expenditure.

Inflationary pressures remain subdued backed by lower global oil and commodity prices, as well as, weaker consumer demand, with headline inflation forecasted to average between -1.5 percent to +0.5 percent in 2020 (2019: 0.7 percent). Without direct downward impact from lower global oil prices, underlying inflation as measured by core inflation, is projected to remain positive – averaging between 0.8 to 1.3 percent reflecting subdued demand pressures, expectations for a negative output gap and weak labour market conditions. The Malaysian economy, however, is likely to weather these challenges given the massive fiscal response and the Bank Negara Malaysia's (BNM) broad range of policy measures implemented to support the economy.

Economic Indicators

GROSS DOMESTIC PRODUCT (GDP) GROWTH

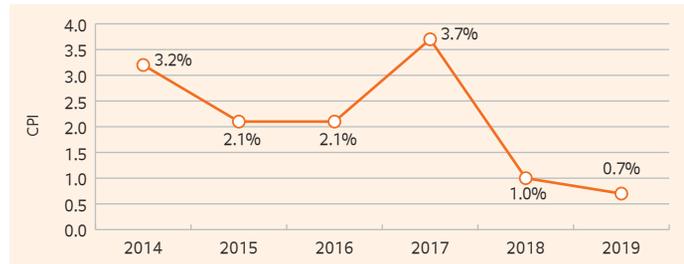


Source: Department of Statistics, Bank Negara Malaysia Press Release 12 February 2020, Economic and Monetary Review 2019, Bank Negara Malaysia, 3 April 2020

Malaysia's GDP growth has generally declined since 2014 with the lowest growth being in 2016 following which, it peaked at 5.7 percent in 2017. Malaysia's GDP growth marginally declined in 2019 to 4.3 percent from 4.7 percent in 2018. The GDP growth is projected to be between -2.0 percent and +0.5 percent in 2020, affected by weak global demand, supply chain disruptions and COVID-19 containment measures both abroad and domestically.²

1 Press Release by IMF Managing Director, Kristalina Georgieva's statement following a Conference Call of the International Monetary and Financial Committee (IMFC) on 27 March 2020.
2 Economic and Monetary Review 2019, Bank Negara Malaysia, 3 April 2020.

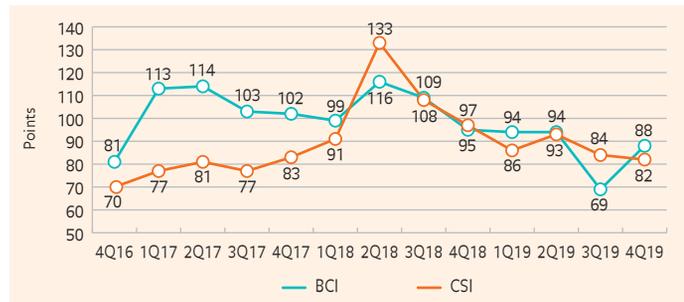
CONSUMER PRICE INDEX (CPI)



Source: Department of Statistics, Jones Lang Wootton (JLW) Research

The Consumer Price Index (CPI) increased in 2017 to 3.7 percent, which was the highest inflation rate since 2014 at 3.2 percent. The CPI then declined significantly to 1.0 percent in 2018 and subsequently 0.7 percent in 2019. The main contributors to inflation were "housing, water, gas, electricity and other fuels" followed by "food & non-alcoholic beverages and alcoholic beverages & tobacco".

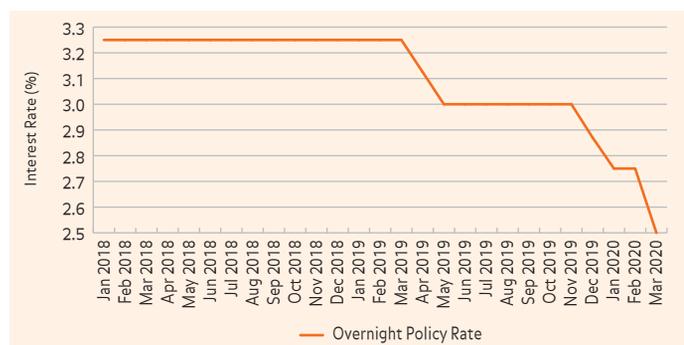
BUSINESS CONDITIONS INDEX (BCI) AND CONSUMER SENTIMENT INDEX (CSI)



Source: Malaysian Institute of Economic Research (MIER), Jones Lang Wootton (JLW) Research

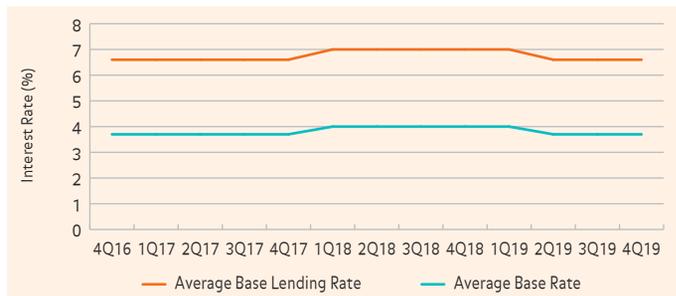
In 4Q2019, the Consumer Sentiment Index (CSI) decreased to 82 points from 84 points in 3Q2019, mainly due to less favourable finances, a weak job outlook lowering income expectations and selective spending plans. The Business Conditions Index (BCI) improved to 88 points in 4Q2019 from 69 points in 3Q2019 with improved capital investment, sales and improved domestic and external orders.

INTEREST RATES



Source: Monthly Highlights & Statistics, Interest Rates, Bank Negara Malaysia. Jones Lang Wootton (JLW) Research

BNM has reduced the Overnight Policy Rate (OPR) to 2.75 percent from 3.00 percent on 22 January 2020. On 3 March 2020, BNM has further reduced the OPR to 2.50 percent to provide a more accommodative monetary environment to support the projected improvement in economic growth³. The lower cost of borrowings will help to promote domestic spending, which in turn will spur the domestic economy.



Source: Monthly Highlights & Statistics, Interest Rates, Bank Negara Malaysia. Jones Lang Wootton (JLW) Research

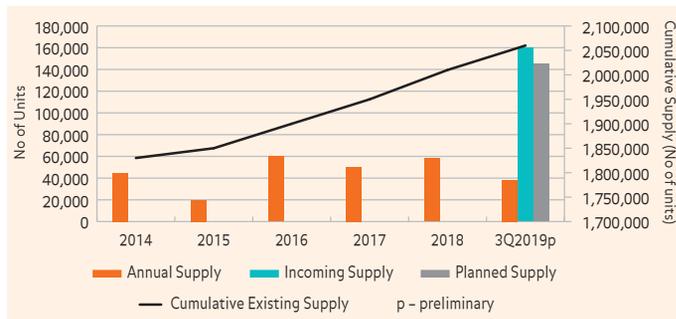
The average Base Lending Rate (BLR) declined to 6.71 percent in May 2019 and has remained stable thereafter until December 2019. However, the average BLR has reduced to 6.50 percent in January 2020.

MARKET COMMENTARY ON PROPERTY SECTOR

Residential Sector

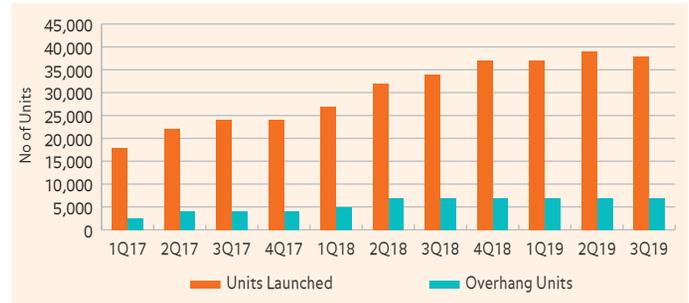
As at 3Q2019, the total cumulative supply of residential properties in the Klang Valley was 2.06 million units while incoming supply and planned supply recorded 160,956 and 144,001 units respectively. The total units launched in 3Q2019 was 38,908 units and the overhang units (refers to “completed units but remained unsold”) were 7,119 units. The number of overhang units has been relatively stable at circa 7,000 units since 2Q2018.

Klang Valley: Supply of Residential Properties



Source: Annual Property Market Reports 2014 – 2018 of Selangor, Kuala Lumpur and Putrajaya (Klang Valley), Valuation & Property Services Department of Malaysia (NAPIC). Residential Property Stock Table 3Q2019 of Selangor, Kuala Lumpur, Putrajaya (Klang Valley), National Property Information Centre (NAPIC). Jones Lang Wootton (JLW) Research

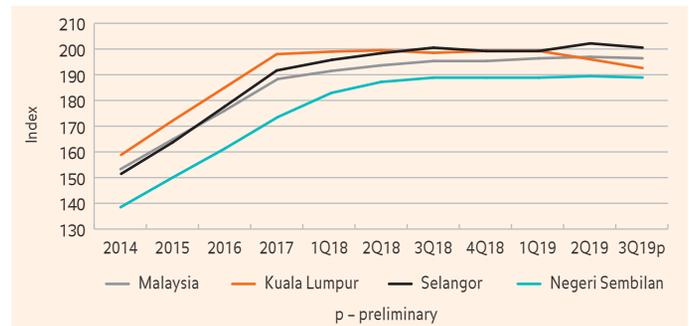
Klang Valley: Launched and “Overhang” of Residential Units



Source: Property Market Status Report, Property Overhang 1Q2017-3Q2019 of Selangor, Kuala Lumpur and Putrajaya (Klang Valley), National Property Information Centre (NAPIC). Jones Lang Wootton (JLW) Research

The Malaysia House Price Index for all types of houses in 3Q2019 for Malaysia was 196.1 points which was marginally higher Y-o-Y than the house price index in 3Q2018 which was 195.3 points. The house price index for Selangor in 3Q2019 was 200.7 points compared with 200.5 points in 3Q2018 while in Negeri Sembilan, the house price index in 3Q2019 was at 189.0 points compared with 189.1 points in 3Q2018. The Y-o-Y house price index was relatively stable, which indicates a sustainable demand for houses in Selangor and Negeri Sembilan.

Malaysia House Price Index



Source: The Malaysia House Price Index, National Property Information Centre (NAPIC), 2014-3Q2019, Jones Lang Wootton (JLW) Research

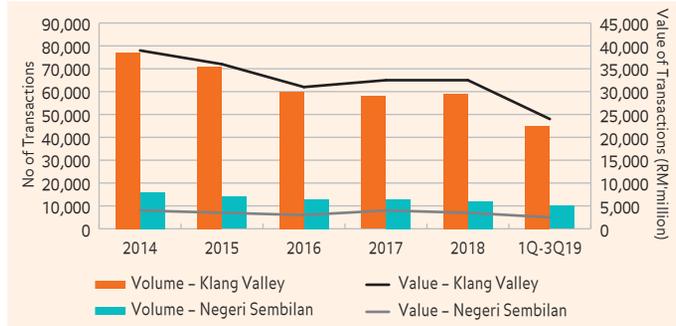
The volume of transactions of residential properties has been declining since 2014 and in the first three quarters of 2019, the number of residential properties transacted was 55,139. The bulk of the transactions remain to be in Klang Valley, averaging at 83 percent every year. The total value of the properties transacted decreased between 2014 and 2016 but increased marginally in 2017 and remained stable in 2018. In line with the stability trend, up to 3Q2019, the total value of the residential transactions was RM26,652 million compared with RM36,073 million in 2018. 90 percent of the transacted value was recorded in the Klang Valley. The demand for houses in Negeri Sembilan has been relatively stable. New houses in well-planned and accessible townships in Seremban which are attractively priced can expect to generate interests due to the lower price points compared with the price of new houses in the Klang Valley.

³ Monetary Policy Statement Press Release, 3 March 2020, Bank Negara Malaysia.



MARKET REVIEW AND OUTLOOK

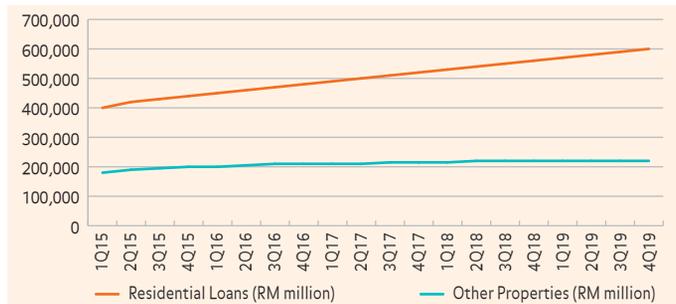
Klang Valley & Negeri Sembilan: Residential Property Transaction Volume and Value



Source: Annual Property Market Reports 2014 – 2018 of Selangor, Kuala Lumpur and Putrajaya (Klang Valley), Negeri Sembilan, Valuation & Property Services Department of Malaysia (NAPIC), Property Sales Data 1Q – 3Q2019 of Selangor, Kuala Lumpur and Putrajaya (Klang Valley), Negeri Sembilan, National Property Information Centre (NAPIC), Jones Lang Wootton (JLW) Research

The value of loans approved for residential properties has been on an increasing trend. In 4Q2019 the total loans approved for residential properties were valued at RM600,006 million, or 34 percent of the total loans approved which was RM1.77 trillion (which includes other loans such as car loans, credit cards, personal loans etc.). Comparatively, loans approved for other types of properties were RM225,168 million, or 13 percent of the total loans approved in 4Q2019.

Malaysia: Loans Approved for Residential Properties



Source: Monthly Highlights & Statistics, Classification of Loans & Financing by Purpose, Bank Negara Malaysia, Jones Lang Wootton (JLW) Research

RESIDENTIAL MARKET OUTLOOK

Despite the two OPR cuts and three stimulus packages announced by the Government, the residential property market is expected to be sluggish in 2020 due to the impact of the COVID-19 pandemic. Growing concerns on rising job cuts and global recession could continue to hurt buying sentiment and pose risks to the recovery of the residential property market.

In the absence of real estate related interventions such as reduction in Real Property Gains Tax (RPGT) rate or extension of Home Ownership Campaigns (HOC) to directly encourage demand, the market will continue to be subdued, leading to potential price adjustments to address stalled demand.

Without any short term signs of recovery, developers will be cautious about the scale, pricing and pace of their projects and will focus on launching “demand driven” products, with a tailored pricing strategy.

However, as the global economy recovers and normalises in 2021, reasonably priced residential properties in master planned townships and developments that are supported by amenities aimed at local owner-occupier market are expected to attract purchasers. Township developments in accessible locations via various highway networks and close to established commercial centres such as Sepang, Semenyih, Sungai Buloh, Rawang and Puncak Alam are expected to continue to be in demand among house buyers.

Commercial Sector

PURPOSE BUILT OFFICE

Klang Valley: Office Supply and Demand



Source: The Malaysian Quarterly Property Market Report (Klang Valley) 4Q2015 – 4Q2019, Jones Lang Wootton (JLW) Research

The Klang Valley’s office supply has been increasing and will continue to do so in 2020, while demand growth has been relatively slow resulting in the occupancy rate being on a steady trend of decline. As at the end of 4Q2019, total office supply was recorded at 125 million sq. ft. and the average occupancy rate was 74 percent. However, the average occupancy rate of good quality office buildings in suburban, commercially established locations was higher than Klang Valley’s, with the exception of Shah Alam.

| | Klang Valley | Damansara Heights | Petaling Jaya | Subang Jaya | Shah Alam |
|--|--------------|-------------------|---------------|-------------|-----------|
| Existing Supply (million sq ft) | 125.4 | 5.4 | 16.8 | 3.3 | 4.8 |
| Future Supply 2020 Completions (million sq ft) | 6.0 | 0.0 | 1.5 | 0.0 | 0.8 |
| Average Occupancy Rate | 74% | 81% | 77% | 81% | 69% |

Source: The Malaysian Quarterly Property Market Report (Klang Valley) 4Q2019, Jones Lang Wootton (JLW) Research

Office Market Outlook

Demand is likely to continue to be driven by the trend of existing tenants’ relocations in the short to medium term. The lack of office demand growth has prompted landlords especially those of the newer office buildings to aggressively market their buildings to the current existing “tenant pool”, aiming to relocate the readily available tenants from older office buildings into their buildings. As competition intensifies, some landlords will also target Multinational Corporations (MNC) in the region. Fundamentals in the office market still remain firm, albeit with some signs of a continued slowdown in 2020. High-growth tech, creative and business services companies are expected to continue to drive occupancy rates, but the maturing co-working sector could experience tapering growth ahead following much activity in the past few years. With new supply of top quality Prime A space entering the market, tenants can expect a wide choice of space availability as “flights to quality” continue and they take advantage of effective rent compression and vacant space in office buildings becoming available in 2020 and 2021.

Due to the poor market sentiment, large existing and future supply, limited office demand, poor rental growth prospects and an overall prolonged slow market, the office investment market is not expected to gain any traction in the short term as investors will remain highly selective.

Further to the existing excess in the office market, the measures taken to contain the spread of COVID-19 including enforced business premise closures and restricted social activities will also have implications on private sector investment and business activities. The pandemic may in turn adversely impact the demand and rental growth of office space.

PURPOSE BUILT RETAIL MARKET

Klang Valley: Purpose Built Retail Supply and Demand



Source: The Malaysian Quarterly Property Market Report (Klang Valley) 4Q2015 – 4Q2019, Jones Lang Wootton (JLW) Research

Rapidly maturing new townships in the Klang Valley’s suburbs have been main contributors to the healthy development of retail centres. Total retail supply as at the end of 2019 increased to 72 million sq. ft. and the average occupancy rate was 76 percent, marginally lower than the 77 percent recorded at the end of 2018. The average occupancy rate of the retail centres in the eastern region (including Hulu Kelang and Taman Melati) was above the market average, mainly supported by a growing ready population catchment. Retail sales turnover has been steadily increasing with a higher growth rate recorded in recent years supported by the Klang Valley’s population growth.



Source: Retail Group Malaysia, Jones Lang Wootton (JLW) Research

| | Klang Valley | Eastern Region |
|--|--------------|----------------|
| Existing Supply (million sq ft) | 72.0 | 6.8 |
| Future Supply 2020 Completions (million sq ft) | 5.2 | 0.7 |
| Average Occupancy Rate | 76% | 82% |

Note: Eastern region covers Taman Melawati, Taman Melati/KL East, Wangsa Maju, Ampang, Taman Maluri

Source: The Malaysian Quarterly Property Market Report (Klang Valley) 4Q2019, Jones Lang Wootton (JLW) Research

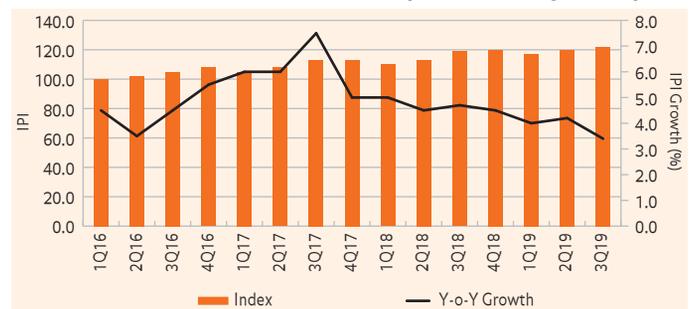
Retail Market Outlook

The COVID-19 pandemic is expected to cause retail sales growth to deteriorate in 2020 and the impact will be more severe in the case of malls with rental contributions that are highly dependent on tenant sales and urban malls that typically have higher exposure to tourists.

However, with a ready population catchment in KL East and Taman Melawati as well as limited future supply in the pipeline, demand for space in well managed retail centres will continue to be favourable as risks from the pandemic subside and consumer sentiments improve, which is expected to be in the final quarter of 2020. Moreover, existing retail centres in the area provide a convenient and lifestyle retailing experience, which meets the expectation of the target market. Leasing conditions are, however, expected to generally remain challenging with slowing or no short term rental growth, curbed by downwards pressure on retailers’ profitability and a slow rebound in retail spending growth. Rentals for the top prime, performing retail centres, with full or nearly full occupancies, will, however, be resilient and could increase marginally, particularly for prominent outlets in prime positions.

Industrial Sector

Industrial: Industrial Production Index (Manufacturing Sector)

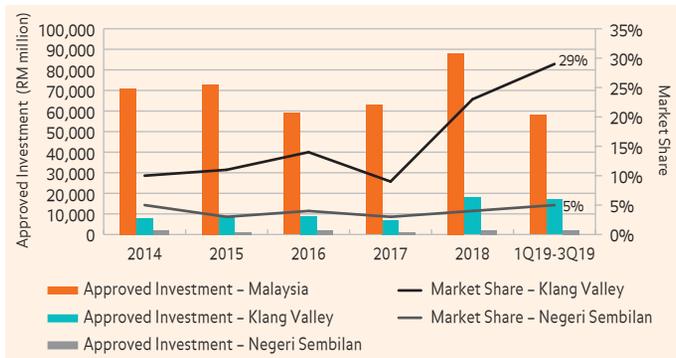


Source: Monthly Highlights & Statistics, Macroeconomic Indicators, Bank Negara Malaysia, Jones Lang Wootton (JLW) Research

MARKET REVIEW AND OUTLOOK

The industrial production index (IPI) of the manufacturing sector remained positive (above the 100 point mark) but has registered a slower Y-o-Y growth trend due to weaker demand resulting from the slower local and global economic growth.

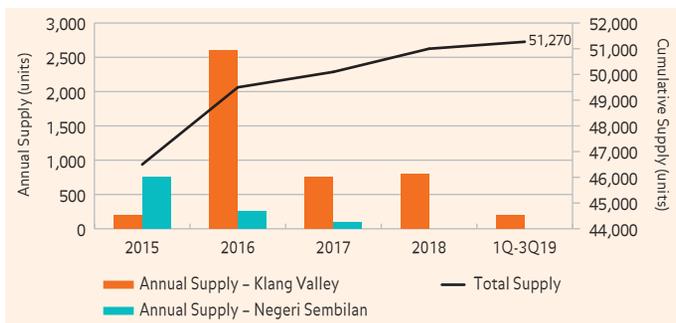
Klang Valley & Negeri Sembilan: Approved Investment in Manufacturing



Source: Facts & Figures, Malaysia Industrial Development Authority (MIDA), Jones Lang Wootton (JLW) Research

In 2018, the total capital investment in the Klang Valley and Negeri Sembilan's manufacturing sectors rebounded and continued to increase respectively. In the first nine months of 2019, total investment in the Klang Valley and Negeri Sembilan was RM17 billion and RM2.6 billion respectively, which represented 29 percent and 5 percent of the total investment in Malaysia respectively.

Klang Valley & Negeri Sembilan: Supply of Ready Built Factories

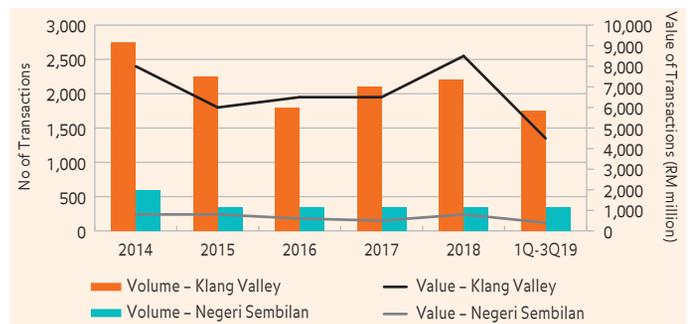


Source: Annual Property Market Reports 2014 – 2018 of Selangor, Kuala Lumpur and Putrajaya (Klang Valley), Negeri Sembilan, Valuation & Property Services Department of Malaysia (NAPIC), Industrial Property Stock Table 1Q – 3Q2019 of Selangor, Kuala Lumpur and Putrajaya (Klang Valley), Negeri Sembilan, National Property Information Centre (NAPIC), Jones Lang Wootton (JLW) Research

As at 3Q2019, there were a total of 51,270 ready built factories in Klang Valley and Negeri Sembilan, of which 16 percent was located in Klang district, 9 percent in Seremban district and 2 percent in Sepang district. Another 3,469 ready built factories formed the future supply, the majority (69 percent) of which were at planning stage and 31 percent were incoming supply. 38 percent of the future stock was located in Klang district, followed by the districts of Seremban and Sepang at 17 percent and 2 percent respectively. Weak

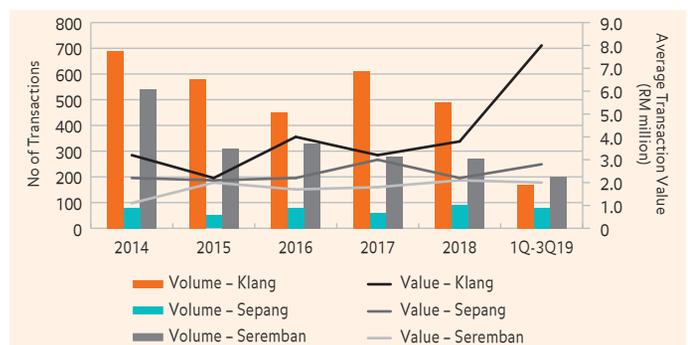
investment sentiment affected the volume and value of ready built industrial property transactions in both Klang Valley and Negeri Sembilan. Collectively, a total of 15,309 ready built factories were transacted between 2014 and 3Q2019 at a total value of RM43.5 billion. 20 percent of these transactions were within the Klang district followed by the districts of Seremban and Sepang at 13 percent and 3 percent respectively. In terms of value, 25 percent was within Klang while Seremban and Sepang recorded 8 percent and 3 percent respectively. Despite the reducing volume and value, the average transaction value in the Klang, Sepang and Seremban districts increased in 2019.

Klang Valley & Negeri Sembilan: Annual Transaction Volume and Value



Source: Annual Property Market Reports 2014 – 2018 of Selangor, Kuala Lumpur and Putrajaya (Klang Valley), Negeri Sembilan, Valuation & Property Services Department of Malaysia (NAPIC), Property Sales Data 1Q – 3Q2019 of Selangor, Kuala Lumpur and Putrajaya (Klang Valley), Negeri Sembilan, National Property Information Centre (NAPIC), Jones Lang Wootton (JLW) Research

Klang District, Sepang District & Seremban District: Annual Transaction Volume and Value



Source: Annual Property Market Reports 2014 – 2018 of Selangor, Kuala Lumpur and Putrajaya (Klang Valley), Negeri Sembilan, Valuation & Property Services Department of Malaysia (NAPIC), Property Sales Data 1Q – 3Q2019 of Selangor, Kuala Lumpur and Putrajaya (Klang Valley), Negeri Sembilan, National Property Information Centre (NAPIC), Jones Lang Wootton (JLW) Research

Based on JLW's selected database, the Klang Valley's total supply of warehouse space was 40.7 million sq. ft. of which 92 percent was occupied and used mainly for storage and distribution purposes with the majority of the occupiers (72 percent) being logistics players followed by manufacturing and trading companies. Several prominent warehouse developments have been identified in strategic locations, whereby commencement of construction is pending the identification of key end users (tenants).

INDUSTRIAL MARKET OUTLOOK

The total capital investments in Malaysia recorded between the January and September 2019 period was RM57.7 billion, an increase of nearly 74 percent (RM24.5 billion) from RM33.2 billion recorded between January and June 2019. The majority of it was derived from the state of Selangor, which recorded a total capital investment of approximately RM16.4 billion, during the first nine months of 2019 surpassing its target of RM10 billion and slightly below the 2018 figure of RM18.9 billion.

However, following the spread of the COVID-19 threat across many major economies, net exports of goods and services are expected to contract in 2020 reflecting primarily weaker global demand conditions and supply chain disruptions hence affecting demand for industrial assets. Nonetheless, the Malaysian economy is expected to benefit from the projected improvement in global demand towards the end of the year, which will aid growth in the export-oriented sectors. As risks from the pandemic subside, consumer sentiments can also be expected to gradually improve. Malaysia's domestic growth prospects are therefore projected to improve towards the end of the year and going into 2021.

Malaysia is located strategically within the Asia Pacific region, with good infrastructure, business-friendly environment and a multilingual talent pool to attract multinational corporations (MNCs) to operate in the country. Arising from the trade tensions between the United States and China, Malaysia represents a destination for the relocation of the affected MNCs. Furthermore, continuous effort by the Government in promoting the country will help to sustain the industrial market.

The supply of industrial properties is expected to remain relatively steady in the next few years as many developers are cautious about launching their products due to generally weakened market demand. Built-to-Suit warehouses that are located in highly accessible, well-linked, populated locations will be preferred by investors and end users. Demand for industrial properties in Negeri Sembilan has been relatively stable and with the positive growth in the manufacturing sector and improving infrastructure and accessibility, industrial properties, particularly in Nilai and Seremban are expected to benefit from demand spillovers from the higher-priced industrial properties in the neighbouring state of Selangor.

Key Regulatory Developments in 2020

In 2019, a number of initiatives were announced by the Government with the aim of improving property transactions.

A revised regulation was also introduced to curb the development of high-density commercial developments in Kuala Lumpur.

| Regulation | Description | Impact on Property Developers/ Industry |
|---|---|--|
| Real Property Gains Tax (RPGT) | Revision of base year for RPGT to year 2013 for assets acquired before 1 January 2013 compared with the previous base year of 1 January 2000, as announced in Budget 2020. | Less taxable gains for vendors (property owners) who have been holding on to the properties for many years. |
| FundMyHome + DepositKu regulated by Ministry of Housing and Local Government | A fund to facilitate first time homebuyers of properties priced at RM500,000 and below. The fund was launched on 20 February 2019. | Positive impact on property developers of "statutory/affordable" homes and attractively priced properties of less than RM500,000 per unit. |
| Plot Ratio cap for Kuala Lumpur City Developments | A cap of plot ratio to 1: 10 for projects which have not been granted approval (development order) as stipulated in the Kuala Lumpur City Plan 2020 (KLCP 2020) which was gazetted at the end of 2018. Projects by certain Government bodies have been exempted from this cap. | Less dense projects with the objective of mitigating further congestion in Kuala Lumpur. Developers who invested in highly priced land with the intention to "maximise" the plot ratio will be caught and will need to "transfer" the land cost to the end product price. |
| Federal Government's Proposal to lower the threshold price for foreign purchasers | Lowering the threshold price of condominiums and apartments from RM1 million to RM600,000 for foreign purchasers. Effective date is 1 January 2020 to 31 December 2020. | This incentive is only for projects which are completed and unsold and excludes projects which are under construction or yet to be launched. The proposal is expected to help to reduce the property overhang for the high-rise residential (including serviced residences) properties. The decision to set the lower threshold price for high-rise properties (including serviced residences) is however made by the state Governments. |



GLOBAL MEGATRENDS AND GROWTH OPPORTUNITIES FOR THE GROUP

| Global Megatrends | Trend Description |
|---|---|
| <p>ECONOMIC POWER SHIFT</p>  | <p>More than half of the world's population reside in Asia, with the region climbing from low- to middle-income status within a single generation. By 2040, Asia is expected to generate more than 50 percent of the world's GDP and drive nearly 40 percent of global consumption. Asia's emerging economies such as Vietnam and Malaysia are potential beneficiaries from the US-China trade war as companies shift manufacturing activities out of China and into its Southern neighbours.</p> |
| <p>RAPID URBANISATION</p>  | <p>Two-thirds of the world's population is expected to reside in urban centres by 2050 of which 90 percent of urban expansion will be in the developing countries in Asia and Africa in the coming decades. As of 2019, 77 percent of the total Malaysian population lives in urban areas. With a 4 percent annual urban population growth, Malaysia is also among the more urbanised countries in East Asia after Japan, South Korea, Singapore, Taiwan and China.</p> <p>Promoting economic development and job creation, as well as the upgrading of energy use and alternative transport systems, within and outside of Klang Valley remain key priorities for state and federal authorities. This is to counter the negative impacts of urbanisation such as urban poverty, resource scarcity and pollution.</p> |
| <p>CHANGING DEMOGRAPHICS</p>  | <p>Malaysia officially becomes an ageing country in 2020 with 7.5 percent of its population hitting ages 65 and above. The Statistics Department data also forecasts that Malaysia will be classified as an aged country in 2040 with 65-year olds and above making up 14 percent of the total population.</p> <p>On top of this, Malaysia is set to experience a surge of Generation Z (born in 1997 – 2012) entering the workforce over the next 5-10 years indicating a shift in consumer preferences and spending patterns.</p> |
| <p>DIGITALISATION, TECHNOLOGY & INNOVATION</p>  | <p>The growth of digital technology has steered the adoption rate of e-commerce logistics in a number of applications. The e-commerce logistics market worldwide is projected to grow by USD524 billion at a compounded growth rate of 20.7 percent, with warehousing & distribution, and transportation making up the majority of the market. This is on the back of rapid transformation of the local and global economy, enhanced by improved automation, machine-to-machine and human-to-machine interaction, enabled by integrated systems and end-to-end digitalisation. The COVID-19 pandemic is also expected to accelerate the growth of e-commerce as consumers move towards digital alternatives.</p> <p>The COVID-19 pandemic has begun to reshape the global business environment as companies start to build resilience in their businesses by complementing product-focused models with scalable and stable digital alternatives amidst the pressure on global supply chains. On top of this, companies have also begun to rapidly move towards remote working with digital collaboration tools such as Microsoft Teams. While these shifts are short-term responses arising from the pandemic, there is potential for long-standing shifts in the digital landscape once the current crisis has passed and businesses fundamentally rethink what creates sustainable value and the role of digital innovation in making a company crisis-proof.</p> |
| <p>INCREASED AWARENESS IN ENVIRONMENT, SOCIAL AND GOVERNANCE (ESG)</p>  | <p>Sustainable Investing, which incorporates ESG criteria into investment decisions, has been gaining more attention from individual investors and asset managers of some of the world's largest institutions. From 2017 to 2019, funds worth at least USD31 trillion were held in sustainable/green investments, an increase of 35 percent in just two years. Recent studies also support that stocks of sustainable companies tend to significantly outperform their less sustainable counterparts.</p> |
| <p>IMPORTANCE OF HEALTHCARE SECTOR</p>  | <p>The global COVID-19 pandemic has exposed wide disparities and gaps in the quality of healthcare infrastructure around the world, leading to massive efforts by Governments to add capacity to the healthcare system. Public-health authorities have begun to strategise on what is needed to navigate a post-peak environment and how to build long-term resilience, of which public health tools deployed must have a different emphasis from today's focus taking into account lessons learnt from the crisis and clear measures to rebuild a sustainable healthcare system to prevent and/or navigate a resurgence of similar severity. Facing a rapidly ageing population and citizens demanding higher quality services, the global healthcare sector was already positioned to become an area of priority in the coming decade. The outbreak of COVID-19, however, has added further urgency for structural upgrades and reforms to the overall healthcare system taking the wider community into account – which includes a rise in investment into aged-care, medical outreaches, training facilities and pharmaceutical clusters.</p> |

Link to Strategic Priorities and Key Initiatives

Please refer pages 38 to 39 for Strategic Roadmap

Sime Darby Property’s Response and Growth Areas

- Sime Darby Property to expand product offerings in industrial asset classes such as Industrial Business Parks, Built-to-Suit for Sale and Built-to-Suit for Lease industrial assets to cater to logistics hubs and industrial facilities in Klang Valley and Negeri Sembilan.
- Leverage on the expertise and network of international industrial players via strategic partnerships, e.g., joint venture between Sime Darby Property, Mitsui & Co. Ltd. and Mitsubishi Estate Co. Ltd. in Bandar Bukit Raja to develop a 39-acre industrial site.

EXPAND INCOME PORTFOLIO

- 2 Enhance Property Investment Portfolio

LAUNCH NEW GROWTH AREAS

- 6 Develop Industrial & Logistics Segment

- Sime Darby Property as a Master Developer to address rising demand for land by developing unused/ underused land located in suburbs or via urban regeneration of brown-field lands and diversifying high-density cores in Klang Valley and Negeri Sembilan.
- Focus on integrated and innovative developments that embed lifestyle elements and transit-oriented/ adjacent features which blends two or more components of residential, commercial, institutional & industrial uses.
- Expand affordable residential collection, in support of state and federal initiatives to address existing issues surrounding housing affordability.
- Adopt Divergent Dwelling Design (D3) – an innovative building design to develop quality and affordable D3 Sustainable Homes addressing communities’ need for affordable housing solutions.

EXPAND INCOME PORTFOLIO

- 1 Strategic Master Developer

LAUNCH NEW GROWTH AREAS

- 7 Transform into a Lifestyle Developer

- Venture into alternative products such as multigenerational homes, assisted-living facilities, in-home care, etc., to address the ageing population in Malaysia.
 - Elmina Grove, City of Elmina (*pilot project for multigenerational homes – gated and guarded, smart green homes*).

LAUNCH NEW GROWTH AREAS

- 7 Transform into a Lifestyle Developer

- Embark on company-wide digital transformation journey focused on improving operational efficiency, enhancing customer experience and exploring new business ventures.
- Sime Darby Property introduced dto, its first innovative co-creation and crowdsourcing platform that allows potential customers to vote for their preferred development concept, design and amenities of a future property. dto’s pilot project is located in Subang Jaya City Centre (SJCC) with upcoming projects in Putra Heights, City of Elmina, Bandar Bukit Raja and Serenia City.

EMBARK ON DIGITAL TRANSFORMATION

- 8 Digitalisation & Innovation

- Enhance functioning of the corporation relating to issues on governance, institutional competence and efficiency, while giving consideration to society and sustainability with a clear commitment to our shareholders on Sime Darby Property’s overall performance as well as contributing to the 17 United Nation Sustainable Development Goals 2030.
- Ensure that the strategic plan for the Group supports long-term value creation and includes strategies on economic, environmental, safety & health, social and governance considerations underpinning sustainability.
- Management and staff commitment to deliver sustainable value to our customers and stakeholders underpinned by Sime Darby Property’s Corporate Core Values: Passion, Respect & Teamwork, Integrity & Accountability, Make-it-Happen and Entrepreneurial Spirit (PRIME).

IMPROVE ORGANISATIONAL EFFECTIVENESS

- 11 Operationalise Sustainability

- Embark on catalytic partnerships with healthcare providers, aged-care facilities and pharmaceutical clusters across the Company’s townships.
- Explore collaborative partnerships with healthcare providers on digital initiatives to ensure better healthcare accessibility and connectivity for our communities.

LAUNCH NEW GROWTH AREAS

- 7 Transform into a Lifestyle Developer

EMBARK ON DIGITAL TRANSFORMATION

- 8 Digitalisation & Innovation



OUR VALUE CREATING BUSINESS MODEL

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



SIME DARBY PROPERTY'S BUSINESS SEGMENT



MARKET TRENDS

- ✓ Economic Power Shift
- ✓ Rapid Urbanisation
- ✓ Changing Demographics
- ✓ Digitalisation, Technology & Innovation
- ✓ Awareness in ESG
- ✓ Importance of Healthcare Sector

MATERIAL RISKS

| | |
|----------------------------------|--|
| ▶ Market | ▶ Development and Product Strategy |
| ▶ Competition | ▶ JVs, Collaborations & Strategic Partnerships |
| ▶ Talent and Resource Management | ▶ Project Development & Execution |
| ▶ Environmental, Safety & Health | ▶ Legal/Regulatory & Contractual Compliance |
| ▶ Cybersecurity | ▶ Utilities Supply |

Please refer pages 40 to 48 for Key Risks and Mitigation

OUR OUTCOMES

Our Value Creation

MANUFACTURED CAPITAL

- **8 projects** successfully completed with a total delivery of **886** completed units in Financial Year 2019
- **37 ongoing projects**, total **8,837 units** with expected completion of up to 2022

Please refer pages 70 to 93 for Operations review

FINANCIAL CAPITAL

- **RM9.72 billion** shareholders' fund
- **34.1 percent** dividend payout ratio

Please refer pages 50 to 69 for Performance review

HUMAN CAPITAL

- **42 percent** of our workforce and **22 percent** of the Board are represented by women
- Enhanced talent management via **135 learning** and development program for employees

Please refer pages 192 to 223 for Sustainability Report

SOCIAL CAPITAL

- **13 organisations** supported through donations and **1,386 volunteer** hours contributed

Please refer pages 192 to 223 for Sustainability Report

NATURAL CAPITAL

- **19,520 IUCN Red List Trees**, **92,680 Trees** planted overall (since 2011)
- **14,200 kg** household materials collected through community recycling
- **42.5 percent** carbon intensity reduction
- Awarded for Sustainable development

Please refer pages 192 to 223 for Sustainability Report

INTELLECTUAL CAPITAL

- Listed on **FTSE4Good** Indices and Dow Jones Sustainability Index for 2019/2020

Please refer pages 22 to 93 for Management Discussions & Analysis



Supported by strong governance and effective Board leadership

Robust Corporate Governance Framework

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

Please refer to pages 116 to 153 for Corporate Governance Overview Statement



STAKEHOLDERS ENGAGEMENT

| STAKEHOLDERS | HOW WE ENGAGE | THEIR EXPECTATIONS | HOW WE ADDRESS THEIR EXPECTATIONS |
|--|--|---|---|
| <p>INVESTORS AND ANALYSTS</p>  | <ul style="list-style-type: none"> • Strategic and effective engagement with the investment community via face-to-face and/or virtual communication • Sime Darby Property participates in 3-4 investor conferences annually and conducts 4 quarterly investor briefings, which allow the investors to have direct access to the Senior Management team • Other communication channels include the following: <ol style="list-style-type: none"> a. IR corporate website b. Quarterly group briefings c. One-on-one meetings d. Site visits e. Email communication | <ul style="list-style-type: none"> • Consistent financial and operational performance on a quarterly basis • Good governance and risk management framework • Disciplined growth strategy with clear emphasis on long-term, sustainable shareholders' returns • Transparent disclosure of financial information for better understanding of the Group's strategies | <ul style="list-style-type: none"> • Organise quarterly presentation and earning calls for results announcement and updates on key developments • Communicate clear strategic direction, goals & outcomes, broad risk exposures as well as performance targets of the Company via: <ol style="list-style-type: none"> a. One-on-one/Group meetings, large group virtual meetings and conference calls b. Conferences c. Non-deal roadshows d. Informative quarterly announcements and annual reports • Allow direct access to the Board members and Senior Management at Annual General Meetings • Site visits for investors |
| <p>MEDIA</p>  | <ul style="list-style-type: none"> • Constant media engagement via the following channels, but not limited to: <ol style="list-style-type: none"> a) Press releases/statements b) Networking sessions c) Media briefings d) Press conferences e) Interviews f) Township/project visits | <ul style="list-style-type: none"> • Timely, accurate and transparent update on performance and financials • Real time updates on financial or material developments • Insights on the market and industry • Updates on business strategies • Timely responses to issues highlighted in the media | <ul style="list-style-type: none"> • Organise press conferences with Senior Management on financial results • Share regular updates on operational developments, including information on various launches, sales campaigns etc. • Provide information on business strategies, market insights and outlook • Ensure timeliness, accuracy and transparency in all media materials such as briefing notes, fact sheets, press releases, FAQ sheets, statements etc. |

| STAKEHOLDERS | HOW WE ENGAGE | THEIR EXPECTATIONS | HOW WE ADDRESS THEIR EXPECTATIONS |
|--|---|---|--|
| <p>DEBT PROVIDERS</p>  | <ul style="list-style-type: none"> Active engagement with existing and potential lenders via meetings, email communication, site visits and events organised by the lenders. | <ul style="list-style-type: none"> Ability to service debt and interest payments Adherence to covenants Good governance and risk management framework | <ul style="list-style-type: none"> Set-up of centralised and dedicated treasury team for monitoring of debt covenants and management of overall debt profile Implementation of prudent capital management policies to ensure optimal and sustainable capital structure Transparent disclosure of operational updates on key projects |
| <p>EXISTING AND POTENTIAL CUSTOMERS</p>  | <ul style="list-style-type: none"> Regular engagement with customers across all touchpoints Organise community events that promote sustainability such as tree planting, urban farming, community recycling, and Earth hour | <ul style="list-style-type: none"> A fulfilling and pleasant experience throughout the customer journey from searching and purchasing a property to handover of keys and owning a property A trusted and responsible property developer that provides regular engagement opportunities for both individuals and communities Improved healthy lifestyles Ongoing community programmes, e.g., recycling and urban farming Eco-efficient homes and safe amenities | <ul style="list-style-type: none"> Appoint dedicated personnel for each active township/ development for community engagement and township upkeeping Promote our Customer First philosophy and create a culture of prioritising customers’ needs Introduce and encourage use of all available engagement channels to promptly respond to all customer related queries and concerns Engage customers for regular feedback to understand how beneficial products and community events have been Organise long-term sustainable lifestyle programmes for the community |
| <p>SUPPLIERS/ CONTRACTORS/ STRATEGIC PARTNERS</p>  | <ul style="list-style-type: none"> Regular relationship building/networking sessions Eco-efficiency briefings, data collection process, tracking, auditing, meetings | <ul style="list-style-type: none"> Professional and transparent Group-wide procurement processes Fulfil Sime Darby Property requirements during the length of projects/contracts and future reference Recognition of contribution to sustainability targets eg. eco-efficiency reduction such as waste, water and carbon emissions | <ul style="list-style-type: none"> Adopt best practices and good governance for the procurement processes Due recognition during group briefings including letters of achievement for contributions to sustainability targets |



STAKEHOLDERS ENGAGEMENT

| STAKEHOLDERS | HOW WE ENGAGE | THEIR EXPECTATIONS | HOW WE ADDRESS THEIR EXPECTATIONS |
|--|--|--|--|
| EMPLOYEES  | <ul style="list-style-type: none"> • Active employee engagement via the following initiatives: <ol style="list-style-type: none"> a) Internal team meetings b) Annual individual performance review c) Personal and professional development through learning and development programmes d) Focus group discussions e) Townhalls f) Lunch talk sessions g) Employee engagement surveys h) Volunteering opportunities i) Internal digital platform and corporate collaterals j) Interdepartmental collaboration on specific projects/initiatives (ie SHIFT 2.0, Office Enhancement) k) Introduction of HR Business Partner (“HRBP”) model l) Site assessments and collaborative township programmes m) Briefing, seminars, SUSDEX, Carbon Footprint and Water and Waste reduction programmes | <ul style="list-style-type: none"> • Updates on business strategies and operational performance • Clear communication through various channels • Clear career opportunities and development within the Group • Knowledge and skills enhancement and effective talent and welfare management • Fair and competitive remuneration practices • Work-life balance • Safe and conducive working environment • Meaningful HR service delivery • Understanding how sustainability relates to their functions and how they can employ/apply sustainability to add value • To be recognised for their continuous contributions and sustainability target achievements | <ul style="list-style-type: none"> • Update employees regularly using internal channels • Establish effective Talent Management Framework • Conduct benchmarking exercise with market practices to remain competitive • Continuously provide training programmes and project assignments that align with business goals to allow skills enhancement • Conduct employee engagement sessions such as Townhalls, Festive Events and Teh Tarik Sessions with Senior Management • Promote work-life balance via Staggered Working Hours, 90 Days Maternity Leave, expectant mothers may leave 1.5 hours earlier, 1 Week Paternity Leave, Volunteer Initiatives, etc. • Provide HR On-Cloud, a user-friendly digital platform for HR solutions and services, enabling convenient mobile access for all employees • Biannual seminars and achievement recognition |
| REGULATORS AND INDUSTRY AFFILIATIONS  | <ul style="list-style-type: none"> • Active engagement with relevant regulators and authorities • Proactive participation in industry forums, advisory group, standard-setting bodies and Government consultation initiatives | <ul style="list-style-type: none"> • Compliance to rules and regulations, with the Group being kept abreast of various requirements • Share, contribute and co-create industry best practices or new policies and regulations | <ul style="list-style-type: none"> • Ensure full compliance to the applicable rules and requirements • Engage with all stakeholders, with transparency, honesty and integrity |

OUR CAPITALS, MATERIAL MATTERS & VALUE CREATION

Our Approach to Materiality

To operate as a strong and profitable business, it is crucial for Sime Darby Property to establish a set of priorities, with clear targets or KPIs.

This contributes to the overall organisational performance and long-term value creation for the business as well as the stakeholders.

The material matters in this report were identified through a structured process involving the Senior Management team. Key deliberations made by the team during the period under review include Sime Darby Property’s business model, our operations in the context of six capitals deployed towards value creation for the organisation and its many stakeholders. The process also includes the key steps of identification, prioritisation and validation.

1

Identification

We have identified six relevant capitals that impact our financial and non-financial performance. The selection is based on the internal analysis of our business and feedback from various stakeholder engagement platforms. Based on the internal analysis, we identified relevant material topics.



2

Prioritisation

Our assessment of the impact of each of the material topics on stakeholders’ decisions and our business helped us to prioritise and focus on 11 material topics for FY2020. The prioritisation included alignment with our Strategic Business Blueprint and Transformation Plans.



3

Validation

We went through a process of validation, with close consultation and counsel of top management and the board, including the various management committees. We also analysed and agreed on the scope of the material topics, their boundaries as well as an organisation-wide database for reporting.



Priority Material Topics

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





OUR CAPITALS, MATERIAL MATTERS & VALUE CREATION

| MANUFACTURED CAPITAL | FINANCIAL CAPITAL | HUMAN CAPITAL |
|--|---|--|
| <p>Our land bank, physical assets and technology, as well as our other business infrastructure including flagship products that allow us to conduct business in a profitable yet sustainable manner</p> | <p>Income from core businesses, recurring business and monetisation of low-yielding assets ensures a sustainable flow of financial capital for the continuous expansion of existing and future business segments</p> | <p>Human capital development initiatives that includes hiring capable candidates, fortifying our existing talent, knowledge and skill base to improve our competitive strength</p> |
| <p>Material Matter(s):</p> <ul style="list-style-type: none"> • Product delivery timeliness • Product quality | <p>Material Matter(s):</p> <ul style="list-style-type: none"> • Financial and operational performance • Strategic partnerships | <p>Material Matter(s):</p> <ul style="list-style-type: none"> • Occupational health & safety • People management • Change management and communication plan |
| <p>Risks and Opportunities:</p> <ul style="list-style-type: none"> • Customers' needs and expectations for the quality of product delivery and timeliness affects our market approaches • Volatile market that negatively influence cost and margins adds pressure to maintain product quality at lower margins | <p>Risks and Opportunities:</p> <ul style="list-style-type: none"> • Challenging global market conditions due to the COVID-19 outbreak as well as the local economic uncertainties dampening consumer and business sentiment and resulting in weak demand • Intensifying competition in the sector, the absence of Government incentives coupled with high property supply resulted in slower house price growth and overhang issue • Tightening financial requirements and rising operating costs continue to constrain our ability to increase profit margins and create higher shareholders' return • The need to identify the right products at the right price-points to address the gap between market demand and supply • The need to seek for strategic partnerships or joint ventures to maximise returns and to leverage on partners' expertise and resources | <p>Risks and Opportunities:</p> <ul style="list-style-type: none"> • The ever-changing marketplace continue to drive the need for our people to develop new skills and competencies • Technological disruptions influence expectations of quality and service • Hazards at workplace and compromised labour practices remain an area for close monitoring |
| <p>Mitigation Strategies:</p> <ul style="list-style-type: none"> • Focused on improving end-to-end customer experience by improving service standards • Focused on building and delivering defect-free products using quality management tools such as QCLASSIC • Focused on improving speed to market and shortening end-to-end development cycle | <p>Mitigation Strategies:</p> <ul style="list-style-type: none"> • Focused on expanding income portfolio of the Group's income by growing recurring income business, venturing into new growth areas, monetising low-yielding assets as well as enhancing our cost and revisiting operational efficiencies • Continued to replan launches and revisit pricing of new launches and completed unsold units to better align with market needs and preferences • Tapped into Government's initiatives to accelerate sales achievement • Established strategic partnerships and collaborations with Government, investors, partners and stakeholders to maximise returns/leverage on partner expertise • Strategic review of Sime Darby Property joint ventures, investments and non-core assets | <p>Mitigation Strategies:</p> <ul style="list-style-type: none"> • Focused on effective performance management, robust talent management & development framework • Sustain inclusive employee engagement platforms to motivate performance, build competencies and deliver positive employee experiences • Enforced ESH Compliance controls such as GPA A.9, ESH Management Systems, Safety & Health Management Plan etc |
| <p>Key Strategic Priorities in FY2020:</p> <ul style="list-style-type: none"> • Achieve cost & operational efficiencies • Embark on digital transformation | <p>Key Strategic Priorities in FY2020:</p> <ul style="list-style-type: none"> • Expand income portfolio • Achieve cost & operational efficiencies • Launch new growth areas • Improve organisational effectiveness | <p>Key Strategic Priorities in FY2020:</p> <ul style="list-style-type: none"> • Improve organisational effectiveness • Achieve cost & operational efficiencies |
| <p>How do we measure value creation?</p> <ul style="list-style-type: none"> • Sellable high-quality products delivered to the market • Innovative products and solutions • Service excellence • Product quality & appreciation • Socio-economic growth • Customer satisfaction | <p>How do we measure value creation?</p> <ul style="list-style-type: none"> • Dividends to shareholders • Taxes to the Government • Payments to our supply chain partners • Wages and benefits to employees • Investments in economic, environmental and social programmes for creating sustainable communities | <p>How do we measure value creation?</p> <ul style="list-style-type: none"> • Succession pipeline • Talent mobility and growth • Diversity for development • Future-proof talent |

| SOCIAL CAPITAL | NATURAL CAPITAL | INTELLECTUAL CAPITAL |
|--|---|---|
| <p>Relationships and partnerships with our wide network of stakeholders, including customers, employees, regulators and policy makers, community members, media, supply chain, etc.</p> | <p>Approximately 19,977 acres of land bank strategically located in growth corridors, with high connectivity that continues to support our current and future growth plans, in terms of expanding our footprint and strengthening our presence in all our focus markets, while optimising environmental performance</p> | <p>Strong brand, market experience, domain knowledge, formidable network and intellectual property, can enhance our capacity to innovate and strengthen our brand equity and reputation</p> |
| <p>Material Matter(s):</p> <ul style="list-style-type: none"> Community development | <p>Material Matter(s):</p> <ul style="list-style-type: none"> Environmental stewardship Sustainable development pipeline | <p>Material Matter(s):</p> <ul style="list-style-type: none"> Innovation |
| <p>Risks and Opportunities:</p> <ul style="list-style-type: none"> Lack of resources and focus for community-based initiatives such as the delivery of affordable homes compared to more profitable open-market initiatives/products Unresponsive and dissatisfied stakeholders due to lack of information or misinformation as well as inconsistent and unclear communication pose a threat to our reputation and business | <p>Risks and Opportunities:</p> <ul style="list-style-type: none"> Negative potential impact on landbank development, such as future water security issues related to water availability, unpredictable rainfall and/or flood events Negative impact on the environment and ecosystems due to externalities from our operations and supply chain activities Opportunities include amongst others, rainwater harvesting, adoption of wetland spaces and dense planting which also contributes to environmental education and community inclusion and opportunities for urban reforestation R&D | <p>Risks and Opportunities:</p> <ul style="list-style-type: none"> Change and disruption in business landscape, technological advances and rising population of millennials require the Group to respond swiftly and innovatively With digitalisation lowering the barrier of entry, it easier for new entrants to disrupt incumbents |
| <p>Mitigation Strategies:</p> <ul style="list-style-type: none"> Focused on enhancing our Policies and Operating Procedures to meet compliance requirements, while monitoring regulatory developments in areas where we operate Launch of Affordable Homes collection which includes both high-rise and landed properties priced below RM500,000 Focused on ensuring consistent and clear corporate messaging | <p>Mitigation Strategies:</p> <ul style="list-style-type: none"> Focused on monitoring and driving operational eco-efficiency (i.e., water, waste, carbon emissions), while achieving reduction targets Focused our trees replenishment initiative on driving tree planting and IUCN Red List Tree planting via standard landscaping and through strategic collaboration with environmental specialist entities Implemented an active land bank management approach which includes strategic land sales and acquisition Applied specific targets and adopted approaches to maximise water security for further resilience in development landbanks | <p>Mitigation Strategies:</p> <ul style="list-style-type: none"> Focused on maintaining a healthy pipeline of innovation projects which can be commercialised successfully and replicated across multiple platforms Partnered with external parties and engaged in brainstorming sessions to resolve problems and achieve the desired innovation portfolio mix |
| <p>Key Strategic Priorities in FY2020:</p> <ul style="list-style-type: none"> Launch new growth areas Improve organisational effectiveness | <p>Key Strategic Priorities in FY2020:</p> <ul style="list-style-type: none"> Expand income portfolio Launch new growth areas Improve organisational effectiveness | <p>Key Strategic Priorities in FY2020:</p> <ul style="list-style-type: none"> Embark on digital transformation |
| <p>How do we measure value creation?</p> <ul style="list-style-type: none"> Value partnerships Positive social impact | <p>How do we measure value creation?</p> <ul style="list-style-type: none"> Sustainable land bank management Acquisition of new land for development Sale of non-strategic land bank and low-yielding assets Efficient management of natural resources | <p>How do we measure value creation?</p> <ul style="list-style-type: none"> High brand value Global presence and footprint Quality and innovative end-to-end product chain New business ventures |



OUR STRATEGY

Our strategy charts our path in becoming the Leader in Building Sustainable Communities. With sustainability at our core and leveraging on global megatrends, we aim to deliver value to our communities and maximise shareholders' returns by focusing on **five strategic priorities**.

OUR STRATEGIC ROADMAP TO BECOME A DISTINCTIVE PROPERTY PLAYER OF THE FUTURE

Over the next 3-5 years, our key focus is to strengthen our foundation and kickstart our SHIFT2.0 Transformation journey towards becoming a digital-driven and innovative property player.

Our immediate strategic priorities reflect this and can be categorised into three main objectives focusing on five strategic priorities:

ENHANCE "BUSINESS AS USUAL"

- EXPAND INCOME PORTFOLIO
- ACHIEVE COST & OPERATIONAL EFFICIENCIES

GROW NEW AREAS

- LAUNCH NEW GROWTH AREAS

OPTIMISE OPERATING MODEL

- EMBARK ON DIGITAL TRANSFORMATION
- IMPROVE ORGANISATIONAL EFFECTIVENESS

SHIFT2.0 STRATEGIC PRIORITIES



EXPAND INCOME PORTFOLIO

Establish our position as a Master Developer by leveraging on strategically located landbank to develop economic corridors, embed robust economic activities and enhance our recurring income portfolio of industrial, retail and office assets

STRATEGIC INITIATIVES

- 1 Strategic Master Developer
- 2 Enhance Property Investment Portfolio

KEY ACHIEVEMENTS IN FY2019

- Launched a total of 2,917 units with combined Gross Development Value of RM2.30 billion
- Sales achieved increased by 25.4 percent YoY to RM3,135.7 million
- Completed disposals of Bukit Selarong, Kedah for RM81.1 million PBIT and U-Thant, Kuala Lumpur for RM30.1 million PBIT
- Registered a gain of RM203.4 million PBIT in disposal of Darby Park Singapore and RM31.1 million PBIT in disposal of Pulau Tikus Bungalow
- Completed land option swap with Sime Darby Plantation Berhad in July 2019 for 5,794 acres of land located in Selangor

PRIORITIES FOR FY2020

- Timely disposal of remaining non-core land bank outside key development focus areas, as well as, remaining non-core assets located in Malaysia and Overseas
- Development of Malaysia Vision Valley 2.0 which includes submission and approval of master layout plan for this economic corridor and securing Government incentives
- Establish strategic collaborations with Government, investors, partners and stakeholders to co-develop economic corridors
- Opening of Sime Darby Property's first 100 percent-owned retail mall in KL East, named KL East Mall, with a net lettable area of 384,210 sq ft



ACHIEVE COST & OPERATIONAL EFFICIENCIES

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

STRATEGIC INITIATIVES

- 3 Diligent Cost Management
- 4 Improve End-to-End Cycle & Quality
- 5 Turnaround Leisure Segment

KEY ACHIEVEMENTS IN FY2019

- Achieved RM50.7 million SHIFT2.0 benefit uplift from overhead cost avoidance and cost savings initiatives
- Improved procurement cycle times for consultant appointment from 12 weeks to 8 weeks and tender process from 4 months to 3 months
- Embarked on new business initiatives under Leisure segment which are golf course management & maintenance consulting, catering & events and landscape & nursery
- Leisure and Hospitality segment PBIT improvement YoY by 855.6 percent to RM179.2 million mainly from gain on disposal of hospitality assets

PRIORITIES FOR FY2020

- Review and execute overhead cost management initiatives
- Drive direct cost reduction initiatives via value engineering and strategic sourcing to enhance profitability
- Shorten end-to-end development cycle for both township and integrated projects and enhance quality assurance and control processes
- Scale up and expand new business initiatives under Leisure segment and continue to effectively manage and optimise costs



LAUNCH NEW GROWTH AREAS

Expand into complementary new business segments primarily industrial & logistics developments and niche & affordable multi-generational products to create holistic and integrated ecosystems for our communities



EMBARK ON DIGITAL TRANSFORMATION

Future proof our business model against global disruption trends via exploring new ventures and strategic collaborations with PropTech startups and technology companies; developing an innovation-centric mindset, improving customer experiences and automating internal processes



IMPROVE ORGANISATIONAL EFFECTIVENESS

Enhance overall organisational effectiveness by developing a performance-driven culture, conducting strategic reviews of our corporate portfolio of assets & investments, and embedding sustainability into our day-to-day operations

STRATEGIC INITIATIVES

- 6 Develop Industrial & Logistics Segment
- 7 Transform into a Lifestyle Developer

KEY ACHIEVEMENTS IN FY2019

- Partnered with Mitsui & Co Ltd and Mitsubishi Estate Co Ltd to develop Bandar Bukit Raja Industrial Gateway offering land lease and Built-to-Suit services. Commenced development for first two tenants secured, Leschaco (Malaysia) Sdn. Bhd. and Senheng Electric (KL) Sdn. Bhd.
- Kickstarted first project in Malaysia Vision Valley 2.0 with XME Business Park in Nilai Impian, which will be the first managed industrial park in Negeri Sembilan with a gross development value of RM520 million
- Sime Darby Property Divergent Dwelling Design (D3) Sustainable Homes concept was endorsed as the Preferred Design in the Dasar Perumahan Mampu Milik Negara (DRMM), a sub-policy under the National Housing Policy 2018-2025. The DRMM was officially launched on 11 May 2019 at Elmina Central Park by the Minister of Housing and Local Government YB Puan Hajah Zuraida Kamaruddin
- Introduced new product offering "Affordable Collection", residential properties priced below RM500,000, of which Elsa & Kyra in Bandar Bukit Raja and Embun in Bandar Ainsdale was launched in 2019

PRIORITIES FOR FY2020

- Activate and launch ready-built industrial factories in City of Elmina's newest industrial precinct, Elmina Business Park. Estimated gross development value of Elmina Business Park is RM6.6 billion
- First multi-generational stratified development in Elmina Grove, City of Elmina of which Sime Darby Property will be partnering with TNBX Sdn Bhd to fit all units with solar panels, smart meters and home energy management systems
- Embark on catalytic partnerships with healthcare providers, aged-care facilities and pharmaceutical clusters across the Group's townships

STRATEGIC INITIATIVES

- 8 Digitalisation & Innovation

KEY ACHIEVEMENTS IN FY2019

- First project launched using "dto" online home co-creation platform with bookings opened for Aurora service apartment in Subang Jaya City Centre (SJCC)
- Successful launch and implementation of "HR on Cloud (HROC)" system to digitalise human resource services, automate processes and improve efficiency
- Building Information Modelling (BIM) an intelligent 3D model based process for efficient planning, designing, construction and building management, was implemented across 87 percent of new project launches in 2019

PRIORITIES FOR FY2020

- Enhance customers' digital touchpoints and online-to-offline (O2O) experience by leveraging on new digital capabilities and technologies, which includes exploring collaborative partnerships with healthcare providers on digital initiatives to ensure easier healthcare accessibility and connectivity for our communities
- Improve internal processes and efficiencies via digitalisation. Enhance digital readiness and digital acceptance culture within our organisation
- Establish an outside-in innovation collaboration ecosystem which includes exploring new ventures and strategic collaborations with PropTech startups to discover new and niche offerings, products and services

STRATEGIC INITIATIVES

- 9 People Management & Culture
- 10 Corporate Portfolio Review
- 11 Operationalise Sustainability

KEY ACHIEVEMENTS IN 2019

- Completed office enhancement initiative at Sime Darby Property Head Office Ground Floor and Level 4 Cafe, with Gloria Jean's Coffees opening at Ground Floor to cater for employees and the general public
- Official launch of Sime Darby Property Core Values at company-wide townhall in June 2019 and launch of Employee Sports Month in November 2019
- Selected as an index constituent of the Dow Jones Sustainability Index for the second consecutive year

PRIORITIES FOR 2020

- Embark on change management initiatives to transform the company into an agile organisation that performs @ peak
- Strategic review of Sime Darby Property joint ventures, investments and non-core assets
- Maintain position in the Dow Jones Sustainability Index with improved scores.



KEY RISKS AND MITIGATION

“Achieving our business goals requires us being aware of and taking the appropriate decision and action to crystallise the opportunities while managing the challenges for each business transaction or activity”

The Group managed to achieve a reasonable profit in 2019 even though it was a very challenging year as the market remained soft with a large property overhang dampening demand across the industry and an ever-increasing development and compliance cost that continues to squeeze the Group’s profit margins. The Group’s results were achieved through taking on the appropriate risks and actively managing them across the Group. The Group continues to actively balance the level of risk that the business should take with the Group’s profitability and growth plans to ensure the Group’s business goals and objectives can be met in a sustainable manner.

The Group’s decision making, and risk management practices continue to evolve and strengthen throughout the year, with oversight, direction and support from the Board and the various Board committees. The Group continues to adopt both a top-down and bottom-up risk management approach and has implemented an Enterprise Risk Management Framework, which are goals and objectives-driven, and embedding the risk processes into our business operations to identify, manage and monitor the key risks and challenges across the Group. Even with a robust risk management framework and practices, the Group recognises that certain risks cannot be fully mitigated as they are inherent in our industry and business operations. Therefore, the Group will continue to monitor and minimise the potential impact of these risks as far as possible.

The risks faced by the Group in 2019 remain largely unchanged compared to the previous year as the business and operational environment continue to be affected by similar opportunities and challenges. The Group’s ten (10) broad key risks and their mitigation measures for the financial year under review are outlined below:

| Key Risk Areas | Risk Evaluated | Impact on Value | Stakeholders Affected | Strategy | Measures Taken |
|--|--|---|--|--|--|
| <p style="writing-mode: vertical-rl; transform: rotate(180deg);">STRATEGIC</p> | <p>1. MARKET</p> <p>Macro-economic factors, including continued subdued property market, hindering our ability to sustain the business, manage our liquidity requirements and ensure our growth strategy and financial targets are achieved.</p> <p>Capital Inputs</p>  | <p>Diminishing Financial Capital due to:</p> <ul style="list-style-type: none"> ✓ Poor Group performance and returns; ✓ Unsold stocks; ✓ Prolonged deferment or delayed launches; ✓ Insufficient operational cash flow to fund projects; and ✓ Tight capital market to raise funds. | <ul style="list-style-type: none"> ✓ Investors/ Lenders ✓ Customers ✓ Employees ✓ Suppliers/ Business Partners | <p>Expanding Development Portfolio Income.</p> <p>Launching New Growth Areas.</p> <p>Enhancing Overall Customer Experience.</p> <p>To enhance brand value, improve execution of market intelligence (including looking at gaps in the market) and continue to foster a culture of innovation.</p> | <ul style="list-style-type: none"> ✓ Continuously assessed and realigned strategy to market conditions; ✓ Closely monitored performance across core business units, including cash requirements and availability of funding facilities; ✓ Launched products such as landed properties within affordable to medium price range in established townships where the underlying demand is still strong; ✓ Market intelligence on product and service offerings for similar/ comparable developments to support viability of product prior to launch; ✓ Sales campaigns, with innovative packages for new products; ✓ Leveraged on the Home Ownership Campaign to increase sales of new product launch and reduce unsold stocks; ✓ Launched affordable housing design and packages; and ✓ Continuous tactical price review for unsold stocks. |



KEY RISKS AND MITIGATION

| Key Risk Areas | Risk Evaluated | Impact on Value | Stakeholders Affected | Strategy | Measures Taken |
|----------------|---|--|--|--|---|
| STRATEGIC | <p>2. DEVELOPMENT AND PRODUCT STRATEGY</p> <p>Ineffective development portfolio and low demand products delivered to the market (portfolio, product, price and timing to market).</p> | <p>Diminishing Financial Capital due to:</p> <ul style="list-style-type: none"> ✓ Poor take-up rate of products resulting in higher holding costs; ✓ Low profit margin or losses incurred on products; ✓ Loss of market share; and ✓ Low return on capital due to low demand. | <ul style="list-style-type: none"> ✓ Investors/ Lenders ✓ Customers ✓ Employees ✓ Suppliers/ Business Partners | <p>Expanding Development Portfolio Income. Launching New Growth Areas. Achieving Cost & Operational Efficiencies.</p> <p>To improve execution by focusing on the right products at the right price and to explore new growth areas.</p> | <ul style="list-style-type: none"> ✓ Revised the 5-year implementation Blueprint; ✓ Each product developed and launched is supported by rigorous market research and business case; ✓ Monitored the implementation of a 'check and balance' approach to aligning and implanting strategies along the product supply chain; and ✓ Capitalised on the improved product development cycle that reduces time to market. |
| | <p>Capital Inputs</p>    | | | | |

| Key Risk Areas | Risk Evaluated | Impact on Value | Stakeholders Affected | Strategy | Measures Taken |
|----------------|--|---|---|---|---|
| STRATEGIC | <p>3. COMPETITION</p> <p>Business model being disrupted by new and/or current entrant through either new innovation (products and services) or technology advancement.</p> <p>Capital Inputs</p>  | <p>Diminishing Financial Capital due to:</p> <ul style="list-style-type: none"> ✓ Loss of market share; and ✓ Lower than expected performance and returns. | <ul style="list-style-type: none"> ✓ Investors/ Lenders ✓ Employees ✓ Suppliers/ Business Partners | <p>Launching New Growth Areas. Achieving Cost & Operational Efficiencies.</p> <p>To manage costs, improve quality and deliver products on time.</p> | <ul style="list-style-type: none"> ✓ Maintained market-watch to monitor existing and new industry entrants and technology; and ✓ Launch of innovative products and/or processes and/or systems. |
| | <p>4. JOINT VENTURES, COLLABORATIONS AND STRATEGIC PARTNERSHIP</p> <p>Misaligned investment objectives/interest, lower than expected returns, weak JV management team and disagreement with JV Partners.</p> <p>Capital Inputs</p>  | <p>Diminishing Financial Capital, Compromised Intellectual Capital, and Deteriorating Human Capital due to:</p> <ul style="list-style-type: none"> ✓ Lower than expected returns; ✓ Additional capital requirements to sustain JV operations/ businesses; ✓ Potential litigation arising from claims/ disputes; and ✓ Potential reputational damage. | <ul style="list-style-type: none"> ✓ Investors/ Lenders ✓ Business Partners ✓ Employees | <p>Elevating Organisational Effectiveness.</p> <p>To forge partnerships to develop a portfolio of more value-added, profitable and higher-yielding developments and leverage on the expertise/ strengths of JV Partners.</p> | <ul style="list-style-type: none"> ✓ Close alignment to the Group’s strategic objectives and robust due diligence review on potential JV Partners prior to formalising collaborations/joint ventures; ✓ Closely monitored/ tracked the performance of the JVs through periodic reporting/ audits and representation on the board/ development committee/ management of the JV Company; and ✓ Continued engagement with JV Partners and improvement to the governance of the JVs, where required. |



KEY RISKS AND MITIGATION

| Key Risk Areas | Risk Evaluated | Impact on Value | Stakeholders Affected | Strategy | Measures Taken |
|----------------|---|--|---|---|---|
| HUMAN CAPITAL | <p>5. TALENT AND RESOURCE MANAGEMENT</p> <p>Inability to attract, maintain and retain competent talents to execute strategies for sustainable growth.</p> <p>Capital Inputs</p>  | <p>Deteriorating Human Capital due to:</p> <ul style="list-style-type: none"> ✓ Lack of skills and competencies needed to implement Group strategies and deliver the expected performance; ✓ Misaligned performance measurements and targets; and ✓ Loss of key talents. | <ul style="list-style-type: none"> ✓ Employees | <p>Elevating Organisational Effectiveness.</p> <p>To continuously improve coaching capabilities necessary to build a high-performance culture.</p> | <ul style="list-style-type: none"> ✓ Ensured remuneration packages are comparable to industry norms; ✓ Established a revised Total Rewards Philosophy with better capability to attract and retain competent talents; ✓ Implemented succession planning aimed at strengthening leadership bench strength, fast tracking high-potential talents and creating career pathways for competent performers; ✓ Improved performance management system; ✓ Reviewed competency and training gaps; ✓ Implemented the recruitment of 'young talent' and retention strategies; ✓ Continuous training and support to build key expertise under major growth areas; ✓ Implemented Digital HR through HR On Cloud, an integrated platform for end-to-end HR processes to improve employee experience and efficiency in managing HR-related matters; ✓ Implemented initiatives to instill a culture of a highly engaged organisation; and ✓ Enhanced the Group's workspace with the objective of creating a work environment that is conducive to foster a positive, constructive and creative collaboration between employees. |

| Key Risk Areas | Risk Evaluated | Impact on Value | Stakeholders Affected | Strategy | Measures Taken |
|----------------|--|--|--|--|--|
| OPERATIONAL | <p>6. PROJECT DEVELOPMENT & EXECUTION</p> <p>Development projects not delivered on time and not meeting expected returns or product quality.</p> <p>Capital Inputs</p>  | <p>Diminishing Financial Capital and Compromised Intellectual Capital due to:</p> <ul style="list-style-type: none"> ✓ Additional cost of rectification/ replacement, compensation, settlement, overruns and/or LAD; ✓ Poor product quality and late delivery of product; ✓ Potential claims/ disputes/legal action from purchasers; and ✓ Potential reputational damage. | <ul style="list-style-type: none"> ✓ Investors/ Lenders ✓ Customers ✓ Employees ✓ Suppliers/ Business Partners | <p>Achieving Cost & Operational Efficiencies.</p> <p>To manage costs, improve quality and deliver products on time.</p> | <ul style="list-style-type: none"> ✓ Strengthened and enlarged the pool of competent and experienced consultants and contractors with good track record to support project requirements, based on a pre-qualified, and pre-approved set of criteria for their performance assessment; ✓ Dedicated and experienced project teams to monitor project performance and coordination with key stakeholders; ✓ Increased frequency and timeliness of quality audits and inspections at various stages of construction; and ✓ Executed steps to improve project management, cost control and procurement processes. |



KEY RISKS AND MITIGATION

| Key Risk Areas | Risk Evaluated | Impact on Value | Stakeholders Affected | Strategy | Measures Taken |
|----------------|---|---|---|--|--|
| OPERATIONAL | <p>7. ENVIRONMENTAL, SAFETY & HEALTH</p> <p>Major safety, health and/or environmental breaches occurring at workplace and project sites.</p> <p>Capital Inputs</p>  | <p>Diminishing Financial Capital; Compromised Intellectual Capital and Loss of Human Capital:</p> <ul style="list-style-type: none"> √ Loss of productivity and performance as a result of potential accidents, injuries and casualties; √ Significant penalties/ disruptive stop-work orders imposed by authorities; √ Potential environmental harm and additional cost arising from possible claims and litigation; and √ Potential reputational damage. | <ul style="list-style-type: none"> √ Customers √ Community √ Employees √ Suppliers/ Business Partners √ NGOs | <p>Achieving Cost & Operational Efficiencies. Elevating Organisational Effectiveness.</p> <p>To build skillsets and competencies in project management, construction management and environmental, safety & health standards.</p> | <ul style="list-style-type: none"> √ Institutionalised comprehensive environmental, safety & health policies and procedures; √ Conducted regular trainings, dialogues and road shows to raise awareness and reduce ESH risks; √ Embedded ESH criteria in contractual documents and development project plans; √ Planned participation in ESH surprise and scheduled audits, including regulator’s inspections and related reporting; and √ Continued engagement and communication with key stakeholders such as customers, legislators, regulators, local communities and NGOs. |
| | <p>8. UTILITIES SUPPLY</p> <p>Inability to secure adequate water & electricity supply and connection for future projects in growing and/or new townships.</p> <p>Capital Inputs</p>  | <p>Compromised Manufactured Capital and Diminishing Financial Capital due to:</p> <ul style="list-style-type: none"> √ Inability to meet strategic development and growth targets; √ Inability to meet financial targets; and √ Loss of market share. | <ul style="list-style-type: none"> √ Investors/ Lenders √ Authorities √ Customers √ Suppliers/ Business Partners | <p>Elevating Organisational Effectiveness.</p> <p>To deliver projects as planned, with seamless implementation support from critical authorities and utilities providers.</p> | <ul style="list-style-type: none"> √ Engaged with relevant authorities and utilities providers at various stages of the development; √ Complied with the requirements of the utilities providers; and √ For certain townships, entered into cost sharing agreements in relation to the Integrated Water Supply Scheme with owners/co-developers of adjacent townships. |

| Key Risk Areas | Risk Evaluated | Impact on Value | Stakeholders Affected | Strategy | Measures Taken |
|---|--|---|---|--|--|
| <p style="writing-mode: vertical-rl; transform: rotate(180deg);">INFORMATION TECHNOLOGY</p> | <p>9. CYBERSECURITY</p> <p>Infrastructure and systems failure or breaches arising from cyber-attacks, potentially crippling core systems and controls.</p> <p>Capital Inputs</p>  | <p>Compromised Manufactured and Intellectual Capitals and Diminishing Financial Capital due to:</p> <ul style="list-style-type: none"> ✓ Business disruptions; ✓ Loss of valuable business data and stakeholders' trust; ✓ Penalties/fines by authorities and/or legal action by 3rd parties; and ✓ Potential reputational damage. | <ul style="list-style-type: none"> ✓ Investors/ Lenders ✓ Customers ✓ Employees ✓ Suppliers/ Business Partners ✓ Authorities | <p>Achieving Cost & Operational Efficiencies.</p> <p>To manage costs and protect the Group's assets and property.</p> | <ul style="list-style-type: none"> ✓ Deployed various infrastructure security protection solutions and Intrusion Prevention System to manage Internet/Web Security; ✓ Conducted Annual Security Posture Assessment (SPA); ✓ Utilised Patch Management tool to ensure computers security patches are up-to-date; ✓ Implemented Advanced Persistent Threat (APT) solution to detect and prevent advanced targeted attacks; ✓ Utilised multi-layer infrastructure security protection solutions (such as Firewall, Anti-Spam/Virus) to prevent malicious threats to corporate network and data centers as well as user computers; ✓ Continuous monitoring of new and potential threats that emerge in the cybersphere; and ✓ Continuous promotion of Cyber Security Awareness in the organisation to prevent employee-related security breaches. |

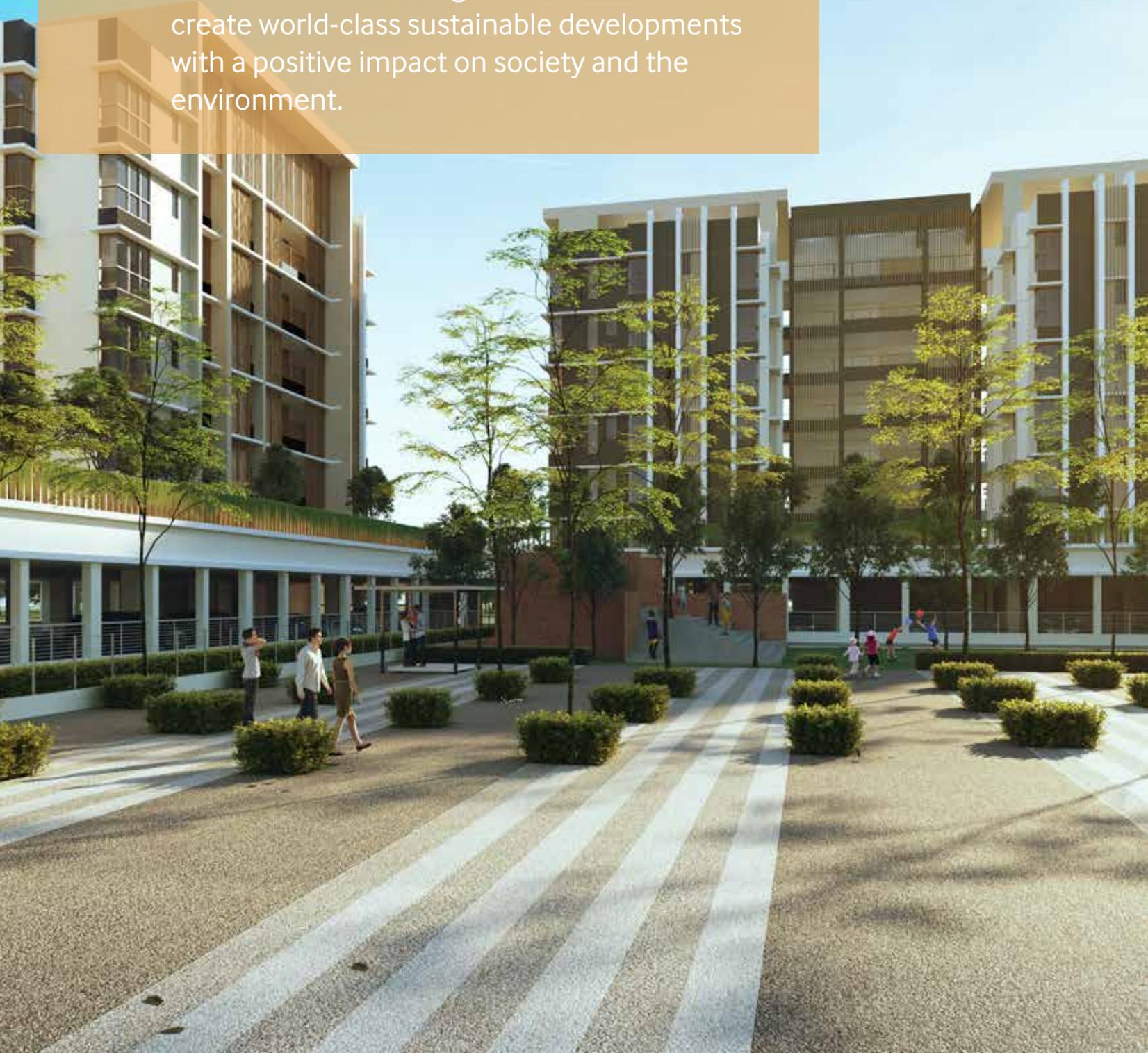


KEY RISKS AND MITIGATION

| Key Risk Areas | Risk Evaluated | Impact on Value | Stakeholders Affected | Strategy | Measures Taken |
|---|--|---|--|---|---|
| <p style="writing-mode: vertical-rl; transform: rotate(180deg);">COMPLIANCE</p> | <p>10. LEGAL/ REGULATORY AND CONTRACTUAL COMPLIANCE</p> <p>Non-compliance with local and international laws and regulations and contractual obligations due to:</p> <ul style="list-style-type: none"> • Complex and voluminous laws/ regulations; • Lack of awareness of existing and new laws/regulations and case law, and lack of understanding of contractual provisions and impact on transactions/ operations; and • Ambiguity in the interpretation/ application of laws/ regulations and case law. <p>Capital Inputs</p>  | <p>Compromised Financial and Intellectual Capitals due to:</p> <ul style="list-style-type: none"> √ Non-compliance costs arising from penalties and fines; √ Failure to meet legal/contractual obligations and potential claims/ litigation; √ Additional compliance costs; and √ Potential reputational damage. | <ul style="list-style-type: none"> √ Authorities √ Employees √ Customers √ Supplier/ Business Partners | <p>Elevating Organisational Effectiveness.</p> <p>To deliver projects as planned, with seamless implementation support from key authorities and suppliers.</p> | <ul style="list-style-type: none"> √ Continued to instill a culture of compliance within the organisation, with complementing internal processes, external legal support to operational teams when required; √ Maintained close collaboration with trade associations/ regulatory bodies on emerging legal/ regulatory requirements and industry trends and standards; √ Dedicated project teams to monitor compliance with specific laws/ regulations and contractual provisions; and √ Defined an escalation matrix and a stringent monitoring, resolution and reporting mechanism to manage material breaches. |



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





GROUP FINANCIAL REVIEW

On the back of a challenging operating environment, Sime Darby Property demonstrated resilience in achieving an improved financial performance. We deployed effective strategies, with a focus on driving core earning, increasing revenue potential through asset optimisation and monetisation and effective working capital management. We also benefited from Government initiatives such as the Home Ownership Campaign (HOC), that partially mitigated the negative impact from weak market and consumer sentiments.

Group's Focus and Achievement

The financial year was in fact a challenging year in the property market segment. However, our holistic development roadmap plus effective marketing and sales strategies yielded positive results for the Group. The improved performance was mainly driven by the following:

- We continued our focus to provide the right product at the right price point at strategic locations.
- In response to the needs of mass market segment, we launched our Affordable Collection (below RM500,000 per unit) and intensified the launch of mid-range priced products (RM500,000 to RM800,000 per unit).
- We identified assets that are sub-optimal in performance, including low-yielding assets or non-core land bank for disposal and channel the capital into business opportunities with better returns, to repay borrowings and dividend payments.
- The Group's Transformation programme further contributed to improve productivity, which also led to improved profit margins and optimised shareholders' returns.
- We expanded our recurring income stream in the Industrial and Logistic Development business segment, which partially served as a safeguard against volatile market conditions going forward.
- Product innovation, backed by targeted marketing efforts, helped to reduce inventories and secure positive outcomes, in terms of operational efficiencies and customer alignment.



2,917 units launched,
with a combined gross development
value (GDV) of

RM2.30 billion



Total unbilled sales stood at

RM1.55 billion

as at 31 December 2019



RM3.14 billion

sales – a total at 37 percent above
the targeted sales of RM2.30 billion



94.4% contribution

to the Group revenue by the Property
Development segment

Group's Financial Performance and Position

The Group achieved improved revenue and net earnings of 30.0 percent and 351.0 percent respectively, compared with the previous corresponding period*. If the one-offs were excluded, the Group recorded positive growth in core revenue and core net earnings by 24.0 percent and 94.5 percent respectively.

We also achieved net gain on disposals of non-core assets and lands of RM347.4 million through asset monetisation exercise, paving a way for the Group to leverage on this capital to further enhance and differentiate our value propositions for higher potential growth.

Overall, our balance sheet as at 31 December 2019 remained strong with a total cash balance and total equity of RM743.3 million and RM9,950.0 million respectively. The Group is well positioned to continue implementing its planned growth strategies.

With the current net gearing¹ level of 25.7 percent, the Group will proactively monitor its liquidity position and raise new financing for its working capital requirement and planned growth businesses when needed, by maintaining an optimum debt-to-equity ratio.

As at 31 December 2019, the Group strengthened its balance sheet and improved its financial position. Our positive performance is reinforced by the following:

Total Assets: Increased by 2.4 percent

RM15,482.3 million

Cash Position: Healthy

RM743.3 million

Gross Gearing Ratio¹: Moderate

33.1%

Total Equity: Increased by 5.3 percent

RM9,950.0 million

* The performance of the Group for the financial year under review is compared to the corresponding twelve months period comprising unaudited results for the period from 1 January 2018 to 30 June 2018 and audited results for the period from 1 July 2018 to 31 December 2018, to provide a meaningful comparison.

¹ Gross gearing ratio = (Total Borrowings + Lease Liabilities)/Total Equity
Net Gearing Ratio = (Total Borrowings + Lease Liabilities - Cash and Cash Equivalents)/Total Equity

Management Discussion & Analysis

IMPROVED PERFORMANCE AMID THE CHALLENGING PROPERTY MARKET

The Group achieved a total revenue of RM3.2 billion in FY2019, increased by 30.0 percent from the previous year* for which the revenue was mainly contributed by City of Elmina, Nilai Utama, Bandar Bukit Raja, Serenia City, Putra Heights township, KLGCC Resort and Cantara Residences.

The Group's profit before interest and taxation (PBIT) increased significantly by more than eighteen-fold from RM30.9 million in previous year to RM567.3 million in FY2019, attributed to the growth in Property Development segment and one-off gains. The previous corresponding period was impacted by high impairment and provisions. Consequently, the Group reported net earnings of RM598.5 million in the current financial year, as opposed to the net loss of RM238.5 million reported in the previous year.

During the financial year, the Group's share of losses from Battersea Project in UK increased to RM29.1 million compared to RM25.6 million a year ago was mainly attributed to higher marketing expenses. The losses recorded was also attributed to the fact that whilst development continues to progress, however, revenue is only recognised upon completion and hand-over of the property units to the buyers, in accordance with the relevant accounting standard (IFRS 15) that governs revenue recognition. Hence, this gives rise to the timing difference between the recognition of costs and revenue. The Group anticipates the recognition of revenue for Phase 2 and Phase 3A development to be in FY2021.

Excluding the one-off write-off, impairment and other gains, the Group's core revenue, PBIT and Net Earnings during the financial year under review increased by 24.0 percent, 35.9 percent and 94.5 percent respectively.

Core Revenue improved by 24.0 percent to RM3.0 billion from RM2.4 billion a year ago, underpinned by the Group's persistent effort to drive higher sales and development activities and to reduce inventories, backed by Government's HOC.

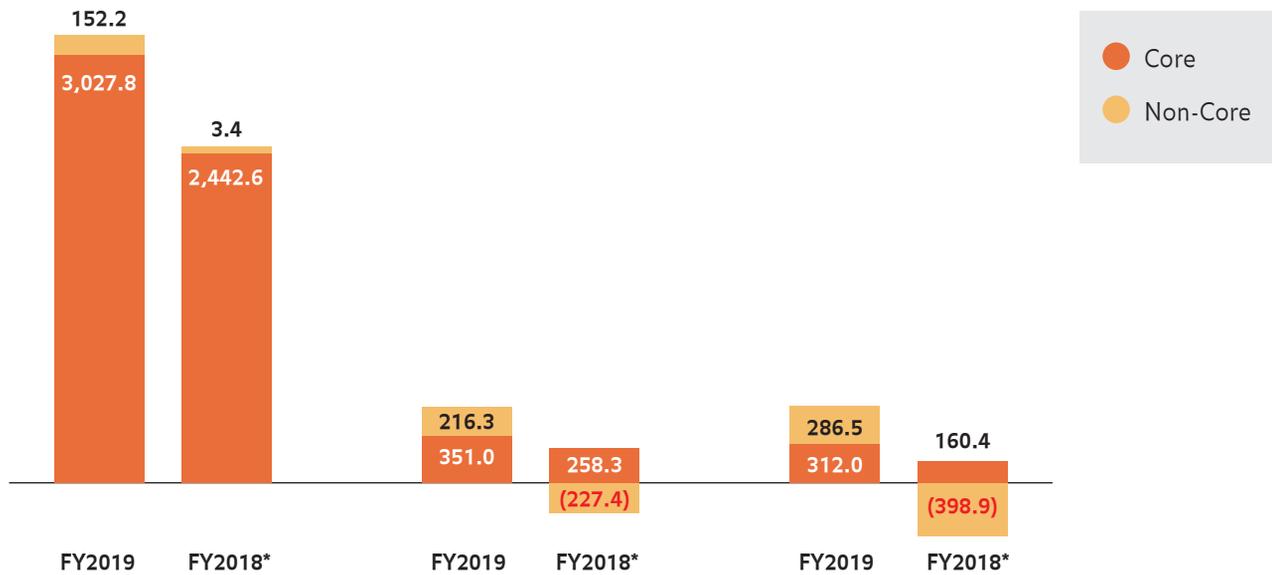
Core PBIT in the current financial year recorded RM351.0 million, an **increase of 35.9 percent** from RM258.3 million last year, driven by the improved sales performance and higher development activities, coupled with the continuous efforts in diligent cost planning and optimisation.

Core Net Earnings was almost doubled from last year's RM160.4 million to RM312.0 million in the current financial year. This reflects the Group's resilient core operational performance.



GROUP FINANCIAL REVIEW

| | REVENUE | | PBIT/(LBIT) | | NET EARNINGS/(LOSS) | |
|------------|---------|---------|-------------|------|---------------------|---------|
| RM million | 3,180.0 | 2,446.0 | 567.3 | 30.9 | 598.5 | (238.5) |



| RM million | FY2019 | FY2018* |
|-----------------------|----------------|----------------|
| Reported Revenue | 3,180.0 | 2,446.0 |
| (Less:) | | |
| - Non-core land sales | (152.2) | (3.4) |
| Core Revenue | 3,027.8 | 2,442.6 |

↑ 24.0%

| RM million | FY2019 | FY2018* |
|----------------------------|--------------|--------------|
| Reported PBIT | 567.3 | 30.9 |
| Add/(Less:) | | |
| - Provisions & impairments | 167.4 | 248.9 |
| - Other gains | (383.7) | (21.5) |
| Core PBIT | 351.0 | 258.3 |

↑ 35.9%

| RM million | FY2019 | FY2018* |
|------------------------------|--------------|--------------|
| Reported Net Earnings/(Loss) | 598.5 | (238.5) |
| Add/(Less:) | | |
| - Provisions & impairments | 136.3 | 241.6 |
| - Other gains | (347.4) | (20.2) |
| - Tax provision | (75.4) | 177.5 |
| Core Net Earnings | 312.0 | 160.4 |

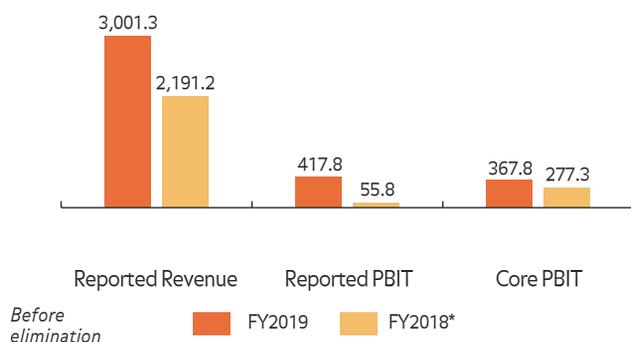
↑ 94.5%

* The performance of the Group for the financial year under review is compared to the corresponding twelve months period comprising unaudited results for the period from 1 January 2018 to 30 June 2018 and audited results for the period from 1 July 2018 to 31 December 2018, to provide a meaningful comparison.

SEGMENTAL ANALYSIS

PROPERTY DEVELOPMENT

RM million



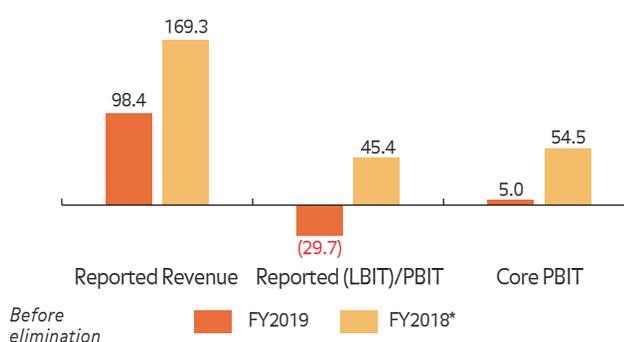
The Property Development segment continued to be the key contributor to the Group's revenue contributing 94.4 percent. The reported segment revenue increased by 37.0 percent compared to the corresponding period of the previous year. Property Development segment reported higher PBIT of 648.7 percent in the current financial year, mainly driven by higher sales and development activities in Denai Alam, Bukit Jelutong, Nilai Utama, Bandar Bukit Raja, Serenia City and Putra Heights townships, KLGCC Resort and Cantara Residences. Results were further bolstered with gains on compulsory acquisition and non-strategic land sales totalling RM138.2 million and core land sales of RM72.6 million. The results were impacted by impairment totalling RM88.2 million.

Excluding the one-offs, core PBIT of the Property Development segment was improved by 32.6 percent in the current financial year to RM367.8 million compared with RM277.3 million in the previous year. This reflects the Group's efforts in driving the growth of the development business.

The Group's share of losses from joint ventures and associates increased to RM31.4 million as compared to RM26.8 million in the previous year, due to higher marketing expenses incurred by Battersea and lower share of profit from PJ Midtown, our projects with the joint venture partners.

PROPERTY INVESTMENT

RM million



With effect from 1 January 2019, the Group has combined the Property Investment and Concession Arrangement, which have similar economic characteristic, as a single operating segment. The Concession Arrangement segment provides asset management services which includes maintaining the facilities and infrastructure management services of campuses in the Pagoh Education Hub.

Revenue from Property Investment segment declined by 41.9 percent to RM98.4 million in the current financial year, resulted by lower contribution from the concession business as most of the contracts in supply of teaching equipment were fulfilled in the previous corresponding period. Additionally, it was due to the smaller asset portfolio size in the current financial year following the Group's asset monetisation exercise.

The segment reported loss before interest and tax at RM29.7 million as compared to profit of RM45.4 million a year earlier as a result of the pre-commencement expenditure of KL East Mall of RM8.8 million and provision and impairment of RM65.8 million.

The Group's share of result in Sime Darby Property CapitaLand (Melawati Mall) Sdn Bhd has improved to a profitable position from loss of RM1.2 million a year ago, supported by a higher average occupancy rate of 86.4 percent compared to the previous year of 81.4 percent.

Excluding the one-offs, the Property Investment segment recorded a core PBIT of RM5.0 million in the current financial year, lower by 90.8 percent when compared with the corresponding period a year earlier.

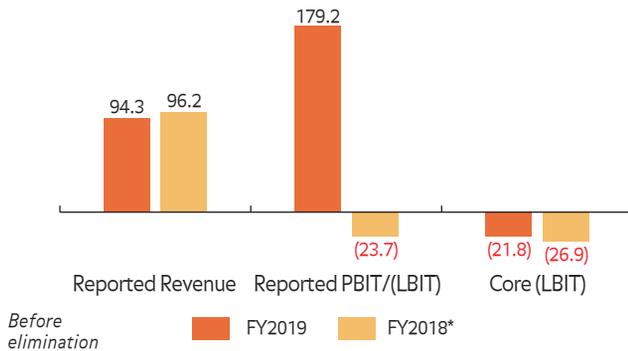
* The performance of the Group for the financial year under review is compared to the corresponding twelve months period comprising unaudited results for the period from 1 January 2018 to 30 June 2018 and audited results for the period from 1 July 2018 to 31 December 2018, to provide a meaningful comparison.



GROUP FINANCIAL REVIEW

LEISURE AND HOSPITALITY

RM million



Revenue from Leisure and Hospitality segment decreased 2.0 percent or RM1.9 million, which was mainly due to the divestment of the Group's overseas hospitality assets located in Australia and Singapore, as part of the Group's strategy to dispose its non-core and low-yielding assets.

The segment registered a significant improvement in PBIT to RM179.2 million as compared to a loss of RM23.7 million a year earlier. The significant improvement was derived from the disposal gain of Darby Park Executive Suites in Singapore.

Excluding the one-offs, the Leisure and Hospitality segment recorded a core loss before interest and tax of RM21.8 million, marginally improved from the previous year's loss of RM26.9 million, attributed to the higher contribution registered by TPC KL in the current financial year, with the reopening of West Course which was closed for renovation works during the previous year.

IMPAIRMENT AND PROVISIONS

The Group remained prudent and continued to take firm measures to review and to address some of its legacy projects, which included repricing of aged inventories and a thorough review of the products in its pipeline launches. During the financial year, the Group took a one-off write-off, impairment and provisions, mainly include the following:

Aged Inventories, Capitalised Development Expenditure, Outstanding Receivables and Impairment of Investment Properties:

- Net impairment of inventories of RM43.3 million, mainly in Melawati, Ara Damansara and Taman Pasir Putih developments to its estimated net realisable value;

- The write-off of development expenditure totaling RM9.7 million, following a review to ensure that the products in the pipeline launches are aligned to market demand;
- Impairment of a long outstanding amount due from a joint venture of the Group of RM14.9 million; and
- Impairment of RM9.8 million in relation to investment properties following an impairment assessment where the carrying values exceed the corresponding recoverable amount.

Obligations:

- A provision of RM65.8 million was made in relation to an undertaking arrangement entered on the disposal of a property with the purchaser in prior years; and
- Provision of RM23.9 million, out of which RM20.3 million was in relation to contractual obligation arising from land disposal in prior year.

FINANCE COSTS

Finance costs incurred for the financial year was RM22.9 million, net of capitalised interests of RM152.4 million. Total finance costs amounted to RM175.3 million, consisted of borrowing cost from conventional and Islamic borrowings, in the proportion of about 38.4 and 61.6 percent, respectively.

The Group's weighted average cost of borrowings was 5.0 percent per annum as compared to 5.1 percent per annum in the previous year.

TAXATION

The effective tax rate for the financial year was low at 10.8 percent. The low effective tax rate for the financial year was mainly due to the gain on disposal of Singapore property of RM214.4 million is not subjected to tax.

In addition, reversal of prior period tax provision was made following the finalisation and settlement of some of the tax audits by the Inland Revenue Board in the current financial year.

* The performance of the Group for the financial year under review is compared to the corresponding twelve months period comprising unaudited results for the period from 1 January 2018 to 30 June 2018 and audited results for the period from 1 July 2018 to 31 December 2018, to provide a meaningful comparison.

BALANCE SHEET MANAGEMENT

a. INVENTORIES MANAGEMENT

The Group has committed to put in place an effective inventories management to keep unsold inventories at a moderate level. In order to achieve this, the Group ensures that the planning of development properties is according to the market demand and housing preferences with right price points that meets the customer expectation.

As at 31 December 2019, total inventories decreased slightly to RM6,532.8 million from RM6,752.6 million as at 31 December 2018, with the following breakdown:

Land held for property development (non-current):

With effect from the current financial year, the Group has reclassified land and common costs incurred for development phases which have yet to commence its operating cycle as non-current inventories under land held for property development. Both land and common costs attributable to a particular phase will be transferred from non-current inventories to current inventories upon the launch of that particular phase or once the site possession of the phase is handed over to the contractor for the commencement of building construction works, whichever is earlier. With this, the current inventories will be more reflective of the level of ongoing active development activities.

Land held for property development cost stood at RM4,542.9 million, an increase of RM364.8 million from RM4,178.1 million a year ago as the Group was opening up new township in Kota Elmina and new development phases in our flagship townships in Bandar Bukit Raja, Serenia City and City of Elmina.

Completed inventories (current):

The carrying value of completed inventories were RM532.8 million in FY2019, decreased significantly by RM338.5 million from RM871.3 million a year ago. This reflects the Group's effort in reducing unsold aged inventories through targeted marketing efforts and repricing strategy to align to market demand.

Property development costs (current):

Property development cost in relation to projects where development is in progress amounted to RM1,455.3 million, a reduction of RM246.4 million from last year's RM1,701.7 million, resulted from higher sales and acceleration of development activities in flagship townships in City of Elmina, Bandar Bukit Raja and Serenia City, Melawati and Ara Damansara.

b. WORKING CAPITAL/LIQUIDITY MANAGEMENT

The Group is committed to maintain an effective working capital management in order to achieve optimal operation efficiency. In the current financial year, with higher property sales and development activities, the Group had generated positive operating cash flow amounting to RM411.6 million.

The Group's interest in Joint Ventures stood at RM2,805.0 million as at 31 December 2019, an increase of 9.0 percent from RM2,574.0 million as at 31 December 2018. The Group utilised part of the disposal proceeds from the leisure asset namely, Darby Park Singapore and channeled the said proceeds through new equity injection to the Battersea joint venture.

Total cash and cash equivalents of the Group increased by 14.5 percent from RM649.1 million to RM743.3 million as at 31 December 2019. Cash held under Housing Development Accounts increased from RM343.5 million to RM456.7 million during the same period, mainly driven by improved performance and higher net progress billings and receipts from City of Elmina, Bandar Bukit Raja, Serenia City, Cantara Residences and KL East.



GROUP FINANCIAL REVIEW

| RM million | FY2019 | FY2018* |
|--|-------------|----------------|
| Operating cash flow | 411.6 | (188.4) |
| Investing cash flow | (280.7) | (854.2) |
| Financing cash flow | (14.2) | (27.1) |
| Proceeds from disposals, net of transaction costs | 334.0 | 79.3 |
| Net finance cost paid | (153.1) | (114.6) |
| Dividends paid | (136.0) | (340.0) |
| Net borrowings raised/ (paid) | (67.1) | 1,064.4 |
| Foreign exchange differences | (0.3) | (6.2) |
| Net Cash Flow | 94.2 | (386.8) |

For the current financial year, net cash flow was improved by 124.4 percent from a negative net cash flow of RM386.8 million to a positive position of RM94.2 million, driven by improved operating cash flow and proceeds from disposal of assets, with the latter aligned with the Group's focus on monetising low-yielding or non-core assets.

The net cash outflow from investing activities was lower in the current financial year as last year's cash flow was impacted by the equity injection for Battersea.

Higher net finance cost of RM153.1 million paid during the year was attributed mainly to borrowings raised towards end of last year. Further, the conversion of revolving credits to long term loans were at higher interest rate.

c. DEBT AND FUNDING MANAGEMENT

The Group's Borrowings

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

| RM million | FY2019 | FY2018 |
|---|---------|---------|
| Total Borrowings | 3,204.3 | 3,273.0 |
| Lease Liabilities | 91.7 | - |
| Total Debt | 3,296.0 | 3,273.0 |
| Cash and Bank Balances (including cash under Housing Development Accounts) | 743.3 | 649.1 |
| Total Equity | 9,950.0 | 9,446.4 |
| Gross Gearing Ratio (%) | 33.1 | 34.6 |
| Net Gearing Ratio (%) | 25.7 | 27.8 |

During the financial year, the Group adopted MFRS 16 – Leases and recognise right-of-use and lease liabilities. Please refer to Note 45(a) of the financial statements. The recognition of lease liabilities increased the Group's gross and net gearing ratios from 32.2 percent to 33.1 percent and 24.7 percent to 25.7 percent respectively.

Total borrowings of the Group, wholly denominated in Ringgit Malaysia amounted to RM3,204.3 million as at 31 December 2019, decreased slightly by 2.1 percent from RM3,273.0 million as at 31 December 2018. Accordingly, both the gross and net gearing ratios of the Group have reduced to 33.1 percent and 25.7 percent respectively from 34.6 percent and 27.8 percent, a year earlier.

The Group maintains a well-spread borrowing repayment profile as part of the effort to maintain a sustainable debt management, by reducing concentration and refinancing risks of the Group.

* The performance of the Group for the financial year under review is compared to the corresponding twelve months period comprising unaudited results for the period from 1 January 2018 to 30 June 2018 and audited results for the period from 1 July 2018 to 31 December 2018, to provide a meaningful comparison.

| RM million | Short Term | < 1 Year | 1 to 2 Years | 2 to 5 Years | > 5 Years |
|-----------------------|--------------|--------------|--------------|--------------|----------------|
| FY2019 | 560.7 | 235.4 | 357.2 | 910.4 | 1,140.6 |
| Percentage (%) | 17.5 | 7.3 | 11.2 | 28.4 | 35.6 |
| FY2018 | 940.6 | 407.2 | 378.1 | 745.5 | 801.6 |
| Percentage (%) | 28.7 | 12.4 | 11.6 | 22.8 | 24.5 |

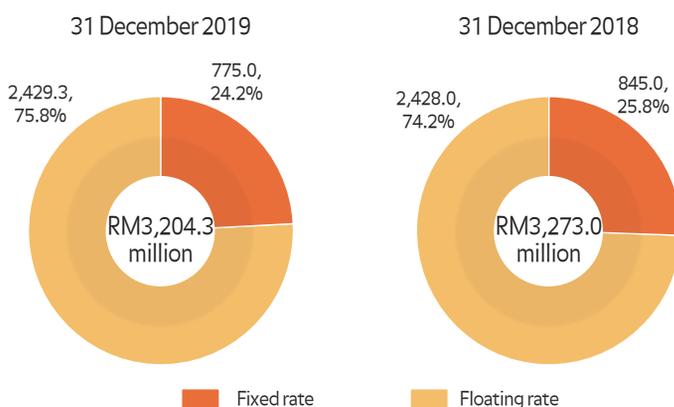
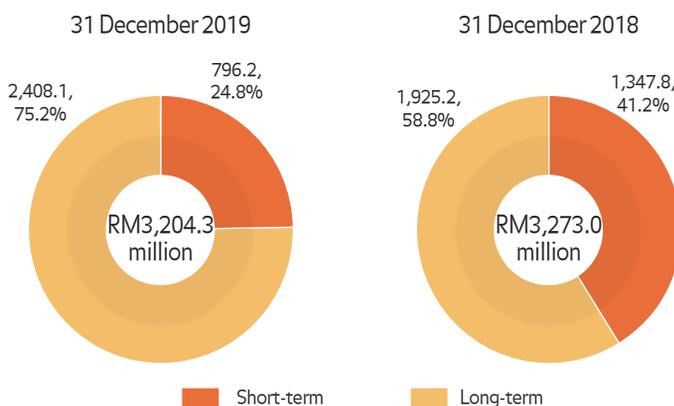
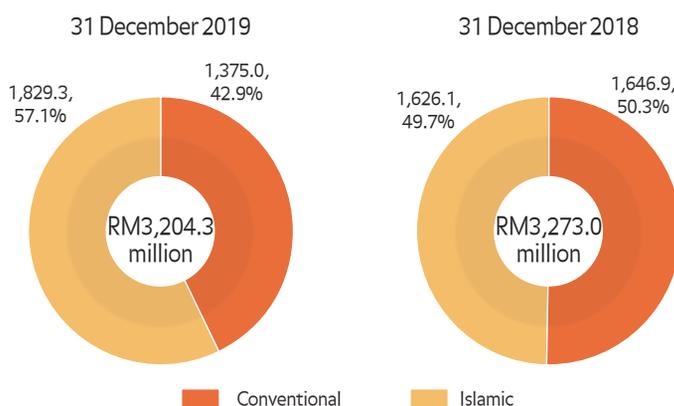
Funding Mix

The Group maintained a well-balanced borrowing profile between conventional and Islamic borrowings. Borrowings raised in accordance with Islamic principles amounted to RM1,829.3 million or 57.1 percent of total Group borrowings whereas conventional borrowings constituted RM1,375.0 million or 42.9 percent. Conventional debt as a percentage of Total Assets of the Group reduced to 8.9 percent as at 31 December 2019 from 10.9 percent as at 31 December 2018, which was well below the threshold of 33.0 percent set by the Securities Commission to meet the criteria of a Shariah compliant counter on Bursa Malaysia.

The Group has improved its borrowings maturity profile in the current financial year. As at 31 December 2019, borrowings due after 1 year made up 75.2 percent of the Group’s total borrowings compared to 58.8 percent in the previous year. This allows the Group to manage its capital and cash flow in a more effective manner.

The composition of fixed rate borrowings over total borrowings of 24.2 percent as at 31 December 2019, had reduced from 25.8 percent as at 31 December 2018.

Given the current low interest rate regime, the Group is reviewing to enhance the current mix of interest rate of borrowings.





GROUP FINANCIAL REVIEW

Financial Risk and Capital Management

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

| RM million | Facility Limit | Facility Limit Available |
|-----------------|----------------|--------------------------|
| Bank Borrowings | 5,000 | 1,378 |
| iMTN Programme | 4,500 | 4,500 |
| Total | 9,500 | 5,878 |

MOVING FORWARD

The property market is expected to remain challenging in 2020 due to the prevailing overhang situation and the expiry of the Home Ownership Campaign at the end of last year. In addition, the COVID-19 pandemic has impacted global and domestic economies significantly and it is expected to have an adverse impact on the results of the Group for the financial year ending 31 December 2020. However, the Group is implementing timely and appropriate measures to minimise the impact.

Amid this challenging time, the Group accelerated more widespread customer engagement via online digital channel of which its foundation has been built prior to the virus outbreak. Digital engagements between the Group and potential property buyers has been steady during the Order period.

The Group is fully committed in executing its core development business to optimise shareholder value. Offering properties within the affordable and mid-range price points in strategic locations will be our key focus.

The Group will also continue to monetise low-yielding assets to unlock higher value and channel the capital into business opportunities with better returns. It will expand further into industrial and logistic developments to increase recurring income.

In addition, the Group will adopt a prudent debt management approach in managing its liquidity position to ensure a sustainable level of working capital is provided for its operations.

QUARTERLY PERFORMANCE

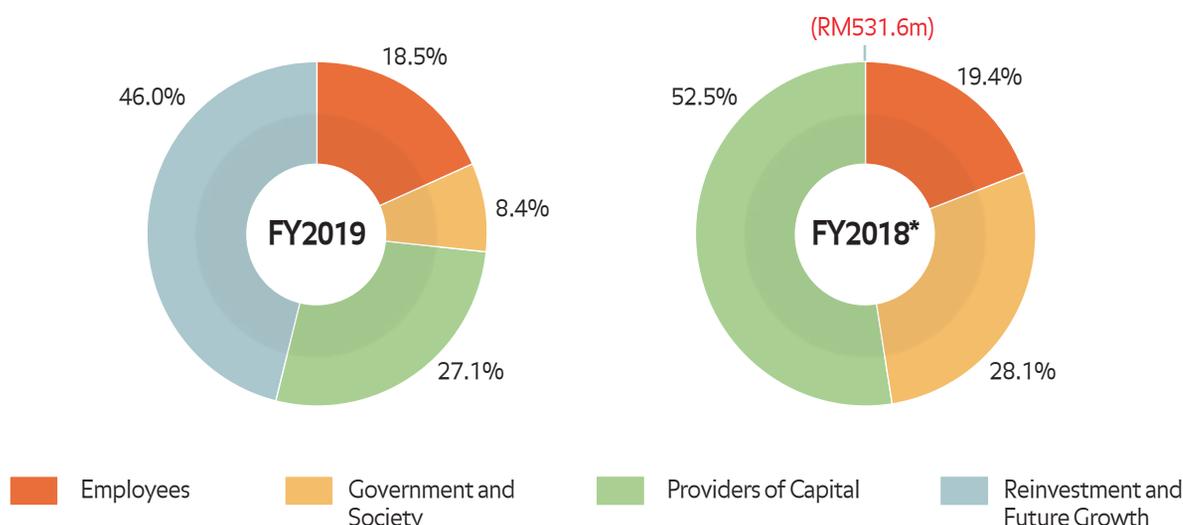
| RM thousand | 1QFY2019 31 Mar 2019 | 2QFY2019 30 Jun 2019 | 3QFY2019 30 Sep 2019 | 4QFY2019 31 Dec 2019 | FY2019 Total |
|--|-------------------------|-------------------------|-------------------------|-------------------------|-----------------|
| Revenue | 575,132 | 865,897 | 850,033 | 888,932 | 3,179,994 |
| Operating Profit | 70,120 | 189,576 | 68,519 | 112,339 | 440,554 |
| Other Gains/(Losses) | 204,404 | (24,072) | (27,515) | 3,816 | 156,633 |
| Share of Results from JVs & Associates | 3,466 | (14,856) | (22,935) | 4,477 | (29,848) |
| Profit before Interest and Tax (PBIT) | 277,990 | 150,648 | 18,069 | 120,632 | 567,339 |
| Profit before Taxation | 301,480 | 179,458 | 41,098 | 143,634 | 665,670 |
| Profit after Taxation | 274,322 | 191,996 | 15,408 | 109,155 | 590,881 |
| Profit Attributed to Owners of the Company | 265,075 | 205,259 | 25,242 | 102,955 | 598,531 |

- The earning of 1QFY2019 included the gains from disposal of Darby Park Executive Suite of RM203.4 million
- The results of 3QFY2019 included impairments and provision totaling RM69.3 million and the share of losses from Battersea of RM21.5 million which was the highest amongst the four quarters

| RM thousand | 1QFY2019 31 Mar 2019 | 2QFY2019 30 Jun 2019 | 3QFY2019 30 Sep 2019 | 4QFY2019 31 Dec 2019 | FY2019 Total |
|--------------------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-----------------|
| REVENUE | | | | | |
| Property Development | 534,847 | 822,981 | 810,487 | 833,026 | 3,001,341 |
| Property Investment | 20,846 | 20,504 | 20,001 | 37,003 | 98,354 |
| Leisure & Hospitality | 22,083 | 25,333 | 24,269 | 22,623 | 94,308 |
| Elimination of inter-segment revenue | (2,644) | (2,921) | (4,724) | (3,720) | (14,009) |
| Total | 575,132 | 865,897 | 850,033 | 888,932 | 3,179,994 |
| SEGMENT RESULTS | | | | | |
| Property Development | 71,765 | 176,790 | 51,354 | 131,923 | 431,832 |
| Property Investment | 6,592 | 1,766 | 512 | (3,853) | 5,017 |
| Leisure & Hospitality | (4,771) | (3,836) | (6,282) | (11,254) | (26,143) |
| Total | 73,586 | 174,720 | 45,584 | 116,816 | 410,706 |

STATEMENT OF VALUE ADDED

The Group is committed in delivering sustainable value to its stakeholders amid the challenging market environment. Stakeholders of the Group included its employees, Government and society and shareholders.



Value Added

| RM thousand | FY2019 | FY2018* |
|------------------------------------|------------------|-------------|
| Turnover | 3,179,994 | 2,446,012 |
| Direct and Indirect Costs | (2,315,782) | (2,021,808) |
| Value Added from Operations | 864,212 | 424,204 |
| Other Operating Income | 9,700 | 20,416 |
| Other Gains/(Losses) | 156,633 | (8,251) |
| Share of Results of Joint Ventures | (29,901) | (70,375) |
| Share of Results of Associates | 53 | 927 |
| Finance Income | 121,242 | 130,524 |
| Total Value Added | 1,121,939 | 497,445 |

Value Distributed

| RM thousand | FY2019 | FY2018* |
|---|---------------------|----------------------|
| Employees | 207,845 | 199,421 |
| Government and Society | 94,789 | 289,562 ² |
| Providers of Capital | | |
| Dividends | | |
| - Financial year ended 31 December 2019 | 68,008 ³ | - |
| - Financial period ended 31 December 2018 | 68,009 | - |
| - Financial year ended 30 June 2018 | - | 340,042 |
| Finance costs | 175,299 | 152,449 |
| Non-controlling interests | (7,650) | 47,560 |
| | 303,666 | 540,051 |
| Reinvestment and Future Growth | 515,639 | (531,589) |
| Total Value Distributed | 1,121,939 | 497,445 |

* The performance of the Group for the financial year under review is compared to the corresponding twelve months period comprising unaudited results for the period from 1 January 2018 to 30 June 2018 and audited results for the period from 1 July 2018 to 31 December 2018, to provide a meaningful comparison.

² Includes additional provision for prior years in relation to preliminary tax audit findings by the Inland Revenue Board amounting to RM177.5 million which is provided in compliance with relevant accounting standards

³ The second interim dividend of 2 sen per share amounting to RM136.0 million, which is not included in the above, will be paid on 20 April 2020

FY2015-FY2019 FINANCIAL SUMMARY

| RM thousand | 12 Months Dec 2019 FY2019 | 6 Months Dec 2018 FP2018 | 12 Months Jun 2018 FY2018 | 12 Months Jun 2017 FY2017 | 12 Months Jun 2016 FY2016 | 12 Months Jun 2015 FY2015 |
|---|---------------------------------|--------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|
| FINANCIAL RESULTS | | | | | | |
| Revenue | 3,179,994 | 1,269,145 | 2,353,104 | 2,610,852 | 3,371,089 | 3,624,264 |
| Profit/(loss) before interest and taxation | 567,339 | (51,823) | 682,516 | 823,747 | 1,203,323 | 931,422 |
| Profit/(loss) before taxation (PBT) | 665,670 | (38,146) | 728,382 | 888,830 | 1,220,269 | 865,574 |
| Profit/(loss) after taxation | 590,881 | (311,179) | 684,286 | 709,101 | 954,758 | 688,220 |
| Non-controlling interests | 7,650 | (7,521) | (44,278) | (85,072) | (81,533) | (68,391) |
| Profit/(loss) attributable to owners of the Company (PATAMI) | 598,531 | (318,700) | 640,008 | 624,029 | 873,225 | 619,829 |
| FINANCIAL POSITION | | | | | | |
| Share capital | 6,800,839 | 6,800,839 | 6,800,839 | 2,405,496 | 1,010,409 | 1,004,741 |
| Share premium and contribution from immediate holding company | – | – | – | 1,500,000 | 2,530,493 | 1,969,323 |
| Reserves | 2,920,871 | 2,408,680 | 2,933,748 | 2,417,681 | 1,792,955 | 1,295,797 |
| Shareholders' Funds | 9,721,710 | 9,209,519 | 9,734,587 | 6,323,177 | 5,333,857 | 4,269,861 |
| Non-controlling interests | 228,296 | 236,881 | 230,837 | 264,724 | 174,510 | 105,741 |
| TOTAL EQUITY | 9,950,006 | 9,446,400 | 9,965,424 | 6,587,901 | 5,508,367 | 4,375,602 |
| Property, plant and equipment | 636,284 | 640,445 | 735,159 | 825,333 | 846,083 | 851,770 |
| Investment properties | 745,785 | 644,206 | 605,961 | 474,221 | 331,754 | 491,807 |
| Inventories | 6,532,772 | 6,752,621 | 6,779,463 | 5,806,663 | 5,607,700 | 4,540,317 |
| Joint ventures | 2,805,001 | 2,574,020 | 2,223,949 | 1,967,983 | 1,408,539 | 929,100 |
| Other non-current assets | 2,150,586 | 2,187,493 | 2,130,691 | 2,123,925 | 2,644,861 | 1,863,331 |
| Cash (including cash in Housing Development Accounts) | 743,338 | 649,090 | 749,395 | 1,129,154 | 906,010 | 806,215 |
| Other current assets | 1,868,527 | 1,588,963 | 1,525,360 | 1,331,624 | 1,208,025 | 1,719,519 |
| Assets held for sale | – | 79,519 | – | 359,125 | – | 133,710 |
| Total Assets | 15,482,293 | 15,116,357 | 14,749,978 | 14,018,028 | 12,952,972 | 11,335,769 |
| Borrowings | 3,204,287 | 3,273,037 | 2,542,352 | 2,064,281 | 2,140,692 | 1,734,509 |
| Non-current liabilities (excl. borrowings) | 670,085 | 513,173 | 516,911 | 2,808,124 | 3,030,483 | 3,107,363 |
| Current liabilities (excl. borrowings) | 1,657,915 | 1,883,747 | 1,725,291 | 2,552,727 | 2,273,430 | 2,034,886 |
| Liabilities associated with assets held for sale | – | – | – | 4,995 | – | 83,409 |
| Total Liabilities | 5,532,287 | 5,669,957 | 4,784,554 | 7,430,127 | 7,444,605 | 6,960,167 |
| NET ASSETS | 9,950,006 | 9,446,400 | 9,965,424 | 6,587,901 | 5,508,367 | 4,375,602 |
| FINANCIAL RATIOS (%) | | | | | | |
| PBT margin | 20.9 | (3.0) | 31.0 | 34.0 | 36.2 | 23.9 |
| PATAMI margin | 18.8 | (25.1) | 27.2 | 23.9 | 25.9 | 17.1 |
| Return on average shareholders' funds | 6.3 | (3.4) | 8.0 | 10.7 | 18.2 | 16.0 |
| Gross gearing ratio | 33.1 | 34.6 | 25.5 | 31.3 | 38.9 | 39.6 |
| SHARE INFORMATION | | | | | | |
| Basic earnings/(loss) per share (sen) | 8.8 | (4.7) | 11.1 | 16.5 | 26.9 | 22.1 |
| Dividend per share (sen) | 3.0 | 1.0 | 5.0 | 5.0 | 25.0 | 20.0 |
| Net assets per share attributable to owners of the Company (RM) | 1.4 | 1.4 | 1.4 | 6.3 | 5.3 | 4.3 |

Notes:

- The Group was listed on Bursa Malaysia on 30 November 2017
- The comparatives have not been restated following the adoption of:
 - o MFRS 9 – Financial Instruments effective 1 January 2018 (FP2018)
 - o MFRS 16 – Leases and Annual Improvements to MFRS 123 – Borrowing Costs Eligible for Capitalisation effective 1 January 2019 (FY2019)



KEY PERFORMANCE METRICS

Manufactured

CUSTOMER SATISFACTION INDEX

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

FY2019: The Malaysian assets comprising TPC Kuala Lumpur, Sime Darby Convention Centre and Impian Golf and Country Club continue to show great quality of service as they recorded high average Customer Satisfaction Index score of 87.7 percent.

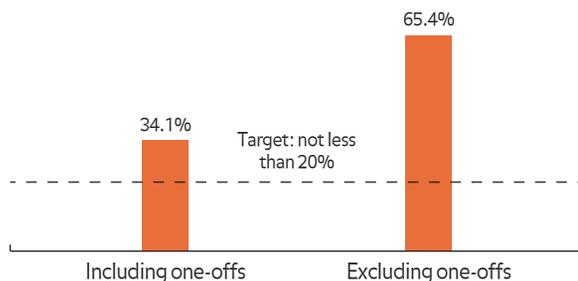
Financial

1. DIVIDEND PAYOUT

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

FY2019: Achieved a payout ratio of **34.1 percent** vs. target of not less than 20 percent of the consolidated net earnings. If excluding one-off items, the Group achieved a payout ratio of **65.4 percent**.

Dividend Payout Ratio in FY2019



2. UNBILLED SALES

Objective: To strengthen our unbilled sales base for future sales recognition

FY2019: Achieved **RM1.55 billion** unbilled sales. The Group fell short of meeting the RM2.0 billion target as at 31 December 2019 and set a target of RM1.50 billion for FY2020.

Human

FEMALE REPRESENTATION

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

FY2019: 42 percent of the workforce comprise women and 22 percent female representation on the Board

Social

LOSS TIME INJURY FREQUENCY RATE

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

FY2019: For Loss Time Injury Frequency Rate (LTI-FR), we have seen an increase from 0.24 to 0.31* (29 percent increase).

This is due to higher LTI incidents for FY2019 – six (6) against two (2) incidents in FY2018. All incidents are from Leisure and Hospitality operations.

* The data has been externally assured. Please refer to Independent Assurance report from pages 379 to 380

Natural

CARBON INTENSITY

Objective: To actively monitor and reduce our carbon emissions

FY2019: The company's total carbon emissions were 35,801 tCO₂-e*, a 4.95 percent decrease over the previous year. The carbon intensity reduction target was 2.5 percent against the 2016 baseline of 19.57 tCO₂-e/RM Mil of Revenue. The carbon intensity reduction achieved was 42.5 percent or 11.26 tCO₂-e/RM Mil of Revenue.

* Total Carbon data has been externally assured. Please refer to Independent Assurance report from pages 379 to 380

Intellectual

RECOGNISED ON ESG INDICES

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

FY2019: Remain as a constituent of a key global sustainability index

Selected as an index constituent of the Dow Jones Sustainability Index (DJSI) for the second consecutive year

FINANCIAL CALENDAR

For the Financial Year Ended 31 December 2019

Announcement of Unaudited Consolidated Results

- ▶ 1st Quarter Ended 31 March 2019 : 29 May 2019
- ▶ 2nd Quarter Ended 30 June 2019 : 28 August 2019
- ▶ 3rd Quarter Ended 30 September 2019 : 27 November 2019
- ▶ 4th Quarter Ended 31 December 2019 : 26 February 2020

Dividends

First Interim Single Tier Dividend of 1.0 sen Per Ordinary Share

- ▶ Announcement of the Notice of Entitlement and Payment : 28 August 2019
- ▶ Date of Entitlement : 30 September 2019
- ▶ Date of Payment : 22 October 2019

Second Interim Single Tier Dividend of 2.0 sen Per Ordinary Share

- ▶ Announcement of the Notice of Entitlement and Payment : 26 February 2020
- ▶ Date of Entitlement : 31 March 2020
- ▶ Date of Payment : 20 April 2020

47th Annual General Meeting

- ▶ Notice Date : 28 April 2020
- ▶ Meeting Date : 26 June 2020



INVESTOR INFORMATION

The Group's Investor Relations (IR) emphasises in carrying out efficient IR plans with the investment community at large. The Group's IR department plays a crucial role in engaging and disseminating information on strategies, ongoing key developments and financial performance of the Group to existing shareholders and the broader investment community. The team conducts regular engagements and communications with fund managers, financial analysts, shareholders and media across Malaysia and the neighboring countries.

The Senior Management team of Sime Darby Property led by Acting Group Chief Executive Officer – Dato' Wan Hashimi Albakri, Group Chief Financial Officer – Ms. Betty Lau Sui Hing, Chief Strategy Officer – En. Mohammad Fairuz Mohd Radi and Chief Marketing & Sales Officer – Mr. Gerard Yuen Yun Wei spearhead the Investor Relations programme and was supported by the Investor Relations team.

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

IR Calendar for Financial Year (FY) 2019

In FY2019, Sime Darby Property continued to maintain an active IR calendar to have consistent and transparent engagement plans with our investment community. Throughout the whole year, we have conducted the following IR activities:

- 88 Equity Investor Engagements via One-on-One or Small Group Meetings, Roadshows and Conferences (Mainly from Malaysia and Singapore)
- 4 Quarterly Result Analyst Briefings
- 4 Property Site Visits (Bandar Universiti Pagoh, Planters Haven, Bayuemas Sports Complex and Impian Golf & Country Club)
- 3 Engagement Sessions with Major Shareholders (PNB and KWAP)
- 46th Annual General Meeting

Communication Channels

Investor Relations Website

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

Analyst Briefings

- Sime Darby Property holds analyst briefings for its four quarterly result announcements in both physical and non-physical forms whereby the latter is conducted via webcast to make the briefings available to both local and foreign participants
- Presentation materials provided during the briefings are clear and concise to respond to key matters and are available in the website for download

One-on-One or Small Group Meetings, Roadshows and Conferences

- Investor meetings are imperative in maintaining effective stakeholder engagement as this direct channel of communication provides an opportunity for the investment community to gain a better insight of the businesses, strategy and growth direction of the Group
- One-on-one or small group meetings were mainly held at our Head Office in Ara Damansara and Kuala Lumpur Golf & Country Club Resort
- The Group also participated in investor conferences and roadshows in Malaysia in the form of group briefings

Annual General Meeting

- In addition to serving as an avenue for the existing shareholders to vote for the proposed resolutions of the Group, Annual General Meeting is an important platform available for both Key Management and shareholders to communicate in a much-engaged manner
- The Management team will leverage on this event to convey strategy plans, key developments and performance updates of the Group to shareholders while shareholders will be given the opportunity to raise questions pertaining to the Group

Broad Research Coverage

During the financial year under review, there was a total of 11 research houses that issued analyst coverage report for Sime Darby Property. As at 29 February 2020, the Group had garnered 46 percent Outperform rating, 18 percent Buy rating, 27 percent Hold rating and 9 percent Add rating, with an average target share price of RM1.00, nearly 23.5 percent upside from the average trading price of the period under review of RM0.81. The average target share price translates to a discount on Revalued Net Asset Value (RNAV) of 61.0 percent. The summary of the research analysts’ rating recommendation and target price is detailed below:





INVESTOR INFORMATION

Summary of Investor Interest:

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

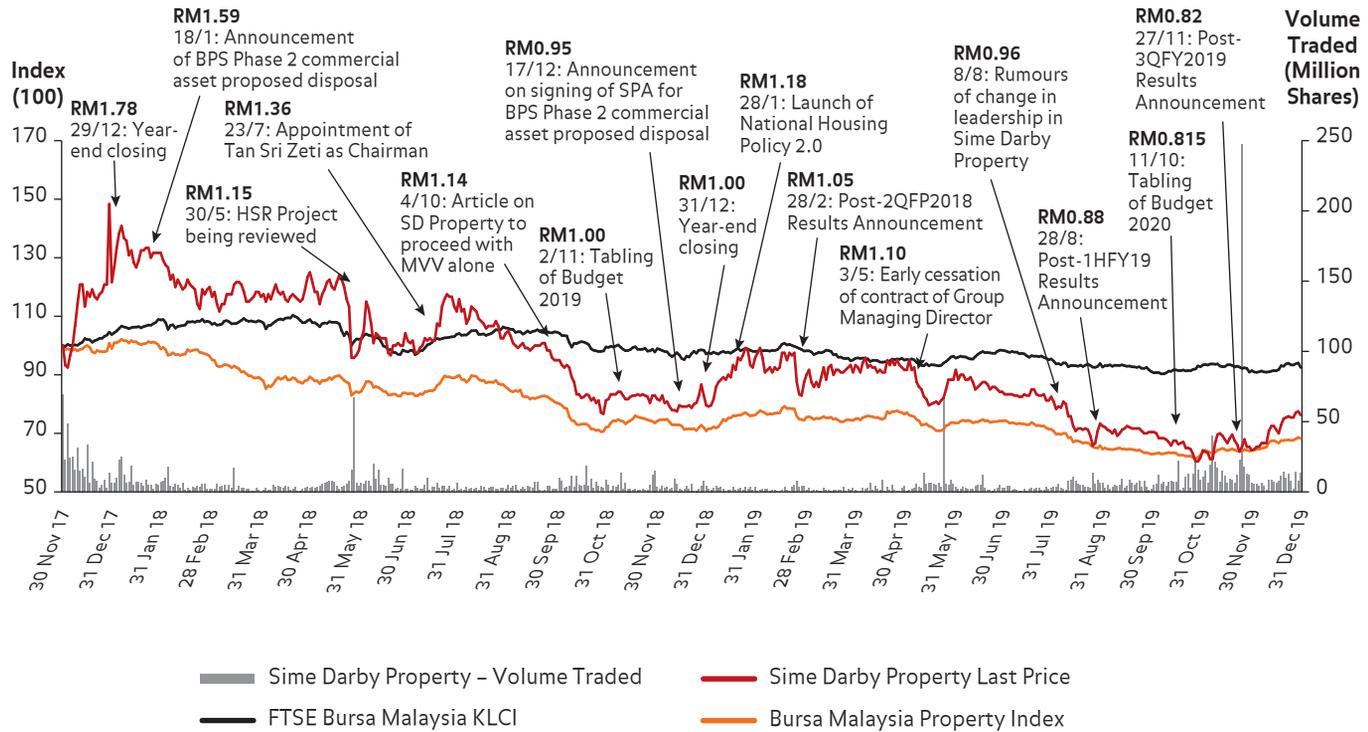
| Focus Area | Our Response |
|------------------------------|---|
| Value Proposition | <ul style="list-style-type: none"> • The Group is the largest property developer by land bank size in Malaysia with approximately 20,000 acres strategically located in growth regions, of which more than 50 percent are in Bandar Bukit Raja, Serenia City and along the Guthrie Corridor Expressway. The Group is well-positioned to leverage on existing and planned expressways such as Guthrie Corridor Expressway, New Klang Valley Expressway, Damansara–Shah Alam Elevated Expressway, North-South Expressway and Maju Expressway, and on public transportation hubs in Subang Jaya City Centre, Ara Damansara, Putra Heights and KL East that provide seamless connectivity. Additionally, the Group also has access to an additional 20,000 acres within Peninsular Malaysia via option agreements • The Group's 5-Year Strategic Blueprint is focused on enhancing value from its existing businesses via expanding product offerings and improving operational efficiency • A key pillar in the Group's growth plan is to embark into Industrial and Logistics developments and Lifestyle-Centric developments to diversify its existing income portfolio. To-date, the Group has entered into a joint venture with Mitsui & Co. Ltd and Mitsubishi Estate Co. Ltd. to develop Built-to-Suit industrial and logistics developments in Bandar Bukit Raja and launched Sime Darby XME Industrial Park, which is the first Managed Industrial Business Park in Negeri Sembilan. The Group has also launched its first multi-generational residential product in the City of Elmina • A key differentiating factor for the Group will be its Digitalisation and Innovation initiative to ensure that the Group is future-proofed against the global disruption trends that are prevalent today. The Group will leverage on data analytics and technology to streamline processes, enhance customer experience and venture into innovative and sustainable businesses |
| Financial Performance | <ul style="list-style-type: none"> • The Group's core revenue, PBIT and net earnings during the financial year under review had improved by 24.0 percent, 35.9 percent and 94.5 percent respectively. The Group will remain focused on providing affordable and mid-range priced landed properties at strategic locations with right price points • The Group's expansion into the industrial and logistic development segments shall increase its recurring income going forward • The asset monetisation exercise allowed the Group to tap on the unlocked value of non-core assets to fund the core operations • The Group will continue to take firm measures in addressing its balance sheet and future profitability via the write-down/write-off and impairment of aged inventories and development expenditure to ensure that some of its legacy projects are addressed |

| Focus Area | Our Response |
|---|---|
| Capital Management and Dividend Policy | <ul style="list-style-type: none"> • The Group’s capital management plan focuses on building up a sustainable financial model to increase long-term shareholders’ value • The Group adopts asset monetisation approach to dispose low-yielding and non-core assets • The Group will leverage on joint venture/project funding on catalyst assets • The Group shall maintain a debt-to-equity (D/E) ratio of not exceeding 50 percent. As at 31 December 2019, the Group’s gross D/E ratio reduced to 33.1 percent from 34.6 percent as at 31 December 2018 • The Group continues to monitor closely its gearing at sustainable level and will consider raising equity via alternative channels to debt • The Group maintains healthy cash position to ensure its liquidity. The Group’s cash and cash equivalents as at 31 December 2019 stood at RM 743.3 million • In order to create sustainable value to shareholders, the Group maintains a dividend pay-out policy of not less than 20 percent of the consolidated net earnings. For the financial year under review, the Group has achieved a dividend pay-out ratio of 34.1 percent or 65.4 percent if excluded one-offs • The Group is committed in delivering consistent and sustainable dividend payouts to its shareholders. For the current financial year, despite operating in a challenging environment, the Group has declared a total of 3.0 sen dividend to its shareholders |
| Overseas Exposure | <ul style="list-style-type: none"> • The exposure in Battersea Power Station, London continued to be challenging due to the uncertainty in the global economic and market conditions in recent times and the softening London property market • Nevertheless, the Group will continue to monitor the investment closely to ensure an efficient capital structure management while remains committed to this iconic development of the Group |
| Board and Management Leadership as well as Employee Capabilities | <ul style="list-style-type: none"> • The Board is chaired by Tan Sri Dr. Zeti Akhtar Aziz and consists of experienced Board Members with deep expertise in economy, property industry, regulations and governance • The Group is helmed by experienced Management Leaders with proven track records in the property industry and their respective fields. They are supported by talented and committed personnel of the Group • The Group will prioritise on developing and maintaining a competent and sustainable talent pool within the Group to ensure a seamless succession planning |



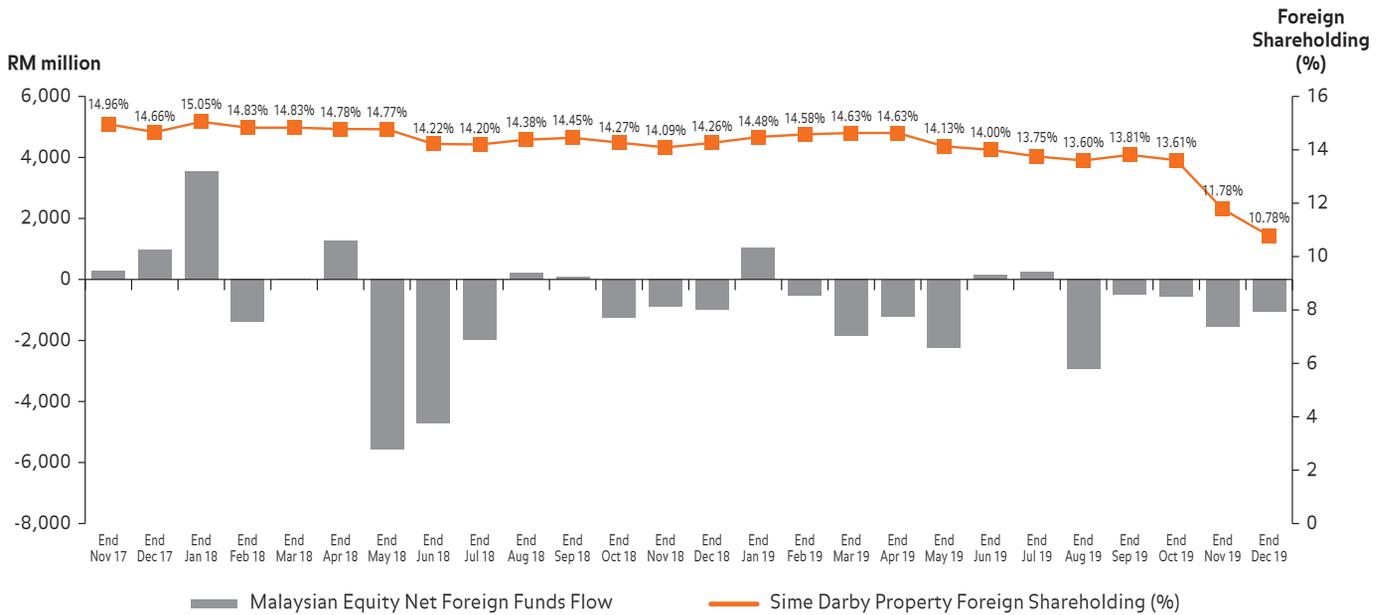
INVESTOR INFORMATION

SHARE PRICE MOVEMENTS & PERFORMANCE



| Sime Darby Property | Dec 17 | Jan 18 | Feb 18 | Mar 18 | Apr 18 | May 18 | Jun 18 | Jul 18 | Aug 18 | Sep 18 | Oct 18 | Nov 18 | Dec 18 | Jan 19 | Feb 19 | Mar 19 | Apr 19 | May 19 | Jun 19 | Jul 19 | Aug 19 | Sep 19 | Oct 19 | Nov 19 | Dec 19 |
|--|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Price - Highest (RM) | 1.78 | 1.69 | 1.55 | 1.46 | 1.50 | 1.49 | 1.38 | 1.41 | 1.39 | 1.24 | 1.15 | 1.20 | 1.04 | 1.19 | 1.19 | 1.13 | 1.18 | 0.955 | 1.12 | 1.03 | 0.99 | 0.89 | 0.855 | 0.855 | 0.94 |
| Price - Lowest (RM) | 1.11 | 1.46 | 1.35 | 1.34 | 1.38 | 1.15 | 1.16 | 1.17 | 1.23 | 1.18 | 0.92 | 0.97 | 0.93 | 0.95 | 1.05 | 0.98 | 1.07 | 1.14 | 1.01 | 0.965 | 0.79 | 0.83 | 0.705 | 0.72 | 0.76 |
| Average Volume Traded (Million Shares) | 16.85 | 8.59 | 5.09 | 3.28 | 2.38 | 9.18 | 7.24 | 3.28 | 2.53 | 3.29 | 5.85 | 7.40 | 3.36 | 2.38 | 1.95 | 1.77 | 2.40 | 7.92 | 3.22 | 2.27 | 5.45 | 5.19 | 8.03 | 25.03 | 7.85 |

MONTHLY FOREIGN SHAREHOLDINGS



Source: Bloomberg, MIDF Research Report

**19,977****acres**total remaining
developable area**RM86.90****billion**total estimated GDV of
remaining developable area

Property Development

Our remaining land bank totalling 19,977 acres is mainly situated within strategic locations in Klang Valley, Negeri Sembilan and Johor, with a combined estimated Gross Development Value (GDV) of RM86.9 billion. Almost 67 percent of the remaining developable land bank is located within our 24 active townships, integrated and niche developments. These active developments, with a combined estimated GDV of about RM85.0 billion, are strong income generating portfolios with development pipelines contributing to earnings over the next 15 to 20 years.

Remaining developable land area within existing developments

13,393 acres



► Township

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

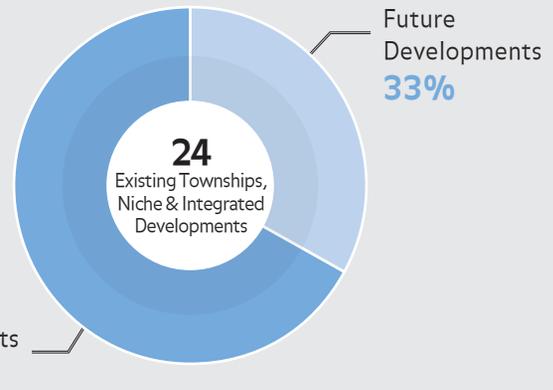
► Niche & Integrated

- KLGCC Resort
- SJ 7
- SJCC
- KL East
- Putra Heights
- Ara Damansara
- Taman Melawati

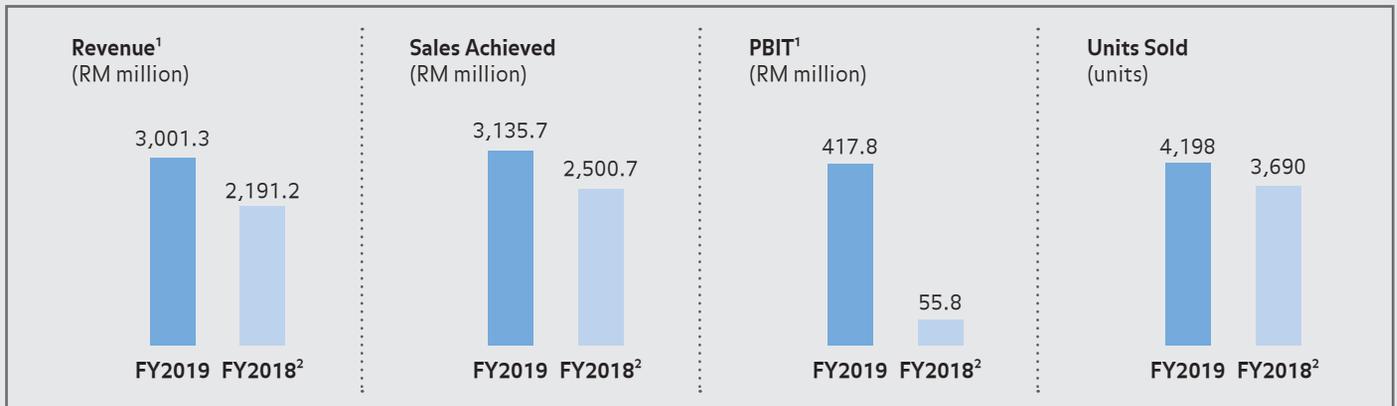


Remaining developable land area for future developments

6,584 acres



DELIVERING VALUE



¹ Figures are before elimination of intersegment transactions

² The performance of the Group for the financial year under review is compared to the corresponding twelve months period comprising unaudited results for the period from 1 January 2018 to 30 June 2018 and audited results for the period from 1 July 2018 to 31 December 2018, to provide a meaningful comparison.



PROPERTY DEVELOPMENT



Sime Darby Property currently has a total of twenty four (24) active townships, niche and integrated developments, which are located mainly at strategic locations around the Klang Valley, Negeri Sembilan and Johor. In the United Kingdom, as part of a Malaysian consortium, Sime Darby Property is the developer of the iconic Battersea Power Station project in central London.

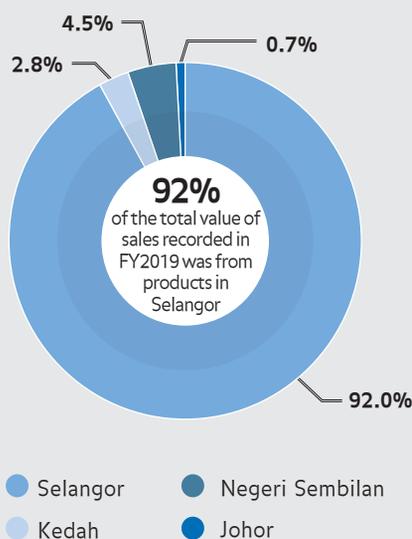
As at end 2019, property development registered a higher revenue of 37.0 percent Y-o-Y with a profit before interest and taxation (PBIT) of RM417.8 million, driven by higher sales and development activities in Denai Alam, Bukit Jelutong, Nilai Utama, Bandar Bukit Raja, Serenia City and Putra Heights townships, as well as KLGCC Resort and Cantara Residences.

Results were further bolstered with gains on compulsory acquisition and non-strategic land sales totalling RM138.2 million and core land sales of RM72.6 million. The results were impacted by impairment totalling RM88.2 million.

Review of Performance

At Sime Darby Property, we take pride in our position as a credible property developer, with a successful track record of over 47 years in delivering landed and strata properties covering residential, commercial and industrial developments. Our townships continue to be preferred by generations of families for their safe environment and vibrant communities. We offer a broad product spectrum from affordable to luxury homes, office buildings, retail malls and industrial business parks that captures various market segments, and caters to different lifestyle preferences, affordability, and business needs.

Launches and Operational Progress for the Year



- In FY2019, Sime Darby Property launched a total of 2,917 units with a combined GDV of RM2.30 billion. The demand for residential products at reasonable price points and in strategic locations remained positive for us as reflected in the 25.4 percent Y-o-Y increase in our Sales Achieved to RM3,135.7 million. Positive sales performance was attributed to aggressive marketing and sales efforts.
- Achieved sales of RM420.0 million from completed inventories in FY2019 was more than 100 percent higher than the completed inventories sold in FY2018.
- With the Spotlight 8 campaign, the Group managed to reduce the completed inventories. Value of completed and ongoing unsold units reduced by 56.1 percent and 58.4 percent respectively on Y-o-Y.
- As at end of FY2019, the property development segment has a total of 37 on-going projects (8,837 units) with an estimated GDV of RM4,965.5 million, and with expected completion towards the year 2022.

Updates on Major Projects



Total Area:
5,000 acres

Estimated remaining GDV:
RM18.16 billion

Status: **10 on-going phases** with an estimated GDV of RM1,037.5 million

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



Total Area:
4,333 acres

Estimated remaining GDV:
RM12.44 billion

Status: **11 on-going phases** with an estimated GDV of RM1,065.4 million

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



Total Area:
2,370 acres

Estimated remaining GDV:
RM8.89 billion

Status: **5 on-going phases** with an estimated GDV of RM496.7 million

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



Total Area:
360 acres

Estimated remaining GDV:
RM7.07 billion

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



Total Area:
160 acres

Estimated remaining GDV:
RM2.45 billion

Status: **1 on-going phase** with an estimated GDV of RM742.7 million

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



Total Area:
1,809 acres

Estimated remaining GDV:
RM3.82 billion

Status: **2 on-going phases** with an estimated GDV of RM130.0 million

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



Total Area:
4,099 acres

Estimated remaining GDV:
RM5.24 billion

Status: **3 on-going phases** with an estimated GDV of RM107.8 million

Bandar Universiti Pagoh (BUP) is Malaysia's first township that is seamlessly integrated with a higher education hub, the Pagoh Education Hub (PEH). Spanning 4,099 acres, it is strategically located in the Muar District, Johor, off the Pagoh Interchange which is the mid-point between Kuala Lumpur and Singapore. PEH is also the country's first multi-varsity education hub, housing four institutions of higher learning. It is a key catalyst for BUP with more than 10,000 students at full occupancy. Currently, there are more than 7,800 students in PEH.



PROPERTY DEVELOPMENT



Total Area:
693 acres

Estimated remaining GDV:
RM5.57 billion

Status: **1 on-going phase** with an estimated GDV of RM636.1 million

Ara Damansara is the 693-acre pioneering township consisting of low and high-rise residential homes, commercial properties, and bungalows arrayed in dedicated garden precincts and commercial centres. The proximity to the LRT linkage further improves the access for commuters, bringing advantages to local communities as well as businesses.



Total Area:
1,796 acres

Estimated remaining GDV:
RM3.42 billion

Status: **3 on-going phases** with an estimated GDV of RM495.6 million

Putra Heights is a 1,796-acre township served by the Putra Heights Interchange and USJ Interchange direct to ELITE, NKVE, LDP, KESAS, SKVE and Federal Highways. Located at a 20-minute drive from Kuala Lumpur's city limits, Putra Heights is enveloped by Puchong, Shah Alam, USJ, Subang Jaya, Klang, and Petaling Jaya. It is a self-contained township close to educational institutions, supermarkets and commercial properties.



Total Area:
30 acres

Estimated remaining GDV:
RM3.58 billion

Status: **1 on-going phase** with an estimated GDV of RM253.6 million

Subang Jaya City Centre (SJCC) is a 30-acre mixed development that is part of an award-winning township often referred to as the pacesetter for other township developments. Launched in 1976, Subang Jaya has grown to become the flagship of self-contained townships. Home to over 700,000 residents, Subang Jaya's community of residents, commercial activities, and business continues to thrive providing a true example of urban sustainability. Easily accessible via the Federal Highway, NKVE, ELITE, KESAS, LDP and the NPE, SJCC boasts the conveniences of a fully matured township with established amenities, shopping outlets, and an integrated transportation hub.

Malaysia Vision Valley 2.0

Malaysia Vision Valley 2.0 (MVV 2.0) is touted as the extension of the Greater Kuala Lumpur conurbation. In line with the Industrial Revolution 4.0, MVV 2.0 targets to transform Malaysia into a high-income nation by focusing on high-technology industries. It is set to bring in investments, job creation, and business opportunities delivering economic impact to the country. The comprehensive development plan of MVV 2.0 envisages it as a world class metropolis that is competitive, inclusive and clean.

Being a state-led, private sector-driven development steered by Sime Darby Property, MVV 2.0 spans across 379,100 acres of land within the districts of Seremban and Port Dickson. It is as one of the seventeen (17) Promoted Development Zones to be given priority at the national level; and is one of the main drivers of the Malaysian Government's Pembangunan Wilayah Tengah development agenda.

With the first development phase measuring approximately 27,000 acres, Sime Darby Property engages closely with the State and Federal Governments to ensure the planned development is aligned to the development focus of the authorities.

Working along these established fundamentals, MVV 2.0 will deliver seven (7) heartbeat projects with the first being the development of a high-tech industrial park, which commands good accessibility through the existing North-South Expressway (NSE), KTM railway line, the East Coast Rail Link (ECRL) and the new toll-free Nilai-Labu-Enstek (NLE) expressway which is currently under construction. These heartbeat projects, coupled with the increased connectivity by ECRL and NLE, will stimulate economic growth, transforming the socio-economic landscape of the region and the country in general as part of the short, medium and long-term objectives of MVV 2.0 development plan.

Sime Darby Property has kick started its first project under Malaysia Vision Valley 2.0, with the XME Business Park (XME) in Nilai Impian, Negeri Sembilan. Spanning 69.72 acres of freehold land, XME will be the first managed industrial park in Negeri Sembilan, with a GDV of RM520.0 million. Launched in December 2019, Phase 1 consists of seventy five (75) units of semi-detached and detached types with built-up ranging from 5,600 sq ft up to 29,000 sq ft and priced from RM2.5 million to RM18.5 million. With a GDV of RM307.0 million, Phase 1 is targeted to be completed by November 2021.

United Kingdom

The Battersea Power Station (BPS) project is one of Central London's largest new destinations which covers an area of 42 acres. Upon completion of all the phases, BPS will comprise approximately 3.5 million sq ft of mixed commercial space of shops, restaurants, cafes, leisure facilities and office 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 the three kilometre extension of the Northern Line underground, which is due to open in Autumn 2021, along with a new Zone 1 London Underground station at BPS.

Circus West Village, the first chapter of the BPS project, is a thriving neighbourhood which opened to the public in early 2017. In the recent twelve (12) months, over three million visitors have enjoyed the events, cafes, shops, restaurants and leisure offerings, with recent openings including a theatre, cinema and crazy golf venue. The Grade II* listed Jetty in front of the Power Station was also opened to the public for the first time in 2019, providing a new open space on the banks of the River Thames and it has already hosted several popular events and activities. Over a thousand residents are currently living at Circus West.

Opening in 2021, the Power Station (Phase 2) will be transformed into a historic visitor attraction with 253 homes, a 6-acre Power Station Park, over one hundred (100) new shops, a 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 of office space in the central Boiler House of the Power Station. Apple is the largest commercial tenant in the building, accounting for about 50 percent of the commercial space in Phase 2. The remaining 40,000 sq ft of office space within the Power

Station has been leased to business members club, No18, which will sit alongside Apple in the iconic building. No18 is a cosmopolitan members club for businesses with beautifully designed lounges, meeting rooms and high-end workspaces tailored to support all its members' needs.

Construction has begun on what will become the Chimney Lift Experience, a glass elevator which will travel 109 metres to the top of one of the iconic chimneys. The Chimney Lift, along with a selection of new and exciting event/attraction spaces within the iconic Power Station, namely the Generator Hall and Control Room A, will be open to the public in 2021. The event spaces, named Battersea Power House, will be managed by leading events company, Camm & Hooper, which was appointed as the key partner to deliver exceptional events in these unique spaces.



Further to Sime Darby Property's previous announcements, a wholly-owned subsidiary of Battersea Project Holding Company Limited, which is our 40 percent owned joint venture company, completed the transfer of commercial assets within the Power Station building for a base consideration of £1.583 billion, representing the largest real estate transaction in the UK.

Furthermore, a £600 million debt facility was secured in 2019 in the successful financing of Phase 3 of the development, with a core group of international lenders demonstrating their continued support for the project.

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



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

BPS continues to see strong demand for its residential offering, with over £120m of sales achieved in the last twelve (12) months, reinforcing domestic and international interest in these unique new homes which continues to grow.

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



PROPERTY DEVELOPMENT

Product Launches FOR FINANCIAL YEAR 2019



Launch : 22 February 2019
Phase : Irama Square
Township : Putra Heights
GDV : RM22.7 million



Launch : 9 March 2019
Phase : Adiva 2
Township : Serenia City
GDV : RM140.9 million



Launch : 21 March 2019
Phase : Elmina Valley 5A
Township : Elmina West
GDV : RM151.7 million



Launch : 1 April 2019
Phase : Reesia
Township : Elmina East
GDV : RM156.8 million



Launch : 2 April 2019
Phase : Harmoni Permai
Township : Bandar Universiti Pagoh
GDV : RM43.0 million



Launch : 6 April 2019
Phase : Elsa
Township : Bandar Bukit Raja
GDV : RM89.2 million



Launch : 12 April 2019
Phase : The Alcove
Township : Putra Heights
GDV : RM81.8 million



Launch : 22 April 2019
Phase : The Ridge
Township : KL East
GDV : RM176.5 million



Launch : 29 April 2019
Phase : Elmina Valley 5B
Township : Elmina West
GDV : RM193.7 million



Launch : 6 May 2019
Phase : Harmoni 1
Township : Elmina West
GDV : RM131.0 million



Launch : 14 June 2019
Phase : Kyra
Township : Bandar Bukit Raja
GDV : RM122.7 million



Launch : 26 July 2019
Phase : Laman Lakeside
Township : Bandar Bukit Raja
GDV : RM41.1 million



Launch : 17 August 2019
Phase : Arina 1
Township : Serenia City
GDV : RM65.4 million



Launch : 17 August 2019
Phase : Arina 2
Township : Serenia City
GDV : RM68.5 million



Launch : 1 October 2019
Phase : Harmoni Square
Township : Elmina West
GDV : RM18.3 million



Launch : 30 October 2019
Phase : Cantara-Retail
Township : Ara Damansara
GDV : RM26.6 million



Launch : 7 November 2019
Phase : Aurora
Township : Subang Jaya City Centre (SJCC)
GDV : RM178.1 million



Launch : 22 November 2019
Phase : Kyra 2
Township : Bandar Bukit Raja
GDV : RM93.5 million



Launch : 7 December 2019
Phase : XME Business Park
Township : Nilai Impian 2
GDV : RM307.0 million



Launch : 31 December 2019
Phase : Lagenda Garden
Township : Bukit Jelutong
GDV : RM52.5 million



Launch : 31 December 2019
Phase : Embun
Township : Bandar Ainsdale
GDV : RM39.2 million

Note: Other launches include low-cost shops and low-cost factories in Elmina East, commercial land sales in Bandar Universiti Pagoh and industrial land sales in Kota Elmina.



PROPERTY DEVELOPMENT

Initiatives Adopted in 2019

► DIVERGENT DWELLING DESIGN (D3) SUSTAINABLE HOMES

Sime Darby Property Berhad achieved a major milestone with the Government's endorsement of its innovative Divergent Dwelling Design (D3) design and building methodology. The D3 Sustainable Homes was incorporated in the Government's Dasar Perumahan Mampu Milik Negara (DRMM) as one of the preferred designs for affordable housing in Malaysia.

D3 will be used in the development of Harmoni 1 in Elmina West, City of Elmina comprising 562 apartments. Harmoni 1 was officially and successfully launched on 11 May 2019 by the Minister of Housing and Local Government, YB Puan Zuraida Kamaruddin accompanied by Selangor Menteri Besar, Y.A.B. Dato' Seri Amirudin Shari and former Deputy Works Minister, Tuan Haji Mohd Anuar bin Mohd Tahir.

The construction of Harmoni 1 commenced in April 2019 and is currently progressing actively on site. It is expected to be completed in August 2021. D3 Sustainable Homes supports our commitment to deliver products for sustainable communities.

► BUILT-TO-LEASE INDUSTRIAL & LOGISTICS DEVELOPMENT

Sime Darby Property further harnessed the growing demand for logistic and warehouse facilities by embarking on Built-to-Lease (BTL) facilities where we develop industrial products according to customers' needs. Sime Darby Property's joint venture company with Mitsui & Co. Ltd and Mitsubishi Estate Co. Ltd, Sime Darby Property MIT Development Sdn Bhd (formerly known as Sime Darby MIT Development Sdn Bhd), has entered into a long-term lease with two (2) lessees at Bandar Bukit Raja Industrial Gateway. The developments are Built-to-Suit (BTS) warehouses, designed and

built customised to lessees' operational requirements. The ground breaking ceremony for the two (2) facilities in the Bandar Bukit Raja Industrial Gateway took place in November 2019. Both facilities have been planned on a combined land size of approximately 10 acres, with a total gross floor area of 384,000 sq ft.

The design has incorporated modern features and specifications that have been well received by the customers:

- 12.0 metres minimum height clearance;
- 2.5 to 3.0 MT/sq m of floor loading that allows stacking of up to 7 pallets;
- Ample loading bays;
- Efficient driveways and circulation design allowing seamless vehicular movement and goods loading/unloading; and
- Equipped with high technology early suppression fast response (ESFR) fire sprinkler systems for highly effective firefighting protection.





The Built-to-Suit and Lease model will enable lessees to adopt asset light operations strategy, with the facility designed as if self-invested, without having to handle facility construction, focusing only on their core business and operation. The design solution that Sime Darby Property has provided enables them to achieve better cost and time efficiency, increasing their business competitiveness.

In addition to Bandar Bukit Raja Industrial Gateway, Sime Darby Property is also planning to expand the concept into other plots of land within Bandar Bukit Raja, as well as current and future developments like Serenia City, City of Elmina, Kota Elmina, Lagong and MVV 2.0.

► AFFORDABLE COLLECTION

In 2019, Sime Darby Property introduced a new product offering known as the Affordable Collection, which includes high-rise and landed properties priced below RM500,000, located within the Klang Valley and Greater Klang Valley. These affordable open-market products are timely and aligned with the Government's aspiration to make housing more affordable and accessible to the middle- and lower-income groups.

The overwhelming response for the three (3) Affordable Collection product launches in 2019 by Sime Darby Property i.e. Elsa and Kyra in Bandar Bukit Raja and Embun in Bandar Ainsdale, reinforces the strong demand for quality products in great locations and at the right prices.

Sime Darby Property aspires to offer approximately more than 2,000 units of affordable open market products in the next two years (2020-2021). The twelve upcoming Affordable Collection launches include a high-rise Transit Oriented Development (TOD) which is already in the pipeline and is currently scheduled for launch in 2021. Sime Darby Property believes the Affordable Collection initiative will be able to tap into a relatively underserved market segment, connecting the company with a new universe of potential customers and their needs.



► dto THE CO-CREATION PLATFORM – SHAPING THE FUTURE OF THE PROPERTY INDUSTRY IN MALAYSIA

dto (pronounced as 'ditto'), our latest innovation is set to revolutionise the future of property buying. An innovative co-creation and crowdsourcing platform, dto enables home buyers to have a say in the properties that we are building. It is a result of a mindset shift from building properties with customers in mind to building with the customers' direct involvement. dto is set to be the next connector in the property industry, connecting customers to potential home buyers.

The dto online platform (dtolah.com) empowers potential customers to make decisions and co-create with us to decide on the outcome of upcoming products. They can indicate their preferences by voting on the choices of their preferred development concept, design and even amenities.

While currently an online application, there are plans in the future to include a mobile application for greater customer convenience. Sime Darby Property has launched two (2) high-rise residential projects on the dto platform in the popular townships of Subang Jaya and Putra Heights. In the second half of 2019, two landed projects in Sime Darby Property's bestselling townships, City of Elmina and Serenia City were launched on the dto platform. The next project will be the first ever community space to be co-created in Bandar Bukit Raja.

dto was first showcased at the iProperty Fair in January 2019 and subsequently at the Home Ownership Campaign (HOC) Fair in March 2019. It has received overwhelming response from the public. Recognising the importance of physical experiences, an exhibition at the dto official Primetime 8 launch party was also held in April 2019 where potential customers were able to see, touch and feel home fittings such as tiles, sanitary fixtures and doorknobs before making their final decision for dto's first project. Less than ten (10) months after its launch, dto won the Consumer Gamechanger Award at the iProperty iDEAS in September 2019. This is a recognition to the trailblazing efforts in property co-creation and crowdsourcing.



PROPERTY DEVELOPMENT

Identified dto projects:

▶ Project 1

Aurora Subang Jaya
Now launched to the market. (2 bedroom and 3+1-bedroom units, up to 1,158 sq ft, with only 210 units available)

▶ Project 2

Putra Heights
Affordable, freehold, high-rise residential development within walking distance to Putra Heights LRT Station

▶ Project 3

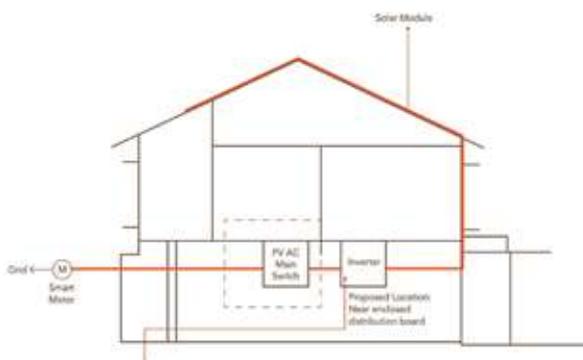
Landed Development in **City of Elmina**

▶ Project 4

Serenia City, dto's very first mini-project, six co-creation stages at one-go to be completed in one month

▶ Project 5

The very first Community Space to be co-created on dto. Spanning across 125 acres in **Bandar Bukit Raja**, Taman Bandar Klang is the largest townpark in Klang



▶ SOLAR PHOTO VOLTAIC PANELS AT CITY OF ELMINA

Another innovative and green offering in the City of Elmina is Malaysia's first application of mass 'Smart Green Home Solutions' in some future homes, which will be provided with solar panels and a smart meter by TNBX Sdn Bhd. Each home will be able to generate solar energy that will be used to offset electricity bill charges. These savings will help to reduce the electricity bills and as such reduces overall monthly expenses, offering dual benefits of environmental wellness and cost saving solution.



▶ PRIMETIME 8 MARKETING CAMPAIGN

The Sime Darby Property Primetime 8 campaign, held in conjunction with the Home Ownership Campaign (HOC) 2019, offered customers attractive rebates and packages for its newly launched properties. The campaign featured eight (8) consecutive weekly launches throughout March and April 2019, giving customers the opportunity to purchase newly launched properties ranging from landed homes to high-rise residential units, which are strategically located in Klang Valley and Johor.

The eight (8) launches were at Serenia City (Adiva 2), The Ridge at KL East, Elmina Valley 5 (Phase 1 and 2) at the City of Elmina, Harmoni Permai at Bandar Universiti Pagoh, Elsa at Bandar Bukit Raja, The Alcove at Putra Heights and two co-creation projects involving dto in SJCC and Putra Heights involving dto. After eight consecutive weeks of launches, Sime Darby Property achieved over RM1.0 billion in sales. With over 1,134 units sold, it was a successful conclusion to the Primetime 8 marketing campaign that ended on 30 April 2019.



▶ SPOTLIGHT 8 MARKETING CAMPAIGN

An extension of the successful Primetime 8 campaign, the Spotlight 8 campaign continued to offer customers attractive rebates and packages for properties across Greater Klang Valley. It offered existing properties within established and emerging townships, as well as new products ranging from Sime Darby Property's affordable collection to co-created residential projects across eight strategic locations.

The campaign, which ran from 13 July to 6 October 2019, sold a total of 1,160 units within Bandar Bukit Raja, City of Elmina, KL East, Subang Jaya, Serenia City, Putra Heights, Kajang and Negeri Sembilan, achieving over RM1.11 billion in sales.

Strategies Moving Forward

The property market is expected to be sluggish in 2020 due to prevailing overhang situation, expiry of the Home Ownership Campaign (HOC) at the end of 2019 and the impact of the COVID-19 pandemic. As private consumption is projected to be dampened by weak labour market conditions, mobility restrictions and subdued sentiments, the pandemic is expected to adversely affect the property development sales of the Group during the financial year ending 31 December 2020. However, the Group is implementing measures to minimise the impact.

Amid this challenging time, the Group accelerated more widespread customer engagement via its online digital channel of which its foundation was built prior to the COVID-19 outbreak. The Government's incentive such as lowering the threshold price of condominiums and apartments for foreign purchasers could potentially have a positive impact on demand. The Government has also unveiled three economic stimulus packages to provide immediate relief to affected households and businesses, thus supporting domestic consumption and the overall gross domestic product (GDP) growth. Despite slower economic growth, Malaysia is anticipated to attract some investments in the manufacturing sector. In addition, the continuous effort by the Government in promoting the economy will help to sustain the industrial market in the short to medium term. The Group aspires to leverage on the industrial sectors which are active and will continue to provide industrial space based on demand.

The Group remains steadfast in our commitment to grow the core business segments and reduce inventories. Our Group's focus remains on affordable properties - priced below RM500,000 and mid-range products priced between RM500,000 to RM800,000 per unit - and where the demand is expected to remain strong. The Group is also on track to expand into the growing industrial and logistics development segment. This includes Built-to Suit and Lease assets and managed industrial parks in City of Elmina, Bandar Bukit Raja, Serenia City, Malaysia Vision Valley 2.0 and Kota Elmina.

Our focus moving forward is to ensure that our property solutions are more inclusive, catering to the needs of different categories of households, including first-time buyers as well as small families and the golden generation segment. On top of this, we are committed to do our part in navigating a post COVID-19 environment by embarking on catalytic partnerships with healthcare providers, aged-care facilities and services, medical training facilities and pharmaceutical clusters, as well as, leveraging on digital technology to ensure connectivity and easy accessibility to healthcare services for the communities situated within our townships. As a responsible property developer, we are committed to support the national agenda of ensuring all citizens are able to afford a home, irrespective of their socio-economic status, with easy access to basic necessities such as healthcare and education.



Property Investment

Effective 1 January 2019, the Group has combined Property Investment and Concession Arrangement as a single operating segment.

The Property Investment business comprises retail, office and industrial assets which are located within Klang Valley and Singapore. These assets have a total net lettable area (NLA) of about 1.68 million sq ft.



Major Higher Educational Institutions

4



No. of Assets Owned

9

Properties



Average Occupancy Rate

87%*

Retail, Office & Industrial Buildings



Total NLA

1.68
million sq ft



Total Value of Assets

RM1,702
million

Included in this segment is also the Concession Arrangement business that provides asset management services which include facilities and infrastructure management for campuses in the Pagoh Education Hub in Bandar Universiti Pagoh. This education hub consists of four reputable institutions of higher learning.

* The average occupancy rate excludes the occupancy rate of KL East Mall, which is expected to commence operations in the second half of 2020.

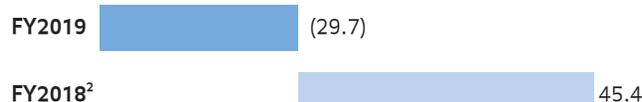
** Total value of assets, total net lettable area (NLA) and average occupancy rate include assets held under joint ventures

Property Investment

Revenue¹ (RM million)



(LBIT)/PBIT¹ (RM million)



¹ Figures are before elimination of intersegment transactions

² The performance of the Group for the financial year under review is compared to the corresponding 12-month period comprising unaudited results for the period from 1 January 2018 to 30 June 2018 and audited results for the period from 1 July 2018 to 31 December 2018, to provide a meaningful comparison.

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

As for our retail assets, Melawati Mall is held under our 50 percent-owned joint venture company, Sime Darby Property Capitaland (Melawati Mall) Sdn Bhd. KL East Mall, which is wholly owned by Sime Darby Property is located at the 160-acre integrated KL East development. KL East Mall will be the neighbourhood's lifestyle boutique shopping mall and catalyst for its latest serviced residence development, The Ridge. KL East Mall will open its doors to the public in the second half of 2020.

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

Effective 1 January 2019, the Group has combined Property Investment and Concession Arrangement which have similar economic characteristics as a single operating segment. The Concession Arrangement business consists of maintaining the facilities and infrastructure management services for the campuses under Pagoh Education Hub. For FY2019, the Property Investment segment registered a loss before interest and tax (LBIT) at RM29.7 million as compared to profit of RM45.4 million a year earlier as a result of the pre-commencement expenditure of KL East Mall of RM8.8 million and provision and impairment of RM65.8 million.

The Group's share of results in Sime Darby Property Capitaland (Melawati Mall) Sdn Bhd has improved to a profitable position from a loss of RM1.2 million a year ago supported by a higher average occupancy rate of 86.4 percent compared to the previous year of 81.4 percent.



In FY2019, the Group has completed the monetisation of two (2) parcels of prime land in U-Thant, Kuala Lumpur and Pulau Tikus, Penang, measuring 1.16 acres and 1.71 acres respectively.

Initiatives Adopted in 2019

OFFICE

Despite the competitive and overall subdued office market in Klang Valley, the Group's office assets achieved healthy occupancy rates averaging 93 percent due to good location as well as continued lease secured from single anchor tenants – particularly for Wisma Zuellig and Wisma MRT in addition to Oasis Square Block G, which is occupied as our Corporate Headquarters.

The collaborative effort with our tenant, ReGen Rehabilitation International Sdn Bhd, has successfully completed Wisma Zuellig's Asset Enhancement Initiative (AEI) in 2018. The premise opened as ReGen Rehabilitation Hospital and generates a healthy 6.5 percent net property income (NPI) yield. This initiative proves our capability in asset management and value creation, by improving the asset life cycle through upgrading and restoration works which enhance its marketability and financial returns.



PROPERTY INVESTMENT



RETAIL

Melawati Mall

Our partnership with CapitaLand, one of Asia's largest diversified real estate groups, began with the announcement in 2012 to jointly build a shopping mall on a prime commercial land in Taman Melawati. Amid the challenging landscape of the Klang Valley retail sector, Melawati Mall now attracts customers from the previously underserved surrounding areas with its line-up of brands that fulfils demand for a modern and quality retail experience. The mall recorded an improved average occupancy rate of 86.4 percent as compared to 81.4 percent in the previous year. The committed occupancy rate of the mall as at 31 December 2019 was 88.6 percent (31 December 2018: 87.2 percent).

Thanks to its strategic location and contemporary design, Melawati Mall stands out as the new landmark in the Taman Melawati township. Melawati Mall is accessible via the Middle Ring Road 2 or a 15-minute bus ride from the Taman Melawati, Wangsa Maju and Sri Rampai Light Rail Transit stations. Its design encapsulates vertical voids at strategic locations in the façade to allow natural daylight

into the mall, providing a retail experience embedded in its external surroundings.

Social media, through the convergence of many technological developments, plays a huge role in shaping and reshaping the retail landscape of today. Melawati Mall continues to make social media an integral element of its retail experience and marketing strategy by promoting every event and campaign on its online channels. This platform allows us to widen our engagement with both existing and prospective customers and followers.

Melawati Mall's tenants include Golden Screen Cinemas, Village Grocer, Padini, Brands Outlet, Max Fashion, Next, FoodEmpire, Toys'R'Us, MPH, KidsZone, Kaison, Sports Direct, Mr. D.I.Y, Fitness First, SenQ, Daiso, SSF, Tony Roma's and many more. The tenant mix is constantly improving and some of the brands recently opened in the mall are Burger King, Sushi King, Black Canyon, MBG Fruits, Acer, Gio Fabrics, Mr. Toy and BritishIndia.



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

The eight-storey mall, with more than 200 shops across a net lettable area (NLA) of 614,520 sq ft is positioned as a lifestyle hub for the greater Melawati area. Melawati Mall is a certified Green Building Index (GBI) building, with rainwater harvesting system, energy-efficient lighting, air cooling systems and other environment-friendly features.

In 2019, Melawati Mall won the prestigious FIABCI Malaysia Property Award 2019 in the Retail Category.



MELAWATI MALL

Winner Of The FIABCI Malaysia Property Award 2019 Retail Category

Melawati Mall celebrates this award with all our tenants, customers, business partners, staff and associates who have journeyed with us on this project.

We thank you for your continued support and partnership.





PROPERTY INVESTMENT



KL East Mall

This is Sime Darby Property Berhad's first 100 percent-owned retail mall development, with a NLA of 384,210 sq ft which is targeted to open by the second half of 2020.

KL East Mall is primed as the cultural pulse of Sime Darby Property Berhad's KL East development and is set to become an iconic retail and lifestyle destination. The mall is a Transit Adjacent Development (TAD) strategically located within close proximity to Gombak LRT station and Gombak Integrated Transport Terminal (GITT) and is well connected via Middle Ring Road (MRR2), Duta-Hulu Klang Expressway (DUKE), Sungai Besi-Ulu Klang Elevated Expressway (Suke), Karak Expressway, Setiawangsa-Pantai Expressway (SPE) and Ampang-KL Elevated Highway (AKLEH).



Positioned as a lifestyle boutique retail mall, KL East Mall will serve its surrounding upmarket neighbourhood of middle to middle-upper income brackets. It is perfectly poised to reap the extraordinary benefits of its thriving primary catchment of 1.28 million population within a 15-minute drive time with a total household income of RM29.5 billion per annum. KL East Mall is also well-positioned to attract a large student population, as there are various educational institutions within its proximity such as Tunku Abdul Rahman University College (TAR UC), International Islamic University Malaysia (IIUM) and Universiti Kuala Lumpur British Malaysian Institute (UniKL BMI).



Spread across four (4) levels, KL East Mall houses close to 200 retail units with a NLA of 384,210 sq ft. The mall is expected to be the contemporary and trendy gathering destination that goes well beyond traditional shopping activities, providing lifestyle-oriented shoppers with exceptional experiences through exciting retail mix including an ice skating rink, indoor rock climbing gym and a wide selection of food and beverages outlets.

On 20 November 2019, KL East Mall held an engagement event and announced some of the key anchor tenants including Harvey Norman, Jaya Grocer, MBO, Toys "R" Us, Jungle Gym, Blue Ice Skating Rink and Café Chef Wan. The event was well received and attracted more than 400 retailers.



PROPERTY INVESTMENT



Industrial

Further to Sime Darby Property's announcement of its partnership with Japan's Mitsui & Co. Ltd. and Mitsubishi Estate Co. Ltd. in May 2018, year 2019 concluded with the securing of two (2) Built-to-Lease (BTL) tenants. Construction work commenced in November 2019 with a total gross floor area of 384,000 sq ft; and the lease period of first facility will begin by the end of 2020. The location has garnered strong interest from industry and logistics players; and Sime Darby Property continues its engagements with various prospects for the remaining available plots.

With the encouraging start of this Joint Venture, Sime Darby Property is planning to hasten the development by releasing more land bank for its BTL business. This catalytic venture in industrial and logistics development will provide a solid platform to grow Sime Darby Property's recurring income base and act as a key driver in spurring socioeconomic developments through the spill-over effects it will generate within our developments.

Leveraging on the Industrial and Logistics development upcycle, Sime Darby Property is aligned towards achieving stable and sustainable recurring income portfolio through product and risk diversification. Discussions on the expansion of the BTL model are currently ongoing for another parcel of land within Bandar Bukit Raja, with an estimated gross floor area of 1.5 million sq ft.

Concession Arrangement – Pagoh Education Hub

Sime Darby Property, under its four (4) Concession Arrangements via its 60 percent owned subsidiary, Sime Darby Property Selatan Sdn Bhd and its subsidiaries, undertook the development of the Pagoh Education Hub (PEH) for the Malaysian Government and three higher learning institutions over a period of three years. This unique education hub comprises four (4) reputable institutions of higher learning with shared facilities – Main campus for Politeknik Tun Syed Nasir Syed Ismail under the

Ministry Of Higher Education (MOHE) and branch campuses for Universiti Tun Hussein Onn Malaysia, International Islamic University Malaysia and Universiti Teknologi Malaysia. The four (4) institutions of higher learning offer approximately thirty (30) courses in the various fields of engineering, information technology, food technology, language and agriculture research.

The Concession Arrangements that encompass asset management services also includes maintenance of the facilities and infrastructure of the campuses for a period of twenty (20) years upon completion of the construction. The project was developed under the concept of "Build-Lease-Maintain-Transfer". Through efficient project management and construction works, PEH was successfully completed on 16 November 2016 with Certificates of Acceptance received with effective from 2 May 2017.

Sime Darby Property Selatan Satu Sdn Bhd, a wholly-owned subsidiary of Sime Darby Property Selatan Sdn Bhd, had also signed a Chilled Water Supply Agreement with the Government of Malaysia on 30 April 2014 to provide air conditioning to the designated buildings in PEH through the supply of chilled water from a purpose-built district cooling system. The supply period is also for twenty (20) years in tandem with the asset management services period under the Concession Arrangements.

With overall population of approximately 8,600 including over 7,800 local and foreign students, the education hub, which opened its doors in October 2017, covers an area of approximately 506 acres. It features amenities such as pedestrian-friendly area with restricted vehicle access, covered walkways, cafes, parking areas and shuttle bus services.

The shared facilities within PEH presently include a library, convention centre, multi-purpose halls, a data centre, a surau, a guest house complex as well as a modern sports complex which include a swimming and diving pool and futsal courts. There are also fields and courts to cater for various sports in this sprawling education hub.



No of Leisure Assets Owned

6

Types of Properties



Golf Club



Convention Centre & Business Centre



Sports Complex



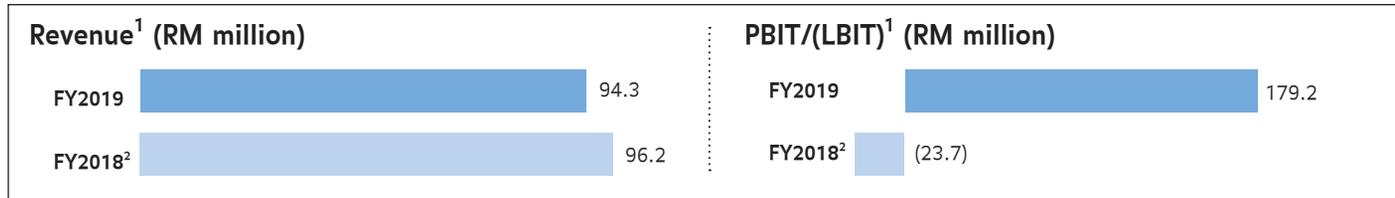
Serviced Residence

Leisure & Hospitality

Our Leisure and Hospitality assets comprise six properties in Malaysia and Vietnam. We own and manage the Tournament Players Club (TPC) Kuala Lumpur, a prestigious award-winning golf club; the five-storey multi-purpose convention and business centre Sime Darby Convention Centre (SDCC); the Impian Golf and Country Club (IGCC) in Kajang and Harvard Golf & Country Club/Harvard Suasana Hotel in Bedong, Kedah; and the Bayuemas Oval sports complex in Klang. We also own a hospitality asset in Vung Tau, Vietnam known as OSC Sunrise Apartment Vung Tau (formerly known as Darby Park Serviced Residence) which forms part of the proposed asset monetisation strategy.



LEISURE & HOSPITALITY



¹ Figures are before elimination of intersegment transactions

² The performance of the Group for the financial year under review is compared to the corresponding twelve months period comprising unaudited results for the period from 1 January 2018 to 30 June 2018 and audited results for the period from 1 July 2018 to 31 December 2018, to provide a meaningful comparison.

During the current year, the Leisure & Hospitality segment registered a PBIT of RM179.2 million as compared to a LBIT of RM23.7 million in the previous year, mainly attributed by the gain on disposal of Darby Park Executive Suites in Singapore.

The key Malaysian assets comprising TPC Kuala Lumpur, Sime Darby Convention Centre (SDCC) and Impian Golf and Country Club (IGCC) continue to show great quality of service as they recorded high average Customer Satisfaction Index score of 87.7 percent.



89%

TPC Kuala Lumpur
Customer Satisfaction
Index (CSI)

85%

IGCC
Customer Satisfaction
Index (CSI)

89%

SDCC
Customer Satisfaction
Index (CSI)

TPC KUALA LUMPUR



Throughout 2019, TPC Kuala Lumpur received the following recognitions:

- ▶ Malaysia's Best Golf Course 2019 for West Course by World Golf Awards;
 - ▶ Audubon Cooperative Sanctuary for Golf in Malaysia;
 - ▶ Best Clubhouse in Asia Pacific, First Runner up at Asian Golf Awards 2019; and
 - ▶ Best Pro Shop in Asia Pacific, First Runner up at Asian Golf Awards 2019.
- ▶ The Honourable Membership was presented to the King of Malaysia, DYMM Seri Paduka Baginda Yang di-Pertuan Agong Al-Sultan Abdullah Ri'ayatuddin Al-Mustafa Billah Shah.
 - ▶ The TPC Kuala Lumpur Sports Pass was launched in the fourth quarter 2019. The sports pass is designed to introduce and promote term social membership to potential members to experience the club as well as encourage them to subscribe full term social membership.

Initiatives Adopted in 2019

- ▶ In addition to maintaining TPC Kuala Lumpur's excellent condition, the golf course team continues with its new business initiative in landscape and nursery as well as consultation services. Among other projects include the landscape project and maintenance for Sime Darby Property townships. The most recent project is for Penang Golf Club – a 3-year contract of golf course maintenance.
- ▶ The driving range was resurfaced with new artificial turf in October 2019 and old range balls were replaced. A fleet of new Club Car buggies with GPS will be deployed in 2020.
- ▶ TPC Kuala Lumpur now has a total of forty nine (49) reciprocal clubs in thirteen (13) countries including sixteen (16) latest reciprocal clubs in United States under the TPC Passport and the popular seventeen (17) clubs under the Taiheiyo Partnership. Three (3) new reciprocal clubs added are Commonwealth Golf Club, and National Golf Club in Australia and Garden City Golf Club, Cambodia.
- ▶ During the month of Ramadhan, the club distributed bubur lambuk to motorists and donated excess food to the homeless. RM1 was channelled to charity for every Ramadhan Buffet voucher sold.
- ▶ A lounging area at the Golfer's Terrace was set up with live sports telecast for the enjoyment of members and guests.
- ▶ Various sports equipment and amenities were replaced with new ones throughout the year. These include new bowling balls, new towels at the gym, installation of bicycle racks and new flooring at the squash courts. Indoor yoga was also introduced.
- ▶ The WOW Initiative, which includes personalised interactions, anticipating guest needs or exceptional teamwork to sincerely delight a member or guest in unexpected ways, was introduced to encourage staffs to go the extra mile when providing service to members and guests. This on-going initiative is showing positive results in service standards at TPC Kuala Lumpur.



LEISURE & HOSPITALITY

SIME DARBY CONVENTION CENTRE (SDCC)



- ▶ The outside catering services (OCS) currently operates the Café at ReGen Rehabilitation Hospital as an exclusive caterer. OCS continues to do catering events for corporates such as for Bank Negara Malaysia, Badminton Association of Malaysia, Kumpulan Wang Persaraan (Diperbadankan) (KWAP), Istana Negara, Sime Darby Property townships and other private social events. OCS ceased the Monash University canteen project on 21 November 2019.
- ▶ Various food and beverages seasonal and festive promotions were held throughout the financial year. Halia Restaurant's Nasi Campur Promotion was a new concept from the traditional buffet concept. Flame Western Fine Dining enhanced menu established SDCC's versatility as a food & beverage hub rather than just an event space. Meanwhile, China Treasures promoted Christmas Take Away and Oriental Brunch Buffet.
- ▶ The popular banqueting package choices at SDCC are annual general meeting (AGM) packages, graduation parties, akad nikah ceremonies, corporate annual dinners, Christmas/New Year celebrations and Government-Linked-Companies (GLC) corporate functions.
- ▶ SDCC started a referral programme with bridal houses/ wedding planners to drive sales. Various online contests were conducted during festive seasons such as Ramadhan and Chinese New Year to boost awareness and sales.
- ▶ SDCC is currently working with relevant authorities to ensure that there are ample parking spaces available for its patrons. This includes making special arrangements with other establishments within its vicinity to utilise their readily available parking spaces. Shuttle services to ferry patrons to and from KLGCC Resort Gallery and TPC Kuala Lumpur multi-storey carpark to SDCC's lobby are also in the works.

IMPIAN GOLF AND COUNTRY CLUB (IGCC)



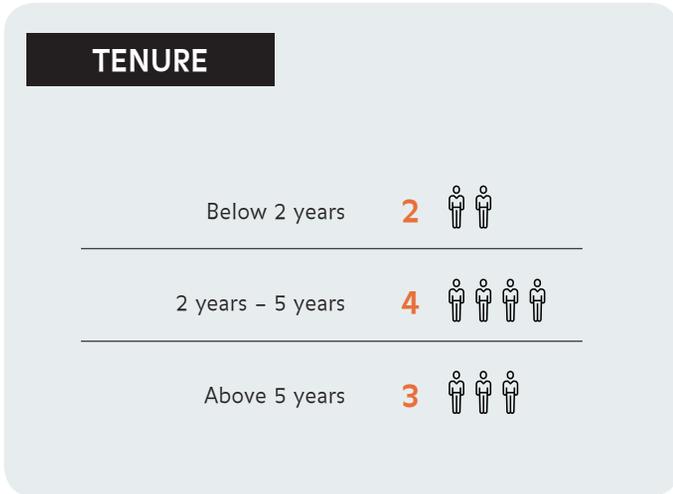
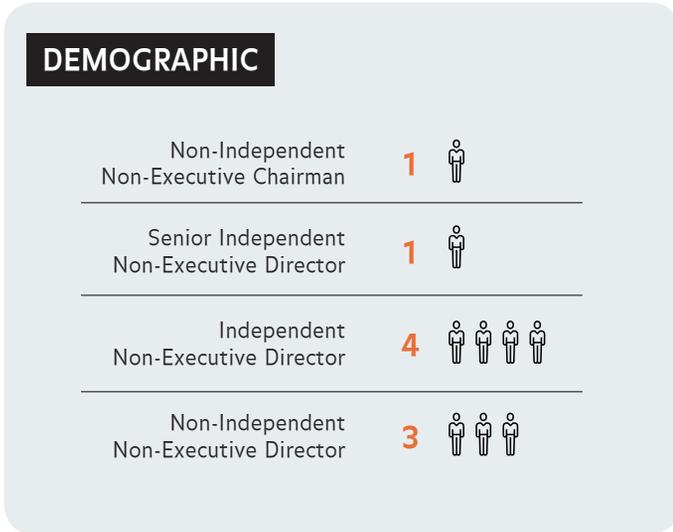
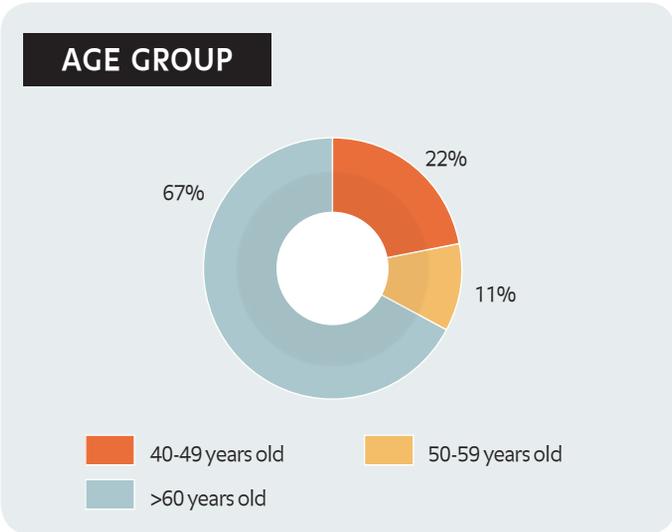
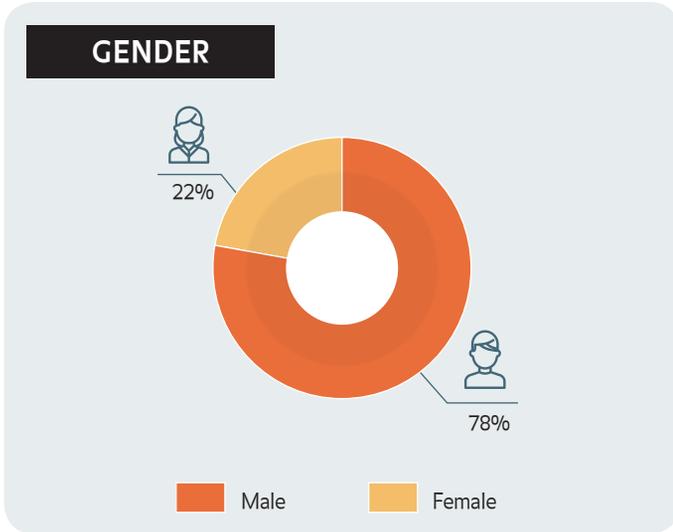
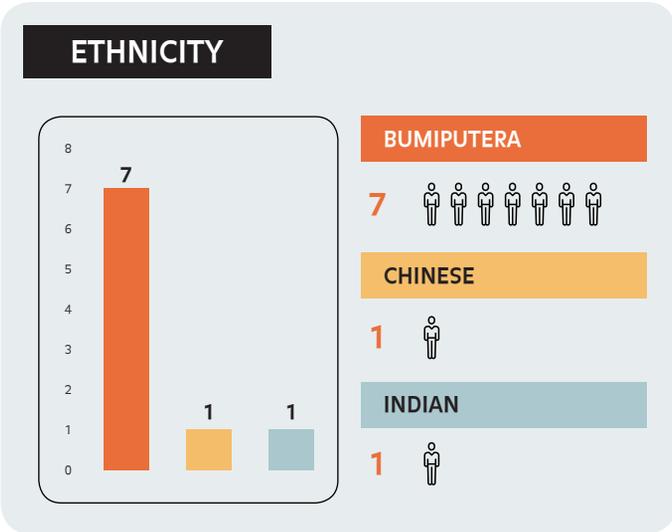
- ▶ IGCC hosted many important catering and events including for high-profile personalities and entities. This is a testament to the IGCC's capability and service excellence.
- ▶ In October 2019, IGCC refurbished its gym facilities for the benefit and enjoyment of its members.

OSC SUNRISE APARTMENT VUNG TAU (FORMERLY KNOWN AS DARBY PARK SERVICED RESIDENCE)

- ▶ The serviced residence is located in the scenic coastal city of Vung Tau, Vietnam which forms part of the proposed asset monetisation strategy.

BOARD COMPOSITION

as at 10 April 2020



BOARD OF DIRECTORS' PROFILE



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

Age: **72**
Gender: **Female**
Nationality: **Malaysian**
Date of Appointment: **23 July 2018**
Length of Tenure as Director: **1 year 8 months**
(as at 10 April 2020)

Membership of Board Committees

- None

Academic Qualification(s)

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

Present Directorship(s)

Other Listed Entity

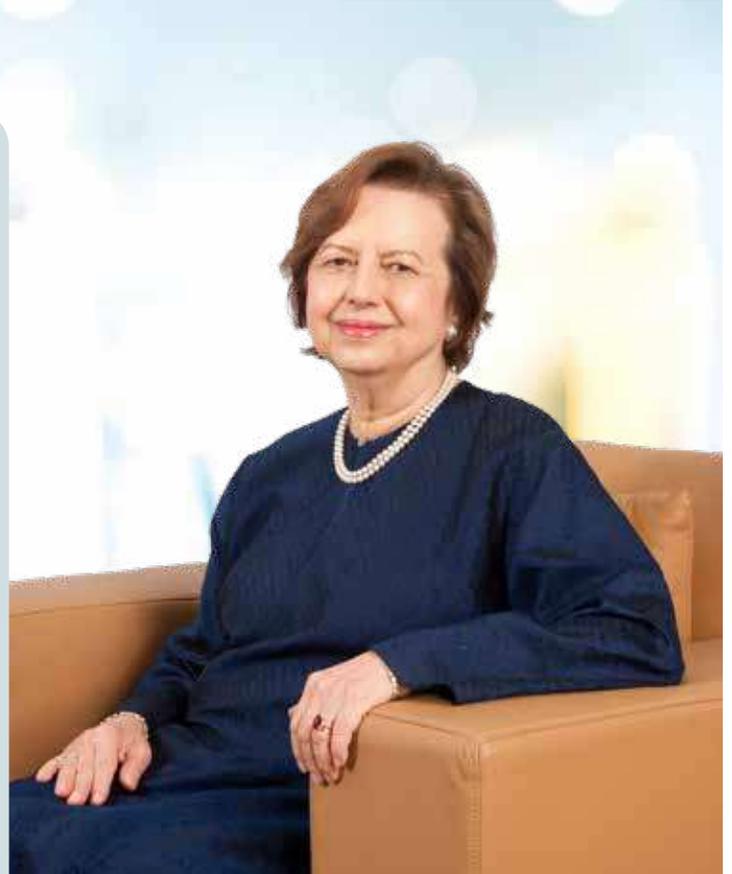
- Nil

Other Public Companies

- Group Chairman, Permodalan Nasional Berhad
- Chairman, Amanah Saham Nasional Berhad
- Director, Attana Assets Sdn Bhd

Present Appointment(s)

- Trustee, Yayasan Pelaburan Bumiputra
- Co-chair, Board of Governors of Asia School of Business, established in collaboration with MIT Sloan



Past Relevant Experience

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

Declaration:

- She does not have any conflict of interest with the Company or any family relationship with any other Director and/or major shareholders of the Company except being a Nominee Director of Permodalan Nasional Berhad (PNB), of which she is the Group Chairman of PNB and Director of PNB Group of Companies.
- She has not been convicted for any offences within the past five (5) years nor has she been imposed of any public sanction or penalty by any relevant regulatory bodies during the financial year ended 31 December 2019.



BOARD OF DIRECTORS' PROFILE



DATO' JAGANATH DEREK STEVEN SABAPATHY

Senior Independent Non-Executive Director

Age: **62**

Gender: **Male**

Nationality: **Malaysian**

Date of Appointment: **28 March 2014**

Length of Tenure as Director: **6 years**
(as at 10 April 2020)

Membership of Board Committees

- Risk Management Committee (Chairman)
- Special Committee (Chairman)
- Audit Committee
- Board Tender Committee

Academic Qualification(s)

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

Present Directorship(s)

Other Listed Entity

- Director, Microlink Solutions Berhad
- Director, Omesti Berhad

Other Public Companies

- Nil

Present Appointment(s)

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



Past Relevant Experience

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

Declaration:

- He does not have any conflict of interest with the Company or any family relationship with any other Director and/or major shareholders of the Company.
- He has not been convicted for any offences within the past five (5) years nor has he been imposed of any public sanction or penalty by any relevant regulatory bodies during the financial year ended 31 December 2019.



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

Independent Non-Executive Director

Age: **64**

Gender: **Male**

Nationality: **Malaysian**

Date of Appointment: **31 December 2010**

Length of Tenure as Director: **9 years 3 months**
(as at 10 April 2020)



Membership of Board Committees

- Board Tender Committee (Chairman)
- Risk Management Committee

Academic Qualification(s)

- Diploma in Business Administration, Universiti Teknologi MARA

Present Directorship(s)

Other Listed Entity

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

Other Public Companies

- Nil

Present Appointment(s)

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

Past Relevant Experience

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

Declaration:

- He does not have any conflict of interest with the Company or any family relationship with any other Director and/or major shareholders of the Company.
- He has not been convicted for any offences within the past five (5) years nor has he been imposed of any public sanction or penalty by any relevant regulatory bodies during the financial year ended 31 December 2019.



BOARD OF DIRECTORS' PROFILE



DATO' JOHAN ARIFFIN

Non-Independent Non-Executive Director

Age: **61**

Gender: **Male**

Nationality: **Malaysian**

Date of Appointment: **31 December 2010**

Length of Tenure as Director: **9 years 3 months**
(as at 10 April 2020)

Membership of Board Committees

- Nomination and Remuneration Committee
- Risk Management Committee
- Special Committee

Academic Qualification(s)

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

Present Directorship(s)

Other Listed Entity

- Nil

Other Public Companies

- Director, Permodalan Nasional Berhad
- Chairman, Pelaburan Hartanah Nasional Berhad
- Director, Maybank Ageas Holding Berhad
- Director, Etiqa Life Insurance Berhad
- Director, Etiqa Family Takaful Berhad
- Director, Etiqa General Takaful Berhad

Present Appointment(s)

- Chairman, Mitraland Group of Companies
- Trustee of The Merdeka Heritage Trust
- Founding Shareholder and Managing Director, Cosmopolitan Ventures Sdn Bhd
- Chairman, Etiqa Life Insurance (Cambodia) Plc
- Chairman, Etiqa Insurance Pte Ltd
- Director, Etiqa International Holdings Sdn Bhd
- Director, PNB Merdeka Ventures Sdn Bhd
- Director, TPPT Sdn Bhd



Past Relevant Experience

- 2010-2019 – Director, Etiqa General Insurance Berhad
- 2016-2019 – Chairman, Maybank (Cambodia) Plc
- 2015-2018 – Chairman of Battersea Project Holding Company Limited
- 2009-2018 – Director, Malayan Banking Berhad Group
- 2005-2018 – National Council Member, Real Estate Housing Developers Association
- 2010-2017 – Chairman, Maybank International (L) Ltd
- 2005-2009 – Managing Director, TTDI Development Sdn Bhd
- 2002-2005 – Executive Director, TTDI Development Sdn Bhd
- 1999-2002 – Senior General Manager, Property Division, Pengurusan Danaharta Nasional Berhad
- 1997-1999 – Chief Executive Officer, Idris Hydraulic Properties Sdn Bhd
- 1995-1997 – Director (Property Division), Wembley Industries Holdings Bhd
- 1988-1990 – Group General Manager, Farlim Group (Malaysia) Bhd
- 1985-1988 – Senior Finance & Marketing Manager, PGK Sdn Bhd
- 1981-1985 – Manager (Real Estate Division), Citibank NA

Declaration:

- He does not have any conflict of interest with the Company or any family relationship with any other Director and/or major shareholders of the Company.
- He has not been convicted for any offences within the past five (5) years nor has he been imposed of any public sanction or penalty by any relevant regulatory bodies during the financial year ended 31 December 2019.



DATUK DR. MOHD DAUD BAKAR

Non-Independent Non-Executive Director

Age: **56**

Gender: **Male**

Nationality: **Malaysian**

Date of Appointment: **12 July 2017**

Length of Tenure as Director: **2 years 8 months**
(as at 10 April 2020)

Membership of Board Committees

- Nomination and Remuneration Committee
- Risk Management Committee

Academic Qualification(s)

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

Present Directorship(s)

Other Listed Entity

- Nil

Other Public Companies

- Nil

Present Appointment(s)

- Founder and Executive Chairman, Amanie Group
- Member, Investment Committee of Permodalan Nasional Berhad (PNB)
- Chairman, the Shariah Advisory Council of Bank Negara Malaysia, the Securities Commission, Labuan Financial Services Authority and First Abu Dhabi Bank
- Shariah board member for various financial institutions, including the National Bank of Oman, Amundi Asset Management (France), Bank of London and Middle East (London), BNP Paribas (Bahrain), Dow Jones Islamic Market Index (New York)



- Third Chair Professor (Islamic Banking and Finance), Yayasan Tun Ismail Mohamed Ali Berdaftar (YTI) PNB at Faculty of Economics and Muamalat, Universiti Sains Islam Malaysia
- President, International Islamic University Malaysia
- Chairman, Yayasan Pembangunan Ekonomi Islam Malaysia
- Editor-in-Chief for Malaysian Business Magazine

Past Relevant Experience

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

Declaration:

- He does not have any conflict of interest with the Company or any family relationship with any other Director and/or major shareholders of the Company except being a Nominee Director of PNB.
- He has not been convicted for any offences within the past five (5) years nor has he been imposed of any public sanction or penalty by any relevant regulatory bodies during the financial year ended 31 December 2019.



BOARD OF DIRECTORS' PROFILE



DATO' SERI AHMAD JOHAN MOHAMMAD RASLAN

Independent Non-Executive Director

Age: **60**

Gender: **Male**

Nationality: **Malaysian**

Date of Appointment: **12 July 2017**

Length of Tenure as Director: **2 years 8 months**
(as at 10 April 2020)

Membership of Board Committees

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

Academic Qualification(s)

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

Professional Qualification/Membership(s)

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

Present Directorship(s)

Other Listed Entity

- Nil

Other Public Companies

- Nil

Present Appointment(s)

- Board Member, Institute of Corporate Directors Malaysia

Past Relevant Experience

- 2014-2019 – Non-Executive Director, Eco World International Berhad
- 2016-2017 – Non-Executive Director, AMMB Holdings Berhad



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

Declaration:

- He does not have any conflict of interest with the Company or any family relationship with any other Director and/or major shareholders of the Company.
- He has not been convicted for any offences within the past five (5) years nor has he been imposed of any public sanction or penalty by any relevant regulatory bodies during the financial year ended 31 December 2019.



DATIN NORAZAH MOHAMED RAZALI
Independent Non-Executive Director

Age: **49**

Gender: **Female**

Nationality: **Malaysian**

Date of Appointment: **12 July 2017**

Length of Tenure as Director: **2 years 8 months**
(as at 10 April 2020)

Membership of Board Committees

- Nomination and Remuneration Committee (Chairman)
- Audit Committee

Academic Qualification(s)

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

Professional Qualification/Membership(s)

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

Present Directorship(s)

Other Listed Entity

- Nil

Other Public Companies

- Nil

Present Appointment(s)

- Senior Advisor, Boston Consulting Group (BCG)



Past Relevant Experience

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

Declaration:

- She does not have any conflict of interest with the Company or any family relationship with any other Director and/or major shareholders of the Company.
- She has not been convicted for any offences within the past five (5) years nor has she been imposed of any public sanction or penalty by any relevant regulatory bodies during the financial year ended 31 December 2019.



BOARD OF DIRECTORS' PROFILE



ENCIK RIZAL RICKMAN RAMLI

Non-Independent Non-Executive Director

Age: **42**

Gender: **Male**

Nationality: **Malaysian**

Date of Appointment: **5 April 2018**

Length of Tenure as Director: **2 years**
(as at 10 April 2020)



Membership of Board Committees

- Risk Management Committee
- Board Tender Committee
- Special Committee

Academic Qualification(s)

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

Present Directorship(s)

Other Listed Entity

- Director, Velesto Energy Berhad

Other Public Companies

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

Present Appointment(s)

- Chief Investment Officer, Real Estate, Permodalan Nasional Berhad

Past Relevant Experience

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

Declaration:

- He does not have any conflict of interest with the Company or any family relationship with any other Director and/or major shareholders of the Company except being a Nominee Director of Permodalan Nasional Berhad.
- He has not been convicted for any offences within the past five (5) years nor has he been imposed of any public sanction or penalty by any relevant regulatory bodies during the financial year ended 31 December 2019.



DATUK POH PAI KONG

Independent Non-Executive Director

Age: **68**

Gender: **Male**

Nationality: **Malaysian**

Date of Appointment: **1 December 2018**

Length of Tenure as Director: **1 year 4 months**
(as at 10 April 2020)



Membership of Board Committees

- Audit Committee
- Nomination and Remuneration Committee
- Special Committee

Academic Qualification(s)

- Bachelor of Science (Building), National University of Singapore

Present Directorship(s)

Other Listed Entity

- Nil

Other Public Companies

- Nil

Present Appointment(s)

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

Past Relevant Experience

- 2013-2019 – Director, Malaysian Green Technology Corporation
- 2007-2015 – Advisor and Director, Tradewinds Corporation Berhad
- 1992-2007 – Group Managing Director, Tropicana Corporation Berhad (formerly Dijaya Corporation Berhad)

Declaration:

- He does not have any conflict of interest with the Company or any family relationship with any other Director and/or major shareholders of the Company.
- He has not been convicted for any offences within the past five (5) years nor has he been imposed of any public sanction or penalty by any relevant regulatory bodies during the financial year ended 31 December 2019.



SENIOR MANAGEMENT



1st row from left to right:

QUEK CHAM HONG

Chief Operating Officer – Integrated

MOHAMMAD FAIRUZ MOHD RADI

Chief Strategy Officer

CHOO SUIT MAE

Group General Counsel

RAYMOND CHONG CHEE ON

Senior General Manager, Development Services

TANG AI LEEN

Chief Risk, Integrity & Compliance Officer

2nd row from left to right:

DATO' WAN HASHIMI ALBAKRI BIN WAN AHMAD AMIN JAFFRI

Acting Group Chief Executive Officer/
Chief Operating Officer – Township Development

BETTY LAU SUI HING

Group Chief Financial Officer

DATUK REDZA RAFIQ ABDUL RAZAK

Chief Executive Officer,
Malaysia Vision Valley & Director of Investment

NURASHIKHIN MD SHARIF

Chief People Officer

GERARD YUEN YUN WEI

Chief Marketing & Sales Officer

ARAVINDAN S/O K. DEVAPALAN

Chief Assurance Officer

MORIAMI MOHD

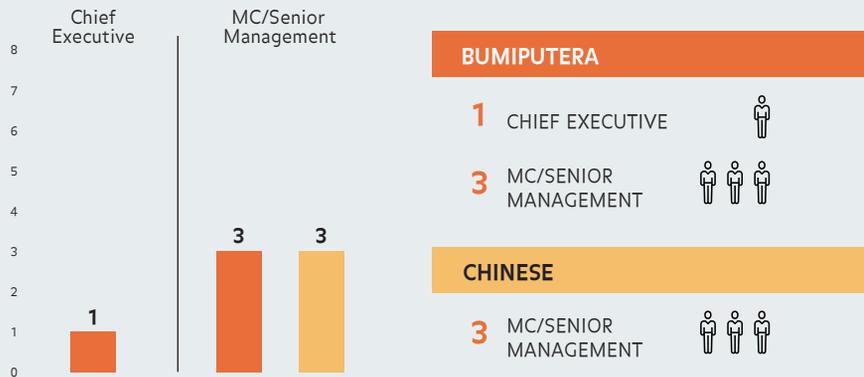
Group Secretary

AHMAD SHAHRIMAN JOHARI

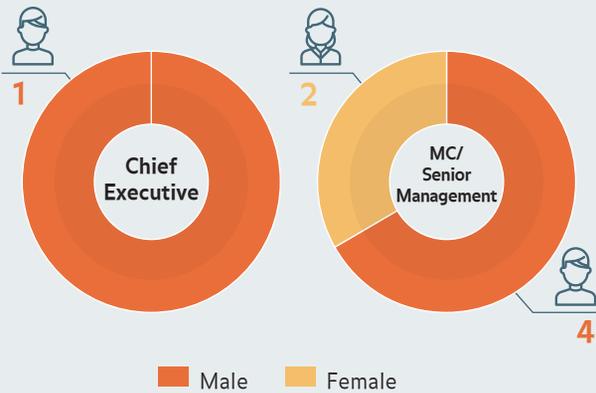
Head, Corporate Communications
(Resigned on 31 March 2020)

EXECUTIVE LEADERSHIP COMPOSITION

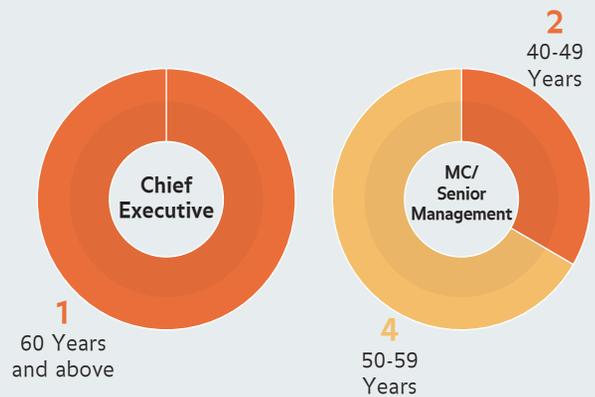
ETHNICITY



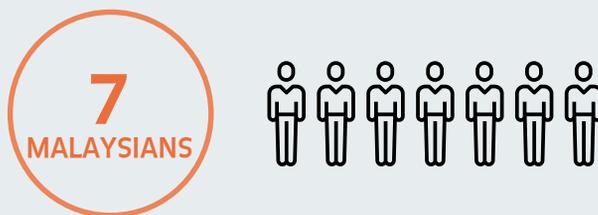
GENDER



AGE GROUP



NATIONALITY



EXECUTIVE LEADERSHIP PROFILE

**DATO' WAN HASHIMI ALBAKRI BIN
WAN AHMAD AMIN JAFFRI**
Acting Group Chief Executive Officer/
Chief Operating Officer – Township Development


Nationality
Malaysian


Age
61


Gender
Male

Date Joined
1 October 2005

Academic Qualification(s)

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

Other Appointment(s)

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

Past Relevant Experience

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

QUEK CHAM HONG
Chief Operating Officer – Integrated


Nationality
Malaysian


Age
58


Gender
Male

Date Joined
16 January 2018

Academic Qualification(s)

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

Past Relevant Experience

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

BETTY LAU SUI HING
Group Chief Financial Officer


Nationality
Malaysian


Age
57


Gender
Female

Date Joined
3 December 2018

Professional Qualification/Membership(s)

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

Past Relevant Experience

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



EXECUTIVE LEADERSHIP PROFILE

DATUK REDZA RAFIQ ABDUL RAZAK

Chief Executive Officer,
Malaysia Vision Valley & Director of Investment



Nationality
Malaysian



Age
51



Gender
Male

Date Joined

16 May 2018

Academic Qualification(s)

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

Past Relevant Experience

- 2015-2018 – Board Member, Kulim Technology Park Corporation
- 2015-2018 – Member, Board of Governors, Universiti Sains Malaysia
- 2015-2018 – Director of the National Institute of Biotechnology Malaysia (NIBM)
- 2010-2018 – Chief Executive, Northern Corridor Implementation Authority
- 2004-2009 – Managing Director, Cyberview Sdn Bhd (Cyberjaya Development)
- 2002-2004 – Chief Operations Officer, Cyberview Sdn Bhd (Cyberjaya Development)

MOHAMMAD FAIRUZ MOHD RADI

Chief Strategy Officer



Nationality
Malaysian



Age
42



Gender
Male

Date Joined

1 December 2017

Academic Qualification(s)

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

Professional Qualification/Membership(s)

- Member of the Institution of Electrical Engineers (IEE)

Past Relevant Experience

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

NURASHIKHIN MD SHARIF

Chief People Officer



Nationality
Malaysian



Age
48



Gender
Female

Date Joined

15 April 2019

Academic Qualification(s)

- Degree in Human Resource & Mass Communication, Universiti Sains Malaysia

Professional Qualification/Membership(s)

- Nil

Past Relevant Experience

- 2013-2017 – Senior General Manager, Human Capital Management, Securities Commission Malaysia
- 2009-2011 – Country Head, Human Resource, Hewlett Packard Malaysia
- 2006-2008 – Account Manager, Global, Shell Malaysia Trading HR
- 1995-2006 – Remuneration Manager & HR Business Partner/HR Manager, Learning & Organisation Effectiveness/HR Manager, Recruitment & HRIS (Unilever Malaysia Holdings Sdn Bhd)

GERARD YUEN YUN WEI

Chief Marketing & Sales Officer

**Nationality**
Malaysian**Age**
52**Gender**
Male**Date Joined**

1 March 2018

Academic Qualification(s)

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

Professional Qualification/Membership(s)

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

Past Relevant Experience

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

CHOO SUIT MAE

Group General Counsel

**Nationality**
Malaysian**Age**
59**Gender**
Female**Date Joined**

21 November 2017

Academic Qualification(s)

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

Professional Qualification/Membership(s)

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

Past Relevant Experience

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

RAYMOND CHONG CHEE ON

Senior General Manager, Development Services

**Nationality**
Malaysian**Age**
60**Gender**
Male**Date Joined**

2 June 1988

Academic Qualification(s)

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

Professional Qualification/Membership(s)

- Attended the Senior Management Development Programme, Harvard Business School (2002)
- Attended the Advanced Business Management Programme, IMD (2012)

Past Relevant Experience

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



EXECUTIVE LEADERSHIP PROFILE

TANG AI LEEN

Chief Risk, Integrity & Compliance Officer



Nationality
Malaysian



Age
49



Gender
Female

Date Joined

24 November 2017

Academic Qualification(s)

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

Professional Qualification/Membership(s)

- Member of Malaysian Institute of Certified Public Accountant

Past Relevant Experience

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

ARAVINDAN S/O K. DEVAPALAN

Chief Assurance Officer



Nationality
Malaysian



Age
47



Gender
Male

Date Joined

5 March 2018

Professional Qualification/Membership(s)

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

Past Relevant Experience

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

MORIAMI MOHD

Group Secretary



Nationality
Malaysian



Age
46



Gender
Female

Date Joined

18 March 2005

Professional Qualification/Membership(s)

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

Skills and Experience

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

Past Relevant Experience

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

AHMAD SHAHRIMAN JOHARI

Head, Corporate Communications
(Resigned on 31 March 2020)



Nationality
Malaysian



Age
44



Gender
Male

Date Joined

1 July 2017

Academic Qualification(s)

- Bachelor of Arts, Acadia University, Canada

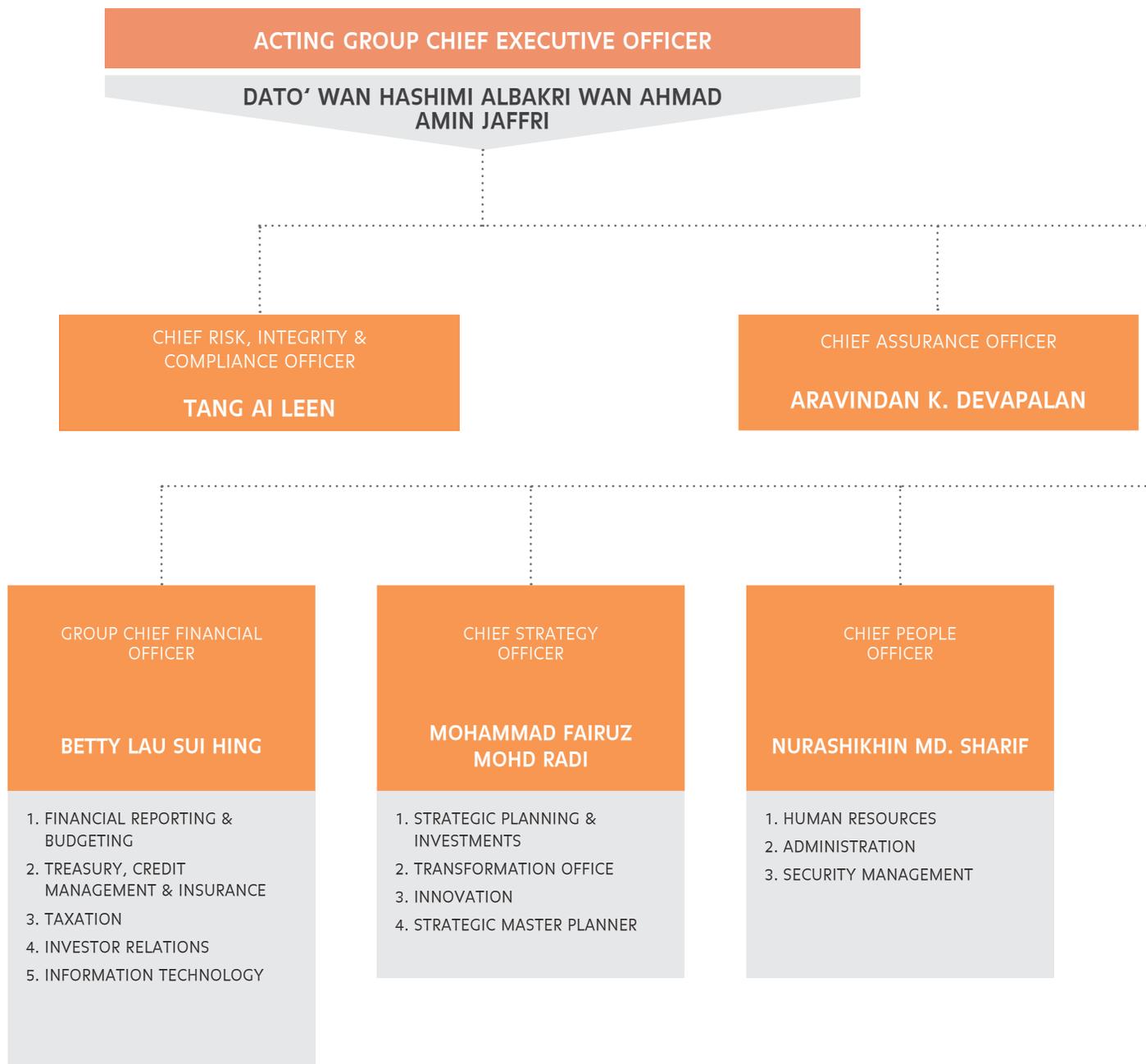
Past Relevant Experience

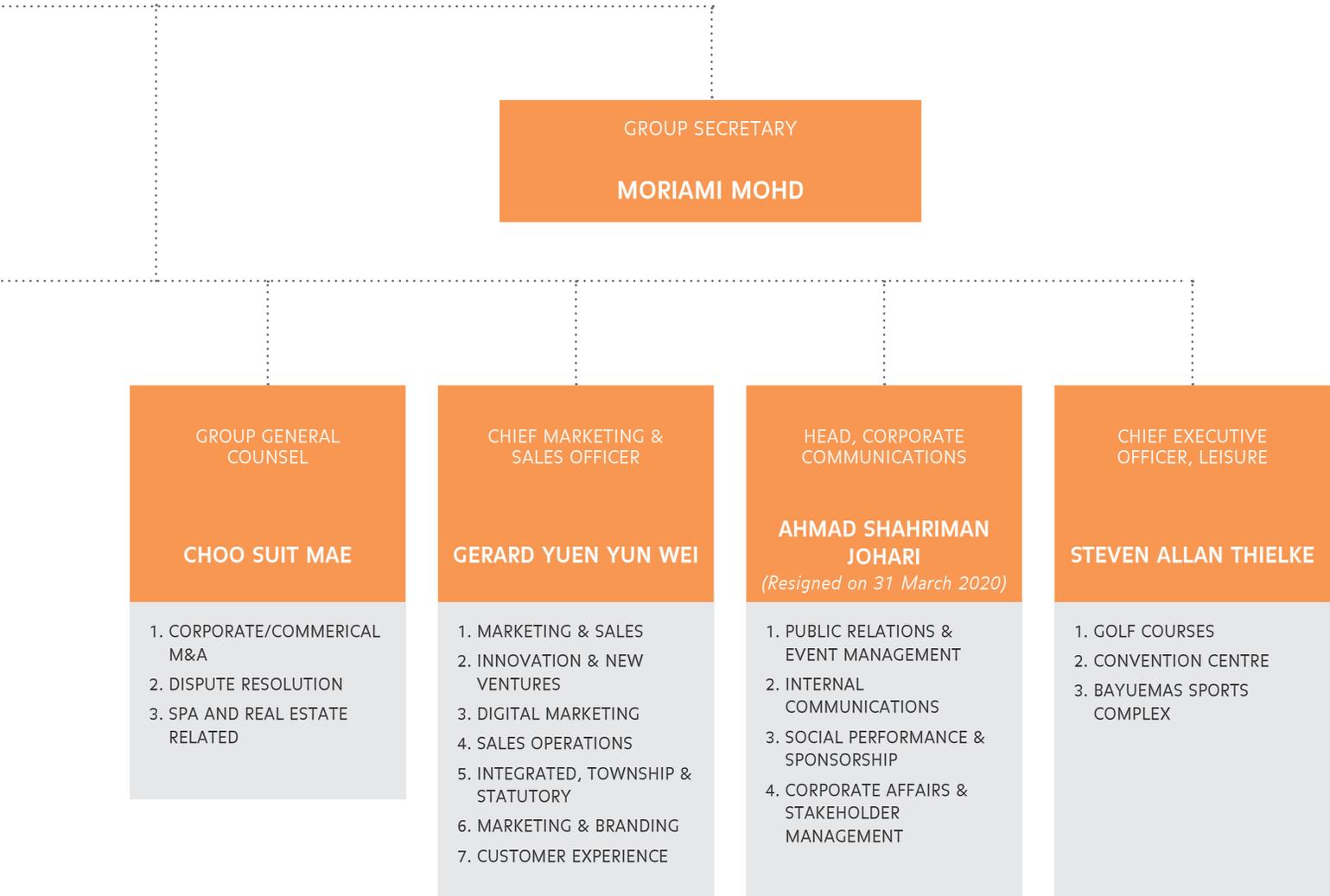
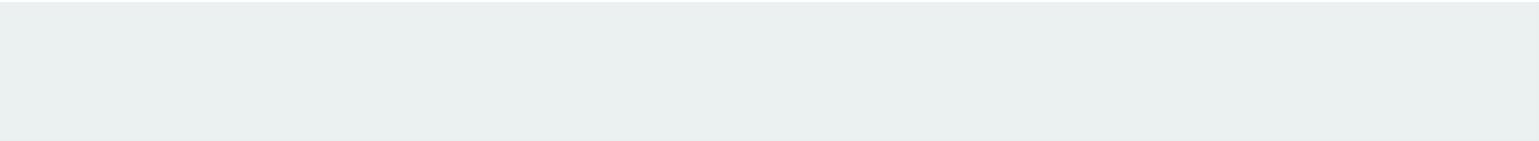
- 2015-2017 – Head, Corporate Communications, Sime Darby Berhad
- 2014-2015 – Head, Public Relations, Sime Darby Berhad
- 2012-2014 – Head of External Communication, Sime Darby Berhad
- 2004-2011 – Chief News Editor, Business Times, New Straits Times
- 2002-2004 – Correspondent, Reuters News Agency



SIME DARBY PROPERTY BERHAD ORGANISATION STRUCTURE FY2019 – CORPORATE

TOP MANAGEMENT & SENIOR MANAGEMENT ORGANISATION STRUCTURE (GMD-1 & GMD-2 LEVELS)

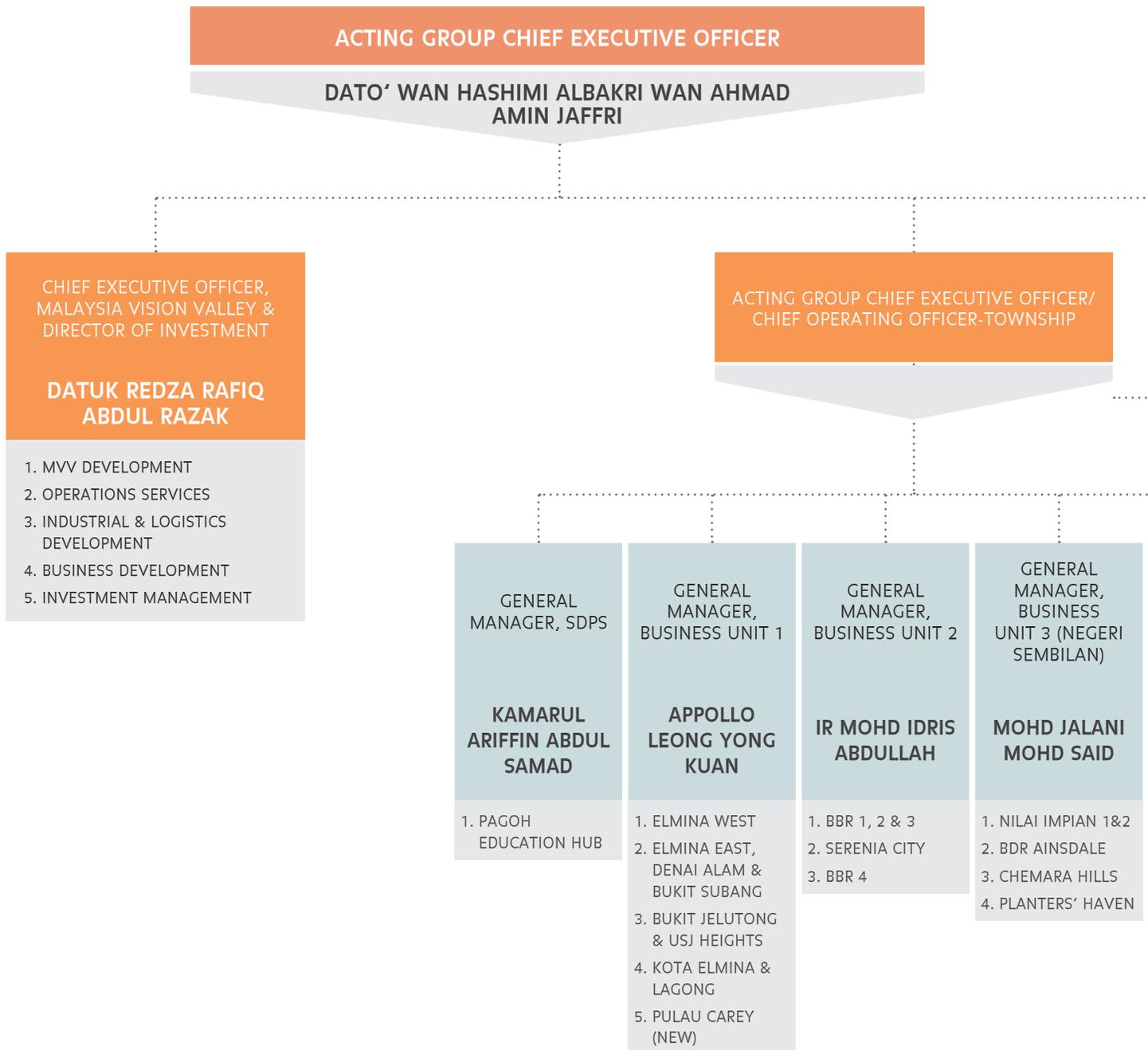


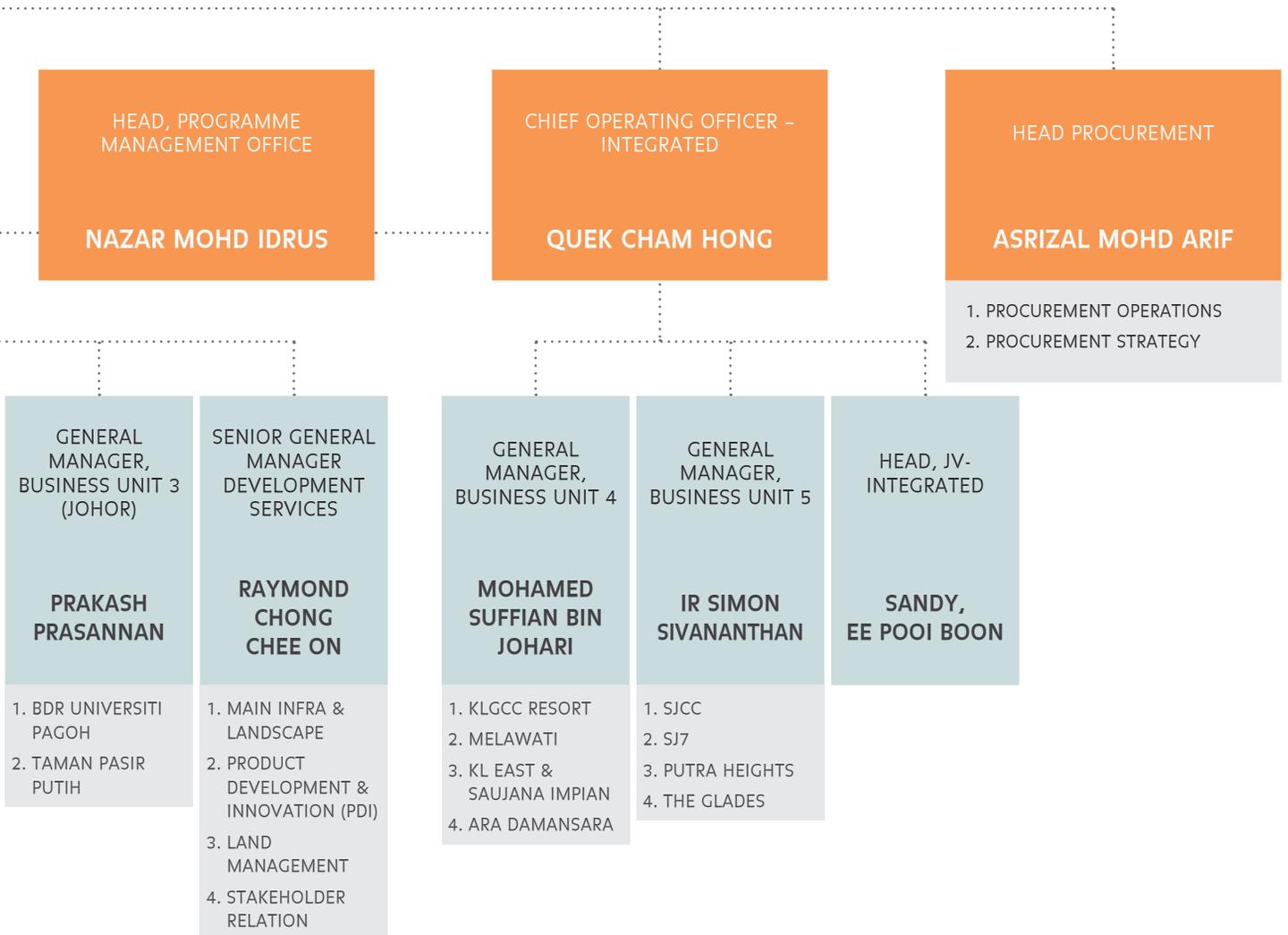




SIME DARBY PROPERTY BERHAD ORGANISATION STRUCTURE FY2019 – OPERATIONS

TOP MANAGEMENT & SENIOR MANAGEMENT ORGANISATION STRUCTURE (GMD-1 & GMD-2 LEVELS) (CONT.)







CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors (“Board”) of Sime Darby Property Berhad (“Sime Darby Property” or “the Company”) is resolute that in building a sustainable business, providing strong returns for our shareholders and ensuring that Sime Darby Property Group (“the Group”) remains competitive, it is vital to foster a culture that places uncompromised integrity, transparency, accountability and ethics in its conduct.

The Board is committed to and remains focused in ensuring that the Company maintains its course in achieving immediate and long-term value creation in order to sustain the Group’s long-term performance and shareholders’ value, while aligning with the interests of other stakeholders.

For the Board, corporate governance is a fundamental process that is essential towards achieving long-term shareholders’ value amidst an increasingly challenging operating environment. In an effort to actualise the principles of good governance, the Board continuously strives to enhance governance practices and processes across the Group through a culture that embeds the highest standards of good governance in every aspect of the Group’s operations. In this way, the Group is able to conduct business in an ethical, fair, transparent and responsible manner, building on its strong reputation as an organisation that breathes integrity in its business practices.

As a testament to the Board’s commitment in upholding the highest standards of corporate governance, Sime Darby Property received the “Industry Excellence Award for Property Industry” and “Best Integrated Reporting Award – Platinum Award” at the National Annual Corporate Report Awards (“NACRA”) 2019.

Corporate Governance Framework

The Board is committed to ensuring that there is a strong and effective system of corporate governance in place to support the successful execution of the Group’s strategy.

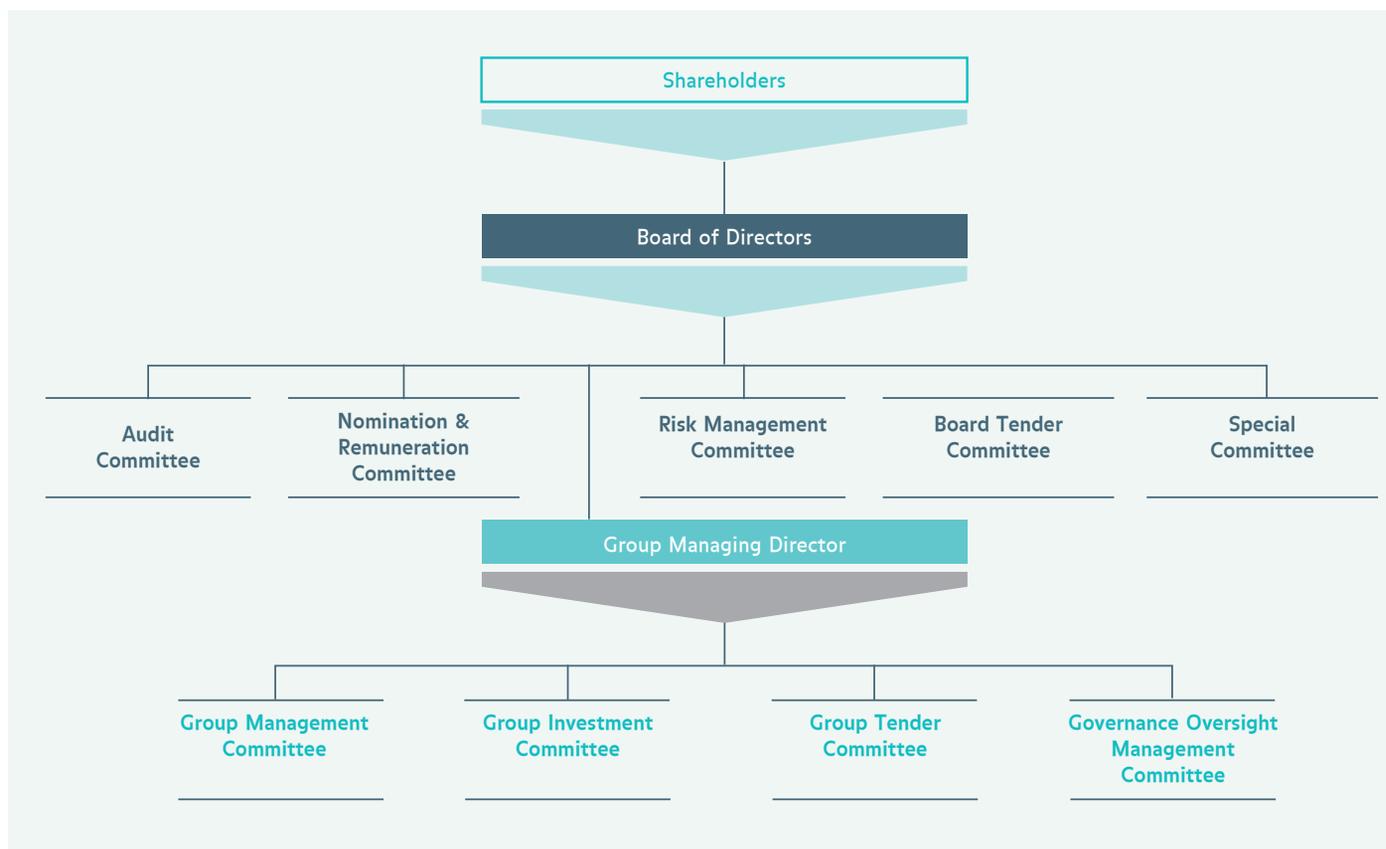
In discharging its roles and responsibilities, the Board is guided by a Board Charter which sets out the roles, functions, composition, operations and processes of the Board and Board Committees. The Board Charter is reviewed and updated from time to time to reflect relevant changes to the policies, procedures and processes as well as amendments to rules and regulations to ensure it remains relevant and consistent with the applicable rules and recommended best practices.

The Board Charter is available on the Company’s corporate website at www.simedarbyproperty.com/who-we-are/corporate-governance.

The Group has a robust Corporate Governance Framework embedded within its system and is committed to fostering a culture of adherence that values personal and corporate integrity as well as accountability. The Board regularly reviews the Corporate Governance Framework to ensure that it keeps abreast of relevant corporate governance best practices and regulatory requirements.

The Group’s Corporate Governance Framework is consistent with and conforms to the requirements, statutory provisions, guidelines, principles and best practices as articulated in, amongst others, the following:

- 1) Companies Act 2016.
- 2) Main Market Listing Requirements (“Listing Requirements”) issued by Bursa Malaysia Securities Berhad (“Bursa Malaysia”).
- 3) Malaysian Code on Corporate Governance (“MCCG”) published by the Securities Commission in year 2017.
- 4) Corporate Governance Guide 3rd Edition 2017 (“CG Guide”) published by Bursa Malaysia.



Pursuant to Bursa Malaysia’s corporate governance disclosure requirements under Paragraph 15.25 and Practice Note 9 of the Listing Requirements, the Board is pleased to set out a summary of the Group’s corporate governance practices during the financial year under review in this Corporate Governance Overview Statement (“CG Overview Statement”), giving shareholders and investors vital insights into the key focus areas in relation to these practices.

The status of Sime Darby Property’s application of the MCCG is disclosed in our Corporate Governance Report (“CG Report”) for the financial year ended 31 December 2019 which is available on the Company’s corporate website at www.simedarbyproperty.com.

This CG Overview Statement is to be read together with the CG Report.



CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

Principal Roles and Responsibilities of the Board

The Board is primarily entrusted with the overall governance of the Group. In ensuring the long-term success of the Group and delivery of sustainable value to its stakeholders, the Board provides effective leadership, promotes and protects the interests of its shareholders, exercises reasonable and proper care of the Group's resources as well as safeguards its assets.

In discharging the Board's responsibilities, the Board provides expertise, thought leadership and advice to the Management, champions good governance, high ethical standards and practices.

The key activities of the Board during the financial year under review were as follows:

| | | |
|--|--|---|
|  <p>STRATEGY</p> | <ul style="list-style-type: none"> • Strategy Blueprint and Budget for the Financial Years 2020 to 2023 • Strategic Opportunities | <ul style="list-style-type: none"> • SHIFT20 Transformation Plan • Strategic Review on the Group's Investments |
|  <p>RISK, COMPLIANCE AND OVERSIGHT</p> | <ul style="list-style-type: none"> • Revised Group Policies & Authorities • Group Compliance Management Framework • Quarterly Audit Status Report | <ul style="list-style-type: none"> • Group Risk Management Framework • Quarterly Risk & Compliance Report • Quarterly Key Litigation and Arbitration Cases |
|  <p>GOVERNANCE</p> | <ul style="list-style-type: none"> • 2018 Annual Report Statements • Selection Process and Appointment of Group Managing Director • Board Effectiveness Evaluation • Directors' Training Framework | <ul style="list-style-type: none"> • Corporate Governance Report to Bursa Malaysia • Directors' Remuneration Framework and Proposed Revision to the Remuneration Package for Non-Executive Directors of the Company • Review of Board Composition • Succession Planning |

INDIVIDUAL ROLES OF THE BOARD MEMBERS

Effective working of the Board is imperative to the long-term prospects and strategic aims of the Company. The Board achieves this through strong, transparent and open working relationships between the Directors.

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

Non-Executive Chairman and Group Managing Director

The roles and responsibilities of the Non-Executive Chairman and the Group Managing Director are separated, clearly defined and documented in the Board Charter.

The positions of Non-Executive Chairman and Group Managing Director are held by different individuals to ensure optimal balance, resulting in accountability and enhanced decision-making at Board level.

The hierarchical structure with a focused approach and a distinct division of responsibilities ensures a balance of power and authority, such that no one individual has unfettered powers of decision-making.

Non-Executive Chairman

The Chairman, who is a Non-Independent Non-Executive Director (“Chairman”), is responsible for providing appropriate leadership to the Board and the Group to ensure its smooth functioning and the fulfilment of its obligations to the Group. The Chairman is primarily responsible for setting the values and ethical standards of the Group, instilling good corporate governance practices, leadership and effectiveness of the Board and ensures that procedures and processes are in place to facilitate effective conduct of the business of the Board.

The Chairman presides over Board meetings, stimulates debates on issues and encourages positive contributions from each Board member. The Chairman ensures that Directors are properly briefed on issues arising at Board meetings and there is sufficient time allowed for discussion on complex or contentious issues and where appropriate, arranges for informal meetings beforehand to enable thorough preparation so that ultimately, decisions can be made on a sound and well-informed basis.

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

The findings of the Board Effectiveness Evaluation (“BEE”) exercise conducted in respect of the financial year under review had shown strong leadership of the Chairman, Tan Sri Dr. Zeti Akhtar Aziz in managing Boardroom dynamics effectively by providing an open environment that encourages participation and active debate amongst Directors. The Chairman also provides excellent stewardship and guidance and has ensured that there is continued focus on addressing critical matters and issues. Directors cited the Chair’s strengths in sharing her experience and providing guidance to Board members and Management whilst setting a strong tone at the top on risk, compliance and governance matters.

GROUP MANAGING DIRECTOR

The Group Managing Director is presently the sole Executive Director on the Board. The Group Managing Director is primarily responsible for the development and implementation of the Group’s long-term strategy and vision that will lead to the creation of long-term prosperity and stakeholder value together with his responsibilities for the day-to-day management and operations of the Group’s business. He is accountable to the Board for the financial management and reporting, including forecasts and budgets of the Group.

The Group Managing Director shoulders the responsibility of fostering a corporate culture that promotes ethical practices, encourages individual integrity and the fulfilment of the Group’s corporate social responsibilities.

The responsibilities of the Group Managing Director also include formulating and overseeing implementation of major corporate policies, developing the business direction of the Group and ensuring that the business strategies are effectively executed in line with the Board’s direction as well as recommending suitable management structures and operating authority levels.



CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Group Managing Director is assisted by the Management Committees in the management of the Company's business to achieve its corporate targets and plans.

During the financial year under review, the position of Group Managing Director of Sime Darby Property was held by Dato' Sri Amrin Awaluddin. The Board accepted Dato' Sri Amrin Awaluddin's early cessation of contract on 3 May 2019. The Board also bade farewell to Datuk Tong Poh Keow, Executive Director of Sime Darby Property, who resigned on 31 May 2019.

Subsequent to Dato' Sri Amrin Awaluddin's resignation, the Nomination and Remuneration Committee ("NRC") commenced the process of identifying potential internal and external candidates to assume the Group Managing Director's position. Pending the appointment of a new Group Managing Director and upon due consideration, the Board appointed Dato' Wan Hashimi Albakri W.A.A Jaffri, the Chief Operating Officer (Township Development) as the Acting Group Chief Executive Officer of Sime Darby Property with effect from 3 May 2019.

The Board together with the NRC conducted a rigorous and robust selection process for the appointment of the right candidate to assume the position of Group Managing Director. Upon recommendation of the NRC, the Board appointed Dato' Azmir Merican Dato' Azmi Merican as the Group Managing Director of Sime Darby Property with effect from 22 April 2020. In tandem with Dato' Azmir Merican's appointment as Group Managing Director, Dato' Wan Hashimi will resume his critical role and position as Chief Operating Officer (Township Development).

NON-EXECUTIVE DIRECTORS

All Non-Executive Directors of the Company are independent of Management. The Non-Executive Directors scrutinise the performance of Management in meeting key performance targets and monitor the reporting of performance. The Non-Executive Directors must be satisfied on the integrity of financial/non-financial reporting of the Company and that financial controls and system of risk management are robust and defensible.

Their role is to constructively challenge Management and monitor the successful delivery of approved targets and business plans within the risk appetite set by the Board. Whilst they provide an effective oversight over the Management, Non-Executive Directors do not participate in the day-to-day management of the Group. They do not engage in business dealings or other relationships with the Group (other than in situations permitted by applicable regulations) that could be reasonably perceived to materially interfere with the exercise of their independent judgement or the ability to act in the best interests of the Company. All Directors must exercise their judgement independently, irrespective of their status.

Independent Non-Executive Directors are appointed to ensure objectivity to the oversight function of the Board and evaluate the performance and well-being of the Company without having any conflict of interest or undue influence.

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

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

The Non-Executive Directors, either individually or collectively as a Board, are at liberty to seek independent professional advice on matters relating to the fulfilment of their roles and responsibilities. The costs of procuring these professional services are borne by the Company.

BOARD COMMITTEES

Under the Group's Corporate Governance Framework, certain responsibilities of the Board are delegated to Board Committees and the Group Managing Director to ensure effectiveness in carrying out its responsibilities and functions. During the financial year under review, the Board is assisted by the following Board Committees:

1. Audit Committee;
2. Nomination and Remuneration Committee;
3. Risk Management Committee; and
4. Board Tender Committee.

These Board Committees function according to their respective Terms of Reference as approved by the Board, and report to the Board on matters considered and recommended by them. Nevertheless, the Board remains responsible for the final decision/exercise of powers by the Board Committees as if they had decided/exercised it themselves.

The Terms of Reference of the Audit Committee ("AC"), NRC and Risk Management Committee ("RMC") are available on the Company's website at www.simedarbyproperty.com/who-we-are/corporate-governance.

On 16 January 2020, the Board approved the establishment of a temporary Special Committee of the Board primarily to oversee and monitor the implementation of the Board's decisions and to provide strategic guidance to the Group as delegated by the Board in the Special Committee's Terms of Reference. The tenure of the Special Committee shall continue up to Third ("3rd") Quarter 2020 and if deemed necessary by the Board, shall be extended for another three (3) months (or up to the Fourth ("4th") Quarter 2020).

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

| Board Committees | Roles |
|--|---|
| <p>Audit Committee Comprises four (4) members, all of whom are Independent Non-Executive Directors.</p> | <p>Oversees the Group's financial reporting process and practices, reviews the Group's business process and system of internal controls, ensures implementation of an effective ethics programme across the Group and assesses the suitability, objectivity and the independence of both external auditors and internal audit function.</p> |
| <p>Nomination and Remuneration Committee Comprises five (5) members, three (3) of whom are Independent Non-Executive Directors. All members are Non-Executive Directors.</p> | <p>Assists the Board in fulfilling its responsibilities with regard to the appropriate size and balance of the Board, the required mix of skills, experience, knowledge and diversity of the Board.</p> <p>Ensures that there is sufficient succession planning and human capital development focus in the Group and recommends to the Board the remuneration framework for the Non-Executive Directors, Executive Directors and key critical positions of the Group.</p> |
| <p>Risk Management Committee Comprises five (5) members, two (2) of whom are Independent Non-Executive Directors. All members are Non-Executive Directors.</p> | <p>Oversees the risk, compliance and integrity management frameworks and policies of the Group. The Committee supports the Board in fulfilling its responsibility in identifying significant risks and ensuring the implementation of appropriate systems to manage the overall risk exposure of the Group.</p> |
| <p>Board Tender Committee Comprises five (5) members, three (3) of whom are Independent Non-Executive Directors while the other two (2) members are the Group Managing Director and a Non-Independent Non-Executive Director.</p> | <p>Evaluates and reviews tender awards valued above RM50 million up to RM300 million.</p> |



CORPORATE GOVERNANCE OVERVIEW STATEMENT

| Board Committees | Roles |
|---|--|
| <p>Special Committee Comprises four (4) members, two (2) of whom are Independent Non-Executive Directors. All members are Non-Executive Directors.</p> | <p>Assists the Board in ensuring that the decisions of the Board on strategic matters, potential investments, business plans, budgets and critical operational issues are carried out, implemented and/or monitored efficiently and effectively by the Management within the requirements of good corporate governance practices.</p> <p>Oversees and monitors the implementation of the Board's decisions, to make decisions in carrying out its roles and to provide strategic guidance for the Group as delegated by the Board in its Terms of Reference.</p> |

As the Board does not manage the day-to-day operations of the Group, the Management is given certain powers to execute transactions under the Group Policies and Authorities, specifically the Limits of Authority. The Directors are also fully aware that such delegation does not absolve them from their responsibilities as they remained responsible for the exercise of powers by the Management as if such powers has been exercised by the Directors themselves.

GROUP SECRETARY

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

The Group Secretary plays an advisory role to the Board particularly with regard to Sime Darby Property's Constitution, Board policies and procedures as well as its compliance with regulatory requirements and legislations.

Puan Moriame Mohd is currently the Group Secretary and has been with the Group since year 2004. Puan Moriame is a Fellow member of the Malaysian Institute of Chartered Secretaries and Administrators ("MAICSA") and has twenty-five (25) years of experience in corporate secretarial practice.

The Group Secretary is responsible in facilitating effective information flows within the Board and Board Committees and between Senior Management and Non-Executive Directors. All Directors have unrestricted direct access to the advice and services of the Group Secretary to facilitate the discharge of their duties.

The Group Secretary attends all Board and Board Committees meetings and ensures that discussions and deliberations of the Board and Board Committees are properly documented and recorded in a timely manner, and subsequently communicated to the Management for appropriate actions. The Group Secretary further ensures that outstanding action items are properly tracked and monitored until such items are addressed and where necessary, reported to the Board.

As part of good governance, pertinent comments and observations of each Director are also recorded in the minutes of meetings. The minutes of Board and Board Committees meetings are circulated to all Directors/Board Committees members for their perusal and comments. The Directors/Board Committees members may request for further clarification or raise any comments on the minutes prior to the minutes being confirmed as a correct record of the proceedings of the Board/Board Committees at the subsequent meeting. The minutes of the Board Committees are also presented to the Board for notation.

The Group Secretary is also tasked with organising and facilitating the induction programme or onboarding session for new Directors and the ongoing professional development of all Directors.

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

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

The roles and responsibilities of the Group Secretary are clearly specified in the Board Charter.

BOARD MEETINGS, ATTENDANCE AND ACCESS TO INFORMATION

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

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

Directors have direct access to the Management and have unrestricted access to any information relating to the Group to enable them to discharge their duties.

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

Key decisions are always made at Board meetings while Directors' Written Resolutions are confined to administrative matters or to formalise matters that have been deliberated at Board meetings. All Directors' Written Resolutions are supported with sufficient information to enable the Directors make informed decisions. Directors' Written Resolutions passed by the Board are thereafter tabled at the next Board meeting for notation.

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

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

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

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

The Chairman of the AC and the Chairman of the NRC would also brief the Board on the salient views, recommendations, significant issues and findings which require the Board's attention and/or approval. The Board is likewise briefed by the respective Chairmen of the RMC, Board Tender Committee and Special Committee on salient matters/issues raised by the said Board Committees which require the Board's approval/direction/information.

Where a potential conflict of interest arises, the Directors are required to make an immediate declaration to the Board if they have any interest in transactions to be entered into directly or indirectly with the Group. A Director is required to abstain from participating in the deliberation and decision of the Board on all matters which he/she has interest.



CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

In compliance with Paragraph 15.06 (1) of the Listing Requirements, each member of the Board holds not more than five (5) directorships in public listed companies. This enables the Directors to focus and devote sufficient time in discharging their duties and responsibilities effectively. During the financial year under review, the Directors notified the Group Secretary as and when they were appointed to other Boards.

During the financial year under review, the Board met seven (7) times, four (4) of which were scheduled meetings. Directors who were unable to attend a particular Board or Board Committee meeting, were encouraged to provide their views and comments on matters to be discussed, to the Chairman or the Group Secretary in advance.

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

DIRECTORS' ATTENDANCE FOR THE FINANCIAL YEAR 2019

Details of attendance of each Director at Board meetings held during the financial year under review are depicted below:

| Director | Designation | Attendance |
|--|--|------------|
| Tan Sri Dr. Zeti Akhtar Aziz | Non-Independent Non-Executive Chairman | 6/7 |
| Dato' Jaganath Derek Steven Sabapathy | Senior Independent Non-Executive Director | 6/7 |
| Tengku Datuk Seri Ahmad Shah Alhaj ibni Almarhum Sultan Salahuddin Abdul Aziz Shah Alhaj | Independent Non-Executive Director | 6/7 |
| Dato' Johan Ariffin <i>(Redesignated from Independent Non-Executive Director to Non-Independent Non-Executive Director on 30 December 2019)</i> | Non-Independent Non-Executive Director | 7/7 |
| Datuk Dr. Mohd Daud Bakar | Non-Independent Non-Executive Director | 7/7 |
| Dato' Seri Ahmad Johan Mohammad Raslan | Independent Non-Executive Director | 6/7 |
| Datin Norazah Mohamed Razali | Independent Non-Executive Director | 7/7 |
| Encik Rizal Rickman Ramli | Non-Independent Non-Executive Director | 7/7 |
| Datuk Poh Pai Kong | Independent Non-Executive Director | 7/7 |
| Dato' Sri Amrin Awaluddin <i>(Resigned on 3 May 2019)</i> | Group Managing Director | 2/2 * |
| Datuk Tong Poh Keow <i>(Resigned on 31 May 2019)</i> | Executive Director | 3/4 * |

* Reflects the number of meetings held during their tenure in office and attended by them.

Board Effectiveness

BOARD COMPOSITION

The Board is diverse in demographics, skills and experience.

The Board comprises a majority of Independent Non-Executive Directors who promote independent judgement and diverse mindsets, expertise and experience. The uniqueness of the Board composition allows the Board to draw on a diverse yet balanced group of individuals to provide insights, perspectives and independent judgement to lead and direct the business of the Group.

As at the date of this CG Overview Statement, the Board, consists of nine (9) members as follows:

- Five (5) Independent Non-Executive Directors; and
- Four (4) Non-Independent Non-Executive Directors including the Chairman.

The composition of the Board is in line with the requirements of Paragraph 15.02 of the Listing Requirements and MCCG's Practice 4.1 for Large Companies.

The profile of each member of the Board is presented on pages 95 to 103 of this Annual Report.

In congruence with the MCCG's Practice 4.2, which discourages an independent director from serving more than nine (9) years, the Board Charter has adopted the nine (9)-year rule for its Independent Non-Executive Directors. Upon completion of nine (9) years, an Independent Non-Executive Director shall be redesignated as a Non-Independent Non-Executive Director. If the Board intends to retain an Independent Non-Executive Director beyond nine (9) years, it shall justify and seek shareholders' approval annually.

During the financial year under review, two (2) Independent Non-Executive Directors, namely Tengku Datuk Seri Ahmad Shah Alhaj ibni Almarhum Sultan Salahuddin Abdul Aziz Shah Alhaj and Dato' Johan Ariffin had reached their cumulative terms of nine (9) years.

Approval of the shareholders was obtained at the Company's last Annual General Meeting ("AGM") held on 2 May 2019 for Tengku Datuk Seri Ahmad Shah, who had reached the nine (9)-year cumulative tenure limit on 30 December 2019, to be retained as an Independent Non-Executive Director until the next AGM of the Company scheduled to be held on 26 June 2020. Pursuant thereto, the NRC and the Board, save for Tengku Datuk Seri Ahmad Shah, had considered the suitability of Tengku Datuk Seri Ahmad Shah as an Independent Non-Executive Director and agreed that he should continue to act as an Independent Non-Executive Director of the Company subject to approval of the shareholders at the forthcoming AGM.

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

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



CORPORATE GOVERNANCE OVERVIEW STATEMENT

Dato' Johan Ariffin, who was appointed to the Board on 31 December 2010, had reached the nine (9)-year cumulative tenure on 30 December 2019, and was redesignated from Independent Non-Executive Director to Non-Independent Non-Executive Director upon reaching the ninth (9th) year. Dato' Johan Ariffin, who is also due to retire by rotation under Rule 111 of the Company's Constitution, had informed the Board of his intention not to seek re-election. Accordingly, he will retire at the conclusion of the Company's forthcoming AGM.

During the financial year under review, the NRC reviewed the composition of the Board taking into consideration the mix of skills, competencies, experience, integrity, personal attributes and time commitment required of an individual Director to effectively fulfil his or her role as a Director on the Board. Diversity in terms of age, gender and ethnicity were also considered.

In the BEE exercise conducted during the financial year under review, the findings indicated that the Directors considered favourably the current Board composition. The BEE results also showed that the current composition reflects balance and fit to provide governance and stewardship to the organisation. Moving forward, the Board intends to further enhance its composition in ensuring diversity and inclusivity in decision-making process.

The Board also agreed to maintain the optimum Board size of not more than 12 as this would reflect a good balance of experience, expertise, mix of skill sets and strength in qualities relevant to the Board. The Board further opined that the Directors had during the financial year under review, contributed to a Boardroom atmosphere of active dialogue, participation and debate.

Nonetheless, the Board agreed that notwithstanding the adequate composition, the potential inclusion of new Board members who could bring on board specialist experience and expertise in the following areas should also be considered:

- Property development experience (i.e. worked extensively in the industry with technical experience and expertise)
- Industry analyst experience, specifically in property development who is able to share holistic insights on the industry
- Business development and branding
- Legal
- Technology, particularly in the area of smart technology and Big Data

The Board agreed on the selection criteria for the proposed new Director(s) taking into consideration the appropriate mix of skills, experience and strength in qualities which would be relevant for the Board to ensure it is duly readied to manage the evolving competitive landscape and technological changes and with reference to the Company's objectives and goals.

As of the date of this CG Overview Statement, the process of recruiting an Independent Non-Executive Director with the relevant experience and expertise in any one of the specific areas that the Board had identified in order to complement and strengthen the Board in discharging its duties effectively, is currently ongoing.

During the financial year under review, the Board together with the NRC conducted a rigorous and robust selection process for the appointment of the right candidate to assume the position of the Group Managing Director following the resignation of Dato' Sri Amrin Awaluddin on 3 May 2019. The steps undertaken by the NRC included sourcing of potential candidates from internal and external sources, reviewing and shortlisting of potential candidates and determining the remuneration package of the Group Managing Director. Factors such as qualifications, age, relevant experience, leadership track and industry exposure were considered by the NRC in assessing potential candidates. After due process, the Board accepted and approved the recommendation of the NRC for the appointment of Dato' Azmir Merican Dato' Azmi Merican as the Group Managing Director of the Company with effect from 22 April 2020. The announcement to Bursa Malaysia notifying the appointment was released by the Company on 28 January 2020.

BOARD DIVERSITY

The Board is committed to ensuring diversity and inclusiveness in its composition and decision-making process based on the Board Composition Policy Framework. The Board embraces the positive and value-relevant impact that diversity in the Board brings to the Group. The Board considers diversity from a broad range of perspectives including skills, background, knowledge, international and industry experience, culture, independence, age, ethnicity, gender, and length of service.

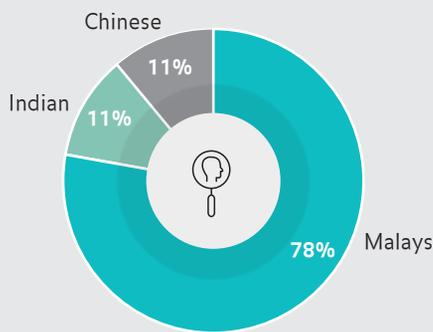
The current Directors bring with them years of experience in managing sustainable business growth and collectively represent a formidable leadership with diversity in perspectives that support effective decision-making. In the rapidly transforming and evolving business environment, diversity is important to remain relevant and sustainable.

The sourcing of candidates and recruitment exercise that embraces gender, race and ethnicity diversity in the Board remain as a priority on the Board’s corporate governance agenda.

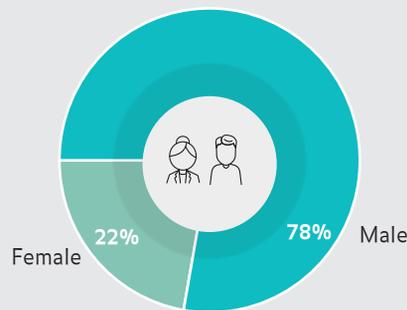
The Board is of the view that a truly diverse and inclusive Board will not only be able to leverage the differences in perspectives, industry experience, knowledge and skill, it will also help the Group retain its competitive industry edge.

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

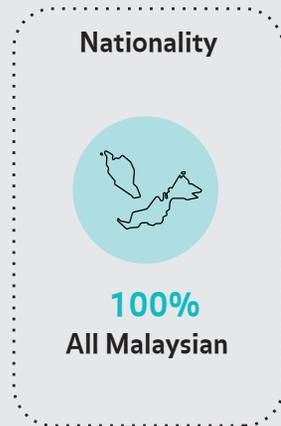
Ethnicity



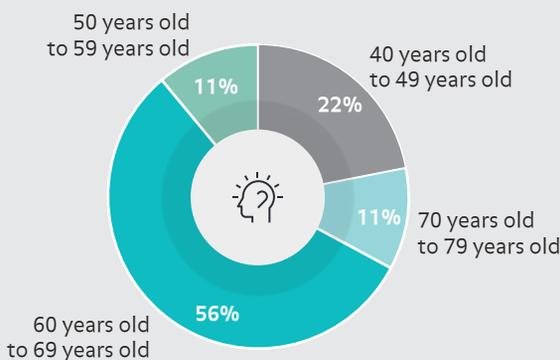
Gender



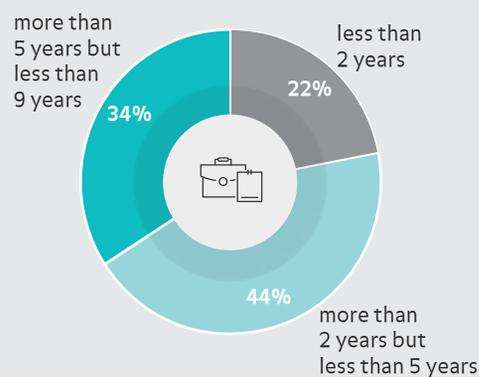
Nationality



Age Band



Tenure





CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board currently has two (2) women Directors, one (1) of whom is the Chairman. The Board supports the Government's aspirational target of 30 percent representation of women Directors. Hence, although the Board has met its internal target of maintaining at least two (2) women Directors pursuant to the Board Composition Policy, the Board size still falls short of the required target number. The pursuit to actively source for suitable women candidates will continue to be a priority of the Board and NRC's corporate governance agenda in the new financial year.

During the financial year under review, the Board also assessed the independence of the Independent Non-Executive Directors. The Board was satisfied with the level of independence demonstrated by all the Independent Non-Executive Directors and was of the view that they could continue to bring sound independent and objective judgement to Board deliberations. Each Independent Non-Executive Director also provided his/her declaration of independence to the Company in compliance with the criteria set out in the Listing Requirements.

NOMINATION AND APPOINTMENT PROCESS OF DIRECTORS

The Board believes orderly succession will be achieved through careful planning. While the majority of the current Directors have only served the Board for less than five (5) years, the composition of the Board will be reviewed from time to time to ensure the Board remains relevant and is able to contribute effectively.

The Board practices a formal and transparent process on the appointment of new Directors. The Board has access to a wide pool of candidates which was collated based on recommendation by existing Board members or Management and through external sources such as recruitment consultants and professional associations.

The principle of achieving Board balance through diversity and inclusivity is encapsulated in the Board Composition Policy Framework and the Terms of Reference of the NRC. The Board has delegated to the NRC the responsibility of carrying out the said function.

In its selection of suitable candidates, the NRC sets to first of all, identify the gaps in the Board composition before sourcing, screening, conducting the initial selection of potential candidates and assessing the ability to perform effectively on those who have been identified.

All candidates are considered taking into account the mix of skills, competencies, experience, integrity, personal attributes and time commitment required to effectively fulfil his/her role as a Director.

Based on the Board's composition and requirements, the NRC considers primarily the candidates' propriety and suitability for appointment based on their skills, perceived ability to work cohesively with other members of the Board, specialist knowledge, experience, probity and integrity. The NRC submits its recommendation thereafter to the Board for decision.

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

Following the redesignation of Dato' Johan Ariffin from Independent Non-Executive Director to Non-Independent Non-Executive Director on 30 December 2019, the Board had on 26 February 2020, upon the recommendation by NRC, approved the appointment of Datuk Poh Pai Kong as an additional member of NRC.

BOARD EFFECTIVENESS EVALUATION

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

Pursuant to and in line with the best practices of the MCCG, the NRC engaged an external independent consultant, PricewaterhouseCoopers ("PwC"), to conduct and facilitate the BEE exercise for the financial year under review. The BEE was conducted by way of Directors' Self and Peer Evaluation Questionnaires as well as structured one-on-one interview sessions between representatives of PwC and each Board member, to obtain views on key strengths and areas for improvement.

The results of the BEE were presented to the Board on 26 February 2020 where the Board noted the findings and areas that necessitated further improvements. The Board was satisfied with the BEE results which indicated that there had been improvements across all areas since the BEE conducted for the previous financial period.

The results further indicated that there was better focus and oversight in key Board responsibilities, supported by an improvement in the performance of the Board Committees. The Board as a whole had discharged its functions, duties and responsibilities effectively in accordance with its Board Charter and there was a positive Boardroom environment and healthy Boardroom dynamics. Board discussions were open and constructive and Board members were encouraged to have full participation at Board meetings including participating in robust debate, discussions and active dialogue. Most of the Directors had been highly engaged when required to address issues and challenges faced by the Group.

There were also no apparent weaknesses or shortcomings identified that warranted specific action plans by the Board. However, the findings of the BEE showed that the Board ought to continue its focus on and prioritise the following areas in the new financial year:

- Succession planning and talent development to ensure that the Company maximises the full potential of its talent and resources.
- Strengthening Business Continuity Plan and Environmental, Social and Governance matters, and ensuring that they are aligned with the Company's strategic agenda.

Specific disclosures on other activities of the NRC are set out in the NRC Report on pages 154 to 163 of this Annual Report and the CG Report. It embraces Principle A of the MCCG in relation to the Board composition.

RE-ELECTION OF DIRECTORS

Pursuant to Rule 111 of the Company's Constitution, one-third (1/3) of the Directors, or if their number is not a multiple of three (3), the number nearest to 1/3, shall retire from office and may offer themselves for re-election at the next AGM.

Dato' Jaganath Derek Steven Sabapathy, Dato' Johan Ariffin and Encik Rizal Rickman Ramli are due to retire at the Forty-Seventh AGM to be held on 26 June 2020 ("47th AGM") pursuant to Rule 111 of the Company's Constitution.

Dato' Jaganath Derek Steven Sabapathy and Encik Rizal Rickman Ramli have expressed their intention to seek re-election at the 47th AGM.

Dato' Johan Ariffin, who had informed the Board in writing of his intention not to seek re-election at the 47th AGM, will retire upon conclusion of the 47th AGM in accordance with Rule 111 of the Company's Constitution.

Upon assessing the performance of Dato' Jaganath Derek Steven Sabapathy and Encik Rizal Rickman Ramli during the financial year under review, the NRC recommended to the Board their re-election. The Board agreed to recommend the proposed re-election of the two (2) said Directors to the shareholders for approval at the 47th AGM.

Any new Director(s) appointed prior to the convening of the forthcoming 47th AGM will also be subject to re-election at the 47th AGM pursuant to Rule 92.3 of the Company's Constitution.

Accordingly, Dato' Azmir Merican Dato' Azmi Merican, who was appointed as the Group Managing Director with effect from 22 April 2020 would retire pursuant to Rule 92.3 of the Company's Constitution and be subject to re-election as a Director.

CONTINUING DEVELOPMENT PROGRAMME FOR DIRECTORS

As at the date of this CG Overview Statement, all the Directors have attended the Mandatory Accreditation Programme as required under the Listing Requirements of Bursa Malaysia.

In line with Paragraph 15.08 of the Listing Requirements, the Directors acknowledge the importance and value of attending conferences, training programmes and seminars in order to keep themselves abreast of the latest developments in areas related to their duties and to be equipped with the necessary skills and knowledge to meet the challenges faced by the Board.

The Board has delegated the role of reviewing the training and development needs of the Directors to the NRC.

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



CORPORATE GOVERNANCE OVERVIEW STATEMENT

During the financial year under review, at the request of the NRC, the Group Secretary collaborated with Institute of Corporate Directors Malaysia (“ICDM”) to undertake a Directors’ Training Needs Assessment in order to come out with a Director’s Training Framework that identifies an individual Director’s training needs and development aspirations which are then translated into a development plan covering areas such as regulatory compliance, sustainability and innovation. Following the individual and collective assessment of the Directors, a list of training programmes was recommended to the Board for its endorsement.

The Group Secretary’s office organised and facilitated an inaugural in-house training for the Board and Senior Management during the financial year under review, which covered the following topics:

- 1) Dialogue Session on Section 17A of the Malaysian Anti-Corruption Commission (“MACC”) Act 2009
- 2) Update on Accounting Standards
- 3) Reputation Resilience & Crisis Management: Out of Control but in Command – How to Manage the New Realities of Business

Puan Latheefa Koya, the then Chief Commissioner of the Malaysian Anti-Corruption Commission was invited to speak at the Dialogue Session on Section 17A of the MACC Act 2009 to provide insights and perspectives on the enforcement of the new Corporate Liability provision. All members of the Board and Senior Management actively participated in the Dialogue Session which was a strong testament that the Board and Senior Management embraced a corporate governance culture that is clean, ethical and uncompromisingly compliant to appropriate policies and procedures of the Group.

During the financial year under review, the Directors participated in training programmes, workshops and seminars organised by the Company, regulatory authorities and professional bodies. Details of which are tabulated as follows:

| Directors | Date of Training/ Programme | Training/Programme Attended | Organiser/Speaker |
|---|--------------------------------|--|--|
| TAN SRI DR. ZETI AKHTAR AZIZ | 14-15 January 2019 | Mandatory Accreditation Programme | The Iclif Leadership and Governance Centre |
| | 18-19 January 2019 | Management Retreat 2019 | Permodalan Nasional Berhad (Speaker) |
| | 5 March 2019 | PNB Leadership Forum 2019 | Permodalan Nasional Berhad (Speaker) |
| | 16 April 2019 | Strategic Asset Allocation Workshop for Board of Directors (Part 1) | Permodalan Nasional Berhad |
| | 21 June 2019 | Strategic Asset Allocation Workshop for Board of Directors (Part 2) | Permodalan Nasional Berhad |
| | 25 June 2019 | PNB Leadership Forum 2019 | Permodalan Nasional Berhad (Speaker) |
| | 1-8 September 2019 | Cambridge International Symposium on Economic Crime | University of Cambridge (Speaker) |
| | 13 September 2019 | Sime Darby Property Bridging Series – Shaping the Future through Integrated Policy Formulation | Sime Darby Property Berhad/ Minister of Finance, YB Lim Guan Eng |

| Directors | Date of Training/ Programme | Training/Programme Attended | Organiser/Speaker |
|---|---|---|--|
| TAN SRI DR. ZETI AKHTAR AZIZ (Cont'd) | 30 October 2019 | PNB Corporate Summit 2019 | Permodalan Nasional Berhad (Speaker) |
| | 12-14 November 2019 | IFSB Summit: Islamic Finance for Sustainable Development in the Era of Technological Innovations | IFSB/ (i) Keynote Speaker; (ii) Forum panelist; and (iii) Presenter |
| | 18 November 2019 | YTI Memorial Lecture 2019 – The Diverse Facets of Leadership | |
| | | i) Crisis Leadership and Resilience | Permodalan Nasional Berhad/ Prof. Dr. Nicholas H. Barker, YTI Chair in Leadership, UNIRAZAK |
| | | ii) Strategic Foresight as a Core Leadership Skill | Permodalan Nasional Berhad/ Prof. Catarina Tully, YTI Chair in Leadership, UNIRAZAK |
| | 18 November 2019 | <u>Training for Directors</u> | |
| | | i) Malaysian Anti-Corruption Commission Act | Sime Darby Property Berhad/ YBr Puan Latheefa Koya, Chief Commissioner of Malaysian Anti-Corruption Commission |
| ii) Update on Accounting Standards | | Sime Darby Property Berhad/ Puan Nurul A'in Abdul Latif, Markets Leader of PricewaterhouseCoopers PLT, Malaysia | |
| | iii) Reputation Resilience & Crisis Management: Out of Control but in Command – How to Manage the New Realities of Business | Sime Darby Property Berhad/ Mr. Mark Worthington, Co-Founder and Managing Director of Klareco Communications, Singapore | |
| 28 November 2019 | IT Blueprint Workshop for Board of Directors | Permodalan Nasional Berhad | |



CORPORATE GOVERNANCE OVERVIEW STATEMENT

| Directors | Date of Training/ Programme | Training/Programme Attended | Organiser/Speaker |
|---|--------------------------------|---|---|
| DATO' JAGANATH DEREK STEVEN SABAPATHY | 13 September 2019 | Sime Darby Property Bridging Series – Shaping the Future through Integrated Policy Formulation | Sime Darby Property Berhad/ Minister of Finance, YB Lim Guan Eng |
| | 2 October 2019 | <u>Board Retreat Speakers' Series</u> | |
| | | i) An In-depth Industry Analysis and Outlook Moving Forward for South East Asia | Sime Darby Property Berhad/ Ms. Amy Wong, Director – Head of Real Estate Research & Consultancy, Savills (Malaysia) Sdn Bhd |
| | | ii) The Future of Investment into Asia Pacific's Industrial and Logistics Markets | Sime Darby Property Berhad/ Mr. Dennis Yeo, Chief Executive Officer, Singapore and South- East Asia, Cushman & Wakefield |
| | | iii) The Catalyst for Development; Government's Immediate Priorities and Growth Areas | Sime Darby Property Berhad/ Dato' Abdul Majid Ahmad Khan, Chairman, Malaysian Investment Development Authority ("MIDA") |
| | 18 November 2019 | <u>Training for Directors</u> | |
| | | i) Malaysian Anti-Corruption Commission Act | Sime Darby Property Berhad/ YBrs Puan Latheefa Koya, Chief Commissioner of Malaysian Anti-Corruption Commission |
| | | ii) Update on Accounting Standards | Sime Darby Property Berhad/ Puan Nurul A'in Abdul Latif, Markets Leader of PricewaterhouseCoopers PLT, Malaysia |
| | | iii) Reputation Resilience & Crisis Management: Out of Control but in Command – How to Manage the New Realities of Business | Sime Darby Property Berhad/ Mr. Mark Worthington, Co-Founder and Managing Director of Klareco Communications, Singapore |

| Directors | Date of Training/ Programme | Training/Programme Attended | Organiser/Speaker |
|---------------------------------|--------------------------------|--|---|
| TENGKU DATUK SERI AHMAD SHAH | 23 January 2019 | Corporate Liability Provision 2019 | Global Oriental Berhad |
| | 5 March 2019 | PNB Leadership Forum 2019 | Permodalan Nasional Berhad |
| | 13 September 2019 | Sime Darby Property Bridging Series – Shaping the Future through Integrated Policy Formulation | Sime Darby Property Berhad/ Minister of Finance, YB Lim Guan Eng |
| | 2 October 2019 | <u>Board Retreat Speakers' Series</u> i) An In-depth Industry Analysis and Outlook Moving Forward for South East Asia ii) The Future of Investment into Asia Pacific's Industrial and Logistics Markets iii) The Catalyst for Development; Government's Immediate Priorities and Growth Areas | Sime Darby Property Berhad/ Ms. Amy Wong, Director – Head of Real Estate Research & Consultancy, Savills (Malaysia) Sdn Bhd Sime Darby Property Berhad/ Mr. Dennis Yeo, Chief Executive Officer, Singapore and South- East Asia, Cushman & Wakefield Sime Darby Property Berhad/ Dato' Abdul Majid Ahmad Khan, Chairman, Malaysian Investment Development Authority ("MIDA") |
| | 30 October 2019 | PNB Corporate Summit 2019 | Permodalan Nasional Berhad |
| | 18 November 2019 | <u>Training for Directors</u> i) Malaysian Anti-Corruption Commission Act ii) Update on Accounting Standards iii) Reputation Resilience & Crisis Management: Out of Control but in Command – How to Manage the New Realities of Business | Sime Darby Property Berhad/ YBrs Puan Latheefa Koya, Chief Commissioner of Malaysian Anti-Corruption Commission Sime Darby Property Berhad/ Puan Nurul A'in Abdul Latif, Markets Leader of PricewaterhouseCoopers PLT, Malaysia Sime Darby Property Berhad/ Mr. Mark Worthington, Co-Founder and Managing Director of Klareco Communications, Singapore |



CORPORATE GOVERNANCE OVERVIEW STATEMENT

| Directors | Date of Training/ Programme | Training/Programme Attended | Organiser/Speaker | |
|---|--------------------------------|--|--|---------------------------|
| DATO' JOHAN ARIFFIN | 5 March 2019 | PNB Leadership Forum 2019 | Permodalan Nasional Berhad | |
| | 14 March 2019 | FIDE Forum – Reading The Signs: The Next Financial Crisis and Potential Impact on Asia | Etiqa Insurance & Takaful | |
| | 21 March 2019 | Economic Update in EU/UK | Sime Darby Property Berhad/ Ms. Sarah Hewin, Chief Economist of Standard Chartered Bank | |
| | 16 April 2019 | Strategic Assets Allocation Workshop | Permodalan Nasional Berhad | |
| | 9 July 2019 | Recommendations of the Task Force on Climate-related Financial Disclosures | Bursa Malaysia Berhad/ The Carbon Trust | |
| | 26 July 2019 | Etiqa Takaful Executive Development (“TED”) Program 2019 (Series 2): Forum on Integrity as the Pillar of Shariah Compliance Culture in Islamic Financial Institutions – Moving Forward | Etiqa Family & General Takaful | |
| | 20 August 2019 | Etiqa Offsite presentation: i) Etiqa Strategic Outlook – Business as Usual and Business Unusual ii) Presentation by Credit Suisse | Etiqa Insurance & Takaful | |
| | 18-19 September 2019 | Ageas Partnership Days | i) Presentation on ‘Thinking Globally, Acting Differently, the Key to Competitiveness’ | i) Ageas/Stephane Garelli |
| | | | ii) Presentation on ‘Homo Virus, the Path to Human Longevity’ | ii) Ageas/Amin Toufani |
| | | | iii) Presentation on ‘Why business Experimentation is Essential for Competitive Advantage’ | iii) Ageas/Stefan Thomke |
| iv) Presentation on ‘Responsible Technology’ | | | iv) Ageas/Martha Lane Fox | |

| Directors | Date of Training/ Programme | Training/Programme Attended | Organiser/Speaker |
|------------------------------------|--------------------------------------|--|--|
| DATO' JOHAN ARIFFIN (Cont'd) | 28 October 2019 – 1 November 2019 | 10th World Congress of Council on Tall Buildings and Urban Habitat – The recent history and essential future of sustainable cities | Council on Tall Buildings and Urban Habitat |
| | 18 November 2019 | Training for Directors i) Malaysian Anti-Corruption Commission Act ii) Update on Accounting Standards iii) Reputation Resilience & Crisis Management: Out of Control but in Command – How to Manage the New Realities of Business | Sime Darby Property Berhad/ YBr Puan Latheefa Koya, Chief Commissioner of Malaysian Anti-Corruption Commission Sime Darby Property Berhad/ Puan Nurul A'in Abdul Latif, Markets Leader of PricewaterhouseCoopers PLT, Malaysia Sime Darby Property Berhad/ Mr. Mark Worthington, Co-Founder and Managing Director of Klareco Communications, Singapore |
| | 28 November 2019 | PNB Board Workshop on IT Blueprint: i) Business Strategy and Goals ii) Market Trends and Themes iii) Unit Trust (ASNB) Business Architecture iv) Asset Management and Property Business Architectures v) Support Functions Business Architecture vi) Data and Technology Architecture vii) Implementation Roadmap and Budget viii) Feedback Capture and Next Steps | Permodalan Nasional Berhad |
| | | | |



CORPORATE GOVERNANCE OVERVIEW STATEMENT

| Directors | Date of Training/ Programme | Training/Programme Attended | Organiser/Speaker | |
|------------------------------|--------------------------------|--|---|---|
| DATUK DR. MOHD DAUD BAKAR | 21 March 2019 | Economic Update in EU/UK | Sime Darby Property Berhad/ Ms. Sarah Hewin, Chief Economist of Standard Chartered Bank | |
| | 13 September 2019 | Sime Darby Property Bridging Series – Shaping the Future through Integrated Policy Formulation | Sime Darby Property Berhad/ Minister of Finance, YB Lim Guan Eng | |
| | 2 October 2019 | <u>Board Retreat Speakers' Series</u> | | |
| | | i) | An In-depth Industry Analysis and Outlook Moving Forward for South East Asia | Sime Darby Property Berhad/ Ms. Amy Wong, Director – Head of Real Estate Research & Consultancy, Savills (Malaysia) Sdn Bhd |
| | | ii) | The Future of Investment into Asia Pacific's Industrial and Logistics Markets | Sime Darby Property Berhad/ Mr. Dennis Yeo, Chief Executive Officer, Singapore and South- East Asia, Cushman & Wakefield |
| | | iii) | The Catalyst for Development; Government's Immediate Priorities and Growth Areas | Sime Darby Property Berhad/ Dato' Abdul Majid Ahmad Khan, Chairman, Malaysian Investment Development Authority ("MIDA") |
| | 30 October 2019 | PNB Corporate Summit 2019 | Permodalan Nasional Berhad | |
| | 18 November 2019 | <u>Training for Directors</u> | | |
| | | i) | Malaysian Anti-Corruption Commission Act | Sime Darby Property Berhad/ YBrs Puan Latheefa Koya, Chief Commissioner of Malaysian Anti-Corruption Commission |
| | | ii) | Update on Accounting Standards | Sime Darby Property Berhad/ Puan Nurul A'in Abdul Latif, Markets Leader of PricewaterhouseCoopers PLT, Malaysia |
| | iii) | Reputation Resilience & Crisis Management: Out of Control but in Command – How to Manage the New Realities of Business | Sime Darby Property Berhad/ Mr. Mark Worthington, Co-Founder and Managing Director of Klareco Communications, Singapore | |

| Directors | Date of Training/ Programme | Training/Programme Attended | Organiser/Speaker |
|--|---|--|--|
| DATO' SERI AHMAD JOHAN MOHAMMAD RASLAN | 23 August 2019 | Bursa Thought Leadership: The Convergence of Digitisation and Sustainability | Bursa Malaysia |
| | 2 October 2019 | <u>Board Retreat Speakers' Series</u> | |
| | | i) An In-depth Industry Analysis and Outlook Moving Forward for South East Asia | Sime Darby Property Berhad/ Ms. Amy Wong, Director – Head of Real Estate Research & Consultancy, Savills (Malaysia) Sdn Bhd |
| | | ii) The Future of Investment into Asia Pacific's Industrial and Logistics Markets | Sime Darby Property Berhad/ Mr. Dennis Yeo, Chief Executive Officer, Singapore and South-East Asia, Cushman & Wakefield |
| | | iii) The Catalyst for Development; Government's Immediate Priorities and Growth Areas | Sime Darby Property Berhad/ Dato' Abdul Majid Ahmad Khan, Chairman, Malaysian Investment Development Authority ("MIDA") |
| | 8 November 2019 | Securities Commission Malaysia's Audit Oversight Board Conversation with Audit Committees | Securities Commission |
| | 18 November 2019 | <u>Training for Directors</u> | |
| | | i) Malaysian Anti-Corruption Commission Act | Sime Darby Property Berhad/ YBrS Puan Latheefa Koya, Chief Commissioner of Malaysian Anti-Corruption Commission |
| ii) Update on Accounting Standards | | Sime Darby Property Berhad/ Puan Nurul A'in Abdul Latif, Markets Leader of PricewaterhouseCoopers PLT, Malaysia | |
| | iii) Reputation Resilience & Crisis Management: Out of Control but in Command – How to Manage the New Realities of Business | Sime Darby Property Berhad/ Mr. Mark Worthington, Co-Founder and Managing Director of Klareco Communications, Singapore | |
| 4 December 2019 | General Data Protection Regulation in European Union and United Kingdom | Baker & McKenzie United Kingdom | |



CORPORATE GOVERNANCE OVERVIEW STATEMENT

| Directors | Date of Training/ Programme | Training/Programme Attended | Organiser/Speaker |
|---------------------------------|---|--|--|
| DATIN NORAZAH MOHAMED RAZALI | 13 February 2019 | A Boardroom Colloquium on Innovation Governance | MeLearn Global in collaboration with Culture Boleh! Global Training |
| | 5 March 2019 | PNB Leadership Forum 2019 | Permodalan Nasional Berhad |
| | 21 March 2019 | Economic Update in EU/UK | Sime Darby Property Berhad/ Ms. Sarah Hewin, Chief Economist of Standard Chartered Bank |
| | 22 March 2019 | MKD Directors Talk Series#1 – Back to Basics: Rethinking Governance | Ministry of Finance |
| | 30 April 2019 | MIA’s Engagement Session with Audit Committee Members on Integrated Reporting | Malaysian Institute of Accountants |
| | 12 June 2019 | Demystifying The Diversity Conundrum: The Road to Business Excellence | Bursa Malaysia |
| | 25 June 2019 | PNB Leadership Forum 2019 | Permodalan Nasional Berhad |
| | 16 July 2019 | Financial Language in the Boardroom | Institute of Corporate Directors Malaysia |
| | 13 September 2019 | Sime Darby Property Bridging Series – Shaping the Future through Integrated Policy Formulation | Sime Darby Property Berhad/ Minister of Finance, YB Lim Guan Eng |
| | 2 October 2019 | <u>Board Retreat Speakers’ Series</u> | |
| | i) An In-depth Industry Analysis and Outlook Moving Forward for South East Asia | Sime Darby Property Berhad/ Ms. Amy Wong, Director – Head of Real Estate Research & Consultancy, Savills (Malaysia) Sdn Bhd | |
| | ii) The Future of Investment into Asia Pacific’s Industrial and Logistics Markets | Sime Darby Property Berhad/ Mr. Dennis Yeo, Chief Executive Officer, Singapore and South-East Asia, Cushman & Wakefield | |
| | iii) The Catalyst for Development; Government’s Immediate Priorities and Growth Areas | Sime Darby Property Berhad/ Dato’ Abdul Majid Ahmad Khan, Chairman, Malaysian Investment Development Authority (“MIDA”) | |

| Directors | Date of Training/ Programme | Training/Programme Attended | Organiser/Speaker |
|---|--------------------------------|--|---|
| DATIN NORAZAH MOHAMED RAZALI (Cont'd) | 18 November 2019 | <u>Training for Directors</u> | |
| | | i) Malaysian Anti-Corruption Commission Act | Sime Darby Property Berhad/ YBrs Puan Latheefa Koya, Chief Commissioner of Malaysian Anti-Corruption Commission |
| | | ii) Update on Accounting Standards | Sime Darby Property Berhad/ Puan Nurul A'in Abdul Latif, Markets Leader of PricewaterhouseCoopers PLT, Malaysia |
| | | iii) Reputation Resilience & Crisis Management: Out of Control but in Command – How to Manage the New Realities of Business | Sime Darby Property Berhad/ Mr. Mark Worthington, Co-Founder and Managing Director of Klareco Communications, Singapore |
| ENCIK RIZAL RICKMAN RAMLI | 17-19 January 2019 | Management Retreat 2019 | Human Capital Planning & Development, Permodalan Nasional Berhad |
| | 30 January 2019 | IT Blueprint: Post – Visioning Workshop | Ernst & Young Tax Consultants Sdn Bhd |
| | 21 February 2019 | Fireside Chat with Anthony Tan, Group Chief Executive Officer and Co-Founder of Grab | Grab |
| | 5 March 2019 | PNB Leadership Forum 2019 | Permodalan Nasional Berhad |
| | 25 June 2019 | PNB Leadership Forum 2019 | Permodalan Nasional Berhad |
| | 22 July 2019 | MISD Business Planning Workshop 2020 | Permodalan Nasional Berhad |
| | 29 July 2019 | Leadership in Digital World – Managing Integration of Digital Strategies, Technology Execution and Measurement for Leaders | Marcus Evans (Malaysia) Sdn Bhd |
| | 11 September 2019 | PNB Innovation Challenge (Final) | Permodalan Nasional Berhad |
| | 13 September 2019 | Sime Darby Property Bridging Series – Shaping the Future through Integrated Policy Formulation | Sime Darby Property Berhad/ Minister of Finance, YB Lim Guan Eng |



CORPORATE GOVERNANCE OVERVIEW STATEMENT

| Directors | Date of Training/ Programme | Training/Programme Attended | Organiser/Speaker |
|--|--------------------------------|--|--|
| ENCIK RIZAL RICKMAN RAMLI (Cont'd) | 2 October 2019 | <u>Board Retreat Speakers' Series</u> i) An In-depth Industry Analysis and Outlook Moving Forward for South East Asia ii) The Future of Investment into Asia Pacific's Industrial and Logistics Markets iii) The Catalyst for Development; Government's Immediate Priorities and Growth Areas | Sime Darby Property Berhad/ Ms. Amy Wong, Director – Head of Real Estate Research & Consultancy, Savills (Malaysia) Sdn Bhd Sime Darby Property Berhad/ Mr. Dennis Yeo, Chief Executive Officer, Singapore and South-East Asia, Cushman & Wakefield Sime Darby Property Berhad/ Dato' Abdul Majid Ahmad Khan, Chairman, Malaysian Investment Development Authority ("MIDA") |
| | 11 October 2019 | PNB House View – Wrap-up session with Mercer | Permodalan Nasional Berhad |
| | 24 October 2019 | PNB Group Innovation Challenge 2019 | Permodalan Nasional Berhad |
| | 30 October 2019 | PNB Corporate Summit 2019 – Rebooting Corporate Malaysia | Permodalan Nasional Berhad |
| | 11 November 2019 | Integrity Awareness Training Programme for Property/Real Estate | Permodalan Nasional Berhad |
| | 14 November 2019 | PNB Compliance Engagement Session | PWC Consulting Services (M) Sdn Bhd |
| | 18 November 2019 | <u>Training for Directors</u> i) Malaysian Anti-Corruption Commission Act ii) Update on Accounting Standards iii) Reputation Resilience & Crisis Management: Out of Control but in Command – How to Manage the New Realities of Business | Sime Darby Property Berhad/ YBrs Puan Latheefa Koya, Chief Commissioner of Malaysian Anti-Corruption Commission Sime Darby Property Berhad/ Puan Nurul A'in Abdul Latif, Markets Leader of PricewaterhouseCoopers PLT, Malaysia Sime Darby Property Berhad/ Mr. Mark Worthington, Co-Founder and Managing Director of Klareco Communications, Singapore |

| Directors | Date of Training/ Programme | Training/Programme Attended | Organiser/Speaker |
|-----------------------|--|---|---|
| DATUK POH PAI KONG | 9-10 April 2019 | The Role of Audit Committees in Ensuring Organisational Integrity, Risk & Governance | Institute of Corporate Directors Malaysia |
| | 13 September 2019 | Sime Darby Property Bridging Series – Shaping the Future through Integrated Policy Formulation | Sime Darby Property Berhad/ Minister of Finance, YB Lim Guan Eng |
| | 23 September 2019 | Bursa Thought Leadership: Sustainability-Inspired Innovations: Enablers of the 21 st Century | Bursa Malaysia |
| | 2 October 2019 | <u>Board Retreat Speakers' Series</u> | |
| | | i) An In-depth Industry Analysis and Outlook Moving Forward for South East Asia | Sime Darby Property Berhad/ Ms. Amy Wong, Director – Head of Real Estate Research & Consultancy, Savills (Malaysia) Sdn Bhd |
| | | ii) The Future of Investment into Asia Pacific's Industrial and Logistics Markets | Sime Darby Property Berhad/ Mr. Dennis Yeo, Chief Executive Officer, Singapore and South- East Asia, Cushman & Wakefield |
| | | iii) The Catalyst for Development; Government's Immediate Priorities and Growth Areas | Sime Darby Property Berhad/ Dato' Abdul Majid Ahmad Khan, Chairman, Malaysian Investment Development Authority ("MIDA") |
| | 14-15 October 2019 | International Directors Summit 2019 | Institute of Corporate Directors Malaysia |
| | 30 October 2019 | PNB Corporate Summit 2019 | Permodalan Nasional Berhad |
| | 18 November 2019 | <u>Training for Directors</u> | |
| | i) Malaysian Anti-Corruption Commission Act | Sime Darby Property Berhad/ YBrs Puan Latheefa Koya, Chief Commissioner of Malaysian Anti-Corruption Commission | |
| | ii) Update on Accounting Standards | Sime Darby Property Berhad/ Puan Nurul A'in Abdul Latif, Markets Leader of PricewaterhouseCoopers PLT, Malaysia | |
| | iii) Reputation Resilience & Crisis Management: Out of Control but in Command – How to Manage the New Realities of Business | Sime Darby Property Berhad/ Mr. Mark Worthington, Co-Founder and Managing Director of Klareco Communications, Singapore | |

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



CORPORATE GOVERNANCE OVERVIEW STATEMENT

DIRECTORS' REMUNERATION

The Board has established a remuneration policy for its Non-Executive Directors that aligns remuneration with strategy to drive the long-term success of the Company together with a comprehensive and fair remuneration package to continue to attract, retain and motivate Directors.

The Board has delegated to the NRC the responsibility to set the principles, parameters and governance framework relating to the Group's remuneration matters. The NRC is authorised to formulate, develop and implement formal and transparent procedures for the Group's Non-Executive Directors and Senior Management ensuring that their compensation remain competitive and consistent with industry standards as well as commensurate with their experience, skills, level of responsibilities and complexity of business. In this regard, the NRC has established a remuneration framework for the Non-Executive Directors which is subject to periodic review.

The remuneration of Non-Executive Directors consists of fixed directors' fees and other benefits, all of which are subject to the approval of shareholders at the AGM. The fees of the Non-Executive Directors for their services to the Board and Board Committees are paid to all Non-Executive Directors on a monthly basis.

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

| Fees/Benefits | Amount/Description | | | |
|--|---------------------------|----------------------------|-------------------------|---|
| Non-Executive Directors' ("NED") Fees | | BOARD (RM/Year) | AC (RM/Year) | OTHER COMMITTEES (RM/Year) |
| | Chairman | 540,000 | 80,000 | 60,000 |
| | Member | | | |
| | i) Resident | 220,000 | 50,000 | 35,000 |
| | ii) Non-resident | 360,000 | | |
| Per diem allowance <i>(on official events and Government related matters within Malaysia or overseas)</i> | RM1,000 per day | | | |
| Transportation <i>(official business assignments)</i> | Business class air travel | | | |

| Fees/Benefits | Amount/Description | | | | | | | | | | | | | | | |
|--|--|---------------|---------------|-----------------------------------|--------------------------|--|--|--|--|------|--------|------|------|---------|--------|--------|
| Accommodation (on official duty) | Group designated hotels. | | | | | | | | | | | | | | | |
| | Unreceipted Local Business Travel | | | | | | | | | | | | | | | |
| | <table border="1"> <thead> <tr> <th>REGION</th> <th>MEALS</th> <th>ACCOMMODATION</th> </tr> </thead> <tbody> <tr> <td>Malaysia</td> <td>RM200/day</td> <td>RM200/day</td> </tr> </tbody> </table> | REGION | MEALS | ACCOMMODATION | Malaysia | RM200/day | RM200/day | | | | | | | | | |
| | REGION | MEALS | ACCOMMODATION | | | | | | | | | | | | | |
| Malaysia | RM200/day | RM200/day | | | | | | | | | | | | | | |
| Unreceipted Overseas Business Travel | | | | | | | | | | | | | | | | |
| | <table border="1"> <thead> <tr> <th>CONTINENT</th> <th>MEALS</th> <th>ACCOMMODATION</th> </tr> </thead> <tbody> <tr> <td>Asia (including Oceania)</td> <td>USD80</td> <td>USD100</td> </tr> <tr> <td>United Kingdom</td> <td>€100</td> <td>€200</td> </tr> <tr> <td>Europe</td> <td>€100</td> <td>€200</td> </tr> <tr> <td>America</td> <td>USD150</td> <td>USD200</td> </tr> </tbody> </table> | CONTINENT | MEALS | ACCOMMODATION | Asia (including Oceania) | USD80 | USD100 | United Kingdom | €100 | €200 | Europe | €100 | €200 | America | USD150 | USD200 |
| CONTINENT | MEALS | ACCOMMODATION | | | | | | | | | | | | | | |
| Asia (including Oceania) | USD80 | USD100 | | | | | | | | | | | | | | |
| United Kingdom | €100 | €200 | | | | | | | | | | | | | | |
| Europe | €100 | €200 | | | | | | | | | | | | | | |
| America | USD150 | USD200 | | | | | | | | | | | | | | |
| Entertainment | Reasonable entertainment expenses for the promotion of the Group's interest will be reimbursed against receipts. | | | | | | | | | | | | | | | |
| Club Membership/ Privileges | Honorary membership at Tournament Players Club Kuala Lumpur ("TPC KL")/other clubs owned by Sime Property Group with free monthly subscription fees. NED who becomes President of the TPC KL will be made a life time honorary member of the Club. | | | | | | | | | | | | | | | |
| Insurance | <table border="1"> <thead> <tr> <th>DESCRIPTION</th> <th>AMOUNT</th> </tr> </thead> <tbody> <tr> <td>i) Group Personal Accident Policy</td> <td>RM1,000,000</td> </tr> <tr> <td>ii) Directors and Officers Liability Insurance</td> <td>Cover limit of USD30 million, including an Employment Practices Liability cover of USD1 million.</td> </tr> <tr> <td>iii) Medical & Security Assistance Programme</td> <td>Medical & Security Assistance Programme with International SOS provides pre-travel and destination services including immunisation recommendations, travel and visa information, 24/7 telephone medical and security assistance, etc. in case of emergency when travelling abroad.</td> </tr> </tbody> </table> | DESCRIPTION | AMOUNT | i) Group Personal Accident Policy | RM1,000,000 | ii) Directors and Officers Liability Insurance | Cover limit of USD30 million, including an Employment Practices Liability cover of USD1 million. | iii) Medical & Security Assistance Programme | Medical & Security Assistance Programme with International SOS provides pre-travel and destination services including immunisation recommendations, travel and visa information, 24/7 telephone medical and security assistance, etc. in case of emergency when travelling abroad. | | | | | | | |
| DESCRIPTION | AMOUNT | | | | | | | | | | | | | | | |
| i) Group Personal Accident Policy | RM1,000,000 | | | | | | | | | | | | | | | |
| ii) Directors and Officers Liability Insurance | Cover limit of USD30 million, including an Employment Practices Liability cover of USD1 million. | | | | | | | | | | | | | | | |
| iii) Medical & Security Assistance Programme | Medical & Security Assistance Programme with International SOS provides pre-travel and destination services including immunisation recommendations, travel and visa information, 24/7 telephone medical and security assistance, etc. in case of emergency when travelling abroad. | | | | | | | | | | | | | | | |
| Medical and Hospitalisation | <p>For NED:</p> <p>Free medical treatment (excluding major surgeries), dental and optical subject to treatment being given by the:</p> <ul style="list-style-type: none"> i) Group/Company's Panel of Doctors. ii) Physician referred to by the Group/Company's Panel of Doctors. <p>For NED's Spouse and Dependent Children:</p> <p>Medical treatment (excluding major surgeries) subject to treatment given as stated in items no. (i) and (ii) above.</p> | | | | | | | | | | | | | | | |
| Purchase of Group/ Companies Products | This entitlement is available only for products of Sime Darby Property. | | | | | | | | | | | | | | | |

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



CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

| | Salary RM | Fees ⁽¹⁾ | Others ⁽²⁾ RM | Benefits in-kind ⁽³⁾ RM | Total RM |
|--|--------------|---------------------|-----------------------------|--|------------------|
| Executive Directors | | | | | |
| Dato' Sri Amrin Awaluddin (Resigned on 3 May 2019) | 588,145 | - | 142,144 | 99,035 | 829,324 |
| Datuk Tong Poh Keow (Resigned on 31 May 2019) | 609,410 | - | 538,674 | 32,126 | 1,180,210 |
| Non-Executive Directors | | | | | |
| Tan Sri Dr. Zeti Akhtar Aziz (Chairman) | - | 540,000 | - | 2,559 | 542,559 |
| Dato' Jaganath Derek Steven Sabapathy | - | 465,000 | - | 2,559 | 467,559 |
| Tengku Datuk Seri Ahmad Shah Alhaj ibni Almarhum Sultan Salahuddin Abdul Aziz Shah Alhaj | - | 315,000 | - | 26,691 | 341,691 |
| Dato' Johan Ariffin | - | 290,000 | - | 3,856 | 293,856 |
| Datuk Dr Mohd Daud Bakar | - | 290,000 | - | 3,099 | 293,099 |
| Dato' Seri Ahmad Johan Mohammad Raslan ⁽⁴⁾ | - | 510,000 | - | 5,859 | 515,859 |
| Datin Norazah Mohamed Razali | - | 330,000 | - | 23,807 | 353,807 |
| Encik Rizal Rickman Ramli ⁽⁵⁾ | - | 290,000 | - | 11,901 | 301,901 |
| Datuk Poh Pai Kong | - | 270,000 | - | 5,319 | 275,319 |

⁽¹⁾ Directors did not receive any remuneration for services rendered to any of its subsidiaries.

⁽²⁾ Comprises employer's contribution to Employees' Provident Fund, gratuity, car allowance and leave pay.

⁽³⁾ Comprises discount on purchase of Company/Group product, car lease scheme, leave passage, per diem allowance, telephone bills, parking fees, petrol and insurance coverage, where relevant.

⁽⁴⁾ Non-Resident Director.

⁽⁵⁾ Fees as nominee Director paid to Permodalan Nasional Berhad.

REVISION TO THE NON-EXECUTIVE DIRECTORS REMUNERATION FRAMEWORK

During the financial year under review the NRC appointed an external international consultant to conduct a fresh review of the Non-Executive Directors' Remuneration Framework based on the results of the market survey on the remuneration and benefits received by the Non-Executive Directors. The survey also considered other major factors including the revenue/size of the Group against its peers as well as the fiduciary duties and time commitments expected of the Non-Executive Directors and Board Committee members.

Pursuant to the findings of the consultant, the Board will be seeking shareholders' approval at the forthcoming 47th AGM, for a revision to the Non-Executive Directors' Fees as follows:

| | Annual Fixed Fees | |
|----------------------------|---|--|
| | Current Non-Executive Directors Fees (RM) | Proposed Non-Executive Directors Fees (RM) |
| Chairman | 540,000 | No Change |
| Resident Director | 220,000 | 220,000 |
| Non-Resident Director | 360,000 | |
| Audit Chairman | 80,000 | 70,000 |
| Audit Member | 50,000 | 40,000 |
| Other Committees* Chairman | 60,000 | 70,000 |
| Other Committees* Member | 35,000 | 40,000 |

* Note: Excluding Special Committee of the Board

The rationale for the proposal is as follows:

- 1) Board Fees should commensurate with the level of responsibilities and be competitive against the market where it will source candidates for Board positions (e.g. different geographical locations, different domain expertise), so that it can attract candidates with the requisite skill set and experience.
- 2) To maintain target positioning of 75th percentile of the market (the market will be defined as where Sime Darby Property will source its Board candidates from), given the transformation Sime Darby Property is undergoing and the fact that it needs to continue to attract top candidates.
- 3) To consider differentiating fees for Resident and Non-Resident only where the skillset and experience are not available in the Malaysian market.
- 4) To align fees for Board Committees as all Board Committees have similar fiduciary responsibilities. Benefits-in-kind provisions should pass the strict test of being in the public interest. Excessive remuneration may not be aligned with shareholders' interest.

Approval will be sought from the shareholders at the forthcoming 47th AGM for the following additional benefits to be provided to the Non-Executive Directors:

- 1) The introduction of a meeting allowance of RM1,500 per person per meeting, payable to members of the Special Committee and any other Non-Executive Directors who attend and participate in the Special Committee Meeting.
- 2) Per diem allowance for official events which was previously approved at RM1,000 per day shall instead be reimbursed on reasonable claims basis.

The Company is however not seeking any increase in approval limit in respect of the amount of benefits payable to the Non-Executive Directors from that approved in the 46th AGM.

Details of the said proposal are provided in the Notice of AGM on pages 360 to 366 of this Annual Report.



CORPORATE GOVERNANCE OVERVIEW STATEMENT

SIME DARBY PROPERTY GROUP REMUNERATION POLICY

The Group has established a Remuneration Policy which puts in place a framework to ensure an appropriate balance between attracting, retaining and motivating its employees. It is designed to ensure that reward is measurably linked to achievement of business and performance objectives. The remuneration framework outlines the total compensation package of fixed remuneration and variable remuneration payable to employees.

During the financial year under review, the Board through the NRC, conducted a Total Rewards Review and Design Exercise to determine its competitiveness to the market and sufficiency to attract, retain and motivate the right talent that will help drive the Company's business goals and strategies.

REMUNERATION DISCLOSURE FOR TOP FIVE (5) KEY SENIOR MANAGEMENT

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

SUCCESSION PLAN

Succession planning is an integral part of the Board's corporate governance practices. A structured succession plan addresses the composition and effectiveness of the Board. The Board believes that the membership and composition of the Board should be assessed from time to time, while ensuring continuity in meeting the Group's long-term goals and objectives.

The responsibility to ensure the orderly sourcing, identification and selection of new Non-Executive Directors in the event of a vacancy or an opening by reason of an anticipated retirement or expansion of the size of the Board has been given to the NRC. The NRC ensures that there is an appropriate dynamic of skills, experience and diversity on the Board and has a steady pool of talent for selection purposes.

In addition to the succession plan for the Board, the NRC in February 2019 with the assistance of an external consultant, reviewed the Company's succession planning for senior critical roles and talent pool demographics with the view of enhancing the Group's Succession Planning Framework. The Framework focuses on, amongst others, the determination of criticality of positions, identification and selection of talents based on pre-defined competency profiles and drawing up individual development plans to bridge the competency gap.

STRENGTHENING INTEGRITY AND ETHICS

The Board acknowledges its role in establishing a corporate culture with uncompromising ethical conduct. In line with this principle, the Group has in place the following policies to ensure the conduct of business of the Group and the employees are consistently carried out ethically and with integrity.

1) Group Policies

a) Code of Business Conduct

The Board has formalised a Code of Business Conduct ("COBC") for the Sime Darby Property Group containing detailed policy statements on the standards of behaviour and ethical conduct expected of all Directors, employees, counterparts, and business partners of the Group not only promotes legal and procedural compliance it will also provide a moral compass to ensure that the individual's behaviour is in line with Sime Darby Property Group's Core Values and business objectives.

All employees are expected to understand the principles and standards stipulated and must comply with it not only based on its form but also the substance of the ethical principles and conduct stated in the COBC. Given that organisational integrity is imperative towards establishing a culture that supports long-term success, all employees are expected to conduct themselves professionally with the COBC in mind.

The Group also expects that contractors, subcontractors, consultants, representatives and parties performing work or services for or on behalf of Sime Darby Property Group to comply with the relevant parts of the COBC when performing such works or services. The COBC applies to all businesses and countries in which the Company operates.

The COBC was revised to incorporate an additional requirement that approval is to be first obtained in respect of Board Directorships outside the Group, consistent with the revisions made to the Board Charter in January 2019. The revised and updated COBC was given to all Directors, Management and employees of the Group and each of them was required to signify and acknowledge that they had read, understood and agreed to be bound by the principles and guidelines contained in the revised COBC.

Further details on the COBC are available on the Group's corporate website at www.simedarbyproperty.com/who-we-are/corporate-governance.

b) Whistleblowing Policy

The Group's Whistleblowing Policy ("WP") provides a transparent mechanism and avenue for all stakeholders to report or raise genuine concerns on any misconduct without fear of retaliation and intimidation. Confidentiality and anonymity are offered to stakeholders who disclose their concerns in good faith and in doing so, had followed accordingly, the appropriate disclosure procedures. The WP sets a clear procedural guide for stakeholders to follow in raising their concerns to ensure that issues are addressed to the appropriate personnel and definitive action can be taken.

c) Gift, Entertainment and Travel Policy

The Group has in place, a Gift, Entertainment and Travel Policy which is believed to enable the Directors, Management and employees to conduct the Group's business with integrity and maintain strong professional relationships with all of their counterparts and business partners based on merit and performance.

d) No Gift Policy

The No Gift Policy was introduced and launched in January 2018 to demonstrate the Group's commitment to the highest standards of integrity and good governance in the conduct of its business. With this commitment the Group has imposed a 'No Gift Policy' which prohibits the offering, giving, soliciting, receiving or accepting directly or indirectly of any form of gifts to avoid conflict of interest or the appearance of conflict of interest in any ongoing or potential business dealings.

e) Anti-Bribery and Corruption, Anti-Money Laundering, Conflict of Interest, Sponsorship and Donation Policies

The Group has adopted a zero-tolerance stance against all forms of bribery and corruption and will not tolerate any acts which are in breach of the Company's policies. The Group strongly believes in acting professionally, fairly and with integrity in all business dealings and relationships.

Therefore, as part of the Group's efforts to support the implementation of the anti-bribery and corruption and ethical principles articulated in the Groups' COBC and to uphold the highest standards of good governance, the Board has adopted the following new policies during the financial year under review:

- Anti-Bribery and Corruption Policy, including facilitation payment;
- Anti-Money Laundering Policy;
- Conflict of Interest Policy; and
- Sponsorship and Donation Policy, including political contribution.

Various engagement activities were conducted to spread awareness of the policies and to address any concerns.



CORPORATE GOVERNANCE OVERVIEW STATEMENT

2) Management Committees

High-level Management Committees are in place to assist the Board in the day-to-day management of the Group.

The Management Committees are as follows:

a) Group Management Committee

The Group Management Committee ("GMC") has overall responsibility for management policies, day-to-day operations of the Group, the deployment and implementation of Board resolutions and oversees the achievement of objectives and results.

The Group Managing Director or in his absence, Acting Group Chief Executive Officer, is the Chairman of the GMC and the current members include the Senior Management team. Heads of departments will be invited to attend meetings of the GMC.

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

The GMC met seven (7) times during the financial year under review.

b) Group Investment Committee

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

The Group Managing Director or in his absence, Acting Group Chief Executive Officer, is the Chairman of the GIC.

The GIC met seven (7) times during the financial year under review.

c) Group Tender Committee

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

The Group Managing Director or in his absence, Acting Group Chief Executive Officer, is the Chairman of the GTC.

The GTC met nine (9) times during the financial year under review.

d) Governance Oversight Management Committee

During the financial year under review, Management had established a Group Oversight Management Committee ("GOMC") to drive, manage and monitor the implementation of Governance, Risk and Compliance Framework within the Group.

The Group Managing Director or in his absence, Acting Group Chief Executive Officer, is the Chairman of the GOMC.

The GOMC met three (3) times during the financial year under review.

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

Audit Committee

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

Collectively, the members of the AC have a wide range of relevant skills, knowledge and industry experience. They are capable of providing sound advice to the Board not only in terms of financial reporting but also on internal audit and the state of the Group's risk and internal control environment. The AC is chaired by Dato' Seri Johan Raslan, who is a Fellow of the Institute of Chartered Accountants of England and Wales and a member of both the Malaysian Institute of Certified Public Accountants and the Malaysian Institute of Accountants.

It is required under the Terms of Reference of the AC for a key audit partner to observe a cooling-off period of at least two (2) years before being appointed as a member of the AC.

The composition of the AC is reviewed by the NRC annually and appropriate recommendations are made to the Board. With the view to maintain an independent and effective AC, the NRC ensures that only Independent Non-Executive Directors who are financially literate, possessing the appropriate level of expertise and experience with a solid understanding of the Company's business would be considered for membership on the AC.

The Terms of Reference of the AC are available on Sime Darby Property's corporate website at www.simedarbyproperty.com/who-we-are/corporate-governance.

The AC assists the Board in overseeing, monitoring and assessing the reliability and quality of the Group's financial statements, management of financial risk processes, financial reporting practices and system of internal controls. This is to ensure that the Board dispenses its fiduciary responsibility to present to the shareholders, investors and stakeholders a clear, balanced and meaningful evaluation of the Group's financial position, performance and prospects.

The AC is responsible for assessing the suitability, independence and objectivity of the Group's appointed external auditors who are expected to provide relevant and transparent reports to the shareholders. In the annual assessment of the external auditors, the AC is guided by the factors as prescribed under Paragraph 15.21 of the Listing Requirements.

The AC is also tasked with reviewing the appropriateness of the accounting policies applied by the Group and the changes in these policies. Based on the AC's recommendations, the Board ensures that the Company's financial statements prepared for each financial year sets out a true and fair view in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016. The Statement on Directors' Responsibility in respect of the preparation of the audited financial statements of the Company is set out on page 224 of this Annual Report. The Company's financial statements are included on pages 225 to 348 of this Annual Report.

The performance of the AC for the financial year under review was evaluated as part of the BEE exercise. Based on the results of the BEE exercise, the Board was generally satisfied that the AC collectively and its members individually, had discharged their functions, duties and responsibilities effectively in accordance with the Terms of Reference of the AC.

The overall duties and responsibilities of the AC are set out in the AC Report on pages 181 to 185 of this Annual Report.

Relationship with External Auditors

Through the AC, the Company maintains a professional and transparent relationship with its external auditors, PricewaterhouseCoopers PLT.

The AC has in place policies and procedures to review and assess the appointment or re-appointment of the external auditors in respect of their suitability, objectivity and independence. The AC in this regard assesses and reviews annually among others, the adequacy of their experience and resources, their audit engagements and the experience of the engagement partners and staff in accordance with the requirements of the Group.



CORPORATE GOVERNANCE OVERVIEW STATEMENT

The AC meets with the external auditors to review the scope and adequacy of the audit plan and process, the annual financial statements and their audit findings. At the meeting, the external auditors will highlight to the AC matters that warrant its attention.

The AC also meets with the external auditors without the presence of the Management and Group Managing Director/Acting Group Chief Executive Officer to enable the AC to discuss matters privately with them. During the financial year under review, the AC met the external auditors twice without the presence of the Management.

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

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

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

Internal Audit Function

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

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

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

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

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

A summary of the activities of the GCA during the financial year under review is set out in the AC Report on pages 183 to 185 of this Annual Report.

Risk Management and Internal Control Framework

The Board takes cognisance of its overall responsibility in establishing a sound risk management and internal control system as well as reviewing its adequacy and effectiveness. The governance structure that is in place ensures effective oversight of risks and controls in the Group.

The Board fulfils its responsibilities in the risk governance and oversight functions through the RMC. The RMC consists of Non-Executive Directors, two (2) of whom are Independent Non-Executive Directors and is chaired by an Independent Non-Executive Director. The RMC ensures that the overall risk exposures and outcomes affecting the Group are effectively managed and addressed by the Board. More specifically, the RMC is mandated to formulate policies and frameworks to identify, monitor, manage and control material risks impacting the Group.

The RMC supports the Board by establishing and overseeing the Group Risk Management Framework of the Sime Darby Property Group and regularly assessing the framework to ascertain its adequacy and effectiveness.

In terms of internal controls, the AC regularly evaluates the adequacy and effectiveness of the internal control system by reviewing the internal audit reports prepared by the GCA and considering major findings, recommendations, Management's responses and follow-up actions.

The Board is of the view that the system of internal control and risk management in place during the financial year under review is sound and sufficient to safeguard the Group's assets as well as shareholders' investments and the interests of stakeholders.

The Board is also satisfied with the performance of the RMC in discharging its responsibilities based on the results of the BEE exercise.

The information relating to Policies and Procedures on Related Party Transactions and Conflict of Interest Situations, Risk Management Processes and Internal Control procedures can be found in the AC Report and the Statement of Risk Management and Internal Control on pages 181 to 185 and pages 168 to 180 of this Annual Report respectively.

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

Effective Communication with Stakeholders

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

Sime Darby Property engages with institutional stakeholders and analysts and conduct regular briefings to further explain the Group's quarterly financial results. These continuous engagement programmes promote better understanding of the Group's financial performance and operations and keep them apprised on its business development.

Information on the Group's business activities and financial performance is also disseminated through various platforms such as announcements to Bursa Malaysia on its financial results and disclosures on the Company's corporate website. This helps to promote accessibility of information to Sime Darby Property's shareholders and other stakeholders. Other communication channels with the stakeholders include annual reports and roadshows conducted by the Investor Relations Division.

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

The Annual Report, the quarterly financial results announcement and other corporate information are made available on the Company's corporate website at www.simedarbyproperty.com/investor-relations.

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



CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Company has adopted the International Integrated Reporting Framework issued by the International Integrated Reporting Council since issuance of the Annual Report 2018 and has continued to adopt the same framework in this Annual Report. The Board recognises that the integrated process is an ongoing journey to improve the quality of information disclosures to stakeholders in order to promote greater transparency and accountability.

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

Conduct of General Meetings

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

Sime Darby Property held its 46th AGM on 2 May 2019, being its second AGM post the listing of the Company.

The notice of the 46th AGM was issued to the shareholders on 3 April 2019 together with the Abridged Annual Report which was more than twenty-eight (28) days before the 46th AGM. The notice of the 46th AGM provided details of the resolutions proposed along with relevant information to enable the shareholders to evaluate and vote accordingly.

A total of 3,227 members registered in person or by proxy prior to the commencement of the 46th AGM. The Chairman briefed the voting procedures and programme outlined including proceedings that would take place. The Board encouraged active participation by the shareholders and investors at the meeting. The Chairman also opened the floor for questions as a platform for the shareholders to seek and clarify any issues and to have a better understanding of the Group's businesses. All Directors and Senior Management together with external auditors and legal counsel were present at the 46th AGM in order to provide responses to questions raised by the shareholders.

The then Group Managing Director also presented the overall performance and the moving forward plan of Sime Darby Property Group at the 46th AGM. In addition, questions raised by Minority Shareholders Watch Group ("MSWG") and the Company's responses were presented for the benefit of the shareholders.

The questions and responses were also uploaded onto the Company's corporate website prior to the 46th AGM. Thereafter, a copy of the presentation by the then Group Managing Director was made available on the Company's corporate website upon conclusion of the 46th AGM.

All resolutions tabled at the 46th AGM were carried out by way of poll through electronic voting and the results were announced to Bursa Malaysia on the same day. Tricor Investor & Issuing House Services Sdn Bhd was appointed as Poll Administrator to conduct the polling process whilst Deloitte Risk Advisory Sdn Bhd was engaged as an independent scrutineer to verify the poll results.

As an initiative to explore the leveraging of technology to broaden its channel of dissemination of information, enhance the quality of engagement with its shareholders and facilitate further participation of shareholders at the Company's general meetings as well as to promote environmental sustainability and cost efficiency, Sime Darby Property has established an e-communication platform with shareholders for the following:

- 1) Sime Darby Property's Annual Report 2019 onwards together with Circular to Shareholders.
- 2) E-Lodgement of proxy forms by shareholders for Sime Darby Property's 47th AGM onwards.

Shareholders may register as a user with Tricor Investor & Issuing House Services Sdn Bhd's TIIH Online at <https://tiih.online>. An e-mail will be sent to the entitled registered users to enable them to submit their proxy forms through e-submission facility via TIIH Online.

In light of the current Coronavirus Disease 2019 (COVID-19) outbreak, Sime Darby Property has accelerated its initiative to implement remote shareholders' participation and online remote voting (or voting in absentia) at the 47th AGM by leveraging on technology in accordance with Section 327 (1) and (2) of the Companies Act 2016 and Rule 72 of the Company's Constitution. Shareholders who attend the 47th AGM via remote participation will also be able to submit any questions during the AGM for the Company to respond. Shareholders are encouraged to take advantage of the said technology to attend the AGM remotely.

Investor Relations

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

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

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

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Statement by the Board on Compliance

The Board considers that Sime Darby Property has substantially complied and applied the three (3) Principles and Best Practices of the MCGG for the financial year ended 31 December 2019. This CG Overview Statement together with the CG Report set out the manner in which the Company observes the Intended Outcomes as prescribed in the MCGG. The Board remains steadfast in upholding the highest standards of corporate governance practices to safeguard the interests of all its stakeholders.

This CG Overview Statement was approved by the Board of Sime Darby Property on 10 April 2020.



NOMINATION AND REMUNERATION COMMITTEE REPORT

The Nomination and Remuneration Committee (“NRC”) is pleased to present its report for the financial year ended 31 December 2019 in compliance with Paragraph 15.08A (1) of the Main Market Listing Requirements (“Listing Requirements”) of Bursa Malaysia Securities Berhad and the Malaysian Code on Corporate Governance (“MCCG”) published by the Securities Commission in year 2017.

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

Key Roles of the NRC

In compliance with the requirement of Paragraph 15.08A(1) of the Listing Requirements, the NRC of Sime Darby Property Berhad (“Sime Darby Property” or “the Company”) comprises as at the date of this report, exclusively Non-Executive Directors (“NEDs”), the majority of whom are Independent Non-Executive Directors. The NRC is chaired by an Independent Non-Executive Director, which is consistent with Practice 4.7 of the MCCG.

The NRC’s role, amongst others, is to assist the Board in fulfilling its responsibilities with regard to the appropriate size and balance of the Board, the required mix of skills, experience, knowledge, diversity and other qualities, including core competencies which NEDs should bring to the Board. All of these considerations, in the Board’s view, facilitate effective governance and decision making.

In discharging this role, the NRC ensures that there is a formal and appropriate procedure for the appointment of new Directors to the Board and is responsible for making recommendations to the Board.

Additionally, the NRC determines and makes recommendations to the Board on the Company’s framework and policy for the remuneration of the NEDs, the Group Managing Director (“GMD”) and key critical positions in the Sime Darby Property Group (“the Group”).

The NRC is also responsible for developing plans to identify the necessary and desired competencies and skills of Directors and succession plans to ensure that there is appropriate dynamics of experience, diversity and expertise on the Board. The Board has put in place succession planning principles to ensure there is orderly identification and selection of new NEDs in the event of an opening on the Board. The Board via the NRC also oversees the appointment and succession planning of the critical positions in the Group with focus on human capital development.

Terms of Reference

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

For more information on the TOR of the NRC, please refer to Sime Darby Property’s corporate website at www.simedarbyproperty.com/who-we-are/corporate-governance.

Overview of Activities for the Financial Year Under Review

Throughout the financial year under review, the NRC continued to provide critical support to the Board in relation to the succession planning of the Board and Management.

During the financial year under review, the NRC considered and recommended to the Board for approval, the acceptance of the early cessation of contract of Dato' Sri Amrin Awaluddin as the GMD with effect from 3 May 2019 and the resignation of Datuk Tong Poh Keow as Executive Director of the Company with effect from 31 May 2019.

The NRC also reviewed and recommended the appointment/renewal or non-renewal of contracts as the case may be of senior critical roles and positions in Sime Darby Property.

The NRC conducted a rigorous and robust identification and selection process for the appointment of the right candidate to assume the position of GMD. Upon the recommendation by the NRC, the Board approved the appointment of Dato' Azmir Merican Dato' Azmi Merican as the GMD of Sime Darby Property with effect from 22 April 2020.

During the financial year under review, the NRC carried out among others, the following key activities in discharging its functions, duties and responsibilities:

| Nomination Function | Remuneration Function | Governance Function |
|--|---|---|
| 1. Reviewed, assessed and recommended the selection of potential candidates for the position of GMD of the Group. | 1. Reviewed and recommended to the Board the remuneration framework for the NEDs on the Board and Board Committees of the Group. | 1. Engaged an independent third party external consultant to facilitate the conduct of the Board Effectiveness Evaluation. |
| 2. Reviewed and assessed the performance of and made recommendations to the Board with regard to Directors seeking re-election at the Company's forthcoming Forty-Seventh Annual General Meeting ("47 th AGM"). | 2. Reviewed the Group's remuneration and salary structure for employees. | 2. Reviewed and recommended to the Board the refinements made to the Board Charter in relation to Conflict of Interest. |
| 3. Reviewed the composition of the Board and Board Committees and the selection of potential candidates for nomination as an Independent Non-Executive Director. | 3. Recommended the Financial Year ("FY") 2019 bonus formula and bonus budget as well as the FY2020 salary increment and promotion budget for employees of the Group. | 3. Reviewed and recommended to the Board the formation of a Directors' Development Plan. |
| 4. Reviewed and approved the Senior Critical Roles and Succession Pool of the Company. | 4. Assessed and recommended the appointment, resignation, confirmation and contract renewal of key critical positions of the Group including Group Chief Financial Officer, Chief People Officer and Chief Executive Officer, Malaysia Vision Valley. | 4. Reviewed and endorsed the disclosures in the NRC Report for the financial year under review for inclusion in the 2019 Annual Report to ensure that it was prepared in compliance with the relevant regulatory requirements and guidelines. |
| 5. Reviewed the update on People Strategy and Transformation Initiatives. | 5. Reviewed and recommended the Performance Assessment for the Company, GMD and GMD-1 for the financial period ended 31 December 2018. | |
| | 6. Deliberated and reviewed the Total Rewards Review and Design Exercise conducted by an external consultant. | |



NOMINATION AND REMUNERATION COMMITTEE REPORT

Composition, Meetings and Attendance

As of the date of this report, the NRC consists of five (5) members, comprising exclusively of Non-Executive Directors, the majority of whom are Independent Non-Executive Directors. The NRC is chaired by an Independent Non-Executive Director, Datin Norazah Mohamed Razali.

Following the redesignation of Dato' Johan Ariffin from Independent Non-Executive Director to Non-Independent Non-Executive Director on 30 December 2019, Datuk Poh Pai Kong was appointed as an additional member of the NRC on 26 February 2020. The profile of Datuk Poh Pai Kong is disclosed on page 103 of the Annual Report.

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

The NRC met eight (8) times during the financial year under review to discharge its duties and functions as a Committee of the Board. The composition of the NRC and the attendance record of its members for the financial year under review are as follows:

| Members | Designation | No. of Meetings Attended |
|--|--|--------------------------|
| Datin Norazah Mohamed Razali (Chairman) | Independent Non-Executive Director | 8/8 |
| Dato' Johan Ariffin (Member) | Non-Independent Non-Executive Director (Redesignated on 30 December 2019) | 8/8 |
| Datuk Dr Mohd Daud Bakar (Member) | Non-Independent Non-Executive Director | 8/8 |
| Dato' Seri Ahmad Johan Mohammad Raslan (Member) | Independent Non-Executive Director | 8/8 |
| Datuk Poh Pai Kong (Member) | Independent Non-Executive Director (Appointed on 26 February 2020) | * |

* Not applicable.

During the financial year under review, meetings of the NRC were attended by the GMD or in his absence, the Acting Group Chief Executive Officer and Chief People Officer. Other members of Board and Senior Management were invited to meetings of the NRC, when necessary, to support detailed discussions and to brief and furnish the NRC with necessary information and clarification to relevant items on the agenda.

The Group Secretary acts as Secretary to the NRC.

The agenda and meeting papers relevant to the business of the meeting are distributed to the NRC members not less than five (5) business days from the date of the meeting via a secured collaborative software. The software not only eases the process of distribution of meeting papers and minimises the risk of leakage of sensitive information, it also enables the Directors access to the proposal papers electronically.

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

Board Composition and Diversity

The Board Composition Policy of Sime Darby Property was adopted by the Board on 26 July 2017. The Board Composition Policy is aligned with the recommendations of the MCGG. The policy ensures that the mix and profiles of Board members in terms of age and gender provide the necessary range of perspectives, experience and expertise required to achieve effective stewardship and management.

The Board believes that a truly diverse and inclusive Board will leverage on differences in thought, perspective and knowledge, skill, industry experience and geographical background, age and gender, all of which will ensure that Sime Darby Property retains its competitive advantage.

The Board's progress towards achieving targets set out in the Board Composition Policy is set out below:

1) GENDER DIVERSITY

The Board supports the Government's aspirational target of having 30 percent women's participation on boards of Malaysian public companies. Although the Board has met its internal target under the Board Composition Policy of maintaining at least two (2) women Directors, it will continue to actively source for suitable women candidates to increase the representation of women on the Board by year 2020.

As of the date of this Annual Report, Sime Darby Property has two (2) women Directors, namely Tan Sri Dr. Zeti Akhtar Aziz and Datin Norazah Mohamed Razali, constituting 22 percent of the Board's composition.

2) AGE DIVERSITY

The Board is committed to work towards having a generationally-diverse Board so as to have a balance between maturity and experience with an injection of energy, and greater level of flexibility and adaptability to reinvigorate Sime Darby Property. Age diversity within the Board can enable the Board to better understand the needs of diverse customers, employees and investors. A Board that is diverse according to many intersecting criteria is likely to be stronger than a Board that is mostly homogenous.

3) ETHNIC DIVERSITY

The Board will work towards diversifying the ethnic composition of the Board as and when vacancies arise and suitable candidates are identified.

4) INDEPENDENCE OF DIRECTORS

The Board believes that a Board comprising a majority of Independent Directors allows for more effective oversight of Management. Their role broadly includes improving the corporate credibility and governance standards of the Company, functioning as a watchdog, playing a vital role in risk management and as active members of Committees set up by the Board to ensure good governance.

Currently, five (5) out of nine (9) directors of Sime Darby Property are Independent Non-Executive Directors.

During the financial year under review, the NRC reviewed the Board composition taking into consideration the mix of skills, competencies, industry experience, integrity, personal attributes and time commitment required of a Director to effectively fulfill his or her role as a Director. Diversity in terms of age, gender and ethnicity was also considered. With this in mind, the NRC initiated the process of recruiting an Independent Director, who would have the following experience to complement and strengthen the existing Board in discharging its duties effectively:

- Property development experience (i.e. has worked extensively in the industry with technical experience and expertise).
- Industry analyst experience, specifically in property development who is able to share holistic insights on the industry.
- Business development and branding.
- Legal.
- Technology, particularly in the area of smart technology and Big Data.

The sourcing process is currently ongoing and will continue into the new financial year until a suitable candidate is identified.



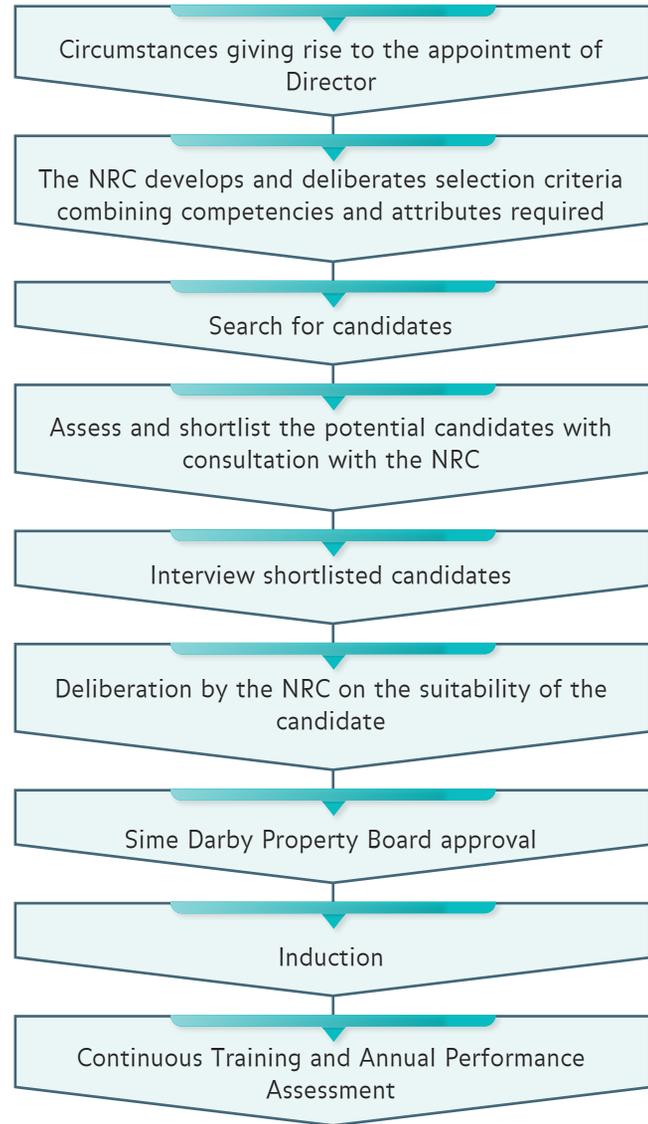
NOMINATION AND REMUNERATION COMMITTEE REPORT

Board Appointment Process

Sime Darby Property practices a formal and transparent Board Appointment Process for the sourcing, selection, nomination and appointment of new directors. The NRC is responsible for assessing a potential candidate for a proposed directorship and submitting its recommendation to the Board for decision. The NRC considers primarily the candidate's propriety and suitability for appointment based on his/her skills, perceived ability to work cohesively with other members of the Board, specialist knowledge, competencies, experience, probity and integrity. At the outset, the NRC considers firstly, the gaps in the Board's composition and requirements before sourcing, screening and conducting the initial selection of potential candidates. In this regard, the NRC has to ensure that the right balance of skills, breadth of experience and diversity in terms of age and gender are reflected in the selection process.

In its selection of suitable candidates, the NRC adheres to the guidelines stipulated in the Board selection criteria set out in the Board Appointment Process. The guidelines will assist the NRC in evaluating potential candidates for the purpose of appointment and reappointment of Directors with proper selection criteria.

The process flow for appointment of a Director is as follows:



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

There was no appointment of a new Director of Sime Darby Property during the financial year under review.

Re-election of Directors

The NRC is responsible for recommending to the Board, Directors who are retiring and are standing for re-election at the AGM pursuant to and in accordance with the Constitution of Sime Darby Property ("the Constitution").

Pursuant to Rule 111 of the Constitution, at least one-third (1/3) of the Directors for the time being shall retire from office at each AGM. Rule 112 of the Constitution states that all Directors shall retire from office once in each three (3) years. A retiring Director shall be eligible for re-election.

The Directors' rotation list is presented to the NRC for endorsement prior to recommendation to the Board and thereafter to the shareholders for approval. The Board recognises Directors' performance as a basis in recommending to the shareholders for their re-election. This in turn, is determined through their annual evaluation and independence assessment, which are assessed by the NRC before any recommendation is made to the Board for deliberation and approval.

Based on the annual Board Effectiveness Evaluation, the Board and the NRC are satisfied that the Directors who are seeking re-election at the 47th AGM of the Company have met the performance criteria required of an effective and high performance Board and the Board's expectations by continuously discharging their duties diligently as Directors of the Company. Accordingly, the Board and the NRC agreed that the Directors who were retiring in accordance with Rule 111 of the Constitution were eligible to stand for re-election at the 47th AGM.

The Directors who would be retiring pursuant to Rule 111 of the Constitution at the Company's 47th AGM scheduled to be held on 26 June 2020 are:

- Dato' Jaganath Steven Derek Sabapathy
- Dato' Johan Ariffin
- Encik Rizal Rickman Ramli

Save for Dato' Johan Ariffin, Dato' Jaganath Steven Derek Sabapathy and Encik Rizal Rickman Ramli being eligible, have offered themselves for re-election at the 47th AGM.

Dato' Johan Ariffin has informed the Board in writing of his intention not to seek re-election at the 47th AGM. Accordingly, Dato' Johan Ariffin will retire as a Director upon the conclusion of the 47th AGM.

Dato' Azmir Merican Dato' Azmi Merican who was appointed GMD on 22 April 2020 will retire in accordance with Rule 92.3 of the Constitution and be eligible for re-election at the Company's 47th AGM.

Assessment of Independent Directors

The NRC acknowledges the role played by and the continuous contribution of the Independent Directors in bringing independent and objective judgement to the Board's deliberations. The Board assesses the independence of its Independent Directors annually with reference to the key criteria developed by the NRC. The criteria include independence of Management and absence of any business or other relationship or circumstance that could materially interfere or could reasonably be perceived to materially interfere with the Independent Director's judgement or affect the best interests of Sime Darby Property as a whole.

The Board had assessed the independence of each Independent Non-Executive Director in office for the financial year under review and has concluded that they had each met all the criteria of an Independent Director set out in the Listing Requirements. The Board is generally satisfied that each Independent Non-Executive Director has remained independent in character and judgement and continue to bring sound, independent and objective judgement to Board deliberations. Each Independent Non-Executive Director is also free from relationships or circumstances which are likely to affect or could appear to affect his/her judgement.

In line with the exemplary practice as recommended by the MCGG, Sime Darby Property has adopted the nine (9) years rule for Independent Non-Executive Directors pursuant to Practice 4.2 of the MCGG. Upon completion of nine (9) years, an Independent Non-Executive Director may continue to serve on the Board subject to him/her being redesignated as a Non-Independent Director or upon approval obtained from the shareholders annually.



NOMINATION AND REMUNERATION COMMITTEE REPORT

During the financial year under review, both Tengku Datuk Seri Ahmad Shah Alhaj ibni Almarhum Sultan Salahuddin Abdul Aziz Shah Alhaj and Dato' Johan Ariffin reached their respective nine (9) year terms as Independent Non-Executive Directors on 30 December 2019.

At the 46th AGM held on 2 May 2019, the shareholders of Sime Darby Property gave their approval for Tengku Datuk Seri Ahmad Shah to continue to act as an Independent Executive Director of the Company until the conclusion of the forthcoming 47th AGM to be held on 26 June 2020.

Dato' Johan Ariffin was redesignated as a Non-Independent Executive Director on 30 December 2019. He has opted not to seek re-election at the forthcoming 47th AGM.

Evaluating the Performance of Directors: Board Effectiveness Evaluation

The Board conducts a formal evaluation of its members and of the Board Committees on an annual basis. It is undertaken to assess the effectiveness of the following:

- The Board as a whole and the various Board Committees;
- Contribution of each individual Director; and
- Independence of Independent Directors.

In line with the expectations of the MCCG, the NRC engaged an independent third party consultant, PricewaterhouseCoopers PLT ("PwC") to conduct and facilitate the Board Effectiveness Evaluation ("BEE") for the financial year under review.

The process of the BEE involved one-on-one interview sessions between PwC and each Board member. Sets of questionnaires which consisted of evaluations by the Board, Board Committees, Self and Peer Assessment were developed to maximise the effectiveness and performance of the Board in the best interests of the Company.

The indicators for performance of the Board included among others, the Board dynamics and effectiveness, Board structure and composition, communication with the Management and stakeholders as well as strategy and planning for the Company.

PwC thereafter performed an independent assessment on the findings and areas for improvement and presented these to the NRC for its consideration.

The NRC reviewed the outcome of the BEE results and discussed areas of improvement and enhancement that the Board should address. The results of the BEE were presented to the Board on 26 February 2020. The Board noted the findings and the areas that necessitated further improvements. The BEE results indicated that the Board had discharged its duties and responsibilities effectively and the overall ratings for the Directors were satisfactory. Directors in general viewed favourably the current Board composition and believed that it reflected balance and fit to provide governance and stewardship to the organisation and that the current group of Directors has contributed to a Boardroom atmosphere of robust debate, engaged participation and active dialogue. The Board agreed to maintain the optimum Board size at not more than twelve (12) as this would enable effective oversight and delegation of responsibilities. Moving forward, the Board will pursue to further enhance this composition in ensuring diversity and inclusivity in its decision-making process.

There were also no apparent weaknesses or shortcomings identified that warranted specific action plans by the Board. Nonetheless, the findings of the BEE showed that the Board ought to continue its focus on and prioritise the following areas of enhancement in the new financial year:

- 1) The Board views succession planning and talent development as key priorities and will ensure that there is continued focus to make certain that the Company maximises the full potential of its talent and resources.
- 2) The Board will continue to focus on leveraging on the strengths of its partners, sub-contractors and vendors in project delivery. This would entail strengthening mechanisms in place to monitor the performance of its third parties to ensure that the highest standards of governance are applied for all the Company's projects.

Audit Committee Performance Review

Pursuant to Paragraph 15.20 of the Listing Requirements, the NRC, through the BEE exercise for the financial year under review, also reviewed the terms of office and performance of the Audit Committee and is satisfied that the Audit Committee as a whole and its members individually had discharged their functions, duties and responsibilities in accordance with the Committee's TOR.

NRC and Risk Management Committee Effectiveness and Performance Review

Based on the BEE findings, the Board is satisfied with the performance and effectiveness of the NRC and Risk Management Committee respectively in providing sound advice and recommendations to the Board during the financial year under review.

Board Induction and Development

The Board is mindful of the need to keep Directors properly briefed and informed of current issues. The Board members attend external training programmes on a continuous basis to ensure they remain updated with the development of the Company's business and that of the industry that are likely to affect their roles and responsibilities.

As an integral part of the induction programme for new Directors, the Company provides comprehensive briefings on the Group's legal and governance, operations and projects, growth strategy and financial performance of the Group.

The Group Secretary assists the Board in facilitating the orientation of new Directors and co-ordinating internal training programmes, as well as arranging for external training programmes.

During the financial year under review, the Group Secretary's office facilitated the Directors' attendance in external training programmes, workshops and seminars that covered areas which were considered as useful and relevant to the Directors in contributing to the effective discharge of their duties as Directors. During the financial year under review, the Group Secretary's office also conducted an inaugural in-house training for the Board and Senior Management which covered the following topics:

| No | Topic | Speaker |
|----|---|---|
| 1 | Section 17A, Malaysian Anti-Corruption Commission Act 2009 | Puan Latheefa Koya Former Chief Commissioner, Malaysian Anti-Corruption Commission ("MACC") |
| 2 | Update on Accounting Standards | Puan Nurul A'in Abdul Latif Markets Leader, PricewaterhouseCoopers Malaysia |
| 3 | Reputation Resilience & Crisis Management Out of Control but in Command How to Manage the New Realities of Business | Mr. Mark Worthington Co-Founder and Managing Director, Klareco Communications, Singapore |

The then MACC Chief Commissioner, Puan Latheefa Koya was invited to have a dialogue session with the Board and Senior Management to provide insights and perspectives on the enforcement of the new Corporate Liability provision of Section 17A of the MACC Act 2009. The session was a strong testament that the Board embraces governance culture that is clean, ethical and uncompromisingly compliant to appropriate policies and procedures of the Group.

The Board was regularly apprised on the property market updates during the annual Board Retreat.



NOMINATION AND REMUNERATION COMMITTEE REPORT

Board Remuneration

The fees and benefits for NEDs are determined by the Board and are subject to the approval of the shareholders of Sime Darby Property at a general meeting.

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

During the financial year under review, the NRC appointed an external consultant to conduct a fresh review of the NEDs' Remuneration Framework taking into consideration the NEDs' fiduciary duties and time commitments expected of the NEDs and Board Committee members. In this review exercise, the NRC also considered the remuneration of directors of public listed companies comparable to Sime Darby Property based on industry and market capitalisation to ensure that the NEDs' Remuneration Framework was competitive in reflecting the prevalent market rate.

Pursuant to the findings of the consultant, the Board will be seeking shareholders' approval at the forthcoming 47th AGM, for a revision to the NEDs' Remuneration Framework as follows:

| | Annual Fixed Fees | |
|-----------------------------------|-----------------------|------------------------|
| | Current NED Fees (RM) | Proposed NED Fees (RM) |
| Chairman | 540,000 | No change |
| Resident Director | 220,000 | 220,000 |
| Non-Resident Director | 360,000 | |
| Audit Chairman | 80,000 | 70,000 |
| Audit Member | 50,000 | 40,000 |
| Other Committees* Chairman | 60,000 | 70,000 |
| Other Committees* Member | 35,000 | 40,000 |

* Note: Excluding Special Committee of the Board.

The rationale for the proposal is as follows:

- 1) Board fees should commensurate with the level of responsibilities and be competitive against the market where it will source candidates for Board positions (e.g. different geographical locations, different domain expertise, etc), in order to attract candidates with the requisite skill set and experience.
- 2) To maintain target positioning of 75th percentile of the market (the market will be defined as where Sime Darby Property will source its Board candidates from), given the transformation Sime Darby Property is undergoing and the fact that it needs to continue to attract top candidates.
- 3) To consider differentiating fees for Resident and Non-Resident only when the skill set and experience are not available in the Malaysia market.
- 4) To align fees for Board Committees as all Board Committees have similar fiduciary responsibilities.
- 5) Benefits-in-kind provisions should pass the strict test of being in the public interest. Excessive remuneration may not be aligned with shareholders' interest.

On 16 January 2020, the Board approved the establishment of a temporary Special Committee of the Board to oversee the implementation and monitoring of the Board's decisions, to make decisions in carrying out its roles and to provide strategic guidance for the Group as delegated by the Board in its TOR. The Board at the same meeting, further agreed that a meeting allowance of RM1,500 per person be provided to the members of the Special Committee. The tenure of the Committee shall continue up to Third ("3rd") Quarter 2020 and if deemed necessary by the Board, shall be extended for another three (3) months (or up to the Fourth ("4th") Quarter 2020).

Approval of the shareholders will also be sought at the forthcoming 47th AGM for the following additional benefits to be provided to the NEDs:

- 1) The introduction of a meeting allowance of RM1,500 per person per meeting, payable to members of the Special Committee and any other NEDs who attend and participate in the Special Committee Meeting.
- 2) Per diem allowance for official events which was previously approved at RM1,000 per day shall instead be reimbursed on reasonable claims basis.

The Company is however not seeking any increase in approval limit in respect of the amount of benefits payable to the NEDs from that approved in the 46th AGM.

Further details of the benefits payable to the NEDs could be found in the explanatory notes to the Notice of the 47th AGM of Sime Darby Property.

Total Rewards Review and Exercise

An external consultant was engaged during the financial year under review to conduct a Total Rewards Review and Exercise of Sime Darby Property to ensure competitiveness to the market in order to attract and retain the right talent that will help drive the Company's business goals and strategies.

Directors' Development Analysis

During the financial year under review, at the request of NRC, the Group Secretary collaborated with the Institute of Corporate Directors Malaysia ("ICDM") to undertake a Directors' Training Needs Assessment which would be documented in a Directors' Training Framework. The Framework will help identify the training requirements and development aspirations of individual Directors in a more structured manner. These will then translate into a training and development plan covering areas such as regulatory compliance, sustainability and innovation. Following the individual and collective assessment of the Directors, a list of training programmes was recommended to the Board for its endorsement.

Succession Planning

Succession planning is an integral part of the Board's corporate governance practices. The Board believes that the membership and composition of the Board should be assessed from time to time, while ensuring continuity in meeting the Group's long-term goals and objectives.

A structured succession plan addresses the composition and effectiveness of the Board. This responsibility has been given to the NRC to ensure the orderly identification and selection of new NEDs in the event of a vacancy or an opening by reason of an anticipated retirement or expansion in the size of the Board. The NRC would also ensure that there is an appropriate dynamics of skills, experience, expertise and diversity on the Board.

In addition to the succession plan for the Board, the NRC also looks at criticality of positions, identification and selection of talents based on pre-defined competency profiles and drawing up individual development plans to bridge the competency gap. In February 2019, the NRC reviewed the Company's succession planning for senior critical roles and talent pool demographics with the assistance of an external consultant. The process involved enhancement of the Succession Planning Framework which encompasses talent management and human capital development for the key critical management positions.



ADDITIONAL COMPLIANCE INFORMATION

The information set out below is disclosed in compliance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad:

1. Utilisation of Proceeds

There were no proceeds raised from corporate proposals during the financial year ended 31 December 2019.

2. Audit and Non-Audit Fees

The amount of audit and non-audit fees paid to external auditors by the Group and the Company for the financial year ended 31 December 2019 are as follows:

| | Group RM'000 | Company RM'000 |
|----------------|-----------------|-------------------|
| Audit fees | 2,298 | 347 |
| Non-Audit fees | 2,334 | 1,061 |

Services rendered by PricewaterhouseCoopers PLT are not prohibited by regulatory and other professional requirements, and are based on globally practiced guidelines on auditors' independence.

3. Material Contracts Involving Directors' and Major Shareholders' Interests

Save as disclosed, there were no material contracts entered into by the Group involving the interest of Directors and major shareholders, either still subsisting at the end of the financial year ended 31 December 2019 or entered into since the end of the previous financial period:

I) LAND OPTION AGREEMENTS AND SUPPLEMENTAL CALL OPTION AGREEMENTS

Sime Darby Property Berhad ("Sime Darby Property") had, on 25 August 2017, entered into 9 separate call option agreements ("Land Option Agreements") with Sime Darby Plantation Berhad ("SD Plantation") pursuant to which Sime Darby

Property was granted call options by SD Plantation to purchase the legal and beneficial ownership of and titles to the following 9 parcels of land at any time during the period commencing from the date of the listing of and quotation for the entire issued share capital of Sime Darby Property on the Main Market of Bursa Malaysia Securities Berhad ("Listing Date") and ending on the date falling 5 years from the Listing Date with an option to extend for another 3 years (to be mutually agreed by Sime Darby Property and SD Plantation) at a purchase price to be determined by valuations to be conducted by an agreed independent valuer, subject to the terms and conditions of the respective agreements, which include the prior approval of the shareholders of the parties, if required by applicable law or rules of a stock exchange:

- (a) 1,862 acres of land located within Kulai A estate in Johor ("Kulai A Estate");
- (b) 3,186 acres of land located within Kulai B estate in Johor ("Kulai B Estate");
- (c) 2,000 acres of land located within Sepang estate in Selangor;
- (d) 993 acres of land located within Sungai Kapar Estate in Selangor;
- (e) 2,000 acres of land located within West Estate, Carey Island, Jugra Kuala Langat in Selangor ("West Estate, Carey Island");
- (f) 485 acres of land located within Lothian (Sepang) estate in Selangor;
- (g) 864 acres of land located within Byram estate in Pulau Pinang ("Byram Estate");
- (h) 268 acres of land located within Ainsdale West estate in Negeri Sembilan; and
- (i) 148 acres of land located within Bukit Selarong estate in Kedah ("Bukit Selarong Estate").

The options are granted for a nominal consideration of RM10 each.

Further to the above, Sime Darby Property had, on 17 June 2019, entered into five (5) separate supplemental call option agreements with SD Plantation (“Supplemental Call Option Agreements”) to vary, replace and substitute the following option lands under the relevant Land Option Agreements:

- (i) Byram Estate;
- (ii) Bukit Selarong Estate;
- (iii) Kulai A Estate;
- (iv) Kulai B Estate; and
- (v) West Estate, Carey Island,

with the following lands:

- (i) 2,540 acres of land in Bukit Cheraka Estate, District of Kuala Selangor;
- (ii) 1,077 acres of land in Bukit Kerayong Estate, District of Kuala Selangor; and
- (iii) 2,177 acres of land in Jalan Acob Estate, District of Klang,

together with:

- (i) a reduction of the acreage of Kulai A Estate from 1,862 acres to 915 acres; and
- (ii) a reduction of the acreage of West Estate, Carey Island from 2,000 acres to 1,350 acres.

At any time during the option period, Sime Darby Property may exercise the call option in respect of the option lands by sending a notice substantially in the form set forth in the respective Land Option Agreements (“Option Notice”) to SD Plantation, to require SD Plantation to sell the option lands. The Option Notice shall expressly state that the sale of the option land by SD Plantation is subject to the approval of the shareholders of SD Plantation having been obtained (if shareholders’ approval shall be required for the sale of that option land under any applicable law or the rules of a stock exchange). Where such shareholders’ approval is required, SD Plantation shall seek such shareholders’ approval at any time after the issuance of the Option

Notice and prior to the execution of the sale and purchase agreement. If shareholders’ approval shall be required for the acquisition of that option land under any applicable law or rules of a stock exchange, Sime Darby Property shall seek such shareholders’ approval prior to the issuance of the Option Notice.

The parties agree that, not less than three months prior to any of the events referred to above, a valuer shall be appointed to value the option land for the purposes of determining the price payable by Sime Darby Property to SD Plantation for the purchase of the option land. The parties also agree that any such valuation report shall be issued by the valuer no earlier than six months prior to the date of the later of the respective general meetings of shareholders for the shareholders’ approvals referred to above (as the case may be).

The agreed independent valuer shall value the option land based on agricultural status with development potential using the methodology as it may determine.

The parties further agreed that, following the acquisition of the relevant option lands, if Sime Darby Property intends to lease, rent or grant licenses over any part of the option lands for the purposes of oil palm planting and/or harvesting (and/or agricultural venture), Sime Darby Property agreed to first offer the same to SD Plantation. If SD Plantation exercises its right to obtain a tenancy over such lands, the parties are bound to enter into a tenancy agreement in the form of the template tenancy agreement attached to the respective Land Option Agreements.

Permodalan Nasional Berhad (“PNB”) and Amanah Raya Trustees Berhad – Amanah Saham Bumiputera (“ASB”) are deemed interested in the Land Option Agreements and Supplemental Call Option Agreements.

PNB is a person connected with ASB and is a substantial shareholder of Sime Darby Property.

ASB is a major shareholder and also the largest shareholder of Sime Darby Property. ASB is also a major shareholder of SD Plantation.



ADDITIONAL COMPLIANCE INFORMATION

(II) MVV OPTION AGREEMENTS

Sime Darby Property had, on 25 August 2017, entered into 29 separate call option agreements (“MVV Option Agreements”) with Kumpulan Sime Darby Berhad (“KSDB”) (12 of the affected option agreement were amended pursuant to separate letters all dated 9 November 2017) where Sime Darby Property was granted call options to purchase the legal and beneficial ownership of and title to 29 parcels of land (being 1 parcel under each call option agreement) or any part thereof, totaling about 8,796 acres, all of which are located within the Mukim of Labu, Negeri Sembilan (“MVV Option Lands”) at any time during the period commencing from the Listing Date and ending on the date falling 5 years from the Listing Date with an option to extend for another 3 years (to be mutually agreed by Sime Darby Property and KSDB) at a purchase price to be determined by valuations to be conducted by an agreed independent valuer, subject to the terms and conditions of the MVV Option Agreements, which include the prior approval of shareholders of the party(ies), if required by applicable law or rule of a stock exchange. The agreed independent valuer shall value the MVV Option Lands based on market value, using the methodology as it may determine. The option is granted for a nominal consideration of RM10.

PNB and ASB are deemed interested in the MVV Option Agreements.

KSDB is a wholly-owned subsidiary of Sime Darby Berhad (“SDB”).

PNB is a person connected with ASB and is a substantial shareholder of Sime Darby Property.

ASB is a major shareholder and also the largest shareholder of Sime Darby Property. ASB is also a major shareholder of SDB and indirect major shareholder of KSDB.

(III) LOAN RESTRUCTURING AGREEMENT

Sime Darby Property (London) Limited (formerly known as Sime Darby London Limited) (“SDP London”), Robt. Bradford & Company Ltd (“Robt. Bradford”) and Robt. Bradford Hobbs Savill Ltd (“Robt. Bradford Hobbs Savill”), had, on 25 August 2017, entered into a loan restructuring agreement (“Loan Restructuring Agreement”) with SDB, Kumpulan Sime Darby Berhad (“KSDB”) and Sime Darby Far East (1991) Ltd (“SDFE”).

Under this Agreement, in exchange for Robt. Bradford and Robt. Bradford Hobbs Savill being released and discharged from all liabilities, obligations, claims, demands and actions relating to their respective GBP13,540,324.30 and GBP15,116,583.94 loans repayable to SDFE, SDP London would be solely responsible to make all such payments and advances to Robt. Bradford and its subsidiaries (“RB Group”) for any such amount that RB Group and certain other companies as listed in the funding and indemnity agreement dated 15 June 1982 are required to settle with respect to any insurance claims from their customers or to discharge their liability in relation to their previous business undertaking.

No contingent liabilities for such claims have been recorded in the accounts of the RB Group on the basis that such companies have ceased trading in the late 1980s and no creditor claims have been made since 2005.

PNB and ASB are deemed interested in the Loan Restructuring Agreement.

SDP London and Robt. Bradford are direct and indirect wholly-owned subsidiaries of Sime Darby Property, respectively, and Robt. Bradford Hobbs Savill is an indirect subsidiary of Sime Darby Property.

SDFE and KSDB are wholly-owned subsidiaries of SDB.

PNB is a person connected with ASB and is a substantial shareholder of Sime Darby Property.

ASB is a major shareholder and also the largest shareholder of Sime Darby Property. ASB is also a major shareholder of SDB and indirect major shareholder of SDFE and KSDB.

(IV) DONATION AGREEMENT

Sime Darby Property had, on 25 August 2017, entered into a donation agreement (“Donation Agreement”) with Yayasan Sime Darby (“Foundation”) where Sime Darby Property endeavours to make an annual cash donation of RM20,000,000 to the Foundation for a term of 5 years with effect from the Listing Date (unless extended by mutual agreement of the parties) in accordance with the terms and conditions therein contained. The Foundation is a company limited by guarantee incorporated under the Companies Act 1965.

All the donations received and all amounts earned by investing such donations, if any, will be used by the Foundation to support and promote activities carried out by the Foundation in the areas of community and health, education, youth and sports, environment, and arts and culture (Five Pillars) to further the charitable intent established by the governing council of the Foundation (Agreed Purpose).

With effect from the Listing Date, Sime Darby Property shall apply to be a group (corporate) member of the Foundation and shall thereafter be entitled to nominate and appoint one representative to attend all general meetings of the Foundation and to nominate one representative as a director to sit on the governing council of the Foundation, which will enable it to monitor and ensure that the monies donated are utilised by the Foundation for the Agreed Purpose. The other (corporate) members of the Foundation are SDB and SD Plantation.

The annual cash donation of RM20 million is to be paid by Sime Darby Property to the Foundation in 2 tranches of RM10 million each, i.e., on or before 7 January and 7 July, such that no accruals will be carried forward to the following period. If Sime Darby Property fails to make the annual cash donation of RM20 million to the Foundation, the governing council of the Foundation will convene a meeting to deliberate and decide on the actions to be taken, including any modification to the amount or timing of the donation, suspension of the donation by Sime Darby Property or termination of the Donation Agreement.

The decision of the governing council of the Foundation will be final and binding.

PNB is a person connected with ASB and is a substantial shareholder of Sime Darby Property.

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

4. Contracts Relating to Loans

There were no contracts relating to loans by the Group involving interests of Directors and Major Shareholders during the financial year ended 31 December 2019.

5. Recurrent Related Party Transactions

At the last Annual General Meeting held on 2 May 2019, the Company had obtained a general mandate from its shareholders for the Group to enter into recurrent related party transactions of a revenue or trading nature (“RRPT mandate”).

The aggregate value of the recurrent related party transactions of revenue nature incurred by the Group pursuant to the RRPT mandate for the financial year ended 31 December 2019 did not exceed the threshold prescribed under Paragraph 10.09(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.



STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

An effective risk management framework will allow an organisation to identify, analyse and decide the risks that should be taken with appropriate controls to achieve the required outcome for the organisation.

The Board is pleased to present the following Statement on Risk Management and Internal Control, which outlines the key features of Sime Darby Property Berhad's risk management and internal control framework and systems and its integration into our business processes and activities to assist the Group to meet its business objectives while safeguarding the Group's assets. As with any other governance practices, the Group's Risk Management and Internal Control Framework remains agile and is adjusted, when needed, to meet the ongoing changes in the business and regulatory requirements.

This statement is prepared pursuant to Chapter 15, Paragraph 15.26 (b) of the Main Market Listing Requirements (MMLR) of Bursa Malaysia Securities Berhad (Bursa Malaysia) and Principle B, Chapter II of the Malaysian Code on Corporate Governance (MCCG), Intended Outcome 9.0, Practices 9.1 and 9.2 and Guidance 9.1 and 9.2 respectively, with guidance from the Bursa Malaysia's 'Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers'.

Responsibility and Accountability

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

AT BOARD LEVEL

The Board

The Board has overall responsibility for Sime Darby Property Berhad's risk management practices, control and accountability systems. This includes formulation of strategy and performance objectives, establishment of corporate governance and risk management framework and practices, defining a clear risk appetite for the Group, as well as ensuring that a sound control, accountability and reward systems are in place within the business operations to execute the various business and governance strategies, objectives and commitment.

The Board reaffirms its commitment on its overall responsibility and oversight over the Group's risk management and internal control systems and has constantly kept abreast with its development.

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

Even though the Board is assisted by the AC and RMC in the discharge of its duties, the Board continues to be involved in determining the Group's risk appetite and in identifying and challenging the Group's key business risk while continuously monitoring them to ensure the Group's investment and key assets are safeguarded.

The Board recognises that in the ever evolving and challenging business environment, the Group's risk management and internal control system is designed to manage the Group's risk exposure to the Group's risk appetite and is not designed to eliminate risk. Therefore, the system can only provide reasonable assurance and not absolute assurance against the occurrence of any material occurrence of misstatement, loss or fraud.

For the full list of responsibilities of the Board, AC and RMC, please refer to the Corporate Governance Overview Statement on pages 116 to 153 of this Annual Report.



Audit Committee (AC):

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

The AC assesses the effectiveness and adequacy of internal controls through the results of internal audit carried out by Group Corporate Assurance (GCA) and the internal control recommendations prepared by the external auditors.

All significant and material findings by the internal and external auditors are reviewed by the AC to ascertain that the mitigation plans are implemented by Management on a timely manner to ensure proper upkeep of governance and to safeguard the interest of the Group.

Any significant internal control matters deliberated by the AC are brought to the attention of the Board.

Written summaries of key matters discussed by the AC and minutes of AC meetings are presented to the Board every quarter.

Risk Management Committee (RMC):

The RMC supports the Board by establishing and overseeing the implementation of the Group's Risk, Compliance and Integrity Management Frameworks and regularly assessing their adequacy and effectiveness.

The RMC provides strategic guidance to Group Risk Management (GRM), Group Compliance Office (GCO) and the Management.

The guidance and assessment are provided through engagement with the Senior Management team of the Group, reviews of the Group's quarterly risk reports and compliance reports as presented by GRM and GCO, engagements with key managers from the Group's operations, business units and support services as well as through discussions with the Chief Risk, Integrity and Compliance Officer. All significant and material findings by the risk and compliance officers are reviewed by the RMC to ascertain that the mitigation plans implemented by Management are adequate to safeguard the Group's interest and assets.

The RMC also reviews major investment or divestment business cases and the Management's assessment of its key associated risks (including funding options, costs and investment returns) prior to the Board's approval.

As with the AC, any significant risk-related matters are brought to the attention of the Board for deliberation and approval. A summary of key matters discussed by the RMC and minutes of its meetings are presented to the Board.

AT OPERATIONAL/IMPLEMENTATION LEVEL**Management**

The Management which is accountable to the Board and led by the Group Managing Director (GMD), is responsible for the implementation of Board-approved frameworks, policies and procedures on risk management and internal control.

The Management acknowledges its role in respect of risk management and internal controls which includes:

- Monitoring the implementation of related frameworks, policies and procedures;
- Identifying and evaluating the risks faced by the Group in line with the business objectives and strategies;
- Formulating relevant controls, policies and procedures to manage these risks in accordance with the Group's risk appetite;
- Enforcing compliance; and
- Ensuring that any shortcomings or incidents of non-compliance with procedures that may arise are addressed in a timely manner.

The Management has established the Governance Oversight Management Committee (GOMC) to ensure that Governance, Risk and Compliance matters are considered and acted upon at the highest level of the Management. The GOMC is chaired by the GMD and meets quarterly to deliberate on matters raised by GCA, GRM and GCO.



STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

GRM and GCO:

The GRM and GCO were established as dedicated functions to coordinate the implementation of the risk management and compliance framework and its activities. Both the GRM and GCO, led by Chief Risk, Integrity and Compliance Officer, support and report direct to the RMC in the discharge of their duties, allowing them to remain objective and independent of the Management.

The functions and duties of the GRM and GCO are outlined in their respective Charters, which are subject to RMC's approval.

The mandates and key activities of GRM and GCO for the financial year under review can be found in the RMC report, on pages 190 to 191 of this Annual Report.



GCA:

The GCA is an independent internal audit function of the Group, which is tasked to provide independent, reasonable and objective assurance, as well as internal consulting services to improve the overall efficiency of operations.

The GCA, led by the Chief Assurance Officer, reports directly to the AC, which allows the GCA to exercise objectivity and independence in the discharge of its duties. The GCA's internal audit work is based on a risk-based annual audit plan approved by the AC, after taking into consideration feedback from the Management. Internal audit work covers, amongst others, risk exposure as well as compliance with policies, procedures and relevant laws and regulations.

Wherever practical, internal audit findings are benchmarked against best practices.

The mandate and key activities of the GCA for the financial year under review can be found in the AC report on pages 183 to 185 of this Annual Report.

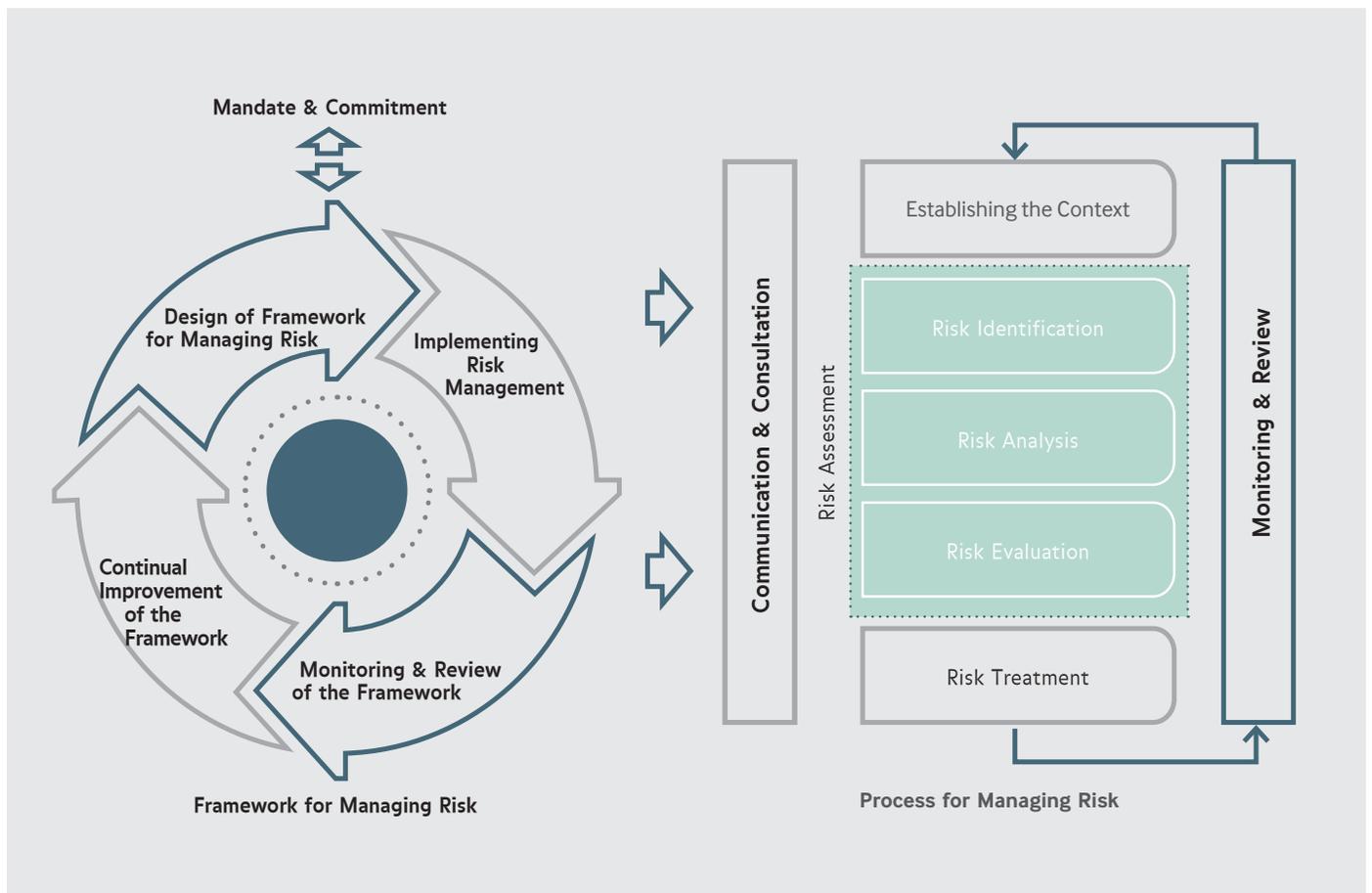


Risk Management and Internal Control Framework

The Group recognises that an embedded risk management framework within the Group's operations is an integral part of good corporate governance as it enhances accountability, provides insights, and improves decision-making and outcomes. The Group Enterprise Risk Management (ERM) framework sets out the Group's risk strategy, objectives, structure as well as the roles and responsibilities in managing and maintaining good risk management standards and practices across the Group.

The framework is designed to be in line with the principles of ISO 31000 for risk management and is integrated into the Group's business activities and processes and becomes an integral decision-making tool for Management. The framework was reviewed in 2019 to ensure that its application is in line with ISO 31000 and structured to meet the Group's needs.

An overview of the framework can be seen in the diagram below:



The framework sets out the structured process to continuously identify, assess, treat, communicate, monitor and review risks impacting the Group at both enterprise and operational levels. The framework adopts both the 'top-down strategic' and 'bottom-up operational/tactical' approach and spans the entire organisation to address all areas of significant risk for the Group. Through such structure, material risks are consolidated from operation level to Management, escalated up to the RMC and finally to the Board.

The Group's risk profile is updated and formally reported on a quarterly basis, or as and when required. The RMC reviews and assesses the mitigation actions put in place to manage the overall risk exposure of the Group and provides feedback to the Management for improvement.

For details on the key risk areas impacting the Group, please refer to Key Risks and Mitigation Strategy on pages 40 to 48 of this Annual Report.





STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

CONTROL ENVIRONMENT

The Board and Management have taken various steps to establish a control environment that covers integrity and ethical values of the Group, the governance structure at both the Board and Management level that would allow the discharge of their respective duties and assignment of authority and responsibility, the process to attract, develop and retain competent individuals for the Group and effective performance measures, incentives and rewards to drive the desired behaviour and accountability for performance.

Some of the Group's controls are as follows:

Culture and Employee Conduct

a. Vision, Mission and Core Values

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

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

b. Code of Business Conduct (COBC)

The Group's COBC is a testament to our commitment in various areas such as our workplace, preservation & protection of the Group's assets and information, fostering an open and honest communication, ethical conduct, interaction with counterparties, business partners, customers, environment & communities, working with joint venture partners & business alliances and when we deal with Government, regulators, political parties and non-governmental organisations (NGOs). The Group's COBC, which was last revised in February 2019 also sets out the expected behaviours and compliance requirement required from Directors and employees of the Group.

In August 2019, the Group launched the COBC in Bahasa Malaysia to extend our reach to a wider audience within the Group and to cater to the demographic diversity of our employees. The soft copy of the Bahasa Malaysia COBC can be obtained from the Group's intranet and corporate website. A hard copy is also readily available for our employees. To facilitate a better understanding of the COBC to our employees, COBC training in English and Bahasa Malaysia was conducted and completed in 2019.

Ethics and Integrity

The Group takes its ethical and legal responsibilities very seriously and is committed to conducting business professionally, ethically and in compliance with the letter and spirit of all applicable laws and regulations in all countries in which the Group operates.

One of the key documents that sets the foundation for the Group's stand on ethical behaviour can be seen in the Group's COBC, specifically in Chapter 5: Our Commitment to Ethical Conduct. Chapter 5 of the COBC covers areas such as prohibition of illegal and criminal activities in all our areas of operations, the emphasis on ensuring that Directors and employees of the Group do not put themselves in positions of conflict, the absolute prohibition on insider trading and the need to guard against bribery and corruption, which includes our Zero-Tolerance Policy on bribery and corruption.

Other than those expected behaviours as espoused in the COBC, the Group has reinforced its commitment on ethical conduct with the following Group Policies and Authorities, which has been updated and approved for implementation by the Board of Directors in 2019:

a. Anti-Bribery and Corruption Policy

The Group has adopted a zero-tolerance stance against any form of bribery and corruption in all our dealings and strictly prohibits Directors and employees of the Group from committing any form of bribery and corruption, which includes facilitation payment.

The Group will protect employees from any adverse consequence arising from their refusal to give or accept bribes or engage in any corrupt practices. The protection is given even if such action (refusal) may result in the Company losing its business or not meeting its targets.

The Group's zero-tolerance stance against bribery and corruption was reinforced during the 2019 COBC training, during onboarding training for new employees and communicated as part of the compliance learning series.

b. No Gift Policy

The Group acknowledges that exchanging business courtesies such as gifts, entertainment and travel can foster relationships and goodwill with the relevant parties. However, the exchange of such courtesies may be open to abuse, misconstrued as a bribe and create the impression of an attempt to inappropriately influence business decisions.

Therefore, the Group has implemented and continued to implement the No Gift Policy that was introduced in 2018.

The No Gift Policy outlines the prohibition on offering, giving, soliciting or accepting any form of gifts, by the Group Directors or employees, regardless of its reasons.

To support the implementation and awareness of the No Gift Policy, the Group has made this policy available on the Group's intranet and corporate website, communicated the implementation of the policy to our vendors, made available and displayed the "No Gift Policy" posters at all our operational areas. The No Gift Policy was reiterated during the 2019 COBC training sessions and through internal communication to all employees during major festival celebrations across the Group.

The Group has adopted and implemented the approach of donating all unreturnable and unsolicited gifts such as hampers to various charities in 2019 and strives to reduce the number of unsolicited gifts in 2020.



STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Ethics and Integrity (Cont'd.)

c. Gift, Entertainment and Travel Policy

The Group recognises that providing reasonable and modest Business Travel, Business Entertainment and Corporate Hospitality is a legitimate way of building and fostering good business and corporate relationships. If such business-related hospitality, entertainment or travel is offered to third parties, the Group will be sensitive to the recipient organisation's policies in this area, ensure what is offered is reasonable and modest in nature, and not intended to be used to improperly cause undue influence on any party in exchange for some future benefits or results. Most of all, the offer will be for a legitimate purpose and complies with laws and regulations in the countries which the offer is made and duly authorised in accordance with the Group's policies and authorities before it is transacted.

To ensure that the Group's Directors and employees are not subject to any undue influence or misconstrued as receiving a bribe as a result of accepting travel offered by a third party, Directors and employees are prohibited from accepting business travel (accommodation, entertainment and transportation) offered by third parties. The Group will bear all cost of business travel to avoid the perception of improperly causing undue influence on any party in exchange for some future benefits or results.

Directors and employees are also prohibited from soliciting any form of entertainment from counterparties or business partner, directly or indirectly. Should an invitation for social events or entertainment be received, Directors and employees must, before the invitation is accepted, ensure that the social events or entertainment are not lavish affairs or exceed the approved monetary limits, not a regular feature that they begin to influence the business decision-making process or indecent, sexually oriented or that otherwise might put the Director or employee in a position of conflict or adversely affect the Group's reputation.

d. Corporate Gift, Business Entertainment, Corporate Hospitality And Business Travel Provided To Public Officials Policy

The Group will exercise due care and caution in dealing with public officials as bribery and corruption laws in most countries are stringent and do not differentiate or specifically be explicit on what can be provided to public officials that will not be considered a bribe.

Provision of corporate gift, business entertainment, corporate hospitality and business travel to public officials or their family members may attract attention of relevant anti-corruption agencies and authorities as it can be considered at minimal, a red flag for bribery and corruption.

As such, corporate gift, business entertainment, corporate hospitality and business travel offered to public officials by the Group will need to comply with the stringent policy and approval requirements in relation to entertainment, corporate hospitality and business travel of the Group.

Corporate gift, business entertainment, corporate hospitality and business travel offered to a public official must not be excessive and lavish, usually commensurate with the official designation of the public official, not offered in his personal capacity and does not include payment of personal expenses of the public official or his family members (other than spouse that is required as part of the discharge of the official duties).

Ethics and Integrity (Cont'd.)

e. Sponsorship and Donation Policy

The Group is committed to be a responsible corporate citizen by contributing to worthy causes and providing support to organisations and/or individuals who share our goals and values. Sponsorship or donation can be in the form of contribution in cash, in kind or in services to support an event, activity, person or organisation.

The Group also recognises that seeking and receiving sponsorship or donation from external parties, even when done legitimately and with good intention, may run the risk of being misconstrued as bribery and corruption.

Therefore, the Group will only seek for and accept donation or sponsorship only in very exceptional cases or in circumstances where such donation or sponsorship does not benefit the Group and/or its employees directly.

Every sponsorship or donation that the Group makes (monetary or otherwise) shall:

- Comply fully with applicable laws and legislation, including anti-bribery and corruption legislation in the countries which we operate in and be given through legal and proper channels.
- Be justified, reasonable in value and frequency, and not in exchange for any advantage or benefit, or will place the Group in situations where it can lead to a conflict of interest.
- Be made after making the necessary enquires and due diligence and in an open and transparent manner. This is to ensure that the actual beneficiaries are not linked to political parties, public officials or their families as this can be seen as a way to influence official decision to benefit the company.
- Not be made to private individuals or private accounts or individuals or organisations that could prove harmful to the Group's reputation or if their purpose or activities may be in conflict with our values and objectives.

f. Political Contribution Policy

Political contribution refers to contributions, in cash or otherwise, that is made directly to political parties, political candidates or indirectly to persons or parties connected to or associated with them as a charity or otherwise.

In respect of political contribution, the Group is committed to comply with all applicable laws and regulations with regards to political contributions in the countries that the Group operates in.

All corporate political contributions, monetary or otherwise, are strictly regulated and must be approved by the Board prior to them being incurred regardless of value.

g. Conflict Of Interest Policy

The Group recognises that when conflict of interest occurs, it can have significant impact to the Group. A conflict of interest arises when personal interest, financial or otherwise, interferes with objectivity in performing duties or exercising judgement on behalf of the Group.

As such, the Group's policy is always for Directors and employees to avoid being placed in position of conflict. Should an employee find himself/herself in a position of conflict, the conflict must be resolved in accordance with the prescribed conflict of interest procedures as defined in the GPA on Conflict of Interest. This includes, but is not limited to, formal disclosure of the conflict to immediate superior and/or other relevant personnel within the Group using the prescribed form or online platform and take appropriate steps to remove themselves from or mitigate the conflict of interest position.



STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Ethics and Integrity (Cont'd.)

h. Whistleblowing

The Group has established a Whistleblowing policy which allows internal and external stakeholders (such as staff and customers) to raise concerns without fear of retaliation. The policy outlines the reporting process and available channels, as well as the protection provided to whistleblowers who have raised their concern in good faith and covers the processes by which cases are investigated and acted upon.

The Group's whistleblowing channels include emails, hotlines, a post office box and e-form. Information on the Whistleblowing policy and channels are available on the Group's intranet and external corporate website.

The AC, led by its Chairman, oversees the workings of the Whistleblowing policy and process and ensures that all reported violations are investigated and concluded properly. The status and results of investigations are periodically reviewed by the AC, where material cases are subsequently highlighted to the Board.

i. Vendor Letter of Declaration (VLOD)

The Group is committed to maintaining a mutually beneficial relationship with our vendors, counterparties and business partners, where all business dealings are conducted objectively and free from any bias. The Group will establish partnerships and work with vendors, counterparties and business partners who share our values and can meet our business requirements.

As part of the procurement process, the Group has developed the Vendor's Letter of Declaration (VLOD) to communicate and obtain confirmation from our vendors, counterparties and business partners that they understand our values and are willing to work with the Group within those set parameters. The VLOD is a formal affirmation for the vendors/suppliers that they will respect and comply with the business principles articulated in the COBC as well as to not be involved in or engaged with any offences relating to bribery, corruption or fraud when dealing with the Group.

Vendors, counterparties and business partners are required to sign the VLOD as part of the Group's vendor pre-qualification process.

j. Managing Unethical Practices and Material Non-compliance Incidences

The Group takes a serious view of any violations of the Group's COBC or applicable laws, regulations or policies. The Group has put in place disciplinary procedures to mete out specific and appropriate disciplinary actions to reinforce the Group's stand against any unethical or improper practices. Material cases are also reported to the Board to ensure that the Board has a supervisory overview of the ethical climate within the Group.

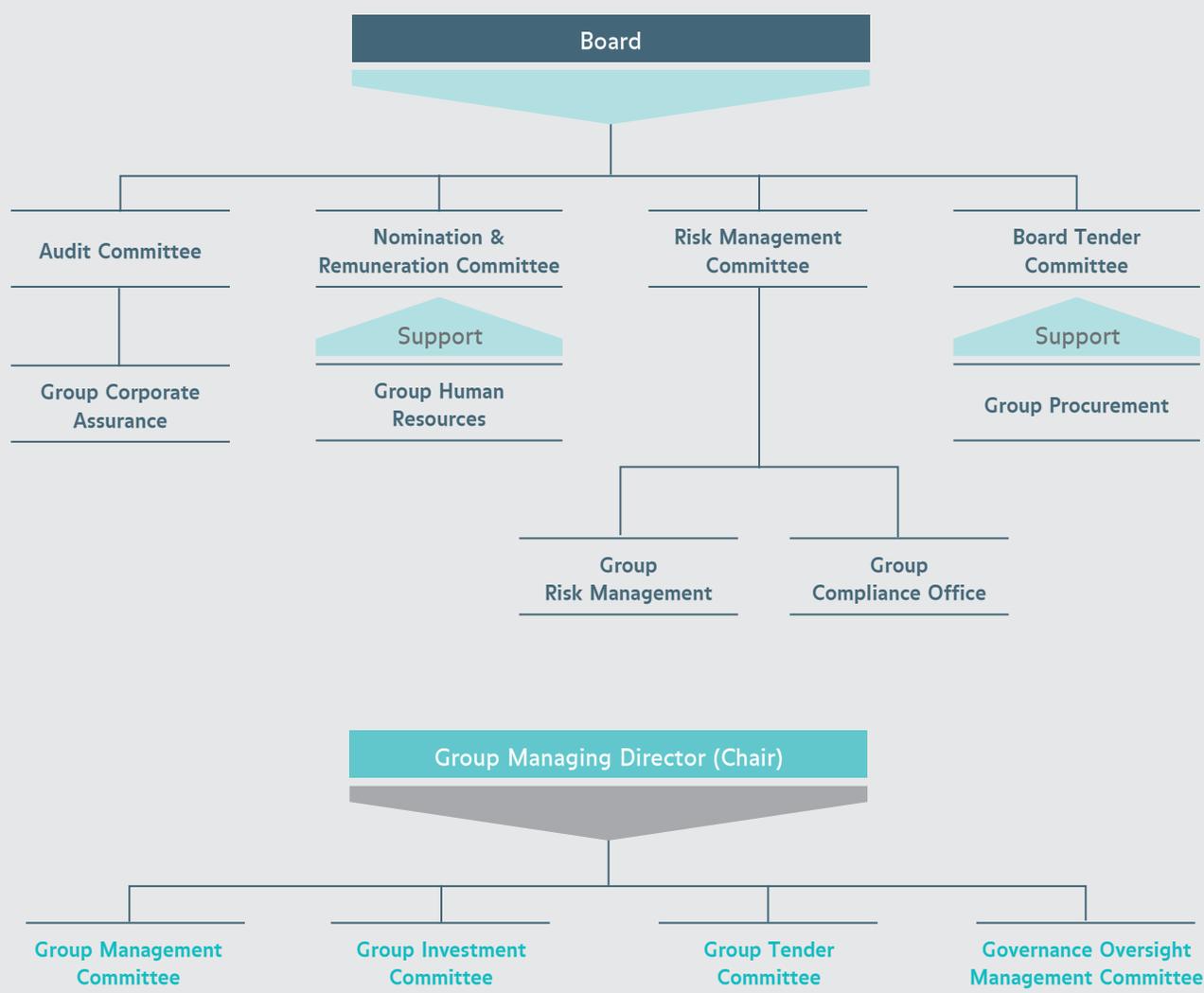
Governance, Authority and Responsibilities

a. Delegated Responsibilities through Organisation Structure

The Group has an organisation structure that clearly defines the reporting lines, roles and responsibilities, accountability and authority from Board and Management to operational levels. Various Board, Management and operational committees are in place to facilitate the decision-making process. These committees have been given specific authority and responsibilities, which are stipulated in their respective terms of reference (TORs).

The structure, TORs and compositions of these committees are periodically reviewed to ensure that they remain effective and aligned to the Group's needs.

The governance structure and reporting lines for the Board and for key management committees are as follows:





STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Policies and Procedures

a. Group Policies and Authorities (GPA)

The GPA is an important component of the Group's internal control framework as it is a tool by which the Board formally delegates functions and powers to the Management. The GPA covers a wide range of areas, including functional policies, ethics and conduct, protection of assets, key group processes and limits of authority.

The GPA is reviewed annually to ensure that it remains effective and relevant to support the Group's activities and business environment. Any revision to the GPAs is announced to the Group by the Group Managing Director upon approval by the Board. The GPA is accessible by all employees via the intranet.

b. Group Procurement Policy

Procurement is an important function to the Group and it often accounts for a large percentage of spending for the Group. The Group has in place a Group Procurement Policy which is aimed at effectively managing the procurement of goods and/or services for the Group. The Group Procurement Policy also prescribes the sourcing principles, methods and approval requirements. To support its day-to-day implementation, the Group has prescribed a Group Procurement Policies and Authorities (GPPA) which provides detailed key processes and procedures to assist operations in the procurement of goods and/or services.

Planning, Monitoring and Reporting

a. Annual Planning and Budgetary Exercise

The Group conducts an annual planning and budgetary exercise, whereby all business and functional units are required to prepare their respective business plans and budgets for the upcoming year. These plans and budgets are reviewed, challenged and approved by the Board prior to implementation. The Group adopts a rolling forecast to monitor the achievement of the budgets and on a quarterly basis reports the Group's actual performance against the budget to the Board.

b. Management and Board Monitoring and Reporting

The Group Managing Director, together with the Senior Management team, via the Group Management Committee or other Management-level committees implements the approved strategy and budgets and monitor the Group performance against the plan on a monthly basis to ensure that the Group is on track to achieve its set objectives and troubleshoot where required.

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

c. Internal Audit

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

People

During the year under review, the primary focus of Human Resource (HR) has been on the use of technology to improve the company's operational efficiency and speed in decision-making.

HR launched the first phase of its HR Digital Transformation (HR On Cloud or HROC) in Quarter 4 2019, whereby key HR processes were automated and employees empowered to manage their own and their subordinates' data in real-time. The HROC has improved the turnaround time of key HR processes, particularly in the areas of Payroll, Performance and Rewards and Employee Movement.

In Sime Darby Property, we aim to retain a highly engaged workforce, whilst continuously attracting top talents externally. In ensuring that we continue to be competitive to the property industry, we initiated exercises around Job Evaluation and Total Rewards. This work strengthened our rewards practices, ensuring that roles are properly created, sized and compensated. At the same time, it also provided a framework to drive the company's high-performance culture, and to help ensure our workforce is capable of adapting to future changes and innovation.

HR enhanced the scope of the Talent Council to include advisory and decision-making in key people-related matters. The Talent Council provides direction and guidance in the areas of succession management, and talent strategy and development. It also provides guidance in consequence management and the effective management of people-related cost.

Communication and Reporting

a. Reporting to Shareholders and Other Stakeholders

The Group has established processes and procedures to ensure that Quarterly and Annual Reports, which cover the Group's performance, are submitted to Bursa Malaysia for release to shareholders and stakeholders on a timely basis. All Quarterly Results are reviewed by the Board prior to their announcements.

The Annual Report of the Group is issued to the shareholders within the stipulated time as prescribed under the MMLR of Bursa Malaysia.



STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Material Joint Ventures and Associates

This statement does not cover the risk management and internal control framework and processes of the Group's material joint ventures and associates as these areas fall within the control of their shareholders and management.

The Group safeguards its interests in those entities through the appointment of representatives on their respective boards and, in certain cases, through their management or operational committees. These provide the Board with performance-related information to enable informed and timely decision-making on the Group's investments in such companies.

Review of this Statement

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

Conclusion

The Board recognises that the risk management and internal control system, however well-designed, can only provide reasonable and not absolute assurance against the occurrence of any material misstatement, loss or fraud. However, the Board, AC and RMC, are committed to maintaining as far as is practical, a sound system of risk management and internal control that is aligned to and reflective of current business needs and can support the achievement of the Group's strategic objectives.

The Board has received reasonable assurance from the Acting Group Chief Executive Officer and Group Chief Financial Officer that the Group's existing risk management and internal control system is operating adequately and effectively in all material aspects. The Management has also provided the commitment to continuously review and strengthen the risk management and internal control system to ensure its adequacy and robustness.

The Board, after taking into consideration the assurance from the Management and input from relevant assurance providers, is of the view that the Group's risk management and internal control system in place for the financial year under review is generally adequate and effective to safeguard the interest of shareholders and assets of the Group.

This statement was approved by the Board on 10 April 2020.

AUDIT COMMITTEE REPORT

Introduction

OVERVIEW

The Audit Committee (AC) of Sime Darby Property Berhad is pleased to present the AC Report for the financial year ended 31 December 2019.

COMPOSITION OF THE AC AND ATTENDANCE AT ITS MEETINGS

During the financial year under review, there were no changes in the composition of the AC. The AC comprised solely of independent non-executive directors. This complies with the requirements of the Malaysian Code on Corporate Governance 2017 (MCCG) concerning audit committees, including the 'Step-up' requirement that all members should be independent non-executive directors.

The profiles of all the AC members are disclosed on pages 95 to 103 of the Annual Report.

The details of the AC membership and meetings held during the financial year ended 31 December 2019 are as follows:

| Members | Membership/Designation | Appointment | Attendance at meetings | |
|---|--|------------------|------------------------|------|
| Dato' Seri Ahmad Johan Mohammad Raslan (MIA member) | Chairman/Independent Non-Executive Director | 12 July 2017 | 5/5 | 100% |
| Dato' Jaganath Derek Steven Sabapathy | Member/Senior Independent Non-Executive Director | 29 February 2016 | 5/5 | 100% |
| Datin Norazah Mohamed Razali | Member/Independent Non-Executive Director | 12 July 2017 | 5/5 | 100% |
| Datuk Poh Pai Kong | Member/Independent Non-Executive Director | 1 December 2018 | 5/5 | 100% |

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



AUDIT COMMITTEE REPORT

The senior members of Management comprising the Group Managing Director (GMD)/Acting Group Chief Executive Officer (AGCEO), Group Chief Financial Officer, the Group Chief Operating Officer – Township, the Group Chief Operating Officer – Integrated, the Chief Risk & Compliance Officer and the Chief Assurance Officer are permanent invitees to AC meetings. They attend all AC meetings in order to provide explanations and answer queries. The Chief People Officer is invited to the AC meetings as and when required. Where required, the managers are called to provide explanations to the AC on specific matters.

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

TERMS OF REFERENCE

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

As at 1 January 2019, the reporting line of Group Compliance Office (GCO) has been changed from AC to Risk Management Committee (RMC). As such, the TOR of the AC was revised and approved by the Board to reflect the changes in oversight responsibilities.

SUMMARY OF WORK OF THE AC DURING THE FINANCIAL PERIOD

1. FINANCIAL REPORTING

- a. Reviewed the unaudited quarterly financial results and the related press statements for recommendation to the Board for approval before release to Bursa Malaysia Securities Berhad.
- b. Reviewed all matters highlighted by the external auditors in relation to the audited financial statements and significant judgements made by Management.
- c. Reviewed the audited financial statements of the Group and ensured that they comply with Malaysian Financial Reporting Standards, for recommendation to the Board for approval.
- d. Reviewed the dividends proposed by management for recommendation to the Board.

2. INTERNAL AUDIT

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

3. EXTERNAL AUDIT

- a. Reviewed the external auditors' Group Audit Plan, which outlines the scope of work, audit strategy and approach, for the financial year ended 31 December 2019.
- b. Considered, together with management, the group audit fees and provision for non-audit services by the external auditors for recommendation to the Board for approval.
- c. Considered major findings, key significant external audit matters and recommendations raised by the external auditors and Management's response and follow-up actions thereto and reported to the Board.
- d. Held two private meetings with the external auditors without the presence of Management.

4. SUITABILITY, OBJECTIVITY AND INDEPENDENCE OF THE EXTERNAL AUDITORS

- a. In recommending the suitability of the external auditors for re-appointment at the forthcoming Annual General Meeting, the AC considered their suitability and independence, by assessing, inter alia, the adequacy of their experience and resources, their audit engagements, the number and experience of their engagement partners, and the supervisory and professional staff assigned to the Sime Darby Property Group.
- b. The external auditors confirmed their firm's professional independence in relation to the audit engagement for the financial year ended 31 December 2019.

5. RELATED PARTY TRANSACTIONS

- a. Reviewed significant related party transactions entered into by the Group to ensure that the transactions were in the best interest of the Sime Darby Property Group, were fair, reasonable and on Sime Darby Property Group's normal commercial terms, and not detrimental to the interest of the minority shareholders of Sime Darby Property.
- b. Reviewed the processes and procedures on related party transactions/recurrent related party transactions to comply with the Companies Act 2016 and the Main Market Listing Requirements (MMLR), and to ensure that related parties are appropriately identified and that related party transactions are declared, approved and reported appropriately.

6. ANNUAL REPORT

- a. Reviewed and endorsed the Statement on Risk Management and Internal Control for Board approval and inclusion in the Annual Report for the 6 months' financial period ended 31 December 2018.
- b. Reviewed and approved the AC report for inclusion in the Annual Report for the 6 months' financial period ended 31 December 2018.

Group Corporate Assurance Department (GCAD)

OVERVIEW

GCAD is the Group's in-house internal audit function and is headed by the Chief Assurance Officer (CAO).

To ensure the appropriate degree of independence and objectivity:

- The CAO reports functionally to the AC and administratively to the GMD/AGCEO to ensure its independence.
- The authority, function, roles and responsibilities of GCAD as articulated in the Group Audit Charter have been approved by the AC.
- The appointment, transfer or dismissal of CAO is subject to final approval of the Board, following recommendation of the Nomination and Remuneration Committee and the AC.
- Performance of both CAO and GCAD will be evaluated by the AC.
- Members of GCAD do not have any business or operational line responsibilities.

GCAD confirmed its organisational independence to the AC that they were and have been independent, objective and in compliance with the Code of Ethics and Standards as prescribed in the 2017 International Professional Practices Framework (IPPF).

FRAMEWORK AND PRACTICES

GCAD is guided by its Group Audit Charter which defines the mission & objective, responsibility, accountability, authority, independence & objectivity and professionalism & ethical standards of GCAD.

The internal audit processes and activities are governed by the Group's Code of Business Conduct and the IIA's mandatory guidance, which includes the Core Principles for the Professional Practice of Internal Auditing, the Definition of Internal Auditing, the Code of Ethics and the International Standards for the Professional Practice of Internal Auditing.



AUDIT COMMITTEE REPORT

The CAO commenced a Quality Assurance and Improvement Programme (QAIP) for all aspects of the internal audit activities. QAIP will include internal and external assessments to enable an evaluation of internal audit's performance in line with the IIA's International Standards and Code of Ethics.

RESOURCES AND COMPETENCIES

The internal audit activities were conducted by a team of 15 internal auditors with the following background and expertise:

| Background | No of Auditors |
|------------------------|----------------|
| Accounting and Finance | 9 |
| Engineering | 5 |
| Legal | 1 |
| Total | 15 |

GCAD is committed to the development and enhancement of knowledge of the internal auditors. This is evidenced through attendance at external and internal trainings, workshops, conferences and knowledge sharing sessions designed to improve their competencies in both technical and soft skills including corruption risk management trainings.

Internal auditors are also encouraged to pursue relevant professional qualifications and post-graduate education. In 2019, 12 out of 15 internal auditors possessed 22 qualifications and professional memberships relevant to their roles and job functions, while the remaining 3 internal auditors are currently pursuing post-graduate or professional qualifications.

| Qualification/Professional Membership | No of Qualification / Professional Membership Obtained |
|--|--|
| MBA /Masters | 3 |
| ACCA/CPA/MIA Member | 6 |
| Certified Internal Auditor/ CIAFIN/IIA Member | 7 |
| Certified Information System Auditor | 1 |
| Certified Fraud Examiner | 1 |
| Certification in Risk Management Assurance | 1 |
| Graduate Engineer, Board of Engineers Malaysia | 3 |

A total of RM4.6 million was spent in 2019 on internal audit. This comprised mainly of staff payroll and costs associated with audit work.

RESPONSIBILITIES AND ACTIVITIES

The primary responsibilities and key activities for GCAD are summarised below:

- Undertake regular and systematic reviews of the internal control systems so as to provide reasonable assurance that such systems continue to operate satisfactorily and effectively in the Group.
- Provides recommendations in improving risk management, governance and internal control processes.
- Managed the whistleblowing process to ensure that all complaints received are properly recorded, assigned to investigation teams, reported to AC and concluded. GCAD took over the case management and administration of whistleblowing from GCO from 1 January 2019.

The key activities carried out by GCAD during the financial year ended 31 December 2019 included:

- Evaluated risk exposure relating to achievement of the Group's strategic objectives and mapping this against the Risk Register to ensure key risks are considered and deliberated with Management, external auditors and Group Risk Management on a periodic basis.
- Prepared and tabled the annual risk-based audit plan to AC for review and approval.
- Devised a program of work taking into consideration the risk profile and identification for key business cycles audited.
- Reviewed and appraised the adequacy and application of internal controls.
- Evaluated the systems established to ensure adherence with those policies, plans and procedures which could have a significant impact on the Group.
- During the course of work, identified potential cost savings and prevention of income leakage.
- Performed investigative audits on allegations of mismanagement or improper acts reported through the whistleblowing procedures and other channels.
- Worked together in collaboration with the external auditors on specific reviews.
- Participated in a joint audit with the audit team of the JV partner on review of a jointly controlled entity.
- The CAO attends the meetings of the AC on a quarterly basis to brief the AC on audit results and significant matters raised in GCAD's reports.
- Witnessed the tender opening process for procurement goods or services to ensure the activities in the tendering processes are conducted in a fair, transparent and consistent manner.
- Reported status of outstanding audit findings to AC. Undue delays in the implementation of agreed action plans were escalated to the relevant authority for appropriate decision.
- Attended meetings of the Group Management Committee on a consultative and advisory capacity to provide independent feedback on the risk management, control and governance aspects.
- All internal audit functions during the financial year were conducted by GCAD.
- Management feedback on GCAD's overall performance was sought via the annual customer feedback survey.
- Performed reviews on core business and processes of property development, leisure and hospitality and concession arrangements.
- Performed follow up audit and monitor the progress of implementation of recommendations and resolutions of all outstanding matters in relation to findings.
- CAO attended the quarterly Group Oversight Management Committee meetings and presented the results and significant matters raised in the audit reports.
- Conducted internal assessment to validate internal audit activities to ensure it continues to conform to the International Standards for the Professional Practice of the Internal Auditing and the IIA's Code of Ethics.
- Actively engaged with management to promote good corporate governance and internal controls by conducting roadshows and knowledge sharing sessions on best practices and lessons learnt with management.

This report is made in accordance with a resolution of the Board of Directors dated 10 April 2020.



RISK MANAGEMENT COMMITTEE REPORT

Introduction

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

Role of the Committee

The roles and responsibilities of the RMC are summarised in the Corporate Governance Overview Statement on pages 116 to 153 of this Annual Report. The Terms of Reference (TOR) of the RMC are available from the Group's website at <https://www.simedarbyproperty.com/who-we-are/corporate-governance#board-of-directors>.

For the financial year under review, RMC expanded its role to include oversight responsibilities over compliance and integrity related frameworks and programmes, in line with the change in reporting line for Group Compliance Office (GCO) from Audit Committee to the RMC.

The expanded role is also in line with the proposed good practice guideline issued by the Malaysian Anti-Corruption Commission (MACC) in respect of the Prime Minister of Malaysia's directive that a GLC should form an independent department to implement integrity related activities across the business activities to reduce the risk of corruption. The proposed good practice requires the Chief Integrity Officer and the Integrity and Governance Unit (IGU) to report to the Board to ensure its independence from Management and Operations. As the GCO has been performing the activities as envisaged by the good practice guidance and more prior to this directive, the Board agreed to maintain status quo of the GCO (including retaining the name) and codify the Integrity requirements into both RMC's TOR and GCO's Charter respectively.

Committee Effectiveness

COMPOSITION AND ATTENDANCE

| Members | Membership/designation | Appointment | Attendance of meetings |
|--|---|--------------|------------------------|
| Dato' Jaganath Derek Steven Sabapathy | Chairman/Senior Independent Non-Executive Director | 12 July 2017 | 4/4 |
| YAM Tengku Datuk Seri Ahmad Shah Alhaj Ibni Almarhum Sultan Salahuddin Abdul Aziz Shah Alhaj | Member/Independent Non-Executive Director | 12 July 2017 | 4/4 |
| Dato' Johan Ariffin | Member/Non-Independent Non-Executive Director <i>(Re-designated from Independent Non-Executive Director to Non-Independent Non-Executive Director on 30 December 2019)</i> | 12 July 2017 | 4/4 |
| Datuk Dr. Mohd Daud Bakar | Member/Non-Independent Non-Executive Director | 12 July 2017 | 3/4 |
| Encik Rizal Rickman Ramli | Member/Non-Independent Non-Executive Director | 5 April 2018 | 4/4 |

RMC comprises five (5) diversely experienced members of the Board, who are independent of Management. Out of the five (5) members, two (2) are Independent Non-Executive Directors.

There has been no change to the RMC members in 2019.

Dato' Jaganath Derek Steven Sabapathy, a Senior Independent Non-Executive Director who was previously the Chief Executive Officer of a leading Malaysian property developer continues to chair the RMC. An accountant by training, he has experience in property development, construction and management. The Chairman is supported by YAM Tengku Datuk Seri Ahmad Shah Alhaj Ibni Almarhum Sultan Salahuddin Abdul Aziz Shah Alhaj and Dato' Johan Ariffin who have a wealth of experience in property development and construction industry. Datuk Dr. Mohd Daud Bakar, who has wide international exposure and a world-renowned expert in Islamic Finance and Encik Rizal Rickman, who has vast consulting experience as the Country Managing Partner of a global consulting firm, complement the experience and composition of the RMC.

Collectively, RMC members are well-qualified and have a good understanding of the property development and construction industry to challenge, facilitate and provide practical advice to Management on key challenges and risks faced by the Group.

The qualifications and experience of all the RMC members can be obtained from their individual profiles on pages 95 to 103 of this Annual Report and at the Company's website at <https://www.simedarbyproperty.com/who-we-are/board-of-directors>.

The Group Managing Director, Group Chief Financial Officer, Chief Operating Officer of Township Development, Chief Operating Officer of Integrated, Chief Risk, Integrity and Compliance Officer, Chief Marketing and Sales Officer, and Chief Transformation Officer & Head of GMD Office are permanent invitees of the RMC. They attend the RMC meetings to brief RMC members on their respective areas of responsibilities.

Other members of the Senior Management are also invited for specific agenda items, where needed, to support in-depth discussions during the meetings.

The RMC's deliberations and decisions are communicated to the Board on a timely basis, through the tabling of reports by the RMC Chairman as well as by circulation of the minutes of meetings of the RMC. The report tabled by the RMC Chairman is a standing agenda item in the scheduled meeting of the Board.



RISK MANAGEMENT COMMITTEE REPORT

At the operational level, the RMC is supported by the Chief Risk, Integrity and Compliance Officer, who in turn manages the day-to-day operations of both the Group Risk Management (GRM) and Group Compliance Office (GCO) in the discharge of its duties and responsibilities.

During the financial year under review, the RMC members attended various professional development programmes to keep themselves abreast of relevant developments in the industry. Details in relation to trainings attended can be obtained from the Corporate Governance Overview Statement under “Continuing Development Programme for Directors” provided on pages 129 to 141 of this Annual Report.

ANNUAL PERFORMANCE ASSESSMENT

The Board performed an annual review of the terms of office and annual assessment of the composition, performance and effectiveness of the RMC for the financial year under review based on the recommendation of the Nomination & Remuneration Committee. The Board is satisfied that RMC and its members have effectively discharged their duties in accordance with their TOR.

Summary of RMC’s Work during the Financial Year

One of the key risk areas monitored and deliberated by the RMC in 2019 was the Group’s preparation to meet the requirements of Section 17A of the Malaysian Anti-Corruption Commission Act 2009 (MACC Act) that will be enforced on 1 June 2020. Section 17A of the MACC Act makes an organisation liable for the corrupt practices of its employee(s) and/or any person(s) associated with it if such acts are carried out for the organisation’s benefit or advantage.

To reduce the organisation’s liability in the event that it is found liable, an organisation having adequate procedures in place can raise it as a defence against corporate liability. In such cases, the organisation must prove that the necessary procedures were in place to prevent its employee(s) and/or associated person(s) from undertaking corrupt practices.

The Group’s preparation to meet the enforcement of Section 17A of the MACC Act and its required adequate procedures is guided by the Guidelines on Adequate Procedures (Guidelines) issued by the Prime Minister’s Department in December 2018. The Guidelines is generally a principle-based document with the objective of assisting commercial organisations in understanding what adequate procedures should be implemented to prevent the occurrence of corrupt practices in relation to their business activities. Its application is expected to be proportionate to the scale, nature, industry, risk and complexity of an organisation.

As such, the RMC recognises the existence of the risk that the Courts may find the adequate procedures implemented are inadequate as the Guidelines does not contain specific actionable points or requirements or the threshold as to the adequacy. Even though such risk exists, the RMC together with Management will continue to implement and evolve the necessary process, procedures, tools and deploy the required resources to mitigate this risk and the risk associated with corruption to an acceptable level.

The programmes and activities reviewed by the RMC in respect of the preparation to meet the Corporate Liability provision (as guided by the Guidelines) included but were not limited to the following:

- i. Recommended amendments to the RMC’s TOR to the Board to formally recognise its oversight role (on behalf of the Board) on Integrity and Compliance related matters. The amended RMC’s TOR was approved by the Board.
- ii. Reviewed and approved the revised GCO Charter to formally reflect the GCO’s role in driving and coordinating key integrity-related programmes and activities for the Group.
- iii. Reviewed and provided the necessary feedback on GCO’s analysis and recommendation on the Group’s readiness to meet the requirements of Section 17A MACC vis a vis the Adequate Procedures Guidelines (Corporate Liability Readiness Report).
- iv. Monitored on a quarterly basis, the progress of gaps closure based on the recommendation made by the GCO in the Corporate Liability Readiness Report.
- v. Reviewed the GCO’s analysis on the IGU requirements, including its recommendations to close any gaps identified.

- vi. Reviewed and approved for submission to the MACC, the Group's half-yearly status updates on corruption-related activities and programmes as required by the MACC.
- vii. Reviewed and provided feedback on the results of the updated corruption risk assessment conducted across the Group.

In addition to the above activities, the RMC also carried out the following:

- a. Provided oversight, direction and counsel on the Group's risk management process, which includes the following:
 - Monitored the Group-level risk exposures and management of significant financial and non-financial risks identified, including the evaluation of existing and new or emerging risks identified by the Management and/or GRM on a quarterly basis or as and when required. The principal risks considered and monitored by the RMC can be seen in the Key Risks and Mitigation section on pages 40 to 48 of this Annual Report.
 - Challenged the Management on the effectiveness of mitigation action plans for key risks impacting the Group.
 - Reviewed the Group's Key Risks Profile and ensured that significant risks that were outside tolerable range were addressed, with appropriate actions taken in a timely manner.
 - Conducted engagement sessions with key BU Heads to obtain perspective, insight and better understanding of the principal risks and challenges impacting the Group and the process through which risks are managed and escalated operationally.
 - Reviewed and approved the revised Group Enterprise Risk Management Framework and Policy post review by the external consultant for its adequacy, proportionate to the maturity of the Group's structure and practices and alignment to ISO 31000 Risk Management (2018) tailored to the Group's structure and operations.
 - Reviewed and recommended to the Board for approval of the Group Policies and Authorities (GPA) in respect of Risk Management.
 - Reviewed the recommendation provided by an external consultant on the adequacy of GRM resources to support and assist the Board and Management in the discharge of their risk-related responsibilities.
- b. Provided oversight, direction and counsel on the Group's compliance and integrity-related programmes and activities, which included the following:
 - Reviewed and provided the necessary feedback on the quarterly status update on activities undertaken by GRM.
 - Reviewed the status of achievement of GRM Annual Plan for the financial year 2019.
 - Reviewed and approved GRM Annual Plan for the financial year 2020.
 - Reviewed and approved the risk-related KPI for the Chief Risk, Integrity and Compliance Officer and its subsequent achievement for 2019.
 - Supported the recommendation to the NRC on the revision of the designation of Chief Risk and Compliance Officer to Chief Risk, Integrity and Compliance Officer.
 - Reviewed, provided feedback, monitored and/or approved, where applicable, the proposed recommendations and status update provided by the GCO in respect of the Group's preparation to meet the Corporate Liability provisions as stated on page 188 of this Annual Report.
 - Reviewed the results of the whistleblowing temperature check provided by the employees of the Group on the level of trust and usage of the Group's Whistleblowing Policy and reporting channels.
 - Reviewed and approved the revised Group's Compliance Management Framework and Policy post review by the external consultant for its adequacy, proportionate to the maturity of the Group's structure and practices and alignment to ISO 19600 Compliance Management Systems (2014) tailored to the Group's structure and operations.
 - Reviewed and recommended to the Board for approval of the GPA in respect of Compliance Management.
 - Reviewed the recommendation provided by an external consultant on the adequacy of GCO resources to support and assist the Board and Management in the discharge of their risk-related responsibilities.
 - Reviewed and provided the necessary feedback on the quarterly status update on activities undertaken by the GCO.



RISK MANAGEMENT COMMITTEE REPORT

- Reviewed the status of achievement of the GCO Annual Plan for the financial year 2019.
 - Reviewed and approved the GCO Annual Plan for the financial year 2020.
 - Reviewed and approved the compliance-related KPI for Chief Risk, Integrity and Compliance Officer and its subsequent achievement for 2019.
- c. Reviewed major investment and project business cases in accordance with the established thresholds of approved Group Limits of Authority, focusing on the risks associated with funding options, costs and investment returns. The RMC recommended or advised the Board on the next course of action, where appropriate.
- d. Reviewed and recommended to the Board for the inclusion of the Group's Statement on Risk Management and Internal Control (SORMIC), RMC Report and Key Risk write-up in the Annual Report 2019.

Group Risk Management

GRM was established as an independent function to assist the Board, RMC and Management with the coordination and implementation of the risk management framework across the Group.

GRM's roles include assisting Management, business and operating units to:

- i. Integrate risk management into key business processes and facilitate effective decision-making and mitigate uncertainty.
 - ii. Embed risk management into the organisational culture and encourage effective decision-making at all levels of the organisation.
 - iii. Establish, maintain and monitor the implementation of formal and explicit risk management processes through the identification, assessment and management of risks impacting business objectives and/or those which are outside the risk appetite parameters. These risks are documented, aggregated, evaluated and reported at the Group-level to the Management and the RMC.
 - iv. Review key corporate activities and transactions that are considered significant from the Group's perspective.
- Key activities for the financial year under review included but were not limited to:
- Reviewed the risks identified by business or functional departments on proposals relating to major investments or commencement of development projects prior to the submission to the Management or the Board for approval.
 - Coordinated the quarterly risk review and reporting to the RMC, which included providing the necessary challenge and feedback to the risk owners to improve the quality of report on risks and related information to the Management, RMC and the Board.
 - Prepared the Group's Quarterly Risk Report to be presented to the Governance Oversight Management Committee (GOMC), a management level committee and to the RMC.
 - Followed through with business and functional unit Heads and reported to the RMC on the status of implementation for matters raised during the RMC's engagement with the respective Heads.
 - Coordinated risk workshops at selected BUs, functional departments and joint venture (JV) companies to assist operations in identifying and assessing the risks that impact their operations.
 - Reviewed risk reports prepared by JV companies.
 - Prepared and obtained the RMC's concurrence and Board approval of the proposed revised GPA on Risk Management.
 - Participated and assisted in the corruption risk assessment training and workshop, together with GCO and the external consultant.
 - Assisted in the finalisation of the updated corruption risk register for the Group.
 - Coordinated the independent review and provided the necessary support and feedback to the external consultant on the review of the Group Enterprise Risk Management Framework.
 - Prepared and presented the quarterly status update to the RMC on key activities undertaken by GRM.
 - Prepared and proposed to the RMC the risk-related KPI for the FY 2019 and reported its subsequent achievement.
 - Provided a status update on the achievement of the GRM Annual Plan for the FY 2019.

- Proposed the GRM Annual Plan for the FY 2020 for the RMC's deliberation and approval.
- Participated as one of the key trainers for the risk module for new employees' onboarding training.

Group Compliance Office

GCO was established as an independent function to assist the Board and Management in achieving the compliance and integrity strategy and objectives by coordinating key compliance risk management activities across the Group.

GCO's roles include:

- Planning and executing compliance, ethics and integrity programmes based on approved frameworks, addressing key compliance and integrity issues and concerns within the Group.
- Coordinating and periodically reviewing and updating the Group Policies and Authorities (GPA), Code of Business Conduct (COBC) and Group Limits of Authority to ensure continuing relevance in providing guidance to Directors and employees.
- Maintaining an effective compliance communication programme for the Group to foster a culture of compliance and integrity.
- Assisting Management in identifying and managing key compliance obligations.

Key activities for the financial year under review included but were not limited to:

- Coordinated programmes and activities to prepare the Group for the enforcement of the new Corporate Liability provision in June 2020, including:
 - Proposed and obtained the RMC's approval for the revision of the GCO Charter to formally codify the Integrity responsibility for the GCO.
 - Conducted a review of the Group's readiness to meet the Corporate Liability provision. Presented the Corporate Liability Readiness Report to the RMC.
 - Implemented, monitored and reported on a quarterly basis to the RMC, the process of the gap closure as identified in Corporate Liability Readiness Report.

- Prepared and obtained Board approval on new GPAs relating to anti-bribery and corruption, including the Anti-Bribery and Corruption Policy, Sponsorship and Donation Policy, Conflict of Interest Policy and Anti-Money Laundering Policy.
- Coordinated the corruption risk assessment training and workshop, together with GRM and the external consultant.
- Finalised and updated the Group's corruption risk register.
- Engaged with the Agency Integrity Management Division or Bahagian Pengurusan Integriti Agensi ("BPIA") of MACC in relation to IGU and Adequate Procedures Requirement matters.
- Prepared and obtained RMC approval for the Group's half-yearly status updates on corruption-related activities and programmes for submission to the MACC.
- Coordinated the Group's annual review on the GPAs and presented the proposed amendments to the Board for deliberation and approval.
- Prepared and obtained the RMC's concurrence and Board approval of the proposed revised GPA on Compliance Management.
- Prepared and launched the Bahasa Malaysia (BM) version of the COBC.
- Conducted and completed the COBC training in both English and BM for all employees of the Group.
- Coordinated the independent review and provided the necessary support and feedback to the external consultant on the review of the Group Compliance Management Framework.
- Introduced the 'Compliance Learning Series' which is a bi-weekly email communication to strengthen employees' awareness and knowledge on the Group policies, processes, procedures and ethical conduct.
- Prepared and presented the quarterly status update to the RMC on key activities undertaken by GCO.
- Prepared and proposed to the RMC the compliance-related KPI for the FY 2019 and reported its subsequent achievement.
- Participated as one of the key trainers for new employees' onboarding training, covering the Group's governance structure and key policies such as the GPA, COBC and Whistleblowing Policy.



SUSTAINABILITY REPORT

About Sime Darby Property Sustainability Statement

Sustainability is not just about growth. It is about the well-being of our people, our communities and our planet. It is about the economic, environmental and social impacts of our business and operations. It is about how we deploy natural and social capital to achieve prosperity in a responsible manner. More so, it is about how we fulfill this responsibility to create value that is meaningful to our stakeholders.

We have a legacy and a Vision of 'Developing Sustainable Communities'. At Sime Darby Property, this also means delivering solutions that meet the emerging needs of modern society. In doing so, we are cognisant of the bigger role that we can play in raising awareness and building resilient and prosperous communities with hearts where we operate in a sector that can be a catalyst to socio-economic progress.



OUR SUSTAINABILITY MISSION

This report presents a reliable account of our efforts in mobilising stakeholders, ideas, and solutions that foster welfare and well-being of both the communities and environment in which we operate. We have fairly represented the material matters in the context of sustainable development. The report also provides sufficient and credible information of our approaches, strategies and impact in implementing various sustainability and related policies, initiatives and programmes.

The Sime Darby Property Sustainability Statement 2019 reinforces our commitment to our communities as well as their social, environmental and economic ecosystems. We also forge partnerships with civil society and the development sector to adopt and champion grassroots issues, towards creating positive impact in the long-term. Our aspiration is to not just manage our business with responsibility towards our stakeholders, but also create a community of believers, who will catalyse sustainable development for the good of all.

BEST PRACTICES & STANDARDS

While we operate to the best of industry practices, our focus continues to be on sharing and prioritising information about how our programmes are designed to positively impact the environment and society. Beyond standards and guidelines, it is very important to us that our stakeholders are able to appreciate our commitment and role in supporting theirs and that of future generations' needs and aspirations – today and tomorrow.

- We have complied with Bursa Malaysia's Main Market Listing Requirements on Sustainability Reporting, including the procedures prescribed by the Bursa Malaysia Sustainability Reporting Guide, 2nd Edition, 2018
- This year, we have also mapped our sustainability issues based on the Global Reporting Initiative (GRI) principles approach.

REPORTING SCOPE AND BOUNDARY

The scope and boundary for this report covers the period 1 January 2019 to 31 December 2019, for Sime Darby Property Berhad and its subsidiaries.

All quantitative and qualitative information for relevant indicators have been disclosed for the year under review, and where applicable, comparative data has been included for a minimum of 2 years. The last report was published in April 2019 for the period covering 1 July 2018 to 31 December 2018. Considering this is our first independent year (outside of the Group) to map our outcomes to GRI, we have aimed to subscribe to the principles such as balance, comparability, materially relevant issues and completeness.

ASSURANCE OF THE QUALITY OF REPORTING

We strongly believe in the integrity of material subject matter contained in this report and while not all key subjects have been assured, they have been thoroughly reviewed for accuracy and balance. The degree of report quality will be gradually improved year-on-year.

We have included feedback and views of our stakeholders, who are both partners and beneficiaries of our sustainability efforts and programmes. In regard to external assurance, we have engaged an external party to provide limited assurance of Total Carbon Emissions and LTIFR (refer pages 213 to 215 of the report).

STAKEHOLDER ENGAGEMENT AND MATERIALITY

Engagement is key to our business philosophy. We believe in the power of co-creation, which is all about understanding and operating to stakeholder' expectations. Our robust systems and processes help us to map the stakeholder climate of opinion as well as their evolving needs to our business priorities and focus. Every year, the information gathered from various touchpoints (such as our call-centres, relationship managers, marketeers, surveys, industry research, polls and feedback mechanism) help us identify and prioritise matters that are most material to both our stakeholders and our business.

Please refer to the section on Material Matters on pages 35 to 37 of our Annual Report 2019.

IDEAS AND SUGGESTIONS

As shared, it is critical for us to ensure the sustainability statement not just communicates our commitment to environmental and social well-being, but also garners positive response in terms of ideas, suggestions and any feedback from our stakeholders. We welcome our stakeholders to submit feedback and recommendations to improve the quality of any of our programmes or disclosures.

Please write to the following function at the Group Corporate Sustainability, Sime Darby Property:
Lead Corporate Sustainability
sqm.desk@simedarbyproperty.com



SUSTAINABILITY REPORT

Sustainability@Sime Darby Property

“Sustainable development is development that meets the needs of the present without compromising the ability of future generations to meet their own (foreseeable) needs.”

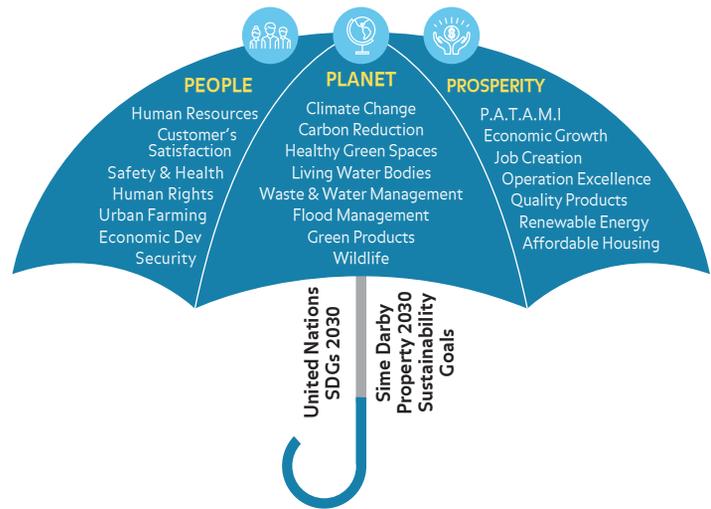
Our Common Future (WCED, Brundtland Report 1987)

At Sime Darby Property Berhad, our approach to sustainability is guided by our Corporate Sustainability Model, which motivates our actions towards contributing to a better society, optimising environmental performance and delivering sustainable development. It is also our aspiration to tap the potential of our people; protect our planet by raising environmental consciousness, undertaking remediation and inspiring green citizenship; and contribute to the prosperity of both business and our communities.

Corporate Sustainability Model



Thematic Element Examples linked to the Three P's of Sustainability



As we continue to mature in our approach to sustainability, we endeavour to develop greater understanding of the ecosystems where we operate and the systemic environmental and social issues. This holistic integrated lens on sustainability allows us to take an inclusive and adaptable approach. In 2019, we initiated efforts to assess and articulate new sustainability goals for 2030. The Sustainability Blueprint (2020-2030), to be in effect from the next reporting year, emphasises our Township Operational Sustainability Plans. The idea is to embed principles, meaningful goals and tangible targets/results of sustainability in the way we design and deliver townships and integrated developments, aligning our people and planet objectives with prosperity that we create through our business endeavours. This is reflected and reinforced in various sections of this statement as well as our Annual Report.

The United Nations Sustainable Development Goals (SDGs) 2030

The SDGs provide a clear imperative for inclusive growth, i.e., ‘leave no one behind’. The SDGs provide us focus areas to strategise, monitor and measure our sustainability development impact.

During the year under review, we underwent a comprehensive assessment and mapping exercise to align the 17 SDGs at programme-level, making it both pragmatic and prudent for us to track and report tangible value delivered to communities. All SDGs are relevant to the company, either in our business processes, or along our value chain. The criteria for prioritisation of one or more of the SDGs includes the degree of influence we can exercise to achieve the outcomes and the kind of impact we can create through our sustainability output.

Summary: Mapping UN SDGs to Sustainability Programmes and Business Outcomes



What Has Sime Darby Property Done to Support and Align to the UN SDGs 2030?

| | | |
|-----------------|---|--|
| <p>1</p> | <ul style="list-style-type: none"> • 2,888 units of statutory housing under construction. About 3k more units planned • 52 percent increase in income for 30 B20 families – collaboration with Islamic Relief at PPR Taman Putra Lembah Subang • RM20k income in 3 month – Bukit Subang B40 Melati Community Chilli Farm. 3 tonne chilli production. Equipment sponsored by Sime Darby Property | <p>5</p> <ul style="list-style-type: none"> • Code of Business Conduct – Equal opportunity and anti-discrimination Policy • 22 percent female board, 42 percent women in workforce |
| <p>2</p> | <ul style="list-style-type: none"> • 1:10 Urban Farming Allotment to Home Target – City of Elmina. CoE Sustainability Plan 2018-2030 targets • 70 Children fed – Lighthouse Children Welfare Home, Bangsar. SDCC Leftover Food Programme | <p>6</p> <ul style="list-style-type: none"> • 2.26 percent reduction in Operational Water Intensity • 1 Wetlands Construction and Maintenance Guideline. In collaboration with Wetlands International for City of Elmina. |
| <p>3</p> | <ul style="list-style-type: none"> • 28km of 190km completed of Cycling & Jogging Circuits. A mix of neighbourhood and city-wide circuits across 3 townships (City of Elmina – 90km, Bandar Bukit Raja – 50km, Serenia City – 50km) | <p>7</p> <ul style="list-style-type: none"> • 513 Solar Ready Homes – 1st tranche – Ilham, F4, Elmina. Collaboration with TNBX and Sime Darby Property. 2kW PV and Net Metering/house. Planning for the next 1,800 homes |
| <p>4</p> | <ul style="list-style-type: none"> • 2 Education Hubs (PEH and CoE) 3 Universities, 1 Polytechnic, several schools. At KL East – Kolej Yayasan Saad. | <p>8</p> <ul style="list-style-type: none"> • 412 SL1M/Protégé Trainees since 2015. • Sime Darby Property Code of Business Conduct (COBC) <ul style="list-style-type: none"> – 2.4 Making Our Workplace a Safe Environment – 2.5 Providing Favourable Working Conditions to all Our Employees – 2.6 Freedom of Association – 2.7 Protecting the Rights of Children – 2.8 Eradicating any Form of Exploitation |



SUSTAINABILITY REPORT

What Has Sime Darby Property Done to Support and Align to the UN SDGs 2030?

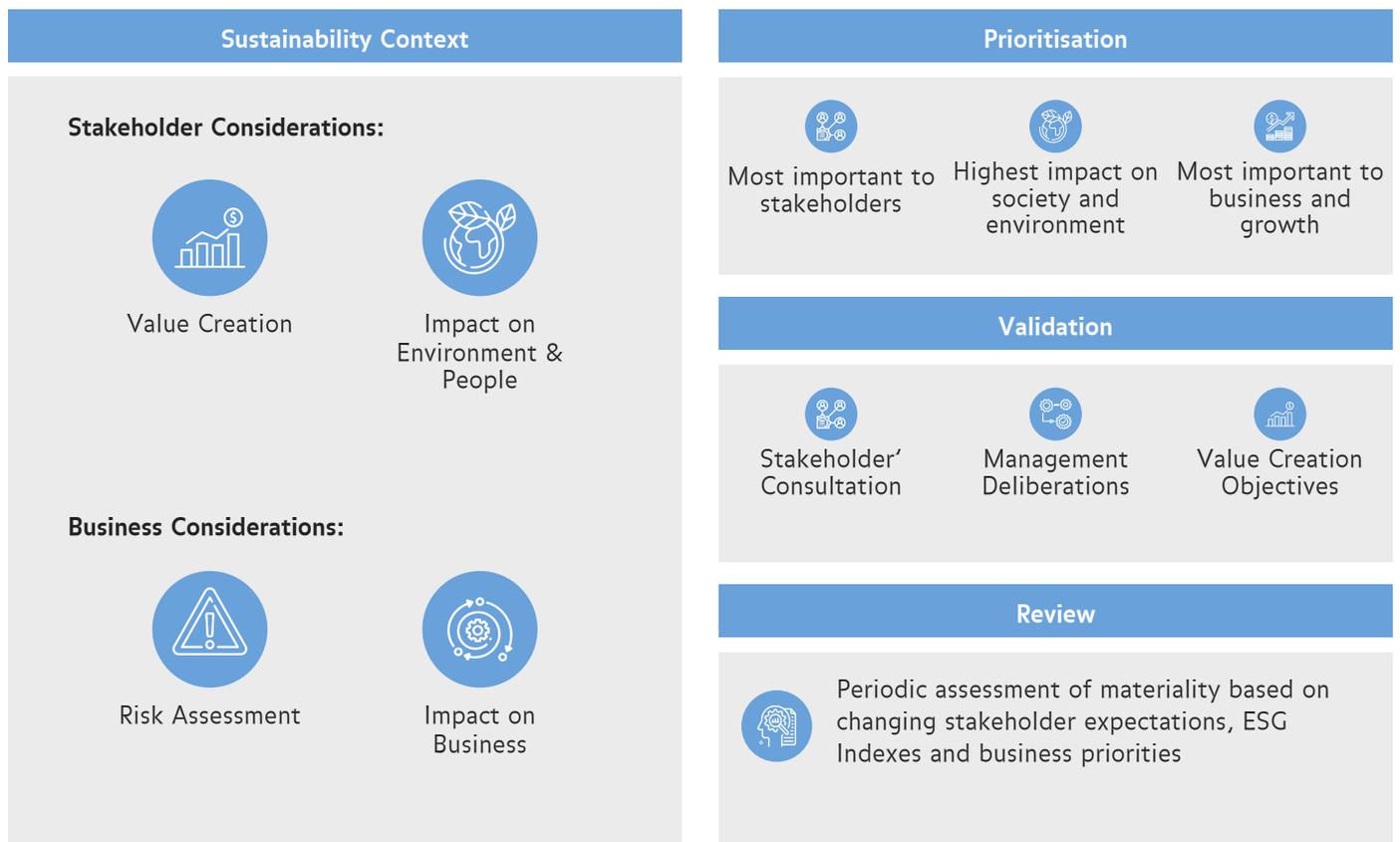
| | | | |
|----|---|----|---|
| 9 | <ul style="list-style-type: none"> • 1st IBS Strata Development focused on delivering B40 community – Sustainable Homes. <ul style="list-style-type: none"> – 536 Units, 30 percent faster, zero construction waste, 10 percent lower construction cost. • DTO 1st Crowd-sourced property design platform <ul style="list-style-type: none"> – Aurora, SJCC the first product developed under this design technology innovation by Sime Darby Property | 14 | <ul style="list-style-type: none"> • 36,000 MT biomass pelleting <ul style="list-style-type: none"> – Converted palm oil trunks into biomass fuel pellets at BBR and Elmina West. • 2.25 percent waste intensity reduction 2019 against 2016 preliminary baseline. |
| 10 | <ul style="list-style-type: none"> • UN agency collaboration for an Inclusive Playground Toolkit and Pilot. <ul style="list-style-type: none"> – Collaboration to design an inclusive playground and toolkit to encourage replication and improved playground design in Malaysia. • Over 2,000 Multi-generational Inclusive Homes. Disable access. | 15 | <ul style="list-style-type: none"> • 92,680 trees planted since September 2011 (<i>December 2019</i>) • 19,520 IUNC Red List Trees planted (<i>December 2019</i>) • 1st Malaysian IUCN Tree Landscape Guideline <ul style="list-style-type: none"> – Published 2017, covering 74 species – a tool for landscape architects and students. |
| 11 | <ul style="list-style-type: none"> • 1,362 Insulated homes completed (<i>since 2017. 1,503 more under construction</i>). • 31,400 kg (as at December 2019) <ul style="list-style-type: none"> – Amount of recycle household materials collected by our communities (at BBR since 2017) • 10 years of SUSDEX across 20 plus townships under Sime Darby Property | 16 | <ul style="list-style-type: none"> • Over 35 RAs established in collaboration with Sime Darby Property. Supports strong community institutions • Code Of Business Conduct (COBC) • Vendor Letter of Declaration • No Gift Policy • Whistleblowing Policy/SOPs |
| 12 | <ul style="list-style-type: none"> • 600 Members – Young Sustainability Ambassadors Programme <ul style="list-style-type: none"> – Education engagement for children 7-17 yrs about sustainable living, civil society and the environment. | 17 | <ul style="list-style-type: none"> • 1st Rainforest Knowledge Centre and Development of IUCN Native Tree Nursery <ul style="list-style-type: none"> – Sime Darby Property – NGO MoU signed August 2019 – ERKC facility dedicated to ‘connecting people to nature’ – Building built largely from Idea House recycled material – Supported by a specialised native tree IUCN nursery – Up to 50,000 IUCN trees to be produced at nursery |
| 13 | <ul style="list-style-type: none"> • 1st Carbon Neutral Certified Residential House in SE-Asia <ul style="list-style-type: none"> – Constructed in 2010, Tested 50 Sustainability Features – BCA Greenmark Platinum, GBI Gold • 1st LEED Gold & LEED SILVER Buildings in Malaysia <ul style="list-style-type: none"> – SD Plantation and SD Property HQs • For 2019, a 42.5 percent carbon emission intensity reduction against 2016 baseline • 7 Green Certified Projects | | |

Sustainability Approach

The very basis for devising and deploying sustainability strategies is materiality, which is all about focusing our efforts on areas that matter most to our stakeholders and where we can have a positive impact, in terms of environmental well-being and social equity.

In preparing the content focus of this Sustainability Report, the company has reviewed multiple material matters identified through a materiality assessment process. The methodology took into account both the issues raised by stakeholders through various interactions during the year and the internal business priorities or focus. These were juxtaposed against the material matters reported in previous years, to reconcile and reprioritise for better focus.

Sustainability Context





SUSTAINABILITY REPORT

Based on our assessment in 2019, we identified the following material matters as critical to our sustainability programme planning and performance, clustered into People, Planet, Prosperity and Governance.

| Sustainability Model Purpose Elements | Stakeholder' Concerns | Our Response (2019) | | | | | | | | |
|---|--|---|------------|-----------------|------------------|-----------|---------------------|----------|---------|------------|
| <p>People (Contribute to a Better Society)</p> <p>Material Matters: - Diversity & Inclusion - Safety and Health - Culture - Community Adoption</p> | <ul style="list-style-type: none"> Upskilling/Reskilling Non-discrimination Equal opportunities Conducive working environment Community welfare and social responsibility | <ul style="list-style-type: none"> RM1,140,276.50 invested in upskilling and reskilling programmes 19,230 training hours 412 Graduate trainees trained between 2015-2018 Zero work-related fatalities for the 3rd consecutive year Women in workforce – 42 percent women on Board 22 percent 1,386 volunteer hours by employees Established first purpose-built Community Urban Farm (Elmina Valley, CoE) Staff nursing room developed for nursing mothers | | | | | | | | |
| <p>Planet (Optimise Environmental Performance)</p> <p>Material Matters: - Climate Action</p> | <ul style="list-style-type: none"> Cost of non-compliance to environmental guidelines Carbon footprint from operations | <ul style="list-style-type: none"> Achieved a target of 19,520 IUCN Tree Planting (2011-2019) MoU with local biodiversity NGO for operation of Elmina Rainforest Knowledge Centre and IUCN Native Tree Nursery 92,560 total trees planted (2011-2019) Carbon emissions by company segment: <ul style="list-style-type: none"> 9,938.18tCO₂-e (Building construction by contractors and Sales Gallery operations) 15,486.45tCO₂-e (Infrastructure construction) 9,014.76tCO₂-e (Hospitality & Leisure) 1,361.97tCO₂-e (Asset Management) Overall, carbon emissions intensity reduction against 2016 baseline, 42.5 percent 1 property certified with BCA GreenMark (The Ridge, KL East) 1 property certified with GBI Gold (Cantara Residences, Ara Damansara) | | | | | | | | |
| <p>Prosperity (Deliver Sustainable Development)</p> <p>Material Matters: - Product Quality - Inclusive Design - Affordability - Security - Supply Chain</p> | <ul style="list-style-type: none"> Defects rate Expensive and High Costs of Products Unsustainable infrastructure Supply Chain Inefficiencies, governance issues, environmental impact, poor project performance | <ul style="list-style-type: none"> 2,888 statutory units of Affordable housing for lower income community (priced from RM200-270k) under construction and/or due for completion in 2019/2020 <table border="1"> <thead> <tr> <th>Inspection</th> <th>Average Defects</th> </tr> </thead> <tbody> <tr> <td>Structural (25%)</td> <td>2 defects</td> </tr> <tr> <td>Architectural (75%)</td> <td>1 defect</td> </tr> <tr> <td>Pre-CPC</td> <td>14 defects</td> </tr> </tbody> </table> <ul style="list-style-type: none"> 99 percent of local contractors and vendors with RM1,807.9 bill contract value. | Inspection | Average Defects | Structural (25%) | 2 defects | Architectural (75%) | 1 defect | Pre-CPC | 14 defects |
| Inspection | Average Defects | | | | | | | | | |
| Structural (25%) | 2 defects | | | | | | | | | |
| Architectural (75%) | 1 defect | | | | | | | | | |
| Pre-CPC | 14 defects | | | | | | | | | |
| <p>Governance (Manage Sustainability Performance with Integrity and Transparency)</p> <p>Material Matters: - Policy Support - Grievance Mechanism - Anti-Corruption and Integrity - Data Security</p> | <ul style="list-style-type: none"> Costs of non-compliance Reputational damage Business disruptions Poor productivity and performance | <ul style="list-style-type: none"> 3 key policies (Quality, ESH and Energy Mgmt) 1 Code of Business Conduct (COBC) enable sustainability performance related to environmental and social Whistle Blower policy No gift policy | | | | | | | | |

Additionally, we have clearly established the scope, boundary and impact metrics for each of the material matters, as shown in the table below:

| Material Issue | Scope | Aspect Boundary | SDG |
|---------------------------------------|---|--|---|
| Affordability | Malaysian residential properties | <ul style="list-style-type: none"> • Sime Darby Property • Customers/Community • Competitors • Authorities/Government • Shareholders |  |
| Product Quality | Malaysian residential properties | <ul style="list-style-type: none"> • Sime Darby Property • Customers/Community • Professional Institution • Authorities/Government |  |
| Economic Injection | Malaysian commercial properties | <ul style="list-style-type: none"> • Sime Darby Property • Vendors • Authorities/Government |    |
| Governance, Risk and Integrity | All Sime Darby Property | <ul style="list-style-type: none"> • Sime Darby Property • Employees • Investors • Shareholders • Authorities/Government • Media |     |
| Emerging Climate Change Risk | All Sime Darby Property | <ul style="list-style-type: none"> • Sime Darby Property • Customers/Community • Authorities/Government • NGOs • Investors • Academia • Media |     |
| Waste Management/ Recycling | All Sime Darby Property Malaysian residential properties | <ul style="list-style-type: none"> • Sime Darby Property • Customers/Community • Authorities/Government • NGOs • Investors |    |
| Biodiversity | All Sime Darby Property Malaysian residential properties | <ul style="list-style-type: none"> • Sime Darby Property • NGOs • Indigenous • Media • Academia • Authorities/Government • Competitors |    |



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| Material Issue | Scope | Aspect Boundary | SDG |
|------------------------------------|--|---|---|
| Renewable Energy | Malaysian residential properties | <ul style="list-style-type: none"> • Sime Darby Property • Customers/Community • Authorities/Government • Academia • Professional Institution |    |
| Water Supply & Flooding | All Sime Darby Property Malaysian residential properties | <ul style="list-style-type: none"> • Sime Darby Property • Customers/Community • Authorities/Government • Investors |   |
| Working Environment | All Sime Darby Property | <ul style="list-style-type: none"> • Sime Darby Property • Employees • Vendors • Professional Institution • Authorities/Government |   |
| Safety | All Sime Darby Property | <ul style="list-style-type: none"> • Sime Darby Property • Employees • Vendors • Labourers • Authorities/Government |   |
| Human Rights | All Sime Darby Property | <ul style="list-style-type: none"> • Sime Darby Property • Employees • Vendors • Labourers • Authorities/Government • NGOs • Media |    |
| Inclusive Design | Malaysian residential properties | <ul style="list-style-type: none"> • Sime Darby Property • Customers/Community • Competitors • Authorities/Government • Media |    |
| Security | Malaysian residential properties and parks | <ul style="list-style-type: none"> • Sime Darby Property • Customers/Community • Competitors • Authorities/Government |   |

Sustainability Governance

Sustainability is guided at the highest levels of decision-making.

At Sime Darby Property, Sustainability is a cross-cutting function, where the strategic direction is guided by the Board of Directors, with the Group Managing Director taking an executive role for effective and efficient implementation towards positive sustainability performance year-on-year.

Board of Directors: Ensure strategic alignment of strategies on economic, environmental, safety and health, social and governance with stakeholder' expectations and business priorities towards long-term value creation. The Board Charter is available on the Company's corporate website at www.simedarbyproperty.com/who-we-are/corporate-governance

GMD's Office: GMD's Office ensures direction given to the ESH Committee (ESHMC) and Human Rights Taskforce (HRITF) in relation to thematic focus areas of each team.

HRITF/ESHMC: Implement specific thematic sustainability-related actions/initiatives and report on a quarterly basis to the Group Managing Director.

HRITF is led by the Management on a quarterly basis to conduct Human Rights assessments, including risks and areas of improvement across our value chain.

ESHMC, under the chairmanship of the COO, convenes quarterly to deliberate on matters related to legal compliance for Environment, Safety & Health.



Sime Darby Property 2030 Sustainability Goals Development Workshop – 25 November 2019 – translating the UN SDGs 2030 into our business context



SUSTAINABILITY REPORT

Our Sustainability Governance Framework is anchored on our Corporate Core Values of Passion, Respect & Teamwork; Integrity & Accountability; Make-it-Happen and Entrepreneurial Spirit (PRIME). We also have embedded thematic sustainability considerations into key policies instruments, which enable us to deliver on our sustainability focus areas, including maintaining good corporate governance.

| Sustainability Elements | Enabling Policies, Guidelines & Other Instruments |
|--|---|
|  <p>People (Contribute to a Better Society)</p> | <ul style="list-style-type: none"> - Code of Business Conduct (COBC) - Diversity Policy/Statement - Corporate Values |
|  <p>Planet (Optimise Environmental Performance)</p> | <ul style="list-style-type: none"> - Precautionary Principle/ESH Policy - Environmental Standards - Guidelines for Operational Carbon, Water and Waste, inclusive of SOPs |
|  <p>Prosperity (Deliver Sustainable Development)</p> | <ul style="list-style-type: none"> - Quality Policy - Quality Product Standards - Supplier/Procurement Policy |
|  <p>Governance (Manage Sustainability Performance with Integrity and Transparency)</p> | <ul style="list-style-type: none"> - Code of Business Conduct (COBC) - Whistle Blowing Policy - Integrity Pledge - Gift, Entertainment and Travel policy which include the No gift policy - Anti-Bribery & Corruption Policy - Sponsorship and Donation policy - Conflict of Interest policy |

Our Sustainability Performance also relies on the leadership that we demonstrate by participating in various industry- and stakeholder-driven platforms, dialogues, and conversations on shaping a sustainable future. Our participation goes beyond memberships to associations, working groups and taskforces, and regulatory obligations. We encourage exchange of knowledge, skills, experience and expertise that will empower our people and enhance their ability to accelerate sustainability performance and impact.

In November 2019, Acting Group Chief Executive Officer Dato' Wan Hashimi Albakri participated in the Malaysia SDG Summit as a panelist and speaker at the Business Leaders Forum.

The table below includes some of the key memberships held by Sime Darby Property but does not include the multiple various ad-hoc engagement activities with various related industry group and professional bodies.



| Membership Body/Platform | Our Role/Contribution (2019) |
|---|------------------------------|
| Malaysian Green Building Council (MGBC) | Corporate Member |
| Real Estate and Housing Developers' Association | Member |
| Commonwealth Enterprise & Investment Council | Member |

Contributing to a Better Society

Contributing to a Better Society is one of the three (3) spheres of our sustainability purpose and hence embedded into the company's Vision, i.e., 'Leader in Developing Sustainable Communities'. We embedded this principle into how we manage our people so that they are able to work to their best capacity, lead a healthy quality life, and contribute meaningfully to build a stable economy. It is with this belief that we invest in the power and potential of our people, to include our employees, customers, and other critical stakeholders.

This section covers our effort in developing and uplifting our stakeholders through our value chain through creating a conducive working environment, enhancing work practices, developing inclusive design paired with reliable security in our customer products, and our status and progress in improving human rights orientation in our value chain. All this culminates into how we contribute to a better society, which is also central to the objectives of the SDGs – in particular 'to leave no one behind'.

CONDUCTIVE WORKING ENVIRONMENT

Our company's key asset is its people. Therefore, we've designed and implemented incremental strategies for human capital development, mainly to unlock their potential, to ensure a sustainable talent and leadership pipeline. At the core is the reinforcement of capabilities through continuous learning, development and ongoing engagement to instill within our team our corporate values to drive results.

Building Capabilities: Developing Talents

We strive to instill strong leadership values and an effective rewards strategy to retain and attract high-performing talents. We designed a targeted Total Rewards Framework to drive performance and to strengthen our leadership pipeline. During the financial period under review, our development areas were as follows:

a) Our PEOPLE development

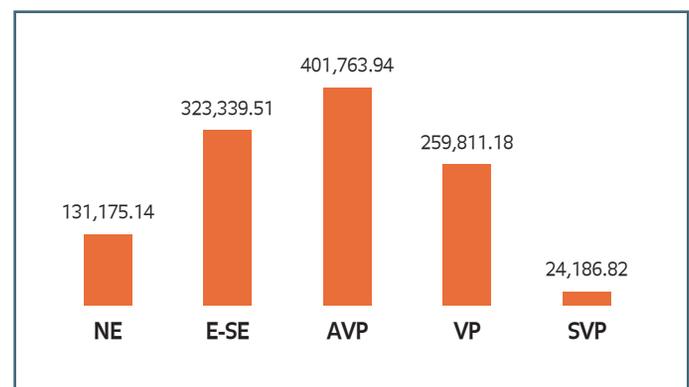
Our focus in 2019 was to strengthen our foundation by building core functional capabilities, with 90 percent of our development offering focused on functional and technical skills. We introduced new and updated programmes to ensure that our employees received updated concepts and content to help them in their roles.

One key exercise conducted was to take stock of our functional capabilities where we assessed our Project Managers. This provided us insight into key areas of development that would ensure current and potential Project Managers are continuously fit-for-the-role.

We have also formalised our critical talent pool, putting in place succession targets and also launching our development planning for the critical talent groups to further improve our pipeline health.

Soft skills and leadership programmes were also introduced to align to our new Leadership Competencies. Feedback about the in-house programmes have been encouraging with an average satisfaction score of "above average". Given our emphasis on building capabilities, we offered 135 programmes for our employees in 2019, an increase by 50 percent from 2018. Given the push and interest shown in the developments offered, our learning and development budget utilisation also increased significantly from 2018. Our online employee portal provides details of training opportunities for employees to further improve their skills and capabilities to keep up with the constantly changing business environment. A total of 19,230 training hours were delivered in 2019 across all categories of employees.

Cost Spent by Level

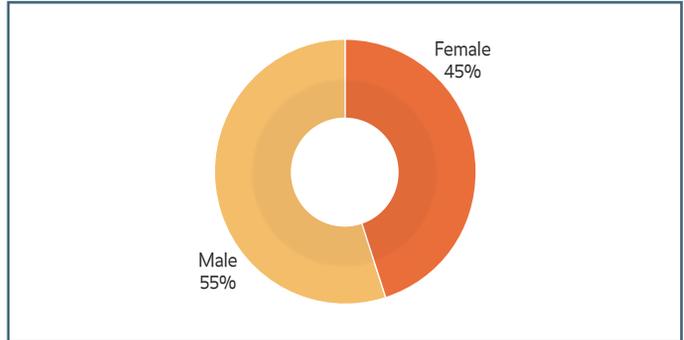


SUSTAINABILITY REPORT

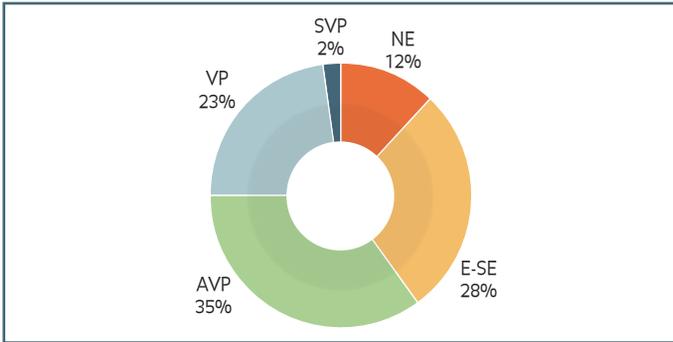
Cost Spent by Gender



Cost Spent by Gender



Cost Spent by Level



Training Done According to Age Group:

| Age Group | Technical/Functional (no of employees) | Leadership (no of employees) |
|-----------------------------|--|------------------------------|
| Baby Boomer (>54 years old) | 52 | 8 |
| Gen X (39-54 years old) | 343 | 89 |
| Gen Y (<39 year old) | 432 | 48 |



b) Talent Retention and Attraction

In Sime Darby Property, we established a rewards framework that drives the Company’s performance agenda while assuring that it is agile in adapting to changes. Towards strengthening the foundation, a job evaluation exercise was conducted to ensure that roles are properly established and sized. Following this, a rewards benchmarking exercise was also conducted that helped us to understand our current competitiveness level and where the gaps are against benchmark companies. This in turn proved to be a valuable input for charting Sime Darby Property’s Total Rewards Strategy as well as the rewards philosophy, as part of our overall employee value proposition that is clear and attractive to internal and external talents.

Motivated Workforce

High staff engagement result in higher productivity, accountability and due care in undertaking respective functions. Accordingly, the company utilises several methods to solicit staff feedback to improve the working environment and business processes.

In 2019, many of the initiatives, frameworks and practices established in Sime Darby Property are to help embrace and to continue creating awareness on PRIME values. Through the PRIME values our initiatives will promote and support diversity and inclusion in the workplace. It is about valuing everyone in the organisation as an individual to promote an innovative, entrepreneurial, collaborative and high-energy work environment. Together, we recognise that each person has unique strengths, and by embracing those strengths, we perform @ PEAK.

To ensure we are on the right track, the Company administered the Sime Darby Property "Your Voice" Survey to give a platform for employees' voices to be heard. The objectives were:

- To measure the degree to which employees connect to their work, the Company, and its goals.
- To obtain employees' perception of the Company's brand, strengths and reputation.
- To identify areas impacting the Company's performance in terms of profitability, productivity and services.
- To provide leaders and managers with enough information and insights to guide them in developing effective action plans.

Based on the findings, the overall key priority areas were – Leadership, Communication and Learning & Development. During the year, HR began prioritising initiatives and engagement activities to tackle head-on

issues that meant the most to the employees. Among the initiatives and engagement activities held were Chairman's Roadshow, Senior Management walkabout in township operations and business units, Leadership Series, festival celebrations, office enhancement projects, Lunch and Learn Series, digitalisation of HR processes via HR-On-Cloud, sports month and annual dinner.

Based on the Your Voice Survey results in 2018, our engagement score was recorded at 80 percent.

Our commitment to deliver meaningful HR services to our employees, prompted the creation of a dedicated Employee Engagement Unit and the overall restructuring of the HR Department with the introduction of the HR Business Partner ("HRBP") model.

Subsequently, we rolled-out the Employee Engagement Fund ("EEF") (RM150/employee) to empower business leaders to fund and organise engagement related initiatives within their respective departments. These mechanisms were put in place to help foster better teamwork and collaboration among employees. The said EEF would help the Heads of Department to organise engagement activities within their departments/business units such as teambuilding, monthly birthday celebration, team lunches and department retreat.





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Enhancing Practices in The Workplace



To create a better working environment where our people feel a sense of belonging and remain efficient, we looked at several improvements surrounding our workplace practices and spaces.

- As a company, we uphold the principles of respecting human rights, equality and fairness through non-discrimination based on gender, race, religion or impairments not relevant to employment.
- We also do not tolerate workplace practices that condone physical or verbal harassment based on one's race, gender, nationality or social origin, religious beliefs, age, disability, political opinion or any other status that are governed by applicable laws.



- We launched Phase 1 of HR On Cloud (HROC) and introduced an integrated, cloud-based solution for human resource management with the capabilities and tools to carry-out comprehensive HR work processes and Employee Empowerment activities in the areas of HR Service Delivery, Talent Management, Workforce Management and Administrative HR.
- Among our other workplace initiatives, we also focused on work-life balance, implementation of flexi-hours, rewards and recognition system, scholarships for further education and diversity and fairness at the workplace. Additionally, we upgraded our facilities, including rolling-out the Clean Desk policy as part of Kaizan 5S methodology, upgrading the coffee machines at all our premises, enhancing the Staff Café' and also providing a Nursing Room at our HQ for our working mothers.

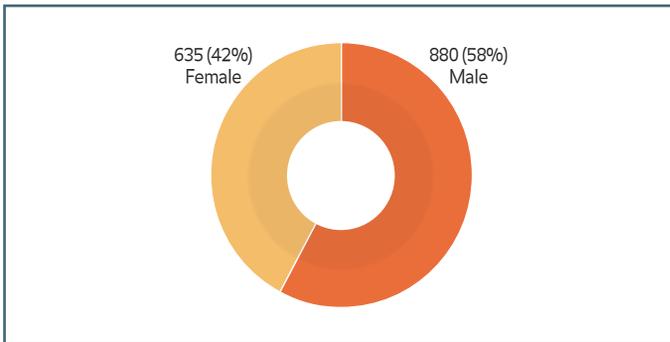


Diversity and Inclusion:

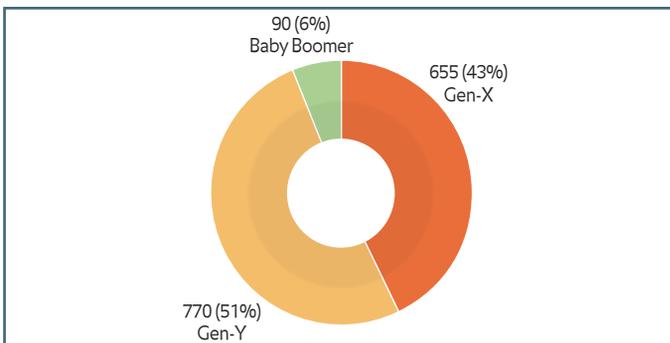
As with many policy decisions, inclusion and non-discrimination have been embedded into our Code of Business Conduct (COBC) which in-turn is reflected in our internal Group Policies and Authorities (“GPA”) on Human Resource. Effectively, the policy is about promoting diversity in the workplace.

Hence, valuing diversity encourages participation and contribution of all employees to create an ideal, respectful and a positive workplace. While we embraced our diverse talent background without prejudice, we also support our women in closing the gender gap and bridging the gap within different working age group.

Breakdown by Gender



Breakdown by Generation



Breakdown of employees according to gender, generation.

22%
women representation
on our Board as at
31 December 2019

Women represent
42%
of our workforce as at
31 December 2019

Our People



***1,515** total employees across our operations in Property Development, Property Investment, Leisure and Hospitality (*As at December 2019).

Sime Darby Property is in a unique position to have a multi-generational workforce comprising Baby Boomers (6 percent), Gen-X (43 percent) and Gen-Y (51 percent), with Gen-Z poised to join the workforce in the next few years. Realising that this is a force to be reckoned with and in keeping with the company’s aspiration of establishing a strong employer brand and a culture that embraces diversity and inclusion, we are collaborating closely with business leaders across the company to create better employee experience by prioritising our initiatives based on what is meaningful and impactful for the employees.

Occupational Safety and Health (OSH)

We value the life and safety of every person involved in our township developments and operations, and those working with our vendors in our value chain. In keeping with our efforts, we constantly communicate the importance of safe workplaces, work practices and the associated risks through regular safety briefings, training and competency enhancement for all involved in or working within our townships, integrated developments, Asset Management and Hospitality & Leisure businesses.

Our Policy on Occupational Safety & Health (OSH)

We have laid-out a clear set of multiple Standard Operating Procedures (SOPs) that enable the OSH management system to be increasingly effective. All our suppliers, contractors and subcontractors are required to provide details of their OSH management plans. Similarly, they are required to comply with all applicable legislative requirements as stated in the Occupational Safety and Health Act 1994; the Factories and Machinery Act 1967; and the Construction Industry Development Board Act 1994; as well as the specified contractual terms stated in the OSH Requirements for Contractors. We conduct periodic checks, internal and external audits and assurance activities such as the frequent OSH Risk-Based Assessments, Site Safety Evaluation Verification and Surprise Checks to determine the level of compliance at our project sites.

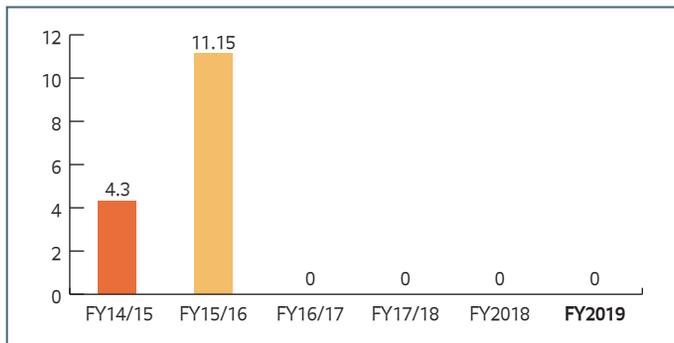
SUSTAINABILITY REPORT

5-Year OSH Performance

According to the Fatal Accident Rate graph during the year under review, the performance has been positive and consistent, with a zero-fatality rate. In recognising this outcome, we know that continual safety engagement, training and surveillance are necessary to reduce the risks of workplace accidents and fatalities.

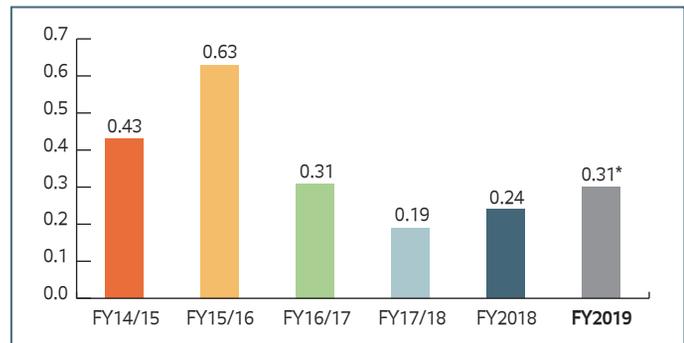
There have been no fatal accident cases for almost four (4) years, with the last fatal accident reported in May 2016. Therefore, the Fatal Accident Rate remained zero (0) for FY2019.

Fatal Accident Rate, FAR
No. of Fatalities/100 million work-hours



For Loss Time Injury Frequency Rate (LTI-FR), we have seen an increase from 0.24 to 0.31^{^*} (29 percent increase). This is due to the increase of Loss Time Injury incidents for FY 2019 – six (6) Loss Time Injury incidents against two (2) Loss Time Injury incidents in FY2018. All Loss Time Injury incidents reported are from Hospitality and Leisure operations – four (4) incidents from TPC KL and two (2) from Impian Golf & Country Club (IGCC). The numbers were notified on the back of our efforts to raise awareness among employees to closely monitor and report accidents and incidents within Sime Darby Property’s own operations.

Loss Time Injury – Frequency Rate, LTI-FR
No. of Incidents/1,000,000 work-hours



[^] Total number of hours worked’ denominator used for the calculation of LTIFR is based on the estimation of total number of employees x 22 days x 8 hours (for employees) and the actual hours submitted by contractors and vendors (non-employees).

* The data has been externally assured. Please refer to Independent Assurance report from pages 379 to 380.

INCLUSIVE DESIGN & SAFETY

At Elmina West, City of Elmina, the company started the development of a new type of township, where the principles of wellness and inclusiveness are built into the development from planning. The residential products are branded Lifestyle Homes. At the heart of this inclusive design approach, has been the realisation that as our urban community demographics have gradually aged – often with three (3) and sometimes four (4) generations in the urban family unit, the multi-generational needs of the home need to be met more effectively. This approach has also been embedded into our design thinking process, when building recreation, commercial and community amenities in this township.

The implementation of this concept will result in:

Improved accessibility and convenience for everyone.



Higher adaptability to long-term needs.

Reduction in future costs either for adaptations or for residential care.



Lifestyle Home Features

| No | Features | Explanation |
|----|--|--|
| 1 | Car Porch | Column-less car porch with long span car porch roof. Cars can be parked side by side conveniently, with ample space for wheelchair bound users to manoeuvre. Unobstructed outdoor 'play area' for kids with big glass panel, good surveillance by parents from inside the house. |
| 2 | Open Floor Plan | Seamless layout for living, dining and kitchen to encourage interaction between parents and kids. No drop/obstruction between dining & kitchen and ease of movement for wheelchairs. |
| 3 | Ramp at entrance and Ground Floor Bathroom | Ramp to ease the movement for wheelchairs within external and internal parts of the home. |
| 4 | Ground Floor Bathroom | Spacious bathroom layout that able to make 1500mm diameter for wheelchair turning. |
| 5 | Doors to Ground Floor Bedroom & Bathroom | Minimum internal clearance of 900mm width for ease of wheelchairs to access, sliding door for bathroom. |
| 6 | Universal Height of sockets, controls | Positioned at low level between 450mm to 1200mm , easily reachable by kids and wheelchair-bound users. |
| 7 | Adaptable Space | Multigenerational – allow flexible layout arrangement to suit larger families with different needs and live under one roof and to create moment of togetherness. |
| 8 | Enhanced Backlane and Planter area at the back of each house | Designed to promote interaction between neighbours and healthy lifestyle e.g., gardening. |
| 9 | Wide pedestrian walkway | 2000mm wide shared walk way and bicycle lane connected within the development. |

Inclusive design features incorporated in our Elmina township.

The same principle of inclusive design has been embedded into the streetscape between homes and the recreational spaces with gentle slope paths and driveways and within the recreational spaces (phase parks and the Community Park), with the inclusion of separate roads, wide cycle pathways, walking and jogging track networks etc. In total, the full cycling and jogging track network will be 90km once the township is complete and to date, more than 25km has been completed.

Malaysia's first Inclusive Playground – Local authority's approval was obtained in the second quarter of 2019 for the development of Malaysia's first purpose-built Inclusive Playground at City of Elmina within the Community Park Precinct of the 300-acre Central Park. This inclusive playground is scheduled for completion in second half of 2020. The playground is the result of an MoU-based collaborative between Sime Darby Property Berhad and a UN Agency. A Best Business Practice Circular and Guidance Toolkit is also in preparation for this project.



Architectural Impression of inclusive playground due for completion in 2020



SUSTAINABILITY REPORT

CASE STUDY: URBAN FARMING

Sime Darby Property aims to establish community edible gardening and urban farming as part of our developments to promote sustainable living.

- a) In January 2019 we launched the Elmina Valley Farm, a community run allotment system offering about 100 allotments within the City of Elmina a 5,000-acre themed township development.
 - o The urban farm is one of the township's sustainability features that was included in the development's master plan.
- b) The Chili Farm at Bukit Subang was launched in July 2018. During the year under review, the project continued to supplement this low cost housing community's income and benefited 30 families from the Melati Apartments in Bukit Subang. During the year under review, the families continued to harvest about 2-3 tonnes of chillies, about 2 to 3 times a year with a value of RM15-20,000 per harvest. They were sold to the local markets and local wholesalers.

Elmina Valley Farm Launch and Community Handover January 2019



Bukit Subang Community Chili Farm



HUMAN RIGHTS

We have a responsibility to respect, support and uphold fundamental human rights as expressed in the Universal Declaration for Human Rights and the United Nations Guiding Principles on Business and Human Rights. The responsibility to respect human rights is embedded into our Code of Business Conduct (COBC) which includes among others, the prevention of modern-day slavery and human trafficking, and the fostering and support of appropriate behaviours, beliefs and values.

During the year under review, we continued in our efforts to raise awareness of the importance of basic human rights through constant engagement within our people, our communities and our partners in our multi-layered and complex supply chain. The Human rights indicator in our internal Sustainability Index (SUSDEX) has incorporated percentage of active agreements and contracts (collective bargaining agreements) with primary contractors integrating Human Rights criteria into the guidelines.

Through our Human Rights Taskforce (HRITF), we have progressed in achieving the following:

1. Integration of human rights indicator in SUSDEX v4.1;
2. Review on the consistency of implementing human rights-related clauses in our contract documents;
3. Revision of Human Rights 5-year (2019-2023) Performance Planning;
4. Staff briefing by the Human Rights Commission of Malaysia (“Suruhanjaya Hak Asasi Malaysia/ SUHAKAM”);
5. Site visits to assess Site Workers’ Amenities & Accommodation as part of Human Right best practices at site(s) in reference to the Laws of Malaysia (Act 446) – Workers’ Minimum Standards Of Housing And Amenities Act 1990, incorporating all amendments up to 1 January 2006; Garis Panduan Penetapan Standard Minimum Pekerja Asing (GPPPA) 2018; and Malaysian Standard – Temporary construction site workers’ amenities and accommodation – Code of practice (MS 2593:2015).

UPLIFTING THE COMMUNITY

We approached the community through several core thematic areas – societal engagement and economic inclusion; empowering cities and communities by building resilience; enhancing lives through education & healthcare; enhancing practices in the workplace.





SUSTAINABILITY REPORT

Societal Engagement and Economic Inclusion



- Due to rising cases of depression and how it may affect lives, Sime Darby Property collaborated with Yayasan Sime Darby (Sime Darby Foundation) to roll-out a programme dedicated to raising mental health awareness, named the Great Minds Campaign. This was in collaboration with the Malaysian Mental Health Association (MMHA) and Mental Illness Awareness and Support Association (MIASA). The campaign aimed to focus on three (3) critical areas; raising awareness, educating society on the early identification of mental health issues and engaging stakeholders on how to care for their mental health through workshops, forums, partnership engagements, awareness programmes and sporting activities.



- During the year under review, 17 volunteer projects were implemented with a total of 1,386 volunteer hours, contributed by 310 volunteers.
 - The Sime Darby Property Volunteers Programme (SDPVP) efforts range from assisting the community, to efforts that promote care for the environment.
 - Through the 'Drop Everything and Roll (D.E.A.R) Programme' – Four (4) welfare homes namely Pusat Jagaan Chik Sin Thong Klang, Rumah Orang Tua Seri Setia/Sungai Way Old Folks Homes, Rumah Kebajikan Anbu Illam Kuala Lumpur, Persatuan Kebajikan Ci Hang-Chempaka Selangor received items collected from a donation drive in 2019.

- TPC Kuala Lumpur collaborated with Kechara Soup Kitchen (KSK), a non-profit organisation for the Ramadan #zerofoodwastage project. This charity project aims to reach out to the homeless people of Kuala Lumpur by providing free meals during festive seasons. For the entire month of Ramadan 2019, more than 450 kilos of quality edible surplus food were distributed by TPC KL via KSK to the homeless and underprivileged families in Klang Valley.

Empowering Cities and Communities by Building Resilience

- 'Sinar Harapan' Project – Sime Darby Property collaborated with YSD to carry out a few initiatives under the 'Sinar Harapan' Project. This flagship programme aims to assist underprivileged communities with various critical needs. Through the programme Sime Darby Property provided school supplies to underprivileged children via the 'Back to School' programme and gave food assistance to those in need. The Project also actively assists the communities during festive season.

Festive Assistance – During the holy month of Ramadan, 30 children from Pertubuhan Kebajikan Anak-Anak Yatim Ummi, Selangor; and 211 indigenous families from Kg Tekir and Kg Sebir, Labu, Negeri Sembilan received food and other essential items as a gesture of goodwill. Monetary contribution was also made to Pertubuhan Kebajikan Anak-Anak Yatim Ummi by Impian Golf & Country Club, Kajang through the sales of iftar buffet vouchers.

- Back to School Programme – New sets of uniforms, school supplies and backpacks were distributed to 698 underprivileged students from nine (9) selected schools located within and nearby Sime Darby Property townships in Kuala Lumpur, Klang, Shah Alam, Labu and Pagoh.
- Fabric Recycling Movement Campaign – During the year under review, about 7,500 kilos of unwanted fabric were collected. Sime Darby Property collaborated with Kloth Malaysia Sdn Bhd as the "Fabric Recycling Partner" and Lifeline Clothing Malaysia Sdn Bhd as the "Fabric Recycling Operator" in September 2018. This initiative aims to educate Sime Darby Property's employees to recycle unwanted fabric that will ultimately end up in landfills. Clothes collected from this initiative are segregated at the collection center and those that are still in good condition are sent to charitable organisations locally and abroad.

Optimising Environmental Performance

We monitor and manage the environmental performance across the value chain via the Eco-Efficiency programme (carbon, water and waste intensity reduction from internal operations). We engaged with our customers at township and Hospitality & Leisure with initiatives focusing on environmental awareness and performance, including embedding specific environmental performance enhancement features into the township products, e.g., improved energy efficiency, water efficient homes etc. Promoting environmental performance is also a priority in the township community areas, e.g., Urban Farming allotment, flood management, improved recreational areas through dedicated cycling and jogging track networks, planting of rare and threatened species (IUCN Red List trees) in parks and community areas.

CLIMATE CHANGE RISK, MITIGATION AND OPPORTUNITIES

Climate Change risk analysis, mitigation and leveraging on the related opportunities is the new norm with business and stakeholders. As such, we have been continuously applying intensity reduction targets for carbon emissions, water use and waste production to minimise our Climate Change impact, via our own Operational Eco-Efficiency Programme. This is implemented at 23 operating units in Property Development, Hospitality & Leisure, and Asset Management. The programme has shown positive results (detailed below).

Operational Eco-Efficiency

The overall results demonstrate continuous adoption of best practices in implementing Operational Eco-Efficiency across our operating units.

From the assessment in 2019, the implementation of some best practices such as changes in energy, waste and water habits resulted in significant reductions in Carbon, and some Water and Waste intensity reduction.

Carbon Management Programme

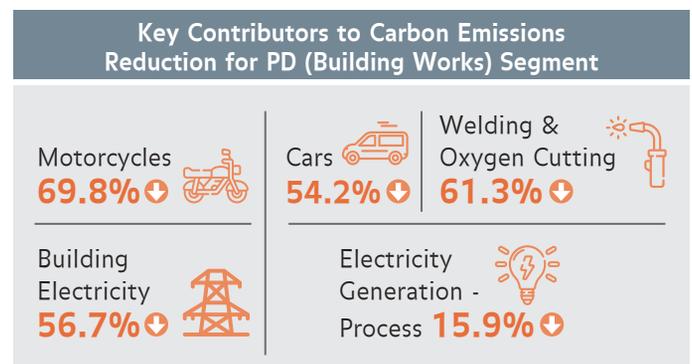
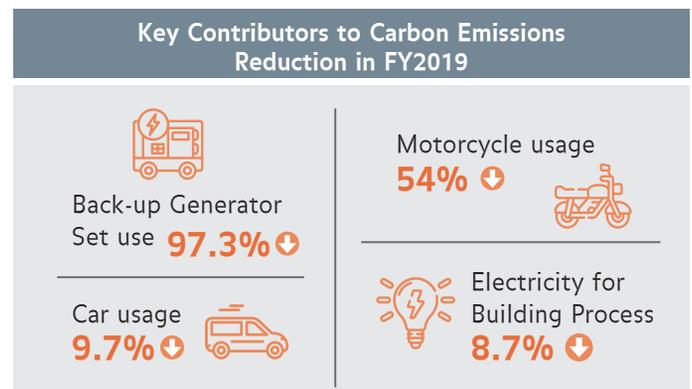
Carbon management has been a key priority in Sime Darby Property since 2010. Under the Carbon Footprint Project (CFP), we track and monitor our carbon emissions (total and intensity) as well as identify and implement key emissions reduction opportunities.

The initiative has a two-pronged objective – to reduce the climate change impact from our business and to reduce operational costs. This is important in the context of the global climate change agenda and in support of Malaysia’s pledge to cut emissions intensity (against GDP) by 45 percent by 2030.

During the year under review, the company’s total carbon emissions were 35,801 tCO₂-e*, a 4.95 percent decrease over the previous year. The carbon intensity reduction target was 2.5 percent against the 2016 baseline of 19.57 tCO₂-e/RM Mil of Revenue. The carbon intensity reduction achieved was 42.5 percent or 11.26 tCO₂-e/RM Mil of Revenue.

** Total Carbon data has been externally assured. Please refer to Independent Assurance report from pages 379 to 380.*

For the last 3-years, we saw positive trends from the overall decrease in total carbon emissions and achievement of intensity reduction targets for Hospitality & Leisure and Property Development. Asset Management achieved a marginal reduction.

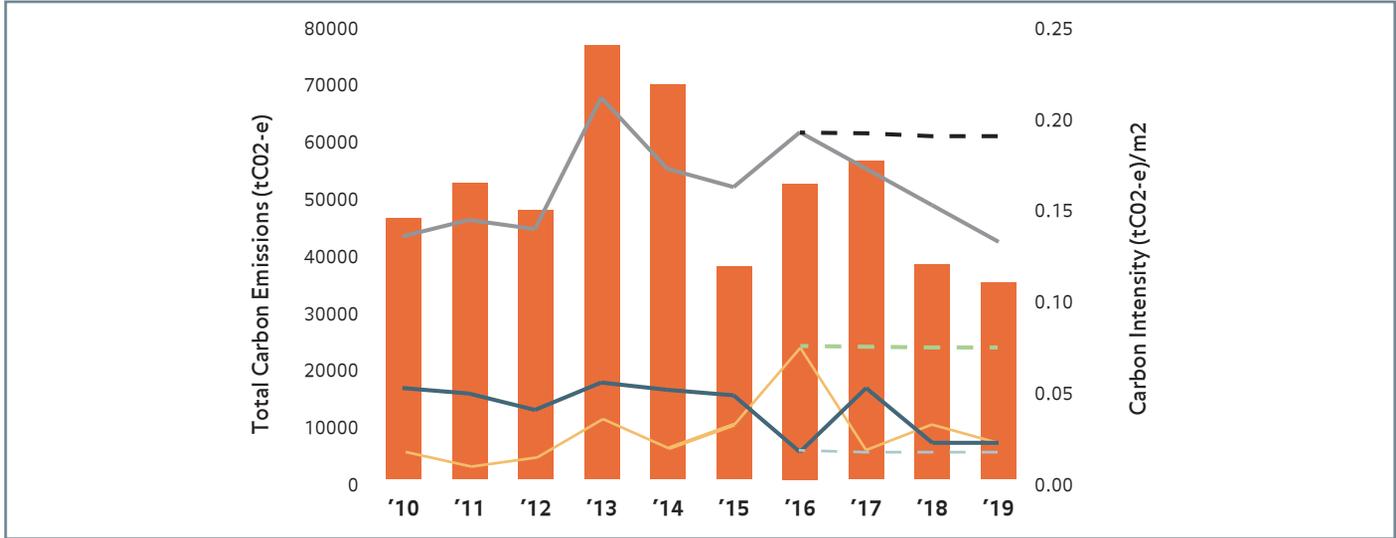


The Hospitality & Leisure segment contributed to the reduction of Carbon mostly by divestment of assets in Singapore and Australia.



SUSTAINABILITY REPORT

Total Carbon Emissions and Intensity by Segment of Business (FY2016 – 2019)

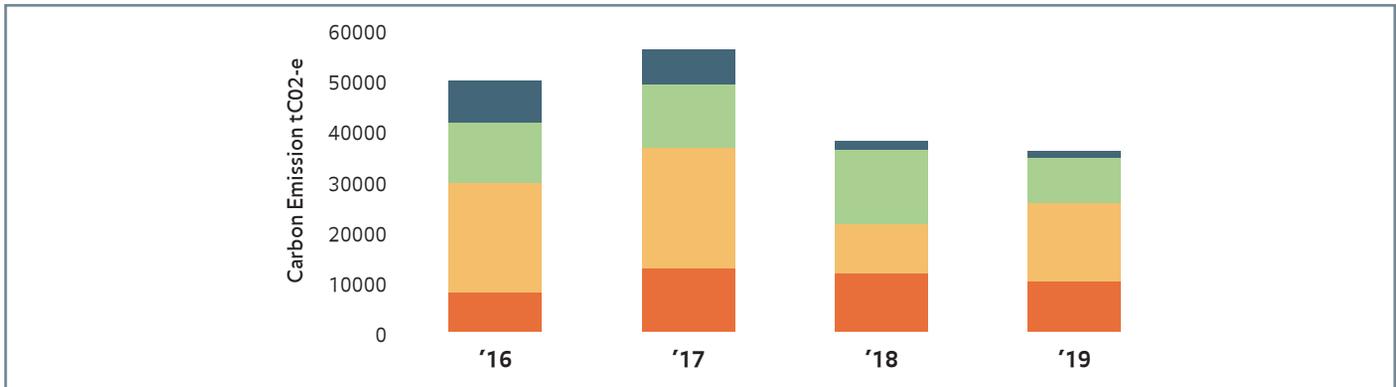


| | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
|---|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Total Carbon Emission(tCO2-e) | 45667 | 51860 | 47134 | 76023 | 69105 | 37324 | 49700 | 55768 | 37666 | 35801* |
| Result _ PD Carbon Intensity (tCO2-e/m2) | 0.0150 | 0.0070 | 0.0120 | 0.0330 | 0.0170 | 0.0300 | 0.0720 | 0.0165 | 0.0300 | 0.0200 |
| Reduction Target - PD Carbon Intensity (tCO2-e/m2) | | | | | | | 0.0720 | 0.0716 | 0.0702 | 0.0702 |
| Result AM Carbon Intensity (tCO2-e/m2) | 0.0500 | 0.0470 | 0.0380 | 0.0530 | 0.0490 | 0.0460 | 0.0150 | 0.0500 | 0.0200 | 0.0200 |
| Reduction Target - Am Carbon Intensity (tCO2-e/m2) | | | | | | | 0.0150 | 0.0149 | 0.0146 | 0.0146 |
| Result- H&L Carbon Intensity (tCO2-e/m2) | 0.1330 | 0.1420 | 0.1370 | 0.2090 | 0.1760 | 0.1600 | 0.1980 | 0.1710 | 0.1500 | 0.1300 |
| Reduction Target - H&L Carbon Intensity (tCO2-e/m2) | | | | | | | 0.1980 | 0.1970 | 0.1931 | 0.1931 |

Total Carbon Emission and Intensity by Segment of Business (FY2010 – FY2019)

*Total Carbon has been externally assured. Please refer to Independent Assurance report from pages 379 to 380

Total Carbon Emissions tCO2-e Breakdown by Segment of Business for FY2016 – 2019



| | FY2016 | FY2017 | FY2018 | FY2019 |
|---------------------|----------|----------|----------|----------|
| Asset Management | 8245.08 | 6851.78 | 1744.15 | 1361.97 |
| Hospitality | 11990.31 | 12417.30 | 14626.85 | 9014.76 |
| PD- INFRA WORKS | 21696.31 | 23901.96 | 9834.77 | 15486.45 |
| PD - BUILDING WORKS | 7768.76 | 12597.25 | 11460.70 | 9938.18 |

Total Carbon Emissions (tCO2-e) Breakdown by Business Segment for FY2016-FY2019

In the communities we develop, our key focus has been the development of more energy efficient (EE) homes. Most recently, we also launched a new initiative to install PV Solar Panels (Renewable Energy – RE) in homes at City of Elmina under an MoU agreement with TNBX, a subsidiary of our national energy company. Information on the latter will be updated in more detail in the next report, while more description on EE residential products is below.

Energy Efficient (EE) Homes: EE Homes have been featured across our townships, helping customers to reduce their electrical energy consumption in their homes. The EE Homes take into account industry requirements including site-orientation planning, optimum natural cooling and daylighting design (reflect the façade/fenestration design), thermal efficient material selection, indoor lighting planning, renewable energy and energy efficient features. All of the stated requirement will help customers in reducing the electrical energy demand and costs.

Waste Management Programme

Sustainable management of construction waste is not just a national priority, but a business imperative. In response, we have launched and implemented an organisation-wide Waste Management Programme. At the outset, the Group has established a preliminary waste intensity baseline in 2016 and set reduction targets of up to 10 percent by the year 2022.

For the year under review, we achieved a reduction of 2.25 percent in waste intensity compared to the baseline year 2016. However, it is lower than the targeted 5 percent decrease. As the company now has an improved data set over 4-years, the baseline will be restated to replace the preliminary 2016 baseline.

Overall, the waste intensity reduction is due to a combination of an increase in recycling practices and a reduction in waste generation’.

In addition to that, the ongoing Community Recycling in Bandar Bukit Raja township has achieved 17.2 tonne of recyclables in 2019, in addition to the 14.20 tonne previously achieved by this community.

The scope of waste data that we monitor include solid non-hazardous waste under the categories of domestic waste, construction waste, food waste, paper, boxes, plastics and metal etc. Other areas of focus include increasing our operational recycling rate and encouraging a higher level of IBS (Industrial Building System) application in construction.

Moving forward, Sime Darby Property will be focusing on customer-oriented waste management programme, including a community recycling programme.

Water Management Programme

The impact of climate change and the way it transforms our planet’s water cycle can have profound and far reaching consequences. Our Water intensity reduction target was set at 10 percent by 2022. The same target was also set for waste. For the year under review, we achieved a reduction of 2.26 percent in water intensity compared to the preliminary 2016 baseline. However, it is lower than the targeted 5 percent decrease. Similarly, as per waste intensity, the company now has an improved data set over 4 years and the baseline will be restated to replace the preliminary 2016 baseline. The water intensity reduction is mostly due to Hospitality & Leisure divestment of assets in Singapore & Australia, but also partially due to an overall reduction in potable water use.

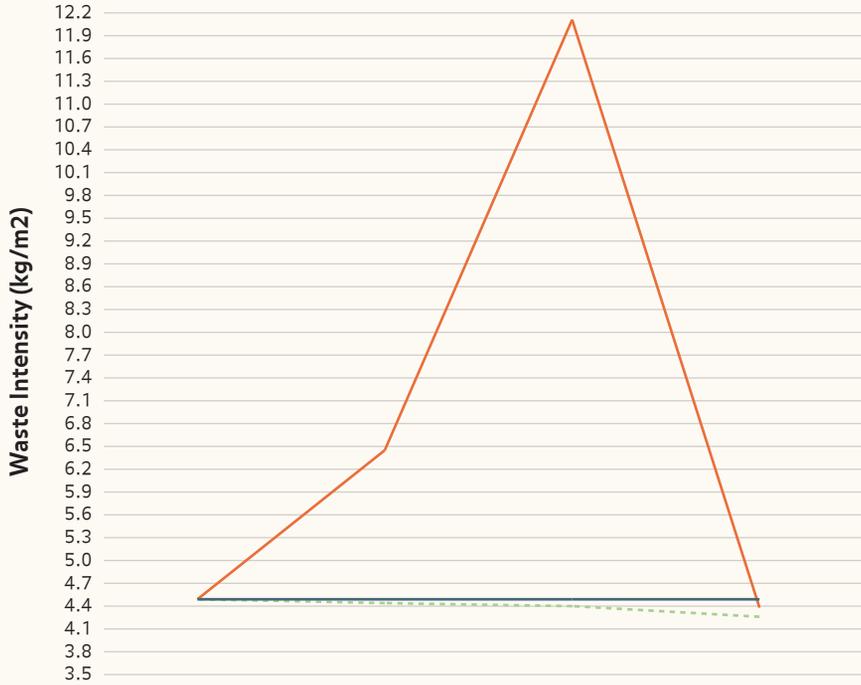
During the year, we continued to place emphasis on installing low water use fittings (WEPL/WELPS accredited) in our residential products, mostly for landed residential, in addition to installing rainwater harvesting in strata developments.

During the year in review, Sime Darby Property has also been focusing on improving water quality (through a collaboration with a specialist NGO), by creating a Constructed Wetlands Development and Maintenance Guideline . This will be further elaborated in the future.



SUSTAINABILITY REPORT

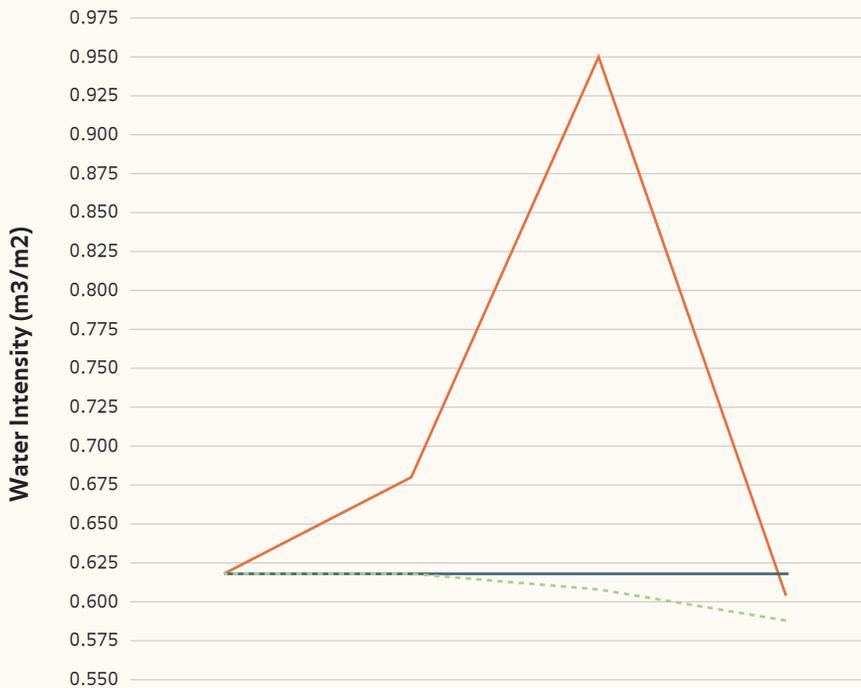
Sime Darby Property Waste Intensity Result vs. Baseline & Reduction Target (kg/m²) from FY2016 – FY2019



| | 2016 | 2017 | 2108 | 2019 |
|---|-------|-------|--------|-------|
| Waste Intensity | | | | |
| — Baseline 2016 (kg/m ²) | 4.490 | 4.490 | 4.490 | 4.490 |
| — Waste Intensity (kg/m ²) | 4.490 | 6.459 | 12.118 | 4.389 |
| Waste Intensity | | | | |
| - - - Reduction Target (kg/m ²) | 4.490 | 4.445 | 4.400 | 4.266 |

Sime Darby Property Waste Intensity Result vs. Baseline & Reduction Target (kg/m²) from FY2016-FY2019

Sime Darby Property Water Intensity Result vs. Baseline & Reduction Target (m³/m²) from FY2016 – FY2019



| | 2016 | 2017 | 2108 | 2019 |
|---|-------|-------|-------|-------|
| Water Intensity | | | | |
| — Baseline 2016 (kg/m ²) | 0.618 | 0.618 | 0.618 | 0.618 |
| — Water Intensity (kg/m ²) | 0.618 | 0.686 | 0.954 | 0.604 |
| Water Intensity | | | | |
| - - - Reduction Target (kg/m ²) | 0.618 | 0.612 | 0.606 | 0.587 |

Sime Darby Property Water Intensity Result vs. Baseline & Reduction Target (m³/m²) from FY2016-FY2019

CASE STUDY: THE RIDGE – BCA GREEN MARK AWARD

Objective:

To recognise design achievement in promoting sustainability in the built environment.

Addressing:

1. Sustainable Development Goals (SDGs):



The Ridge has attained the Provisional BCA Green Mark Certification from Building and Construction Authority (BCA), Singapore. The Ridge sits on the foothills of the Klang Gates quartz ridge – the longest quartz ridge in the world. More than half the development is enveloped in secondary regenerating rainforest, parks and gardens.

The benefits of the BCA Green Mark include:

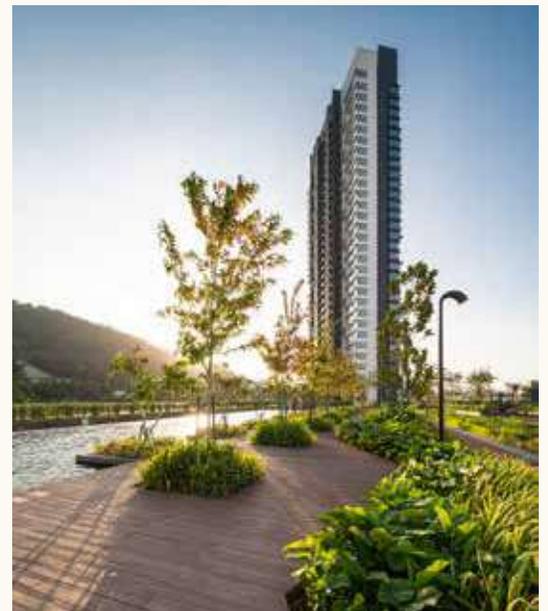
- Reduction in the usage of energy, water and material resources.
- Minimisation of negative environmental impact.
- Improvement of indoor environmental quality for better health and well-being and,
- Provision of clearer direction for continual improvement.

GREEN SPACE & BIODIVERSITY CONSERVATION

Tree Replacement Policy: 1 to 1

In 2011 the company's senior leadership decided to ensure that for every palm oil tree removed (on average 55 per acre), it would be replaced with at least one tree. We refer to this as the Tree-to-Tree Policy (i.e., 1:1). At the time of the decision, the company started comprehensive tracking of the Tree-to-Tree policy through our Tree-to-Tree calculator. The calculator indicates how many palm oil trees are removed during the conversion from monoculture agricultural to urban land use and keeps track of the replanting by phase.

To calculate if the company is on track, the total result achieved is contrasted against the total completed landscaping each year. As at 2019, the ratio achieved across the 21 township developments in progress (2 are in planning) is 1:08, equivalent to 92,560 trees. The reason it appears below target is due to the lagging nature of the process.





SUSTAINABILITY REPORT

Also linked to the tree-to-tree calculator is a more recent effort of planting IUCN Red List Malaysian species with our landscaping efforts. Trees from the IUCN Red List are those classified as rare, endangered or threatened for extinction. Sime Darby Property aims to provide green spaces within our landscapes and township parks for the purpose of IUCN Red List conservation. As at December 2019, we had planted 19,520 IUCN Red List trees across 21 of our townships.

Elmina Rainforest Knowledge Centre (ERKC) & Native Tree Nursery

In 2019, Sime Darby Property strengthened its relationship with a Malaysian-based environmental non-governmental organisation through a Memorandum of Understanding (MoU). Under this collaboration, the said NGO will operate the Elmina Rainforest Knowledge Centre (built in 2019) to provide conservation and biodiversity education as well as produce Native Trees listed mostly in the IUCN Red List trees for the use of the company in our landscaping works.



Elmina Rainforest Knowledge Centre at Elmina West

Overall, the nursery has two sections, a seedling nursery of about 2 acres and a grow-on nursery about 5-6 acres. The trees will be planted in our 84-acre Forest Park district, within the 300-acre Elmina Central Park, which will eventually become an extension of the neighbouring 2,700-acre forest reserve.

This conservation effort will also help mitigate local impacts of climate change by sequestering carbon. The reforestation project will enable communities to connect with nature and provide R&D opportunities in reforestation.

As part of its ongoing biodiversity programme, Sime Darby Property has also published 'The Malaysian Threatened and Rare Tree Identification and Landscape Guideline' (<https://www.simedarbyproperty.com/who-we-are/sustainability>). The guideline is a reference source for students and landscape architects to identify and understand various species as well as the environmental conditions they require to thrive. The guideline is also available for free through ILAM, UPM, Forest Research Institute of Malaysia (FRIM) and Yayasan Sime Darby's websites.

Delivering Sustainable Development

In the context of our business and our continuous effort to create value for multiple stakeholders, efficient systems and processes, meaningful economic growth, innovation, and partnerships contribute towards creating impact. We emphasise the economic value generated and distributed through our value chain (partners and vendors) to the society, as well as focus on the affordable homes built for the community.

This section covers the following topics:

- Affordability
- Economic Injection
- Job Creation
- Product Quality

AFFORDABILITY

There has been a shift of behaviours in home ownership among millennials in many parts of the world, including Malaysia. The decision to buy a property is highly attributed to affordability which is heavily influenced by the increasing cost of living as well as poor spending and saving habits. Affordable housing continues to be the Malaysian property market focus and expectations of a special housing loan scheme for first-home buyers in the low to middle income group may improve sentiments further.

Affordability in Sime Darby Property is defined as products priced RM600,000 and below. As of 2019, the total number of units under this price bracket were 1,335.

| Affordable Homes  | | 1,335 units | | | |
|--|------------------|-------------|-------------|---|--------------------------------------|
| Township | Product Name | No Unit | Launch Date | Product Type | Average Selling Price (RM) per unit |
| Bandar Universiti Pagoh | Harmoni Permai | 112 | Mar-19 | Residential Landed Double Storey Link House | 385,839 |
| Serenia City | Serenia Adiva 2 | 226 | Mar-19 | Residential Landed Double Storey Link House | 553,744 |
| Bandar Bukit Raja | Elsa | 165 | Apr-19 | Residential Landed Double Storey Link House | 468,852 |
| Elmina West | Harmoni Elmina 1 | 562 | Apr-19 | Residential Strata Apartment - Statutory | Type C (200,000) Type D (270,000) |
| Bandar Bukit Raja 2 & 3 | Kyra | 194 | Jun-19 | Residential Landed Double Storey Link House | 559,171 |
| Bandar Ainsdale | Embun | 76 | Sep-19 | Residential Landed Double Storey Link House | 463,306 |
| Totals | 6 Products | 1,335 | - | - | 414,416 |

Affordable Housing (below RM600k price) by Sime Darby Property in FY2019

The company also provides high-quality homes for low-income households. This is aligned with the Government's mission under Dasar Perumahan Negara 2018 – 2025 to guide the private sector to provide systematic, quality, inclusive, efficient and affordable housing for the people to create sustainable and resilient communities.



SUSTAINABILITY REPORT

CASE STUDY: IMPLEMENTATION OF RUMAH SELANGORKU

Led by Lembaga Perumahan dan Hartanah Selangor (LPHS), Rumah Selangorku was first introduced in 2014. It is a housing scheme based in Selangor with the aim to build quality homes that are within the financial reach of citizens, helping them to realise the “One Family, One Perfect Home” aspiration across established developments in the state.

As of 2019, the company’s statutory units currently under development and planning are 6,137 in various locations e.g., Bandar Bukit Raja, Putra Heights, City of Elmina, and more. At the end of 2019, of this number, 2,888 statutory housing units were either constructed or were near completion.



Seruling (Bandar Bukit Raja)
[618 units]



Serunai (Bandar Bukit Raja)
[570 units]

Developed under the Rumah Selangorku scheme within BBR, Seruling Apartment (launched in May 2016) and Serunai Apartment (launched in January 2017) are equipped with ample space and built using quality materials. Amenities within the township include retail shops, police station, fire station, mall, parks, playgrounds and the upcoming Columbia Asia Hospital Klang.

ECONOMIC INJECTION

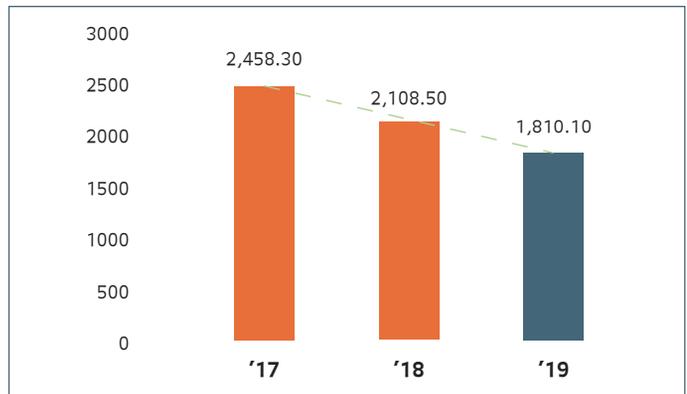
Our operations and activities have indirect economic impacts on the society at large. Through our procurement procedures with our suppliers, we ensure the provision of sustainable employment and value chain prosperity throughout the project lifecycle. The income generated along the supply chain throughout the project lifecycle is also subsequently redistributed.

As at December 2019, economic injection to our contractors and vendors stood at

RM1,810.10 million,
a **14.2%** ↓



reduction compared to the previous year (2018).



Yearly Procurement Spend (RM million) from 2017 to 2019



Job Creation

15,463

In terms of job creation, we estimate a total of 15,463 jobs were created as at end 2019. This figure is based on total built-up area from the commercial and industrial lots that we have developed during the year.

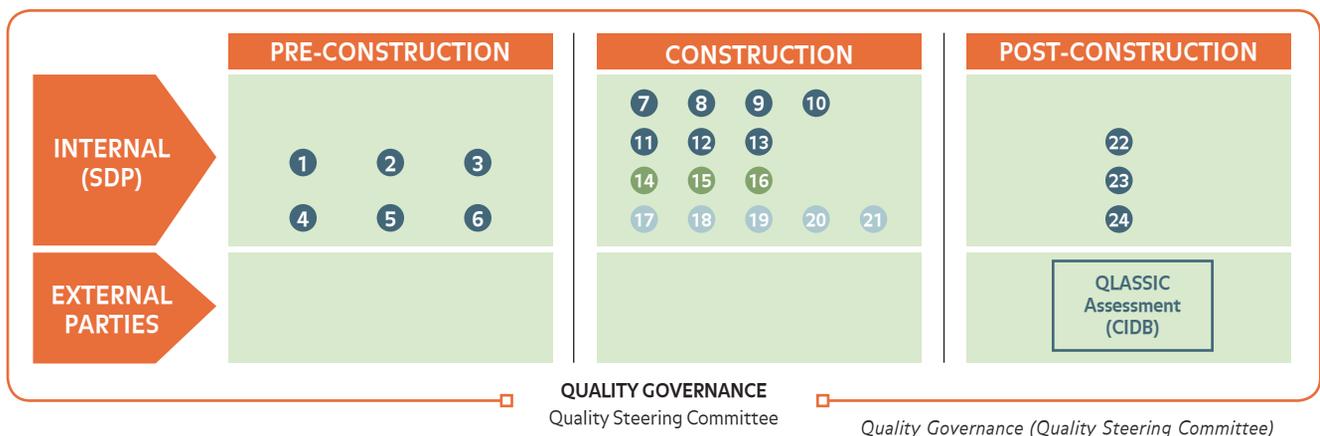
| Type | Areas (ft2) | Square feet/staff | Jobs Created (Area X sq./staff) |
|---------------------------|--------------|-------------------|---------------------------------|
| Office | 1,568,000.00 | 150 | 10,453 |
| Shops | 1,002,000.00 | 200 | 5,010 |
| Total Jobs Created | | | 15,463 |

PRODUCT QUALITY

Quality is directly associated with our capability as a reliable and sustainable developer. As the market matures and customers become more sophisticated, it is paramount to ensure that we are able to meet this expectation. During the year under review, we strengthened our Quality Assurance (QA) process by expanding its scope from Pre-Construction and Construction, to include Design, Planning and Post-Construction.

During Pre-Construction, an audit of our material suppliers allows us to ensure that chosen materials are reliable, lasting and suitable for the product. Findings from our internal inspections are compiled and documented as lessons learnt. This continuous improvement cycle aims to further reduce defects and brings us closer towards the goal of minimising defects.

During the Construction stage, the frequency, scope and intensity of our inspections increased from 5 inspections to 9 inspections. In addition to the existing inspection activities, we included architectural stage quality checks, common area facilities inspection (for stratified development), in-phase infra inspection (for landed development), and a pre-mock-up unit inspection. Requirements were also made more stringent with the introduction of compulsory material testing on-site, rationalisation of requirements for the construction of mock-up units by contractors to ensure timely completion for benchmarking purposes and enhancing the quality construction checklist to ensure all construction activities are carried out in accordance to specifications. These various assurance activities were implemented with the aim to reduce defects and improve the overall quality of the product, which in turn have contributed to the enhancement of our brand value as well as customer satisfaction.

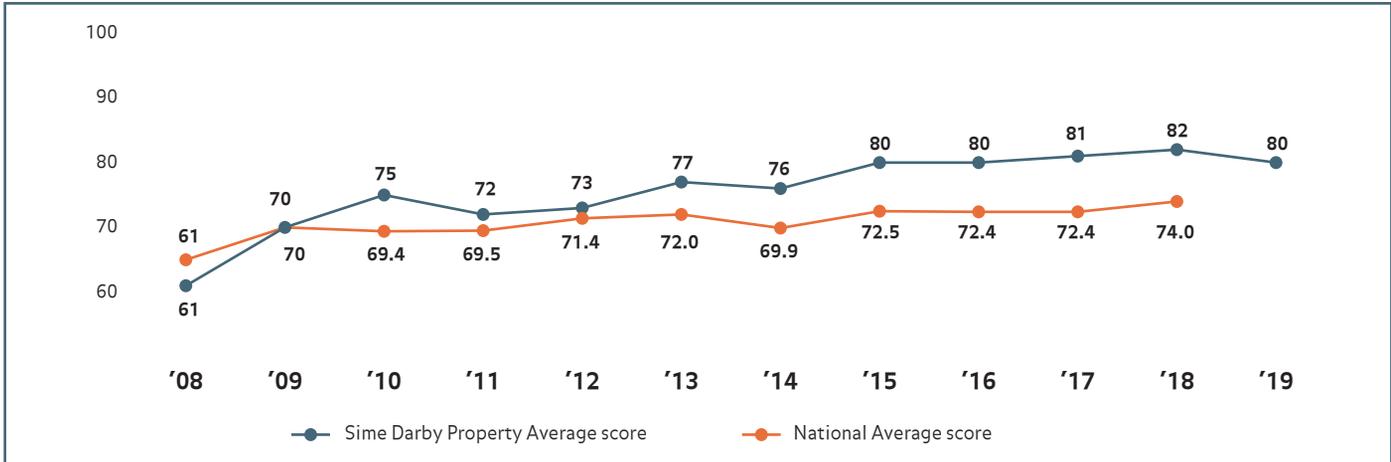


- Continuous Improvement Programmes (New)
- Engagement
- Assurance

- | | | |
|---|---|---|
| <ul style="list-style-type: none"> 1. Quality at Source 2. Enhance Design Review Process 3. Enhanced Project Quality Plan (PQP) 4. Site Visit (for new contractors) 5. Tender clarification 6. Sharing of Lesson Learnt 7. Compulsory Material Testing 8. Enhanced Quality Inspection Checklist 9. Additional Architectural Stage Quality Checks | <ul style="list-style-type: none"> 10. Common Facilities Quality Inspection (Stratified Development) 11. In-phase Infra and M&E Site Inspection 12. Rationalisation of mock-up unit requirement 13. Pre-Mock-Up Unit Inspection 14. Training & Awareness Briefings 15. Vendor Engagement 16. Campaigns | <ul style="list-style-type: none"> 17. Structural Inspection 18. Mock Up Unit Assessment 19. Architectural Inspection 20. Pre-CPC Inspection 21. Merit Demerit System 22. Pre-VP Inspection 23. Pre-Handing Over Inspection 24. Defects Management Monitoring & Reporting |
|---|---|---|



SUSTAINABILITY REPORT



Sime Darby Property vs CIDB QLASSIC Score (%) trends from 2008 to 2019

While we have strengthened our internal quality control and assessment processes, CIDB QLASSIC quality assessment framework has also been improved, effectively making this third-party assessment more stringent.

| No. | Phase | Township | QLASSIC Score |
|---------------|------------------|-------------------|---------------|
| 1. | Harmoni Permai 2 | BUP | 84% |
| 2. | Casira 1 | Bandar Bukit Raja | 81% |
| 3. | Cipta 1 | Serenia City | 81% |
| 4. | Casira 2 | Bandar Bukit Raja | 75% |
| Average Score | | | 80% |

List of QLASSIC scores achieved in FY2019 by Townships

Our company's QLASSIC score dropped from an average of 82 percent in 2018 to 80 percent last year. Our lowest score charted was 75 percent while the highest QLASSIC score was 84 percent, well above the industry average of 74 percent in the year before (2018).

| Inspection | Average No. of Defects |
|---------------------|------------------------|
| Structural (25%) | 2 defects |
| Architectural (75%) | 1 defect |
| Pre-CPC | 14 defects |

Defects identified in FY2019 by stage of inspection

CASE STUDY: JOB CREATION

In January 2019, the Ministry of Entrepreneur Development (MED) launched the Professional Training and Education for Growing Entrepreneurs Programme (PROTEGE), a rebranding of Skim Latihan 1 Malaysia (SL1M). The programme aims to reduce the unemployment rate among graduates, and emphasises on entrepreneurship training. The Company has participated in both schemes.

PROTEGE is designed to guide and equip graduates with the necessary job skills with the support of various industry experts. For some who complete their programme in Sime Darby Property, they are given the opportunity to fill vacancies within the company or its subsidiaries.

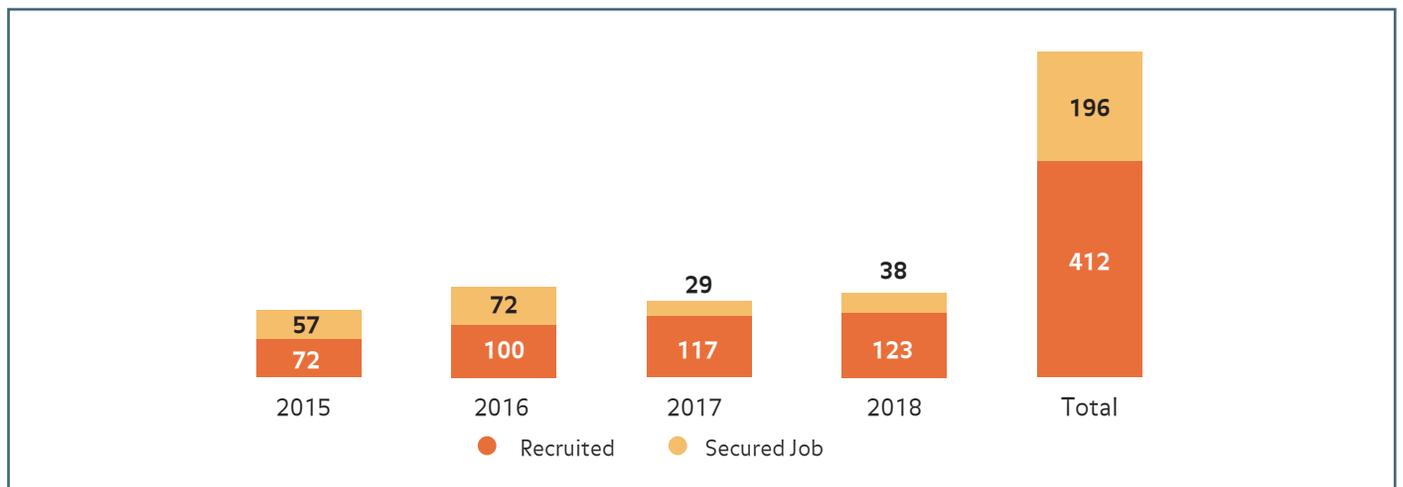
In August 2019, 52 trainees were recruited for a duration of 8 months. As at December 2019, at least 48 percent of the SL1M/PROTEGE trainees from year 2015 to 2018, were employed by Sime Darby Property or other companies. As for the 2019 SL1M/PROTEGE intake, their on-job training ended in April 2020.



PROTEGE On-Job-Training, October 2019

| | |
|--------------------------|--|
| Short Term Target | To provide a learning platform for young graduates to learn and develop themselves with Sime Darby Property and industry. |
| Long Term Target | To support the nation in ensuring sufficient pool of well-equipped and trained graduates with entrepreneurial skills and corporate capabilities. |

Sime Darby Property’s Protégé Short-Term & Long-Term Targets



No. of SL1M/Protégé Recruited and Secured Job from 2015 to 2018

Note: To date, Sime Darby Property Bhd has trained 412 graduates through these training programmes (2015-2018) with a 48 percent employment success rate.



STATEMENT OF RESPONSIBILITY BY THE BOARD OF DIRECTORS

In Respect of the Audited Financial Statements for the Financial Year Ended 31 December 2019

The Directors are responsible for the preparation, integrity and fair representation of the annual financial statements of Sime Darby Property Berhad Group. As required by the Companies Act 2016 (the Act) in Malaysia and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the financial statements for the financial year ended 31 December 2019, as presented on pages 240 to 348, have been prepared in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Act.

The Directors consider that in preparing the financial statements, the Group and the Company have:

- used the appropriate accounting policies; and
- consistently applied and supported by reasonable and prudent judgement and estimates

The Directors are satisfied that the information contained in the financial statements give a true and fair view of the financial position of the Group and of the Company at the end of the financial year and of the financial performance and cash flows for the financial year.

The Directors have responsibility for ensuring that proper accounting records are kept. The accounting records should disclose with reasonable accuracy the financial position of the Group and the Company and to enable the Directors to ensure that the financial statements comply with the Act. The Directors have the general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

This statement is made in accordance with a resolution of the Board of Directors dated 10 April 2020.

Board Approval of Financial Statements

The annual financial statements for the financial year ended 31 December 2019 are set out in pages 240 to 348. The preparation thereof was supervised by the Group Chief Financial Officer and approved by the Board of Directors on 10 April 2020.

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DIRECTORS' REPORT

For the financial year ended 31 December 2019

The Directors hereby present their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2019.

Principal Activities

The Company is principally engaged in the business of investment holding, property development and provision of management services. The principal activities of the Group are divided into three segments namely property development, property investment, and leisure and hospitality. The principal activities of the subsidiaries, joint ventures and associates are as stated in Note 44.

There has been no significant change in the principal activities of the Group and of the Company during the financial year.

Financial Results

The results of the Group and of the Company for the financial year ended 31 December 2019 are as follows:

| | Group RM thousand | Company RM thousand |
|--|----------------------|------------------------|
| Profit before taxation | 665,670 | 560,359 |
| Taxation | (74,789) | (5,662) |
| Profit for the financial year | 590,881 | 554,697 |
| Profit for the financial year attributable to: | | |
| – owners of the Company | 598,531 | 554,697 |
| – non-controlling interests | (7,650) | - |
| Profit for the financial year | 590,881 | 554,697 |

In the opinion of the Directors, the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature, except as disclosed in the notes to the financial statements.

Dividends

Since the end of the previous financial period, the Company had declared and paid the following dividends:

| | RM thousand |
|---|-------------|
| a. In respect of the financial period ended 31 December 2018, an interim single tier dividend of 1.0 sen per ordinary share which was paid on 26 April 2019. | 68,008 |
| b. In respect of the financial year ended 31 December 2019, a first interim single tier dividend of 1.0 sen per ordinary share which was paid on 22 October 2019. | 68,009 |
| | 136,017 |

Dividends (continued)

The Board of Directors had on 26 February 2020, declared a second interim single tier dividend in respect of the financial year ended 31 December 2019 of 2.0 sen per ordinary share amounting to RM136.0 million. The second interim dividend is payable on 20 April 2020 to shareholders whose names appeared in the Record of Depositors and Register of Members of the Company at the close of business on 31 March 2020.

The Board of Directors do not recommend the payment of any final dividend for the financial year ended 31 December 2019.

Reserves and Provisions

All material transfers to or from reserves and provisions during the financial year are shown in the financial statements.

Share Capital and Debentures

There were no issuances of shares and debentures during the financial year.

Directors

The Directors who have held office since the end of the previous financial period are as follows:

| | |
|--|---------------------------|
| Tan Sri Dr. Zeti Akhtar Aziz (Chairman) | |
| Dato' Jaganath Derek Steven Sabapathy | |
| Tengku Datuk Seri Ahmad Shah Alhaj ibni Almarhum Sultan Salahuddin Abdul Aziz Shah Alhaj | |
| Dato' Johan Ariffin | |
| Datuk Dr. Mohd Daud Bakar | |
| Dato' Seri Ahmad Johan Mohammad Raslan | |
| Datin Norazah Mohamed Razali | |
| Rizal Rickman Ramli | |
| Datuk Poh Pai Kong | |
| Dato' Sri Amrin Awaluddin | (Resigned on 3 May 2019) |
| Datuk Tong Poh Keow | (Resigned on 31 May 2019) |

By way of relief order dated 31 January 2020, granted by the Companies Commission of Malaysia, the names of directors of subsidiary companies as required under Section 253(2) of the Companies Act 2016 in Malaysia are not disclosed in this Report. Their names are set out in the respective subsidiaries directors' report for the financial year ended 31 December 2019 and the said information is deemed incorporated herein by such reference and shall form part hereof.

In accordance with Rule 111 of the Company's Constitution, Dato' Jaganath Derek Steven Sabapathy, Dato' Johan Ariffin and Encik Rizal Rickman Ramli will retire by rotation at the forthcoming Annual General Meeting. Dato' Jaganath Derek Steven Sabapathy and Encik Rizal Rickman Ramli being eligible, have offered themselves for re-election.



DIRECTORS' REPORT

For the financial year ended 31 December 2019

Directors (continued)

Dato' Johan Ariffin, who had informed the Board in writing of his intention not to seek re-election at the forthcoming Annual General Meeting, will retire upon the conclusion of the said Annual General Meeting in accordance with Rule 111 of the Company's Constitution.

Any new Directors appointed prior to the convening of the forthcoming Annual General Meeting will also be subjected to re-election at the said Annual General Meeting pursuant to Rule 92.3 of the Company's Constitution.

Directors' Benefits

Since the end of the previous financial period, no Director of the Company has received or become entitled to receive any benefit (other than benefits disclosed as Directors' remuneration in Note 11 to the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest except for any benefits which may be deemed to have arisen from the transactions disclosed in Note 40 to the financial statements.

During and at the end of the financial year, no arrangements subsisted to which the Company is a party, with the object or objects of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of the Company or any other body corporate.

The Directors and Officers of the Group and the Company are covered by Directors and Officers liability insurance for any liability incurred in the discharge of their duties, provided that they have not acted fraudulently or dishonestly or derived any personal profit or advantage. The insurance is maintained on a group basis by the Company and the total premium incurred during the financial year amounted to RM140,145.

Directors' Interest in Shares

According to the Register of Directors' Shareholdings, particulars of interests of Directors, who held office at the end of the financial year, in shares of the Company during the financial year are as follows:

| | Number of ordinary shares | | | As at 31.12.2019 |
|---|---------------------------|----------|----------|---------------------|
| | As at 1.1.2019 | Acquired | Disposed | |
| Dato' Johan Ariffin (indirect interest) | 880 | - | - | 880 |

Other than as disclosed above, none of the Directors in office at the end of the financial year had any interest in shares in, or debentures of, the Company during the financial year.

Statutory Information on the Financial Statements

- a. Before the financial statements of the Group and of the Company were made out, the Directors took reasonable steps:
 - i. to ascertain that proper action had been taken in relation to the writing off of bad debts and the impairment for doubtful debts, and satisfied themselves that all known bad debts had been written off and adequate impairment had been made for doubtful debts; and
 - ii. to ensure that any current assets, which were unlikely to realise in the ordinary course of business, their values as shown in the accounting records of the Group and of the Company, have been written down to amounts which they might be expected so to realise.
- b. At the date of this Report, the Directors are not aware of any circumstances:
 - i. which would render the amounts written off for bad debts or the amounts of impairment for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or
 - ii. which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or
 - iii. which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- c. As at the date of this Report:
 - i. there are no charges on the assets of the Group and of the Company which have arisen since the end of the financial year to secure the liability of any other person; and
 - ii. there are no contingent liabilities in the Group and in the Company which have arisen since the end of the financial year other than those arising in the ordinary course of business.
- d. At the date of this Report, the Directors are not aware of any circumstances not otherwise dealt with in the Report or financial statements which would render any amount stated in the financial statements misleading.
- e. In the opinion of the Directors:
 - i. no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group and of the Company to meet their obligations as and when they fall due; and
 - ii. except as disclosed in Note 48 to the financial statements, no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this Report which is likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this Report is made.

Immediate and Ultimate Holding Companies

The Directors regard Permodalan Nasional Berhad as the Company's immediate holding company and Yayasan Pelaburan Bumiputra as its ultimate holding company. Both companies are incorporated in Malaysia.



DIRECTORS' REPORT

For the financial year ended 31 December 2019

Auditors

The audit fees for services rendered by the auditors to the Group and the Company for the financial year ended 31 December 2019 are disclosed in Note 10 to the financial statements.

The auditors, PricewaterhouseCoopers PLT have expressed their willingness to continue in office.

This Report was approved by the Board of Directors on 10 April 2020.

Tan Sri Dr. Zeti Akhtar Aziz
Chairman

Kuala Lumpur
10 April 2020

Dato' Jaganath Derek Steven Sabapathy
Senior Independent Non-Executive Director

STATEMENT BY DIRECTORS

Pursuant to Section 251(2) of the Companies Act 2016

We, Tan Sri Dr. Zeti Akhtar Aziz and Dato' Jaganath Derek Steven Sabapathy, two of the Directors of Sime Darby Property Berhad, do hereby state that, in the opinion of the Directors, the financial statements set out on pages 240 to 348 are drawn up in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2019 and of the financial performance of the Group and of the Company for the financial year ended on that date.

Signed on behalf of the Board of Directors of Sime Darby Property Berhad and dated on 10 April 2020.

Tan Sri Dr. Zeti Akhtar Aziz
Chairman

Kuala Lumpur

Dato' Jaganath Derek Steven Sabapathy
Senior Independent Non-Executive Director

STATUTORY DECLARATION

Pursuant to Section 251(1)(b) of the Companies Act 2016

I, Betty Lau Sui Hing, the officer primarily responsible for the financial management of Sime Darby Property Berhad, do solemnly and sincerely declare that, the financial statements set out on pages 240 to 348 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Betty Lau Sui Hing
(MIA No. 8511)
Group Chief Financial Officer

Subscribed and solemnly declared by the abovenamed Betty Lau Sui Hing, at Kuala Lumpur in the state of Wilayah Persekutuan on 10 April 2020.

Before me:

Kapt. (B) Jasni Yusoff (No. W465)
Commissioner for Oaths



INDEPENDENT AUDITORS' REPORT

To the members of Sime Darby Property Berhad
(Incorporated in Malaysia)
(Registration No.197301002148 (15631-P))



Report on the Audit of the Financial Statements

OUR OPINION

In our opinion, the financial statements of Sime Darby Property Berhad ("the Company") and its subsidiaries ("the Group") give a true and fair view of the financial position of the Group and of the Company as at 31 December 2019, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

WHAT WE HAVE AUDITED

We have audited the financial statements of the Group and of the Company, which comprise the statements of financial position as at 31 December 2019 of the Group and of the Company, and the statements of profit or loss, statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 240 to 348.

BASIS FOR OPINION

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the "Auditors' responsibilities for the audit of the financial statements" section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

INDEPENDENCE AND OTHER ETHICAL RESPONSIBILITIES

We are independent of the Group and of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

OUR AUDIT APPROACH

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements of the Group and of the Company. In particular, we considered where the Directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the Group and of the Company, the accounting processes and controls, and the industry in which the Group and the Company operate.



Report on the Audit of the Financial Statements (continued)

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current financial year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

| Key audit matters | How our audit addressed the key audit matters |
|---|--|
| <p>Revenue and cost recognition – property development activities</p> <p>The Group and the Company recognise revenue and costs arising from the property development activities using the stage of completion method. The stage of completion is measured using the output method, which is based on the level of completion of the development phase of the project as certified by professional consultants.</p> <p>The Group and the Company recognised revenue of RM2,239.5 million and RM220.0 million respectively and costs of RM1,730.2 million and RM154.3 million respectively from property development activities recognised over time for the financial year ended 31 December 2019.</p> <p>Revenue and cost recognised on property development activities have an inherent risk as it involves judgement and estimates. We focused on this area because there is key judgement involved in determining the following:</p> <ul style="list-style-type: none"> • Stage of completion; • Extent of property development costs incurred to date; and • Estimated total property development costs. <p>Refer to Notes 5(a), 7 and 8 to the financial statements.</p> | <p>We tested the operating effectiveness of the key controls in respect of the review and approval of project cost budgets to assess the reliability of these budgets and the determination of the extent of costs incurred to-date.</p> <p>We checked the stage of completion of property development projects, on a sample basis, to internal or external quantity surveyors’ certifications.</p> <p>We corroborated the certified stage of completion with the level of completion based on actual costs incurred to-date over the estimated total property development costs.</p> <p>We agreed, on a sample basis, costs incurred to supporting documentation such as contractor claim certificates and invoices from vendors.</p> <p>We checked the reasonableness of the estimated total property development costs of major projects, allocation of costs and subsequent changes to the costs by agreeing to supporting documentation such as approved budgets, letter of awards, contracts, quotations, correspondences, contracts and variation orders with contractors.</p> <p>Based on the above procedures performed, we noted no material exceptions.</p> |



INDEPENDENT AUDITORS' REPORT

To the members of Sime Darby Property Berhad
(Incorporated in Malaysia)
(Registration No.197301002148 (15631-P))

Report on the Audit of the Financial Statements (continued)

KEY AUDIT MATTERS (CONTINUED)

| Key audit matters | How our audit addressed the key audit matters |
|---|---|
| <p>Recoverability of the carrying amount of inventories (completed development units)</p> | |
| <p>The Group's and the Company's carrying amount of completed development units as at 31 December 2019 amounted to RM532.8 million and RM20.5 million respectively. The carrying amount of completed development units are written down where the net realisable value is expected to be below the carrying amount.</p> | <p>For those completed development units which have recent sale transactions, we compared the carrying amount of these development units, on a sample basis, to the selling prices stated in the signed sale and purchase agreements, net of discounts given.</p> |
| <p>We focused on the recoverability of the carrying amount of inventories (completed development units) because of the estimates made by management in determining the net realisable values of unsold completed development units.</p> | <p>For those completed development units which did not have recent sale transactions, on a sample basis, we obtained the recent transacted prices of comparable development units in similar or nearby locations, and adjusted for the size of the units.</p> |
| <p>Management performed an assessment on the carrying amount of completed development units to determine the net realisable values of the completed development units, based on estimates derived from recent transacted prices, net of expected discounts to be given which was approved by the Directors.</p> | <p>We discussed with management on the basis used to write-down certain slow moving inventories balance at period end to its net realisable value.</p> |
| <p>Based on management's assessment, the Group's long outstanding unsold completed development units were written down by RM20.5 million during the financial year.</p> | <p>For those completed development units which are slow moving, the basis used by management to determine net realisable value was to consider the Group's latest sales plan and campaign and expected costs to complete the sale to be incurred. On a sample basis, we assessed the reasonableness of the assumptions used in calculation of the net realisable value.</p> |
| <p>Refer to Notes 5(b) and 27 to the financial statements.</p> | <p>Based on the above procedures performed, we noted no material exceptions.</p> |



Report on the Audit of the Financial Statements (continued)

KEY AUDIT MATTERS (CONTINUED)

| Key audit matters | How our audit addressed the key audit matters |
|--|---|
| <p>Taxation matters</p> <p>The Group and the Company are subject to periodic challenges by tax authorities on a range of tax matters during the normal course of business, including transfer pricing, direct and indirect taxes, and transaction related tax matters.</p> <p>As at 31 December 2019, the Group has current taxes recoverable and payable of RM23.3 million and RM158.7 million respectively, as well as deferred tax assets and liabilities of RM579.4 million and RM163.7 million respectively. At the Company level, the related deferred tax assets and tax payable amounted to RM22.7 million and RM11.4 million respectively.</p> <p>Evaluation of the outcome of the tax uncertainty, and whether the risk of loss is remote, possible or probable, requires significant judgements given the complexities involved. As such, the Group and the Company have engaged external specialist, where necessary, to advise management on its tax position and including objections to the amended assessments.</p> <p>We focused on the judgements made by management in assessing the quantification and likelihood of potentially material exposures and therefore the level of provision required. In particular, we focused on the impact of changes in tax regulations and ongoing assessments and audits by tax authorities, which could materially impact the amounts recorded in the Group's and in the Company's financial statements.</p> <p>Refer to Notes 5(d), 5(e), 17 and 25 to the financial statements.</p> | <p>We evaluated the related accounting policy for provisioning for tax exposure and found it to be appropriate.</p> <p>We gained an understanding of the current status of tax assessments and audits as well as developments in ongoing disputes.</p> <p>We read recent rulings and correspondence with tax authorities, as well as external advice received by the Group where relevant, to satisfy ourselves that the tax provisions had been appropriately recorded or adjusted to reflect the latest regulatory developments.</p> <p>We assessed management's key assumptions, in particular on cases where there had been significant developments with tax authorities. We have obtained and evaluated responses to our audit inquiry from the Group's tax advisors in relation to existing or potential tax proceedings and assessing the Group's position in relation to specific matters disputed.</p> <p>We assessed the appropriateness of the related disclosures in Notes 17 and 25 of the financial statements, and considered these reasonable.</p> <p>Based on the above procedures performed, we believe that the position taken by the Group is appropriate.</p> |



INDEPENDENT AUDITORS' REPORT

To the members of Sime Darby Property Berhad
(Incorporated in Malaysia)
(Registration No.197301002148 (15631-P))



Report on the Audit of the Financial Statements (continued)

KEY AUDIT MATTERS (CONTINUED)

| Key audit matters | How our audit addressed the key audit matters |
|---|--|
| <p>Provision for onerous commitment</p> <p>The Group recorded a provision of RM99.3 million relating to a single onerous commitment on a property previously disposed.</p> <p>The onerous commitment is assessed by management to determine whether an onerous provision is required.</p> <p>Given the cash flows generated is not adequate to cover future commitments, this resulted in the requirement to recognise an onerous commitment in respect of the unavoidable net cash outflows.</p> <p>Management judgement was applied in relation to future disposal value and rental commitment, commitment period and discount rate used when assessing the level of provision required.</p> <p>We focused on valuation and completeness of the onerous commitment provision by assessing the judgements used in arriving at the level of provision made.</p> <p>Refer to Notes 5(f) and 37 to the financial statements.</p> | <p>We assessed the appropriateness of the projections by taking into consideration the expected property disposal value, the rental income expected to be received from the third party and the rental rate for the commitment period set out in the rental agreement.</p> <p>We tested the accuracy of the information used within the onerous commitment calculation by agreeing the inputs back to the source data, which includes rental rates, sub-lease income, expected disposal value, commitment period and the net lettable area.</p> <p>We assessed the appropriateness of the discount rate used through comparison to appropriate external benchmarks (i.e. published interest rates).</p> <p>We assessed the appropriateness of the related disclosures in Note 37 of the financial statements.</p> <p>Based on the above procedures performed, we noted no material exceptions.</p> |



Report on the Audit of the Financial Statements (continued)

INFORMATION OTHER THAN THE FINANCIAL STATEMENTS AND AUDITORS' REPORT THEREON

The Directors of the Company are responsible for the other information. The other information comprises the Audit Committee Report, Corporate Governance Overview Statement, Sustainability Report, Statement on Risk Management and Internal Control, Risk Management Committee Report, Directors' Report, Chairman's Message, Acting Group Chief Executive Officer's Review, Management Discussion and Analysis and other sections of the 2019 Annual Report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE DIRECTORS FOR THE FINANCIAL STATEMENTS

The Directors of the Company are responsible for the preparation of the financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.



INDEPENDENT AUDITORS' REPORT

To the members of Sime Darby Property Berhad
(Incorporated in Malaysia)
(Registration No.197301002148 (15631-P))



Report on the Audit of the Financial Statements (continued)

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- a) Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and of the Company's internal control.
- c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- d) Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- e) Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current financial year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 44 to the financial statements.

OTHER MATTER

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

Pricewaterhousecoopers PLT
LLP0014401-LCA & AF 1146
Chartered Accountants

Kuala Lumpur
10 April 2020

Nurul A'in Binti Abdul Latif
02910/02/2021 J
Chartered Accountant



STATEMENTS OF PROFIT OR LOSS

For the financial year ended 31 December 2019

Amounts in RM thousand unless otherwise stated

| | Note | Group | | Company | |
|---|------|---------------------------------|-----------------------------------|---------------------------------|-----------------------------------|
| | | Financial year ended 31.12.2019 | Financial period ended 31.12.2018 | Financial year ended 31.12.2019 | Financial period ended 31.12.2018 |
| Revenue | 7 | 3,179,994 | 1,269,145 | 1,001,627 | 414,274 |
| Cost of sales | 8 | (2,387,730) | (1,077,445) | (220,753) | (99,255) |
| Gross profit | | 792,264 | 191,700 | 780,874 | 315,019 |
| Other operating income | 9 | 9,700 | 4,799 | 1,514 | 710 |
| Selling and marketing expenses | 10 | (119,763) | (45,261) | (5,181) | (3,997) |
| Administrative and other expenses | 10 | (241,647) | (137,374) | (191,279) | (92,754) |
| Operating profit | | 440,554 | 13,864 | 585,928 | 218,978 |
| Other gains/(losses) | 12 | 156,633 | (18,321) | (93,599) | (203,173) |
| Share of results of joint ventures | 13 | (29,901) | (48,306) | - | - |
| Share of results of associates | 14 | 53 | 940 | - | - |
| Profit/(Loss) before interest and taxation | | 567,339 | (51,823) | 492,329 | 15,805 |
| Finance income | 15 | 121,242 | 65,475 | 96,296 | 106,792 |
| Finance costs | 16 | (22,911) | (51,798) | (28,266) | (24,479) |
| Profit/(Loss) before taxation | | 665,670 | (38,146) | 560,359 | 98,118 |
| Taxation | 17 | (74,789) | (273,033) | (5,662) | (55,984) |
| Profit/(Loss) for the financial year/period | | 590,881 | (311,179) | 554,697 | 42,134 |
| Profit/(Loss) for the financial year/period attributable to: | | | | | |
| - owners of the Company | | 598,531 | (318,700) | 554,697 | 42,134 |
| - non-controlling interests | | (7,650) | 7,521 | - | - |
| | | 590,881 | (311,179) | 554,697 | 42,134 |
| Basic earnings/(loss) per share attributable to owners of the Company (Sen) | 18 | 8.8 | (4.7) | | |

The notes on pages 251 to 348 form an integral part of these financial statements.

STATEMENTS OF COMPREHENSIVE INCOME

For the financial year ended 31 December 2019

Amounts in RM thousand unless otherwise stated

| | Note | Group | | Company | |
|--|------|---------------------------------|-----------------------------------|---------------------------------|-----------------------------------|
| | | Financial year ended 31.12.2019 | Financial period ended 31.12.2018 | Financial year ended 31.12.2019 | Financial period ended 31.12.2018 |
| Profit/(Loss) for the financial year/period | | 590,881 | (311,179) | 554,697 | 42,134 |
| Other comprehensive income/(loss) | | | | | |
| <u>Items which will subsequently be reclassified to profit or loss (net of tax):</u> | | | | | |
| Currency translation differences | | 49,513 | (11,980) | - | - |
| Net changes in fair value of investments | 23 | (420) | 21,411 | (420) | 21,411 |
| Share of other comprehensive (loss)/income of associates | 14 | (351) | 776 | - | - |
| Total other comprehensive income/(loss) for the financial year/period | | 48,742 | 10,207 | (420) | 21,411 |
| Total comprehensive income/(loss) for the financial year/period | | 639,623 | (300,972) | 554,277 | 63,545 |
| Total comprehensive income/(loss) for the financial year/period attributable to: | | | | | |
| - owners of the Company | | 648,208 | (307,776) | 554,277 | 63,545 |
| - non-controlling interests | | (8,585) | 6,804 | - | - |
| | | 639,623 | (300,972) | 554,277 | 63,545 |

The notes on pages 251 to 348 form an integral part of these financial statements.



STATEMENTS OF FINANCIAL POSITION

As at 31 December 2019

Amounts in RM thousand unless otherwise stated

| | Note | Group | | |
|--|------|-------------------|--------------------------|------------------------|
| | | 31.12.2019 | 31.12.2018 (Restated) | 1.7.2018 (Restated) |
| NON-CURRENT ASSETS | | | | |
| Property, plant and equipment | 20 | 636,284 | 640,445 | 735,159 |
| Investment properties | 21 | 745,785 | 644,206 | 605,961 |
| Inventories | 27 | 4,542,929 | 4,178,104 | 4,144,058 |
| Joint ventures | 13 | 2,805,001 | 2,574,020 | 2,223,949 |
| Associates | 14 | 139,137 | 140,492 | 140,575 |
| Investments | 23 | 58,788 | 59,239 | 39,451 |
| Intangible assets | 24 | 4,143 | 3,454 | 3,964 |
| Deferred tax assets | 25 | 579,376 | 487,225 | 462,337 |
| Receivables | 26 | 50,790 | 88,000 | 73,000 |
| Contract assets | 28 | 1,318,352 | 1,409,083 | 1,413,417 |
| | | 10,880,585 | 10,224,268 | 9,841,871 |
| CURRENT ASSETS | | | | |
| Inventories | 27 | 1,989,843 | 2,574,517 | 2,635,405 |
| Receivables | 26 | 628,711 | 736,579 | 738,791 |
| Contract assets | 28 | 1,198,933 | 773,602 | 687,869 |
| Prepayments | | 17,549 | 18,556 | 26,696 |
| Tax recoverable | | 23,334 | 60,226 | 55,924 |
| Cash held under Housing Development Accounts | 29 | 456,706 | 343,518 | 492,969 |
| Bank balances, deposits and cash | 30 | 286,632 | 305,572 | 256,426 |
| | | 4,601,708 | 4,812,570 | 4,894,080 |
| Non-current assets held for sale | 31 | - | 79,519 | - |
| TOTAL ASSETS | | 15,482,293 | 15,116,357 | 14,735,951 |

| | Note | Group | | |
|--|------|-------------------|--------------------------|------------------------|
| | | 31.12.2019 | 31.12.2018 (Restated) | 1.7.2018 (Restated) |
| EQUITY | | | | |
| Share capital | 32 | 6,800,839 | 6,800,839 | 6,800,839 |
| Fair value reserve | | 36,375 | 38,063 | 15,876 |
| Exchange reserve | | (11,679) | (63,044) | (51,781) |
| Retained profits | | 2,896,175 | 2,433,661 | 2,956,386 |
| ATTRIBUTABLE TO OWNERS OF THE COMPANY | | | | |
| Non-controlling interests | 33 | 228,296 | 236,881 | 230,077 |
| TOTAL EQUITY | | | | |
| | | 9,950,006 | 9,446,400 | 9,951,397 |
| NON-CURRENT LIABILITIES | | | | |
| Payables | 34 | 81,375 | 86,767 | 87,321 |
| Borrowings | 35 | 2,408,140 | 1,925,221 | 2,046,521 |
| Lease liabilities | 36 | 74,042 | - | - |
| Provisions | 37 | 99,332 | - | 29,609 |
| Contract liabilities | 28 | 251,623 | 256,231 | 255,552 |
| Deferred tax liabilities | 25 | 163,713 | 170,175 | 144,429 |
| | | 3,078,225 | 2,438,394 | 2,563,432 |
| CURRENT LIABILITIES | | | | |
| Payables | 34 | 1,304,027 | 1,303,408 | 1,343,306 |
| Borrowings | 35 | 796,147 | 1,347,816 | 495,831 |
| Lease liabilities | 36 | 17,670 | - | - |
| Provisions | 37 | 76,569 | 108,823 | 45,894 |
| Contract liabilities | 28 | 100,902 | 210,532 | 297,930 |
| Tax provision | | 158,747 | 260,984 | 38,161 |
| | | 2,454,062 | 3,231,563 | 2,221,122 |
| TOTAL LIABILITIES | | | | |
| | | 5,532,287 | 5,669,957 | 4,784,554 |
| TOTAL EQUITY AND LIABILITIES | | | | |
| | | 15,482,293 | 15,116,357 | 14,735,951 |



STATEMENTS OF FINANCIAL POSITION

As at 31 December 2019

Amounts in RM thousand unless otherwise stated

| | Note | Company | | |
|--|------|-------------------|--------------------------|------------------------|
| | | 31.12.2019 | 31.12.2018 (Restated) | 1.7.2018 (Restated) |
| NON-CURRENT ASSETS | | | | |
| Property, plant and equipment | 20 | 14,450 | 3,301 | 3,498 |
| Inventories | 27 | 1,094,867 | 1,011,427 | 1,008,999 |
| Subsidiaries | 22 | 6,762,433 | 4,600,816 | 4,413,994 |
| Joint ventures | 13 | - | 28,910 | 28,910 |
| Associates | 14 | 45,017 | 44,393 | 44,760 |
| Investments | 23 | 58,788 | 59,239 | 39,451 |
| Intangible assets | 24 | 3,865 | 3,104 | 3,539 |
| Deferred tax assets | 25 | 22,677 | 13,347 | 12,685 |
| Receivables | 26 | 1,289,342 | 2,951,201 | 3,477,191 |
| | | 9,291,439 | 8,715,738 | 9,033,027 |
| CURRENT ASSETS | | | | |
| Inventories | 27 | 96,082 | 120,970 | 155,423 |
| Receivables | 26 | 339,894 | 701,901 | 892,075 |
| Contract assets | 28 | 101,215 | 83,430 | 8,005 |
| Prepayments | | 1,833 | 1,833 | - |
| Cash held under Housing Development Accounts | 29 | 90,294 | 62,966 | 63,735 |
| Bank balances, deposits and cash | 30 | 99,308 | 145,614 | 59,476 |
| | | 728,626 | 1,116,714 | 1,178,714 |
| TOTAL ASSETS | | 10,020,065 | 9,832,452 | 10,211,741 |

| | Note | Company | | |
|--|------|-------------------|--------------------------|------------------------|
| | | 31.12.2019 | 31.12.2018 (Restated) | 1.7.2018 (Restated) |
| EQUITY | | | | |
| Share capital | 32 | 6,800,839 | 6,800,839 | 6,800,839 |
| Fair value reserve | | 20,991 | 21,411 | - |
| Retained profits | | 2,410,126 | 1,991,446 | 2,153,337 |
| ATTRIBUTABLE TO OWNERS OF THE COMPANY | | 9,231,956 | 8,813,696 | 8,954,176 |
| NON-CURRENT LIABILITIES | | | | |
| Borrowings | 35 | 497,092 | 500,000 | 545,365 |
| | | 497,092 | 500,000 | 545,365 |
| CURRENT LIABILITIES | | | | |
| Payables | 34 | 251,614 | 368,055 | 434,573 |
| Borrowings | 35 | 1,272 | 95,760 | 262,056 |
| Lease liabilities | 36 | 9,725 | - | - |
| Contract liabilities | 28 | 16,989 | 7,362 | 8,881 |
| Tax provision | | 11,417 | 47,579 | 6,690 |
| | | 291,017 | 518,756 | 712,200 |
| TOTAL LIABILITIES | | 788,109 | 1,018,756 | 1,257,565 |
| TOTAL EQUITY AND LIABILITIES | | 10,020,065 | 9,832,452 | 10,211,741 |

The notes on pages 251 to 348 form an integral part of these financial statements.



STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 31 December 2019

Amounts in RM thousand unless otherwise stated

| Group | Note | Share capital | Fair value reserve | Exchange reserve | Retained profits | Attributable to owners of the Company | Non-controlling interests | Total equity |
|--|------|---------------|--------------------|------------------|------------------|---------------------------------------|---------------------------|--------------|
| Financial year ended 31.12.2019 | | | | | | | | |
| At the beginning of the financial year | | 6,800,839 | 38,063 | (63,044) | 2,433,661 | 9,209,519 | 236,881 | 9,446,400 |
| Profit/(Loss) for the financial year | | - | - | - | 598,531 | 598,531 | (7,650) | 590,881 |
| Other comprehensive (loss)/income for the financial year | | - | (1,688) | 51,365 | - | 49,677 | (935) | 48,742 |
| Total comprehensive (loss)/income for the financial year | | - | (1,688) | 51,365 | 598,531 | 648,208 | (8,585) | 639,623 |
| Transactions with owners: - dividends paid | 19 | - | - | - | (136,017) | (136,017) | - | (136,017) |
| At the end of the financial year | | 6,800,839 | 36,375 | (11,679) | 2,896,175 | 9,721,710 | 228,296 | 9,950,006 |
| Financial period ended 31.12.2018 | | | | | | | | |
| At the beginning of the financial period | | 6,800,839 | 15,876 | (51,781) | 2,956,386 | 9,721,320 | 230,077 | 9,951,397 |
| (Loss)/Profit for the financial period | | - | - | - | (318,700) | (318,700) | 7,521 | (311,179) |
| Other comprehensive income/(loss) for the financial period | | - | 22,187 | (11,263) | - | 10,924 | (717) | 10,207 |
| Total comprehensive income/(loss) for the financial period | | - | 22,187 | (11,263) | (318,700) | (307,776) | 6,804 | (300,972) |
| Transactions with owners: - dividend paid | 19 | - | - | - | (204,025) | (204,025) | - | (204,025) |
| At the end of the financial period | | 6,800,839 | 38,063 | (63,044) | 2,433,661 | 9,209,519 | 236,881 | 9,446,400 |

| Company | Note | Share capital | Fair value reserve | Retained profits | Total equity |
|--|------|---------------|--------------------|------------------|--------------|
| Financial year ended 31.12.2019 | | | | | |
| At the beginning of the financial year | | 6,800,839 | 21,411 | 1,991,446 | 8,813,696 |
| Profit for the financial year | | - | - | 554,697 | 554,697 |
| Other comprehensive loss for the financial year | | - | (420) | - | (420) |
| Total comprehensive (loss)/income for the financial year | | - | (420) | 554,697 | 554,277 |
| Transactions with owners: | | | | | |
| - dividend paid | 19 | - | - | (136,017) | (136,017) |
| At the end of the financial year | | 6,800,839 | 20,991 | 2,410,126 | 9,231,956 |
| Financial period ended 31.12.2018 | | | | | |
| At the beginning of the financial period | | 6,800,839 | - | 2,153,337 | 8,954,176 |
| Profit for the financial period | | - | - | 42,134 | 42,134 |
| Other comprehensive income for the financial period | | - | 21,411 | - | 21,411 |
| Total comprehensive income for the financial period | | - | 21,411 | 42,134 | 63,545 |
| Transactions with owners: | | | | | |
| - dividend paid | 19 | - | - | (204,025) | (204,025) |
| At the end of the financial period | | 6,800,839 | 21,411 | 1,991,446 | 8,813,696 |

The notes on pages 251 to 348 form an integral part of these financial statements.



STATEMENTS OF CASH FLOWS

For the financial year ended 31 December 2019

Amounts in RM thousand unless otherwise stated

| | Note | Group | | Company | |
|---|------|---------------------------------|-----------------------------------|---------------------------------|-----------------------------------|
| | | Financial year ended 31.12.2019 | Financial period ended 31.12.2018 | Financial year ended 31.12.2019 | Financial period ended 31.12.2018 |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | | |
| Profit/(Loss) for the financial year/period | | 590,881 | (311,179) | 554,697 | 42,134 |
| Adjustments | | | | | |
| Share of results of: | | | | | |
| - joint ventures | | 29,901 | 48,306 | - | - |
| - associates | | (53) | (940) | - | - |
| Amortisation of intangible assets | | 1,558 | 936 | 1,477 | 883 |
| Depreciation of: | | | | | |
| - property, plant and equipment | | 35,288 | 18,216 | 10,959 | 631 |
| - investment properties | | 16,279 | 3,038 | - | - |
| Impairment losses on investment properties | | 9,811 | 1,223 | - | - |
| Net write-down of inventories | | 43,318 | 110,871 | - | 4,701 |
| Write-off of: | | | | | |
| - property, plant and equipment | | 109 | 303 | - | - |
| - intangible assets | | - | 22 | - | - |
| - property development cost | | 9,723 | 99,766 | - | - |
| Net gain on disposal of: | | | | | |
| - property, plant and equipment | | (246,232) | (3,168) | (2) | (1) |
| - investment properties | | - | (5,640) | - | - |
| Changes in fair value of quoted investments | | 31 | 1,623 | 31 | 1,623 |
| Provisions | | 89,557 | 33,826 | - | - |
| Other items [note (a)] | | 20,014 | 26,060 | 93,973 | 201,715 |
| Finance income | | (121,242) | (65,475) | (96,296) | (106,792) |
| Finance costs | | 22,911 | 51,798 | 28,266 | 24,479 |
| Taxation | | 74,789 | 273,033 | 5,662 | 55,984 |
| Unrealised foreign currency exchange gain | | (983) | (3) | - | - |
| | | 575,660 | 282,616 | 598,767 | 225,357 |
| Changes in working capital: | | | | | |
| - inventories | | 320,518 | (150,763) | (58,552) | 27,324 |
| - trade and other receivables | | 65,764 | (21,504) | 1,322 | 5,845 |
| - contract assets and contract liabilities | | (336,196) | (139,325) | (8,158) | (78,777) |
| - trade and other payables | | 9,543 | 13,637 | 8,584 | 7,463 |
| Cash generated from/(used in) operations | | 635,289 | (15,339) | 541,963 | 187,212 |

| | Note | Group | | Company | |
|---|------|---------------------------------------|---|---------------------------------------|---|
| | | Financial year ended 31.12.2019 | Financial period ended 31.12.2018 | Financial year ended 31.12.2019 | Financial period ended 31.12.2018 |
| Cash generated from/(used in) operations | | 635,289 | (15,339) | 541,963 | 187,212 |
| Tax paid | | (233,407) | (53,660) | (51,154) | (15,757) |
| Dividends received from joint ventures and associates | | 9,759 | 2,658 | - | - |
| Net cash from/(used in) operating activities | | 411,641 | (66,341) | 490,809 | 171,455 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | | |
| Finance income received | | 16,085 | 10,527 | 95,524 | 106,792 |
| Proceeds from sale of: | | | | | |
| – property, plant and equipment | | 333,971 | 6,019 | 2 | 1 |
| – investment properties | | - | 16,325 | - | - |
| Purchase of: | | | | | |
| – property, plant and equipment | | (11,712) | (3,528) | (3,055) | (434) |
| – investment properties | | (75,269) | (53,084) | - | - |
| – intangible assets | | (2,247) | (448) | (2,238) | (448) |
| Advances to joint ventures and associates | | (4,244) | (38,000) | (744) | (9,000) |
| Repayment from subsidiaries | | - | - | 183,365 | 716,702 |
| Subscription of shares in subsidiaries | | - | - | (436,546) | (385,553) |
| Proceeds from capital reduction by a subsidiary | | - | - | 32,498 | - |
| Subscription of shares in joint ventures | | (187,212) | (414,721) | - | - |
| Net cash from/(used in) investing activities | | 69,372 | (476,910) | (131,194) | 428,060 |
| CASH FLOW FROM FINANCING ACTIVITIES | | | | | |
| Finance costs paid | | (169,209) | (83,400) | (28,254) | (24,275) |
| Borrowings raised | 35 | 717,498 | 115,934 | - | - |
| Repayments of borrowings | 35 | (404,590) | (110,376) | - | (41,865) |
| Revolving credits (net) | 35 | (380,000) | 724,500 | (94,500) | (170,000) |
| Repayments of lease liabilities | 36 | (14,164) | - | (9,328) | - |
| Repayments to subsidiaries | 34 | - | - | (110,494) | (73,981) |
| Dividends paid on ordinary shares | | (136,017) | (204,025) | (136,017) | (204,025) |
| Net cash (used in)/from financing activities | | (386,482) | 442,633 | (378,593) | (514,146) |



STATEMENTS OF CASH FLOWS

For the financial year ended 31 December 2019

Amounts in RM thousand unless otherwise stated

| | Note | Group | | Company | |
|--|------|---------------------------------|-----------------------------------|---------------------------------|-----------------------------------|
| | | Financial year ended 31.12.2019 | Financial period ended 31.12.2018 | Financial year ended 31.12.2019 | Financial period ended 31.12.2018 |
| Net increase/(decrease) in cash and cash equivalents | | 94,531 | (100,618) | (18,978) | 85,369 |
| Foreign exchange differences | | (283) | 313 | - | - |
| Cash and cash equivalents at the beginning of the financial year/period | | 649,090 | 749,395 | 208,580 | 123,211 |
| Cash and cash equivalents at the end of the financial year/period [note (b)] | | 743,338 | 649,090 | 189,602 | 208,580 |
| a. Other items: | | | | | |
| Net impairment losses on: | | | | | |
| - investment in subsidiaries | | - | - | 28,102 | 198,731 |
| - investment in joint venture | | - | - | 28,910 | - |
| - investment in associates | | - | - | 120 | 367 |
| - trade and other receivables | | 9,381 | 25,470 | 409 | 209 |
| - amounts due from subsidiaries | | - | - | 926 | 2,411 |
| - amounts due from a joint venture | | 14,921 | - | 37,210 | - |
| Others | | (4,288) | 590 | (1,704) | (3) |
| | | 20,014 | 26,060 | 93,973 | 201,715 |
| b. Cash and cash equivalents at the end of the financial year/period: | | | | | |
| Cash held under Housing Development Accounts | 29 | 456,706 | 343,518 | 90,294 | 62,966 |
| Bank balances, deposits and cash | 30 | 286,632 | 305,572 | 99,308 | 145,614 |
| | | 743,338 | 649,090 | 189,602 | 208,580 |

The notes on pages 251 to 348 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

Amounts in RM thousand unless otherwise stated

1 General Information

The Company is principally engaged in the business of investment holding, property development and provision of management services. The principal activities of the Group are divided into three segments namely property development, property investment, and leisure and hospitality. The principal activities of the subsidiaries, joint ventures and associates are as stated in Note 44.

There has been no significant change in the principal activities of the Group and of the Company during the financial year.

2 Change of Financial Year End

In the previous financial period, the Group and the Company have changed their financial year from 30 June to 31 December and have prepared their financial statements for a period of six (6) months from 1 July 2018 to 31 December 2018. Therefore, the figures for the previous financial period presented as comparatives in this financial statements are not comparable to the current financial year, which are prepared for a period of twelve (12) months from 1 January 2019 to 31 December 2019.

3 Basis of Preparation

The financial statements of the Group and of the Company are prepared in accordance with the provisions of the Companies Act 2016 in Malaysia and comply with the Malaysian Financial Reporting Standards ("MFRS") and International Financial Reporting Standards ("IFRS").

The financial statements have been prepared under the historical cost convention except as disclosed in the significant accounting policies in Note 4. The financial statements are presented in Ringgit Malaysia in thousands (RM thousand) unless otherwise stated.

The preparation of financial statements in conformity with MFRS and IFRS requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reported period.

The areas involving a higher degree of judgement or complexity or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 5.



NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

Amounts in RM thousand unless otherwise stated

3 Basis of Preparation (continued)

The Group and the Company have also considered the new accounting pronouncements in the preparation of the financial statements.

a. Accounting pronouncements that are effective and adopted during the financial year

| | |
|---|---|
| MFRS 16 | Leases |
| IC Interpretation 23 | Uncertainty over Income Tax Treatments |
| Amendments to MFRS 9 | Prepayment Features with Negative Compensation |
| Amendments to MFRS 119 | Plan Amendment, Curtailment or Settlement |
| Amendments to MFRS 128 | Long-term Interests in Associates and Joint Ventures |
| Annual Improvements to MFRS 3 and MFRS 11 | Previously Held Interest in a Joint Operation |
| Annual Improvements to MFRS 112 | Income Tax Consequences of Payments on Financial Instruments Classified as Equity |
| Annual Improvements to MFRS 123 | Borrowing Costs Eligible for Capitalisation |

The adoption of the above did not result in any significant changes to the Group's and to the Company's results and financial position other than MFRS 16 and Annual Improvements to MFRS 123. The impact of adoption is shown in Note 45.

b. Accounting pronouncements that are not yet effective and have not been early adopted

- i. New standard and amendments that are effective on or after 1 January 2020, where their adoption is not expected to result in any significant changes to the Group's and to the Company's results or financial position.

| | |
|---|---|
| MFRS 17 | Insurance Contracts |
| Amendments to MFRS 3 | Definition of a Business |
| Amendments to MFRS 101 and MFRS 108 | Definition of Material |
| Amendments to MFRS 7, MFRS 9 and MFRS 139 | Interest Rate Benchmark Reform |
| Amendments to MFRS 101 | Classification of Liabilities as Current or Non-current |
| Amendments to References to the Conceptual Framework in MFRS Standard | |

- ii. Agenda Decision on IAS 23 Borrowing Costs relating to over time transfer of constructed good

In March 2019, IFRS Interpretations Committee ("IFRIC") published an agenda decision on borrowing costs confirming receivables, contract assets and inventories for which revenue is recognised over time are non-qualifying assets. On 20 March 2019, the Malaysian Accounting Standards Board ("MASB") decided that an entity shall apply the change in accounting policy as a result of the IFRIC Agenda Decision to financial statements of annual periods beginning on or after 1 July 2020.

The Group is assessing the impact on the change in accounting policy pursuant to IFRIC Agenda Decision on borrowing costs incurred on property under construction where control is transferred over time.

- iii. The effective date for the amendment to Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to MFRS 10 and MFRS 128) has been deferred to a date to be determined by MASB.

4 Significant Accounting Policies

These significant accounting policies have been applied consistently in dealing with items that are considered material in relation to the financial statements, and to all the financial year/period presented, unless otherwise stated.

a. Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and all its subsidiaries made up to the end of the financial year/period and are prepared using uniform accounting policies for like transactions and other events in similar circumstances.

i. Subsidiaries

Subsidiaries are entities over which the Group has control. The Group controls an entity when the Group has power over the entity, has exposure to or rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Subsidiaries are consolidated using the acquisition method except for those subsidiaries acquired under common control. Under the acquisition method, subsidiaries are consolidated from the date on which control is transferred to the Group and de-consolidated from the date when control ceases. The consideration is measured at the fair value of the assets given, equity instruments issued and liabilities incurred at the date of exchange.

Contingent consideration is recorded at fair value as component of the purchase consideration with subsequent adjustment resulting from events after the acquisition date taken to profit or loss. Acquisition related costs are recognised as expenses when incurred.

In a business combination achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the date of acquisition and any corresponding gain or loss is recognised in the profit or loss.

Identifiable assets, liabilities and contingent liabilities assumed in a business combination are measured at their fair values, at the date of acquisition. The excess of the consideration and the fair value of previously held equity interests over the Group's share of the fair value of the identifiable net assets acquired at the date of acquisition is reflected as goodwill. Any gain from bargain purchase is recognised directly in the profit or loss.

Intercompany transactions and balances are eliminated on consolidation, but unrealised losses arising therefrom are eliminated on consolidation to the extent of the cost of the asset that can be recovered, and the balance is recognised in the profit or loss as reduction in net realisable value or as impairment loss.

Non-controlling interests in the results and net assets of non-wholly owned subsidiaries are presented separately in the financial statements. Transactions with owners of non-controlling interests without a change in control are treated as equity transactions in the statements of changes in equity.

When control ceases, the disposal proceeds and the fair value of any retained investment are compared to the Group's share of its net assets disposed. The difference together with the carrying amount of allocated goodwill and the exchange reserve that relate to the subsidiary is recognised as gain or loss on disposal.



NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

Amounts in RM thousand unless otherwise stated

4 Significant Accounting Policies (continued)

a. Basis of consolidation (continued)

ii. Business combinations under common control

Business combinations under common control are accounted using the predecessor method of merger accounting. Under the predecessor method of merger accounting, the profit or loss and other comprehensive income include the results of each of the combining entities from the earliest date presented or from the date when these entities came under the control of the common controlling party (if later).

The assets and liabilities of the combining entities are accounted for based on the carrying amounts from the perspective of the common controlling party, or the combining entities if the common controlling party does not prepare consolidated financial statements.

The difference in cost of acquisition over the aggregate carrying amount of the assets and liabilities of the combining entities as of the date of the combination is taken to equity. Transaction cost for the combination is recognised in the profit or loss.

iii. Joint ventures

Joint ventures are separate vehicles in which the Group has rights to its net assets and where its strategic, financial and operating decisions require unanimous consent of the Group and one or more parties sharing the control.

Joint ventures are accounted using the equity method. Equity method is a method of accounting whereby the investment is recorded at cost inclusive of goodwill and adjusted thereafter for the Group's share of the post-acquisition results and other changes in the net assets of the joint ventures based on their latest audited financial statements or management accounts. Dividends received or receivable from a joint venture are recognised as a reduction in the carrying amount of the investment. Where necessary, adjustments are made to the financial statements of joint ventures used by the Group in applying the equity method to ensure consistency of accounting policies with those of the Group.

After application of the equity method, the carrying amount of the joint ventures will be assessed for impairment. Equity method is discontinued when the carrying amount of the joint venture reaches zero, or reaches the limit of the obligations in the case where the Group has incurred legal or constructive obligations in respect of the joint venture.

Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the joint ventures. Unrealised losses are also eliminated on the same basis but only to the extent of the costs that can be recovered, and the balance that provides evidence of reduction in net realisable value or an impairment loss on the assets transferred are recognised in profit or loss.

When joint control ceases, the disposal proceeds and the fair value of any retained investment are compared to the carrying amount of the joint venture. The difference together with the exchange reserve that relate to the joint venture is recognised in the profit or loss as gain or loss on disposal. In the case of partial disposal without losing joint control, the difference between the proceeds and the carrying amount disposed, and the proportionate exchange reserve is recognised as gain or loss on disposal. Shareholder's advances to joint ventures of which the Group does not expect repayment in the foreseeable future are considered as part of the Group's investments in the joint ventures.

4 Significant Accounting Policies (continued)

a. Basis of consolidation (continued)

iv. Associates

Associates are entities in which the Group is in a position to exercise significant influence. Significant influence is the power to participate in the financial and operating policy decisions, but not control over those policies.

Investment in associates are accounted for using the equity method, similar to Note 4(a)(iii) above.

b. Foreign currencies

i. Presentation and functional currency

Ringgit Malaysia is the presentation currency of the Group and of the Company. Ringgit Malaysia is also the functional currency of the Company. The functional currency is the currency of the primary economic environment in which the Company operates. The Group's foreign operations have different functional currencies.

ii. Transactions and balances

Foreign currency transactions and monetary items are translated into the functional currency using the exchange rates prevailing at the transaction dates and at the end of the reporting period, respectively. Foreign exchange differences arising therefrom and on settlement are recognised in the profit or loss.

iii. Translation of foreign currency financial statements

For consolidation purposes, foreign operations' results are translated into the Group's presentation currency at average exchange rates for the financial year/period whilst the assets and liabilities, including goodwill and fair value adjustments arising on consolidation, are translated at exchange rates ruling at the end of the reporting period. The resulting translation differences are recognised in other comprehensive income and accumulated in exchange reserve.

Intercompany loans where settlement is neither planned nor likely to occur in the foreseeable future, are treated as part of the parent's net investment. Translation differences arising therefrom are recognised in other comprehensive income and reclassified from equity to profit or loss upon repayment or disposal of the relevant entity.

Exchange reserve in respect of a foreign operation is recognised to profit or loss when control, joint control or significant influence over the foreign operation is lost. On partial disposal without losing control, a proportion of the exchange reserve in respect of the subsidiary is reattributed to the non-controlling interest. The proportionate share of the cumulative translation differences is reclassified to profit or loss in respect of all other partial disposals.



NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

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4 Significant Accounting Policies (continued)

c. Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Cost of property, plant and equipment includes expenditure that is directly attributable to the acquisition of an asset. The carrying amount of the replaced part is derecognised and all repairs and maintenance costs are charged to the profit or loss.

Freehold land is not depreciated as it has indefinite life. Assets in the course of construction are shown as work in progress. Depreciation on these assets commences when they are ready for use. Other property, plant and equipment are depreciated on a straight-line basis to write-down the cost of each asset to their residual values over their estimated useful lives.

The principal annual depreciation rates are:

| | |
|----------------------------------|---|
| Leasehold land | over the lease period ranging from 50 to 99 years |
| Buildings | 2% to 5%, or over the lease term if shorter |
| Plant and machinery | 20% to 33.3% |
| Vehicles, equipment and fixtures | 20% to 33.3% |

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, annually.

d. Investment properties

Investment properties are land and buildings held for rental income and/or capital appreciation and, which are not substantially occupied or intended to be occupied for use by, or in the operations of the Group.

Investment properties are stated at cost less accumulated depreciation and accumulated impairment losses. Freehold land and buildings under construction are not depreciated. Other investment properties are depreciated on a straight-line basis to write-down the cost of each asset to their residual values over their estimated useful lives.

The principal annual depreciation rates are:

| | |
|----------------|---|
| Leasehold land | over the lease period ranging from 50 to 99 years |
| Buildings | 2% to 5%, or over the lease term if shorter |

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, annually.

e. Right-of-use assets

The right to use an underlying asset for the lease term is recognised as a right-of-use asset ("ROU"). ROUs are presented under property, plant and equipment and investment properties and are stated at cost less accumulated amortisation and accumulated impairment losses.

The cost of ROU includes an amount equal to the lease liability at the inception of the lease, lease payments made at or before commencement date less lease incentives received, initial direct costs incurred and an estimate of costs to restore, dismantle and remove the underlying asset or to restore the site on which it is located.

4 Significant Accounting Policies (continued)

f. Investments in subsidiaries, joint ventures and associates

Investments in subsidiaries, joint ventures and associates and intercompany loans, which are treated as part of the parent's net investment, are recorded at costs less accumulated impairment losses, if any, in the Company's financial statements.

g. Intangible assets

Intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses. They are amortised on a straight-line basis over their contractual periods or estimated useful lives once they are available for use. The annual amortisation rates are 5% to 33.3%. Intangible assets that is in progress are not amortised as these assets are not yet available for use.

h. Inventories

i. Land held for property development

Land held for property development where development activities are not expected to be completed within the normal operating cycle, is classified as non-current and carried at the lower of cost and net realisable value.

The cost includes cost of land and development costs common to the whole project.

Land held for property development is transferred to property development costs under current assets when development activities have commenced and are expected to be completed within the normal operating cycle.

ii. Property development costs

Property development costs are stated at the lower of cost and net realisable value. The cost includes cost of land, related development costs common to whole project and direct building costs less cumulative amounts recognised as cost of sales in the profit or loss.

Property development cost of unsold unit is transferred to completed development unit once the property is completed.

iii. Completed development units

Units of development properties completed and held for sale are stated at the lower of cost and net realisable value.

iv. Finished goods, raw materials and consumable stores

Finished goods, raw materials and consumable stores are stated at the lower of cost and net realisable value. Cost includes cost of purchase plus incidental cost and other costs of bringing the inventories to their present location and condition. The cost of inventories is determined on a weighted average basis.

Net realisable value is the estimate of the selling price in the ordinary course of business, less costs to completion and selling expenses.



NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

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4 Significant Accounting Policies (continued)

i. Financial assets

The Group's and the Company's financial assets are classified into three categories and the accounting policy for each of these categories are as follows:

i. Amortised cost

Receivables, amounts due from subsidiaries, cash held under Housing Development Accounts and bank balances, deposits and cash are held for collection of contractual cash flows. Their contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. These financial assets are measured at fair value at inception plus transaction cost and thereafter at amortised cost less accumulated impairment losses.

Interest income from these financial assets is calculated using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss.

ii. Fair value through profit or loss ("FVTPL") and Fair value through other comprehensive income ("FVOCI")

Investments in quoted equity instruments are measured at FVTPL. The investments are recorded initially at fair value plus transaction cost and thereafter, they are measured at fair value. Changes in the fair value and dividend income from the investment are recognised in profit or loss.

At initial recognition, the Group and the Company elected to designate the investments in unquoted equity instruments as financial assets measured at FVOCI. The investments are recorded initially at fair value plus transaction costs and thereafter, they are measured at fair value. Changes in fair value of the investments are recognised in other comprehensive income, whilst dividend income are recognised in profit or loss. On derecognition of the investment measured at FVOCI, the fair value reserve is transferred to retained profits.

Financial assets are classified as current assets for those having maturity dates of not more than 12 months after the end of the reporting period, otherwise the balance is classified as non-current. For financial assets measured at FVTPL and FVOCI, the classification is based on expected date of realisation of the assets.

Regular way of purchase or sale of a financial asset is recognised on the settlement date i.e. the date that an asset is delivered to or by the Group and the Company. A contract that requires or permits net settlement of the change in the value of the contract is not a regular way contract. Such contract is accounted for as a derivative in the period between the trade date and the settlement date.

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group and the Company have transferred substantially all risks and rewards of ownership.

j. Assets (or disposal groups) held for sale

Assets or groups of assets are classified as "held for sale" if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Depreciation ceases when an asset is classified as asset held for sale. Assets held for sale are stated at the lower of carrying amount and fair value less cost to sell.

A discontinuing operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single coordinated plan to dispose of such a line of business or area of operations or is a subsidiary acquired exclusively with a view to resale. The results of discontinuing operations are presented separately in the statement of profit or loss and statement of comprehensive income.

4 Significant Accounting Policies (continued)

k. Contract assets and contract liabilities

Contract asset is the right to consideration for goods or services transferred to the customers. In the case of property development and concession arrangement, contract asset is the excess of cumulative revenue earned over the billings to date, for which the billings to-date are based on progress milestone set out in the contract or agreement with the customers. Contract asset is stated at cost less accumulated impairment losses.

Contract liability is the obligation to transfer goods or services to customer for which the Group and the Company have received the consideration or has billed the customer. In the case of property development and concession arrangement, contract liability is the excess of the billings to date over the cumulative revenue earned. Contract liabilities include the golf club membership fees, down payments received from customers and other deferred income where the Group and the Company have billed or collected the payment before the goods are delivered or services are provided to the customers.

l. Impairment

Intangible assets that have an indefinite useful life or are not yet available for use are tested for impairment. Other non-financial assets, investment in subsidiaries and interest in joint ventures and associates are assessed for indication of impairment. If an indication exists, an impairment test is performed. In the case of financial assets and contract assets, impairment loss is recognised based on expected credit losses.

This exercise is performed annually and whenever events or circumstances occur indicating that impairment may exist.

The recognition and measurement of impairment losses are as follows:

i. Non-financial assets

An impairment loss is recognised for the amount by which the carrying amount of the non-financial asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Impairment loss on non-financial assets is charged to profit or loss.

Assets that were previously impaired are reviewed for possible reversal of the impairment losses at the end of each reporting period. Any subsequent increase in recoverable amount is recognised in the profit or loss. Reversal of impairment loss is restricted by the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior financial years.

ii. Subsidiaries, joint ventures and associates

An impairment loss is recognised for the amount by which the carrying amount of the subsidiary, joint venture or associate exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and present value of the estimated future cash flows expected to be derived from the investment including the proceeds from its disposal.

Any subsequent increase in recoverable amount is recognised in the profit or loss.



NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

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4 Significant Accounting Policies (continued)

i. Impairment (continued)

iii. Financial assets and contract assets

An impairment loss is recognised based on expected credit losses and is charged to profit or loss. Reversal of impairment loss to profit or loss, if any, is restricted to not exceeding what the amortised cost would have been had the impairment loss not been recognised previously.

The Group and the Company apply the simplified approach to measure the impairment losses on trade receivables and contract assets at lifetime expected credit losses ("Lifetime ECL"). Expected credit losses of all other financial assets are measured at an amount equal to 12 month expected credit losses ("12 - month ECL") if credit risk on a financial asset has not increased significantly. The Group and the Company compare the risk of default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition to ascertain whether there is a significant increase in credit risk. The assessment takes into consideration the macroeconomic information, credit rating and other supportable forward-looking information.

A significant increase in credit risk is presumed if a debt is more than 180 days past due. Where the credit risk has increased significantly, the impairment loss is measured at an amount equal to lifetime expected credit losses ("Lifetime ECL - Underperforming").

Full impairment losses are made for financial assets and contract assets that are determined to be credit-impaired ("Lifetime ECL - Credit Impaired"). These are debtor who have defaulted on payments and are in financial difficulties.

Expected credit losses represent a probability-weighted estimate of the difference between present value of cash flows according to contract and present value of cash flows the Group and the Company expect to receive over the lifetime of the financial instrument.

m. Share capital

Proceeds from shares issued are accounted for in equity. Cost directly attributable to the issuance of new equity shares are deducted from equity.

Dividends to owners of the Company and non-controlling interests are recognised in the statements of changes in equity in the financial year/period in which they are paid or declared.

n. Provisions

Provisions are recognised when the Group and the Company have a legal or constructive obligation, where the outflow of resources is probable and can be reliably estimated. Provisions are measured at the present value of the obligation. The increase in the provisions due to the passage of time is recognised as interest expense.

The Group and the Company recognise provision for onerous contracts when the expected benefits to be derived from a contract are less than the unavoidable costs of meeting the obligations under the contract.

4 Significant Accounting Policies (continued)

o. Employee costs

i. Short-term employee benefits

Wages, salaries, paid annual leave and sick leave, bonuses and non-monetary benefits are accrued in the period in which the services are rendered by employees.

ii. Defined contribution plans

A defined contribution pension plan is a pension plan under which the Group and the Company pay fixed contributions into a separate entity. The Group and the Company have no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The Group has various defined contribution plans in accordance with local conditions and practices in the countries in which it operates. The Group's and the Company's contributions to defined contribution plans are charged to the profit or loss in the financial year/period in which they relate.

iii. Termination benefits

Termination benefits are payable whenever an employee's employment is terminated in exchange for these benefits. The Group and the Company recognise termination benefits when it is demonstrably committed to either terminate the employment of current employees according to a detailed formal plan without possibility of withdrawal or to provide termination benefits as a result of a proposal to encourage voluntary separation.

p. Financial liabilities

The Group's and the Company's borrowings and payables are classified as financial liabilities measured at amortised cost. They are measured initially at fair value plus transaction costs and thereafter, at amortised cost using the effective interest method. Amortisation is charged to profit or loss.

Financial liabilities are classified as current liabilities for those having maturity dates of not more than 12 months after the end of the reporting period, otherwise the balance is classified as non-current. Financial liabilities are derecognised when the obligation specified in the contract is discharged, cancelled or expired.



NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

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4 Significant Accounting Policies (continued)

q. Leases

i. Lease liabilities

Lease liabilities are initially measured at the present value of future lease payments, discounted using the interest rate implicit in the lease.

Lease liabilities are remeasured when there is a change in the lease term, a revision to the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset. The amount of remeasurement of the lease liability is adjusted to the ROU. If the carrying amount of ROU is reduced to zero, any further reduction in the measurement of the lease liability is recognised in the profit or loss.

Interest on the lease liability and variable lease payments not included in the measurement of the lease liability are recognised in profit or loss.

Short-term leases of 12 months or less at the commencement date and leases for which the underlying asset is of low value are not recognised as ROU and lease liabilities. Lease payments associated with those leases are charged to the profit or loss on a straight-line basis over the lease term.

ii. Operating leases

For the financial period ended 31 December 2018, operating leases of the Group and of the Company were classified and measured under MFRS 117.

Under MFRS 117, leases where substantially all the rewards and risks of ownership of assets remain with the lessor were accounted for as operating leases. Rentals on operating leases were charged to the profit or loss on a straight line basis over the lease term.

r. Cash and cash equivalents

For the purpose of the statements of cash flows, cash and cash equivalents include cash in hand and at bank, deposits held at call with banks and cash held under Housing Development Accounts. Bank overdrafts, if any, are included within borrowings in current liabilities on the statements of financial position.

s. Revenue recognition

i. Revenue from property development

Contracts with customers may include multiple promises to customers and therefore accounted for as separate performance obligations. In this case, the transaction price will be allocated to each performance obligation based on the stand-alone selling prices. When these are not directly observable, they are estimated based on expected cost plus margin.

The revenue from property development is measured at the fixed transaction price agreed under the sale and purchase agreement.

Revenue from property development is recognised as and when the control of the asset is transferred to the customer and it is probable that the Group and the Company will collect the consideration to which it will be entitled in exchange for the asset that will be transferred to the customer. Depending on the terms of the contract and the laws that apply to the contract, control of the asset may transfer over time or at a point in time. Control of the asset is transferred over time if the Group's and the Company's performance do not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

4 Significant Accounting Policies (continued)

s. Revenue recognition (continued)

i. Revenue from property development (continued)

If control of the asset transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the asset.

The Group and the Company recognise revenue over time using the output method, which is based on the level of completion of the physical proportion of contract work to date, certified by professional consultants.

The promised properties are specifically identified by its plot, lot and parcel number and its attributes (such as its size and location) in the sale and purchase agreements. The purchasers could enforce its rights to the promised properties if the Group and the Company seek to sell the unit to another purchaser. The contractual restriction on the Group's and the Company's ability to direct the promised property for another use is substantive and the promised properties sold to the purchasers do not have an alternative use to the Group and the Company. The Group and the Company have the right to payment for performance completed to date, are entitled to continue to transfer to the customer the development units promised, and have the rights to complete the construction of the properties and enforce its rights to full payment.

The Group and the Company recognises sales at a point in time for the sale of completed properties, when the control of the properties has been transferred to the purchasers, being when the properties have been delivered to the customers and it is probable that the Group and the Company will collect the consideration to which it will be entitled to in exchange for the assets sold.

ii. Revenue from concession arrangement

Revenue from the supply of teaching equipment is recognised when:

- the Group has delivered and transferred the physical possession of the asset and has a present right to payment for the asset; and
- the customer has accepted the assets after these assets have been tested and commissioned and the customer has significant risks and rewards of ownership of the asset.

Maintenance service charges are recognised over the period which the services are rendered.

iii. Revenue from golf club activities

Revenue from golf club activities consist of golfing, golf club membership fees, driving range, sports and other recreation facilities and sale of golfing equipment, which are separate performance obligation. The transaction price will be allocated to each of the separate performance obligations. When these are not directly observable, they are estimated based on expected cost plus margin and net of discounts, allowance and indirect taxes.

Revenue from golf club activities except for golf club membership fees is recognised when the services are rendered or goods are delivered. The payment of the transaction price is due immediately upon delivery of the services or sale of goods. Golf club membership fees is received upfront and recognised on a straight-line basis over the tenure of the membership.



NOTES TO THE FINANCIAL STATEMENTS

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4 Significant Accounting Policies (continued)

s. Revenue recognition (continued)

iv. Rental income

Rental income is recognised on an accrual basis in accordance with the substance of the relevant agreements. Other rent related income is recognised in the accounting period in which the services have been rendered.

v. Interest income

Interest income is recognised on an accrual basis, using the effective interest method, unless collectability is in doubt, in which case it is recognised on a cash receipt basis.

vi. Dividend income

Dividend income is recognised when the right to receive payment is established.

vii. Management fees

Management fee is recognised over time during the period in which the services are rendered.

t. Borrowing costs

Borrowing costs incurred on qualifying assets under construction are capitalised to the carrying value of the asset and capitalisation ceases when the assets are substantially ready for their intended use or sale.

Other borrowing costs are recognised as an expense in the period in which they are incurred.

u. Taxation

The tax expense for the financial year/period comprises current and deferred tax. Tax is recognised in the profit or loss, except to the extent that it relates to items recognised directly in other comprehensive income. In this case, the tax is recognised in other comprehensive income.

The current income tax charge for the Group and for the Company is the expected income taxes payable in respect of the taxable profit for the financial year/period and is measured using the tax rates that have been enacted at the end of the reporting year/period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. Provisions are established where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax is recognised on temporary difference arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Deferred tax is recognised on temporary differences arising on investments in subsidiaries, joint ventures and associates except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax is measured at the tax rates (and laws) that have been enacted or substantively enacted at the end of the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets and liabilities are offset when the enterprise has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

4 Significant Accounting Policies (continued)

v. Segment reporting

Segment information is presented in a manner that is consistent with the internal reporting provided to management for the allocation of resources and assessment of its performance. The Group's operating businesses are organised and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

Segment revenue, expense, assets and liabilities are those amounts resulting from operating activities of a segment that are directly attributable to the segment and the relevant portion that can be allocated on a reasonable basis to the segment. Segment revenue, expense, assets and liabilities are determined before intragroup balances and intragroup transactions are eliminated as part of the consolidation process, except to the extent that such balances and transactions are between Group companies within a single segment. Inter-segment pricing is based on similar terms as those available to external parties.

w. Contingent liabilities

The Group and the Company do not recognise contingent liabilities, but discloses their existence in the notes to the financial statements. A contingent liability is a possible obligation that arises from past events which existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group and the Company or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in the extremely rare circumstances where there is a liability that is not recognised because it cannot be measured reliably.

5 Critical Accounting Estimates and Judgement in Applying Accounting Policies

The preparation of financial statements in conforming to MFRS and IFRS require the use of certain critical accounting estimates that involve complex and subjective judgements and the use of assumptions, some of which may be for matters that are inherently uncertain and susceptible to change. The Directors exercise their judgement in the process of applying the Group's accounting policies. Estimates and assumptions are based on the Directors' best knowledge of current events. Such estimates and judgement could change from period to period and have a material impact on the results, financial position, cash flows and other disclosures.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below:

a. Revenue and cost recognition from property development activities

Revenue is recognised as and when the control of the asset is transferred to customers and it is probable that the Group and the Company will collect the consideration to which it will be entitled in exchange for the asset that will be transferred to the customer. Depending on the terms of the contract and the applicable laws governing the contract, control of the asset may transfer over time or at a point in time.

If control of the asset transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation based on the physical proportion of contract work-to-date certified by professional consultants. Significant judgement is required in determining the progress towards complete satisfaction of that performance obligation based on the certified work-to-date corroborated by the level of completion of the development based on actual costs incurred to date over the estimated total property development costs. The total estimated costs are based on approved budgets, which require assessments and judgements to be made on changes in, for example, work scope, changes in costs and costs to completion. In making these judgements, management relies on past experience and the work of specialists.

For the financial year ended 31 December 2019, for activities recognised over time using the stage of completion method, the Group and the Company recognised revenue of RM2,239.5 million and RM220.0 million respectively and cost of RM1,730.2 million and RM154.3 million respectively. For the financial period ended 31 December 2018, the Group and the Company recognised revenue of RM834.5 million and RM110.3 million respectively and cost of RM619.7 million and RM75.7 million respectively.



NOTES TO THE FINANCIAL STATEMENTS

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5 Critical Accounting Estimates and Judgement in Applying Accounting Policies (continued)

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below: (continued)

b. Write-down of inventories to net realisable value

The Group and the Company write-down the inventories to their net realisable values based on the estimated selling prices by reference to recent sales transactions of similar properties or comparable properties in similar or nearby locations net of the estimated cost necessary to complete the sale. The estimation of the selling price in particular is subject to significant inherent uncertainties, in particular the property market.

Whilst the Directors exercise due care and attention to make reasonable estimates, taking into account all available information in estimating the selling price and the related cost to complete the sale, the estimates will, in all likelihood, differ from the actual transactions achieved in future periods and these differences may, in certain circumstances, be significant.

During the financial year, the Group has written down unsold completed development units and land held for property development by RM20.5 million and RM25.0 million, respectively, and reversed the write-down of property development cost by RM2.2 million. For the financial period ended 31 December 2018, the Group and the Company have written down unsold completed development units by RM110.9 million and RM4.7 million, respectively.

c. Capitalisation of borrowing costs

The Group capitalises borrowing costs that are directly attributable to the property development activities. On completion of each phase of development, the Group ceases capitalisation for those phases and continues capitalisation of borrowing costs on other phases which are under-going development.

Significant judgement is involved in determining whether the development activities carried out meet the criteria for capitalisation of borrowing costs and, management is also required to estimate the appropriate apportionment of borrowing costs eligible for capitalisation to the various development phases.

During the financial year ended 31 December 2019, the Group capitalised RM152.4 million (financial period ended 31 December 2018: RM34.7 million) borrowing costs into inventories.

d. Deferred tax assets

Deferred tax assets arose mainly from property development, unutilised tax losses, unabsorbed capital allowances and other deductible temporary differences. Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which temporary differences or unutilised tax losses and tax credits can be utilised. This involves judgement regarding the future taxable profits of a particular entity in which the deferred tax asset has been recognised.

Deferred tax assets relating to property development are mainly attributable to unrealised profits reversed at the Group level, which arose from disposal of lands within the Group. Deferred taxation on unrealised profits are charged to the profit or loss upon sales of developed units to the customers.

The future taxable profits are determined based on the expected future profits arising from the Group's property development projects including other income expected to be generated from these projects. In evaluating whether it is probable that future taxable profits will be available, all available evidences were considered, including the approved budgets and analysis of historical operating results. These forecasts are consistent with those prepared and used internally for business planning and measurement of the Group's performance.

The deferred tax assets recognised are disclosed in Note 25.

5 Critical Accounting Estimates and Judgement in Applying Accounting Policies (continued)

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below: (continued)

e. Income tax

The Group is subjected to income taxes in various jurisdictions where it operates. Significant judgement is required in determining the estimated taxable income based on the contractual arrangements entered into by the Group, the amount of capital allowances claimed, tax provisions for the purpose of complying with relevant accounting standards and deductibility of certain expenses based on the interpretation of the tax laws and legislations.

Where the final tax outcome is different from the amounts that were initially recorded, such differences may result in significant impact on the income tax and deferred income tax provisions, where applicable, in the period in which such determination is made.

f. Provisions

Provision has been made in respect of an undertaking arrangement entered on the disposal of a property in financial year 2017.

The provision is calculated based on future rental obligations net of estimated sub-lease income and discounted to present value using an appropriate discount rate. Significant assumptions are used in the calculations and changes in assumptions and future events could cause the value of these provisions to change.

The provision for this undertaking is disclosed in Note 37.

g. Impairment losses on cost of investment in subsidiaries and recoverability of amount due from subsidiaries

The Company assesses whether there is any indication that the cost of investment in subsidiaries are impaired at the end of each reporting date. Impairment loss is measured by comparing the carrying amount of an asset with its recoverable amount. Recoverable amount is measured at the higher of the fair value less cost to sell and value-in-use for that asset.

As at 31 December 2019, the accumulated impairment losses on investment in subsidiaries and amount due from subsidiaries amounted to RM1,195.8 million (31 December 2018: RM1,100.4 million) and RM160.8 million (31 December 2018: RM232.2 million) respectively.



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6 Financial Risk and Capital Management Policies

a. Financial risk management

The Group's and the Company's operations expose them to a variety of financial risks, including foreign currency exchange risk, price risk, interest rate risk, credit risk and liquidity and cash flow risk. The Group's overall financial risk management policies seek to manage and minimise the potential adverse effects of these risks on the financial performance of the Group.

The Group's and the Company's exposure to these financial risks are managed through risk reviews, internal control systems, insurance programmes and adherence to Group Policies and Authorities which are implemented on a group-wide basis. The Board regularly reviews these risks and approves the policies covering the management of these risks.

i. Foreign currency exchange risk

The Group has minimal exposure to foreign currency transaction risk as the Group's financial assets and liabilities are largely denominated in the Group's functional currencies. However, the Group has significant exposure to foreign currency translation risk due to its 40% interest in Battersea Project Holding Company Limited group in the United Kingdom. The Group does not hedge its long term investment in foreign operations but hedges planned capital injection, where necessary, to minimise adverse impact arising from short term fluctuation in foreign currency exchange rates.

ii. Price risk

The Group and the Company are exposed to securities price risk arising from investments held which are classified in the statements of financial position as investments. The Group and the Company consider the impact of changes in prices of equity securities on the statements of profit or loss and the statements of comprehensive income to be insignificant.

iii. Interest rate risk

The Group's and the Company's interest rate risk arises primarily from interest bearing borrowings. The Group and the Company manage their interest rate risk by maintaining a mix of fixed and floating rate borrowings.

The interest-bearing assets are primarily the amounts due from joint ventures, associates and subsidiaries and short-term bank deposits with financial institutions. All interest-bearing amounts due to the Group and the Company bear interest at floating rate except those under negotiated terms where fixed rates are used after taking into account the borrower's risk profile. The interest rates on short-term bank deposits are monitored closely to ensure that the deposits are maintained at favourable rates and placements are made at varying maturities. The Group and the Company consider the risk of significant changes to interest rates to be low.

iv. Credit risk

Financial assets that are primarily exposed to credit risk are receivables and bank balances.

Credit risk arising from sales made on credit terms

The Group and the Company seek to control credit risk by dealing with counterparties with appropriate credit histories. Customers' most recent financial statements, payment history and other relevant information are considered in the determination of credit risk. Counterparties are assessed at least annually and more frequently when information on significant changes in their financial position becomes known. Credit terms and limit are set based on this assessment, and where appropriate, guarantees or securities are obtained to limit credit risk.

6 Financial Risk and Capital Management Policies (continued)

a. Financial risk management (continued)

iv. Credit risk (continued)

Credit risk arising from property development

The Group and the Company do not have any significant credit risk as its services and products are predominantly rendered and sold to a large number of customers comprise substantially property purchasers with financing facilities from reputable end-financiers. Credit risks with respect to property purchasers with no end-financing facilities are limited as the ownership and rights to the properties revert to the Group and the Company in the event of default. The Group and the Company do not have any significant exposure to any individual or counterparty nor any major concentration of credit risk related to any financial instruments.

Credit risk arising from property investment

Credit risk arising from outstanding receivables from tenants is minimised by closely monitoring the limit of the Group's associations to business partners and their credit worthiness. In addition, the tenants have placed security deposits with the Group which act as collateral.

Credit risk arising from golfing and sporting activities

Concentration of credit risk with respect to amounts due from members is limited due to the large number of members, the security deposits paid by members and advance payment of annual licence fees for individual members. Sales to members are usually suspended when outstanding amounts are overdue exceeding 180 days.

Credit risk arising from deposits with licensed banks

Credit risk also arises from deposits with licensed banks. The deposits are placed with credit worthy financial institutions. The Group and the Company consider the risk of material loss in the event of non-performance by a financial counterparty to be unlikely.

Credit risk arising from other receivables

The Group's and the Company's historical experience in collection of other receivables fall within the recorded allowances. No additional credit risk beyond amounts allowed for collection losses is inherent in the Group's and in the Company's other receivables.

Credit risk arising from subsidiaries, joint ventures and associates

The amounts due from subsidiaries, joint ventures and associates are monitored closely by the Group and the Company. The Group and the Company are of the view that the carrying amounts as at the reporting date are fully recoverable.



NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

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6 Financial Risk and Capital Management Policies (continued)

a. Financial risk management (continued)

v. Liquidity and cash flow risks

Liquidity risk refers to the risk that the Group or the Company will encounter difficulty in meeting financial obligations when they fall due. The Group maintains a prudent borrowing policy which is aimed towards maintaining sufficient cash for all cash flow requirements, managing debt and investment portfolio within the relevant time buckets to maturity, obtaining a diverse range of funding sources and keeping an adequate amount of credit facilities to provide an ample liquidity cushion.

The Group and the Company perform quarterly twelve-months rolling cash flow projections to ensure that requirements are identified as early as possible so that the Group and the Company have sufficient cash to meet operational needs. Such projections take into consideration the Group's and the Company's financing plans and are also used for monitoring of covenant compliance.

The Group and the Company maintain centralised treasury functions where all funding requirements are managed. As at 31 December 2019, the Group has an existing unutilised RM4.5 billion Islamic Medium Term Notes and unutilised bank credit facilities of RM1,378.3 million which it can tap upon at an appropriate time.

Cash and cash equivalents of the Group and of the Company comprise the following:

| | Group | | Company | |
|--|----------------|------------|----------------|------------|
| | 31.12.2019 | 31.12.2018 | 31.12.2019 | 31.12.2018 |
| Cash held under Housing Development Accounts [Note 29] | 456,706 | 343,518 | 90,294 | 62,966 |
| Bank balances, deposits and cash [Note 30] | 286,632 | 305,572 | 99,308 | 145,614 |
| | 743,338 | 649,090 | 189,602 | 208,580 |

The Group believes that its contractual obligations, including those shown in contingent liabilities and capital commitments in Note 38 can be met from existing cash and investments, operating cash flows, credit lines available and other financing that the Group reasonably expects to be able to secure shall the need arises.

Further details on the undiscounted contractual cash flows of the Group's and of the Company's financial liabilities as at the reporting date are disclosed in Note 42(b).

6 Financial Risk and Capital Management Policies (continued)

b. Capital management

Capital management refers to implementing measures to maintain sufficient capital to support its businesses. The Group's and the Company's capital management objectives are to ensure its ability to continue as a going concern, provide a competitive cost of capital and to maximise shareholders' value. The Group and the Company are committed towards optimising their capital structure, which includes balancing between debt and equity, and putting in place appropriate dividend and financing policies which influence the level of debt and equity.

The Group and the Company use the gearing ratio to assess the appropriateness of their debt levels, hence determining their capital structure. The Group and the Company maintain a debt to equity ratio that complies with debt covenants and regulatory requirements. The ratio is calculated as total external debt divided by total equity.

The Group's and the Company's gearing ratios are as follows:

| | Group | | Company | |
|-------------------|------------------|------------|------------------|------------|
| | 31.12.2019 | 31.12.2018 | 31.12.2019 | 31.12.2018 |
| Borrowings | | | | |
| – principal | 3,191,583 | 3,261,583 | 497,092 | 594,500 |
| – interest | 12,704 | 11,454 | 1,272 | 1,260 |
| Total borrowings | 3,204,287 | 3,273,037 | 498,364 | 595,760 |
| Lease liabilities | 91,712 | – | 9,725 | – |
| Total debt | 3,295,999 | 3,273,037 | 508,089 | 595,760 |
| Total equity | 9,950,006 | 9,446,400 | 9,231,956 | 8,813,696 |
| Gearing ratio | 33.1% | 34.6% | 5.5% | 6.8% |

During the financial year, the Group and the Company adopted MFRS 16 and recognised right-of-use assets and lease liabilities. See Note 45(a).

The recognition of lease liabilities have increased the Group's and the Company's gearing ratio as at 31 December 2019 from 32.2% to 33.1% and from 5.4% to 5.5%, respectively.

Given the moderate gearing level, the Group and the Company still have the capacity to borrow for expansion, provided an acceptable level of gearing ratio is maintained.



NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

Amounts in RM thousand unless otherwise stated

7 Revenue

| | Group | | Company | |
|---|---------------------------------|-----------------------------------|---------------------------------|-----------------------------------|
| | Financial year ended 31.12.2019 | Financial period ended 31.12.2018 | Financial year ended 31.12.2019 | Financial period ended 31.12.2018 |
| Revenue from contracts with customers | 3,129,928 | 1,243,660 | 408,997 | 193,768 |
| Revenue from other sources | | | | |
| – rental income from investment properties and other assets | 50,066 | 25,485 | 2,300 | 1,306 |
| – dividend income from subsidiaries | - | - | 588,530 | 217,400 |
| – dividend income from associates | - | - | 1,800 | 1,800 |
| | 3,179,994 | 1,269,145 | 1,001,627 | 414,274 |
| Disaggregation of the revenue from contract with customers: | | | | |
| Property development | 2,989,353 | 1,159,268 | 283,061 | 140,306 |
| Property investment | | | | |
| – maintenance service charges | 28,981 | 13,446 | - | - |
| – supply of teaching equipment | 16,911 | 21,124 | - | - |
| – others | 7,308 | 4,406 | - | - |
| Leisure and hospitality | | | | |
| – golf club activities | 63,372 | 27,149 | - | - |
| – others | 24,003 | 18,267 | - | - |
| Management fee charged to subsidiaries | - | - | 125,936 | 53,462 |
| | 3,129,928 | 1,243,660 | 408,997 | 193,768 |
| Geographical markets | | | | |
| Malaysia | 3,119,669 | 1,212,266 | 408,122 | 193,345 |
| Australia | 9,334 | 29,399 | 50 | 96 |
| Vietnam | 880 | 489 | - | - |
| Singapore | 45 | 1,506 | 685 | 289 |
| United Kingdom | - | - | 140 | 38 |
| | 3,129,928 | 1,243,660 | 408,997 | 193,768 |
| Timing of revenue | | | | |
| At a point in time | 855,470 | 388,325 | 63,072 | 30,031 |
| Over time | 2,274,458 | 855,335 | 345,925 | 163,737 |
| | 3,129,928 | 1,243,660 | 408,997 | 193,768 |

Revenue from contracts with customers of the Group and of the Company include RM210.5 million (financial period ended 31 December 2018: RM297.9 million) and RM7.4 million (financial period ended 31 December 2018: RM8.9 million) respectively that were included in contract liabilities at the beginning of the reporting period.

8 Cost of Sales

| | Group | | Company | |
|---|---------------------------------------|---|---------------------------------------|---|
| | Financial year ended 31.12.2019 | Financial period ended 31.12.2018 | Financial year ended 31.12.2019 | Financial period ended 31.12.2018 |
| Property development costs | 1,730,186 | 619,694 | 154,324 | 75,740 |
| Cost of completed development units sold | 325,015 | 115,557 | 48,773 | 10,290 |
| Write-down of inventories | 65,687 | 110,871 | - | 4,701 |
| Reversal of write-down of inventories | (22,369) | - | - | - |
| Write-off of property development expenditure | 9,723 | 99,766 | - | - |
| Finished goods and other direct expenses | 145,926 | 61,715 | 15,362 | 7,397 |
| Cost under concession arrangement | 32,240 | 23,427 | - | - |
| Employee costs | 73,482 | 35,000 | 2,035 | 997 |
| Hire of plant and machinery | 2,618 | 1,161 | - | - |
| Rental of land and buildings | 84 | 558 | - | - |
| Amortisation of intangible assets | 13 | 12 | - | - |
| Depreciation of: | | | | |
| – property, plant and equipment | 9,133 | 6,869 | 259 | 130 |
| – investment properties | 15,992 | 2,815 | - | - |
| | 2,387,730 | 1,077,445 | 220,753 | 99,255 |

Hire of plant and machinery and rental of land and buildings for the current financial year comprise short term leases and leases of low value assets which are not included in lease liabilities (see Note 36). The comparatives include expenses for leases that are accounted for as right-of-use assets with effect from 1 January 2019 in accordance with MFRS 16.

9 Other Operating Income

| | Group | | Company | |
|---|---------------------------------------|---|---------------------------------------|---|
| | Financial year ended 31.12.2019 | Financial period ended 31.12.2018 | Financial year ended 31.12.2019 | Financial period ended 31.12.2018 |
| Non-refundable tender deposits | 1,386 | 302 | 46 | 6 |
| Other rental income | 1,836 | 791 | 297 | 26 |
| Maintenance charges | 451 | 103 | - | - |
| Forfeiture of deposits | 359 | 1,392 | 16 | 66 |
| Royalty income | 215 | 186 | - | - |
| Recoveries and other miscellaneous income | 5,453 | 2,025 | 1,155 | 612 |
| | 9,700 | 4,799 | 1,514 | 710 |



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For the financial year ended 31 December 2019

Amounts in RM thousand unless otherwise stated

10 Selling, Marketing, Administrative and Other Expenses

| | Group | | Company | |
|---|---------------------------------|-----------------------------------|---------------------------------|-----------------------------------|
| | Financial year ended 31.12.2019 | Financial period ended 31.12.2018 | Financial year ended 31.12.2019 | Financial period ended 31.12.2018 |
| Selling and marketing expenses | 119,763 | 45,261 | 5,181 | 3,997 |
| Administrative and other expenses | 241,647 | 137,374 | 191,279 | 92,754 |
| | 361,410 | 182,635 | 196,460 | 96,751 |
| Selling, marketing, administrative and other expenses comprise the following: | | | | |
| Depreciation, amortisation, impairment losses and write-off | | | | |
| Amortisation of intangible assets | 1,545 | 924 | 1,477 | 883 |
| Depreciation of: | | | | |
| - property, plant and equipment | 26,155 | 11,347 | 10,700 | 501 |
| - investment properties | 287 | 223 | - | - |
| Impairment losses on receivables | 10,779 | 26,513 | 409 | 209 |
| Reversal of impairment losses on receivables | (1,398) | (1,043) | - | - |
| Write-off of: | | | | |
| - property, plant and equipment | 109 | 303 | - | - |
| - intangible assets | - | 22 | - | - |
| Bad debt (recovered)/written off | (4,288) | 590 | - | - |
| | 33,189 | 38,879 | 12,586 | 1,593 |
| Auditors' remuneration | | | | |
| Fees for statutory audits | | | | |
| - PricewaterhouseCoopers PLT, Malaysia | 1,390 | 1,023 | 347 | 260 |
| - member firms of PricewaterhouseCoopers International Limited | 908 | 905 | - | - |
| Fees for other assurance related | | | | |
| - PricewaterhouseCoopers PLT, Malaysia | 310 | 120 | 261 | 65 |
| | 2,608 | 2,048 | 608 | 325 |
| Fees for non-audit services | | | | |
| - PricewaterhouseCoopers PLT, Malaysia | 1,800 | - | 800 | - |
| - member firms of PricewaterhouseCoopers International Limited | 224 | 111 | - | - |
| | 4,632 | 2,159 | 1,408 | 325 |

10 Selling, Marketing, Administrative and Other Expenses (continued)

| | Group | | Company | |
|---|---------------------------------------|---|---------------------------------------|---|
| | Financial year ended 31.12.2019 | Financial period ended 31.12.2018 | Financial year ended 31.12.2019 | Financial period ended 31.12.2018 |
| Selling, marketing, administrative and other expenses comprise the following: (continued) | | | | |
| Employee and Directors costs | | | | |
| Employee costs | 134,363 | 65,451 | 118,548 | 58,860 |
| Directors' fees | 3,300 | 1,513 | 3,300 | 1,513 |
| | 137,663 | 66,964 | 121,848 | 60,373 |
| Others | | | | |
| Advertising and promotion | 60,519 | 29,600 | 4,307 | 3,594 |
| Sales commission and other selling expenses | 27,364 | 4,263 | 874 | 403 |
| Hire of plant and machinery | 1,695 | 499 | 1,483 | 422 |
| Rental of land and buildings | | | | |
| – a subsidiary | – | – | – | 4,973 |
| – others | 1,403 | 1,765 | – | 59 |
| Contribution payable to Yayasan Sime Darby | 20,000 | 10,000 | 13,000 | 10,000 |
| Other operating expenses | 74,945 | 28,506 | 40,954 | 15,009 |
| | 185,926 | 74,633 | 60,618 | 34,460 |
| Total | 361,410 | 182,635 | 196,460 | 96,751 |

Hire of plant and machinery and rental of land and buildings for the current financial year comprise short term leases and leases of low value assets which are not included in lease liabilities (see Note 36). The comparatives include expenses for leases that are accounted for as right-of-use assets with effect from 1 January 2019 in accordance with MFRS 16.

Non-audit services provided by the Company's auditors and its member firms comprise tax related and other advisory services. Included in the non-audit services fees in respect of the current financial year is an amount of RM435,000 which was paid in respect of services provided to the Group and to the Company in prior years.

The Audit Committee reviews on a quarterly basis, the engagement of the external auditors for non-audit services. Non-audit services can be offered by the external auditors if there are efficiency and value added benefits to the Group, without compromising auditor independence.



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11 Employee and Directors Costs

| | Group | | Company | |
|---|---------------------------------------|---|---------------------------------------|---|
| | Financial year ended 31.12.2019 | Financial period ended 31.12.2018 | Financial year ended 31.12.2019 | Financial period ended 31.12.2018 |
| Employee and Directors costs included in: | | | | |
| - cost of sales | 73,482 | 35,000 | 2,035 | 997 |
| - selling, marketing, administrative and other expenses | 137,663 | 66,964 | 121,848 | 60,373 |
| | 211,145 | 101,964 | 123,883 | 61,370 |
| Staff: | | | | |
| - salaries, allowances, overtime and bonus | 163,620 | 74,429 | 92,828 | 46,516 |
| - defined contribution plan | 22,342 | 10,930 | 14,421 | 7,149 |
| - training, insurance and other benefits | 20,004 | 12,139 | 11,455 | 3,239 |
| | 205,966 | 97,498 | 118,704 | 56,904 |
| Executive Directors: | | | | |
| - salaries, allowances and bonus | 1,671 | 2,546 | 1,671 | 2,546 |
| - defined contribution plan | 208 | 407 | 208 | 407 |
| | 1,879 | 2,953 | 1,879 | 2,953 |
| Non-Executive Directors | | | | |
| - fees | 3,300 | 1,513 | 3,300 | 1,513 |
| Total | 211,145 | 101,964 | 123,883 | 61,370 |

Estimated monetary value of benefits received by the Executive and Non-Executive Directors from the Company amounted to RM131,161 (financial period ended 31 December 2018: RM27,251) and RM85,650 (financial period ended 31 December 2018: RM37,713) respectively. The Directors did not receive any benefits from the subsidiaries.

During the financial year, Directors and key management personnel of the Group and the Company purchased properties of the Group amounting to RM4.5 million (financial period ended 31 December 2018: RM0.8 million).

Other than as disclosed above, there were no compensation to Directors for loss of office, no loans, quasi-loans and other dealings in favour of Directors and no material contracts subsisting as at 31 December 2019 or if not then subsisting, entered into since the end of the previous financial year by the Company or its subsidiaries which involved the interests of Directors.

12 Other Gains and Losses

| | Group | | Company | |
|---|---------------------------------------|---|---------------------------------------|---|
| | Financial year ended 31.12.2019 | Financial period ended 31.12.2018 | Financial year ended 31.12.2019 | Financial period ended 31.12.2018 |
| Gain on disposal of: | | | | |
| – property, plant and equipment | 246,232 | 3,168 | 2 | 1 |
| – investment properties | - | 5,640 | - | - |
| Net impairment losses on: | | | | |
| – investment properties | (9,811) | (1,223) | - | - |
| – investment in subsidiaries | - | - | (28,102) | (198,731) |
| – investment in a joint venture | - | - | (28,910) | - |
| – investment in associates | - | - | (120) | (367) |
| – amounts due from subsidiaries [Note 26(c)] | - | - | (926) | (2,411) |
| – amounts due from a joint venture [Note 26(c)] | (14,921) | - | (37,210) | - |
| Surplus from liquidation of subsidiaries | - | - | 1,704 | - |
| Changes in fair value of quoted investments | (31) | (1,623) | (31) | (1,623) |
| Provision on obligation in relation to a property disposed [Note 37] | (65,801) | (24,142) | - | - |
| Foreign currency exchange (losses)/gain: | | | | |
| – realised | (18) | (144) | (6) | (42) |
| – unrealised | 983 | 3 | - | - |
| | 156,633 | (18,321) | (93,599) | (203,173) |

13 Joint Ventures

The Group's interest in the joint ventures, their respective principal activities and countries of incorporation are shown in Note 44.

The Directors are of the opinion that Battersea Project Holding Company Limited ("Battersea"), a property company incorporated and domiciled in Jersey, is material to the Group. Other joint ventures are individually immaterial to the Group.

Battersea is a joint venture between Setia International Limited, a subsidiary of SP Setia Berhad, Kwasa Global (Jersey) Limited and Sime Darby Property (Hong Kong) Limited. Battersea was formed to acquire and develop the Battersea Power Station site in London, United Kingdom, which is a strategic investment for the Group to expand its footprint into a key international market for property development and investment.



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13 Joint Ventures (continued)

The Group's investments in joint ventures are as follows:

| Group | Battersea | Others | Total |
|--|-----------|----------|-----------|
| 31.12.2019 | | | |
| Share of results for the financial year | (29,134) | (767) | (29,901) |
| Unquoted shares, at costs | 2,614,685 | 89,252 | 2,703,937 |
| Unrealised profit | - | (46,614) | (46,614) |
| Share of post-acquisition reserves | 73,114 | (13,617) | 59,497 |
| Shareholder's advances | - | 88,181 | 88,181 |
| Carrying amount at the end of the financial year | 2,687,799 | 117,202 | 2,805,001 |
| 31.12.2018 | | | |
| Share of results for the financial period | (7,710) | (40,596) | (48,306) |
| Unquoted shares, at costs | 2,391,230 | 72,465 | 2,463,695 |
| Unrealised profit | - | (46,614) | (46,614) |
| Share of post-acquisition reserves | 100,957 | (28,699) | 72,258 |
| Shareholder's advances | - | 84,681 | 84,681 |
| Carrying amount at the end of the financial period | 2,492,187 | 81,833 | 2,574,020 |

Share of post-acquisition losses in excess of the cost of investment in a joint venture amounting to RM23.6 million was reclassified to accumulated impairment losses on amount due from the joint venture (see Note 26(a)).

The Company's investments in joint ventures are as follows:

| | Company | |
|---|------------|------------|
| | 31.12.2019 | 31.12.2018 |
| Unquoted shares, at costs | 125 | 125 |
| Shareholder's advance | 28,785 | 28,785 |
| Accumulated impairment losses | (28,910) | - |
| Carrying amount at the end of the financial year/period | - | 28,910 |

The shareholder's advance to joint venture is unsecured and interest free with no fixed term of repayment.

13 Joint Ventures (continued)

a. Material joint venture to the Group

Summarised financial information

The information below reflects the amounts presented in the consolidated financial statements of Battersea, adjusted for differences in accounting policies between the Group and the joint venture.

i. The summarised consolidated statements of comprehensive income of Battersea are as follows:

| | Financial year ended 31.12.2019 | Financial period ended 31.12.2018 |
|------------------------------------|---------------------------------------|---|
| Revenue | 1,732,586 | 113,300 |
| Depreciation and amortisation | (11,504) | (5,976) |
| Finance income | 977 | 374 |
| Finance cost | (5,254) | (2,411) |
| Loss before taxation | (92,923) | (11,993) |
| Taxation | 20,088 | (7,282) |
| Loss for the financial year/period | (72,835) | (19,275) |
| Share of results | (29,134) | (7,710) |

Revenue for the current financial year include a major transaction where the variable consideration element has yet to meet the revenue recognition criteria.

ii. The summarised consolidated statements of financial position of Battersea are as follows:

| | 31.12.2019 | 31.12.2018 |
|--|-------------------|------------|
| Non-current assets | 369,596 | 291,642 |
| Current assets | | |
| Cash and cash equivalents | 947,068 | 285,857 |
| Inventories | 10,174,789 | 11,365,418 |
| Other current assets | 753,956 | 541,848 |
| | 11,875,813 | 12,193,123 |
| Non-current liabilities | | |
| Financial liabilities (excluding payables) | 3,455,499 | 4,248,226 |
| Other non-current liabilities | 35,421 | 34,681 |
| | 3,490,920 | 4,282,907 |



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13 Joint Ventures (continued)

a. Material joint venture to the Group (continued)

Summarised financial information (continued)

ii. The summarised consolidated statements of financial position of Battersea are as follows: (continued)

| | 31.12.2019 | 31.12.2018 |
|--|------------------|------------|
| Current liabilities | | |
| Financial liabilities (excluding payables) | 444,322 | 8,184 |
| Other current liabilities | 1,590,670 | 1,963,206 |
| | 2,034,992 | 1,971,390 |
| Net assets | 6,719,497 | 6,230,468 |

iii. Reconciliation of the summarised financial information presented to the carrying amount of the Group's interest in Battersea is as below:

| | 31.12.2019 | 31.12.2018 |
|---|------------------|------------|
| Net assets | | |
| At the beginning of the financial year/period | 6,230,468 | 5,320,904 |
| Total comprehensive income/(loss) for the financial year/period | (72,835) | (19,275) |
| Additional allotment during the financial year/period | 426,155 | 973,677 |
| Exchange differences | 135,709 | (44,838) |
| At the end of the financial year/period | 6,719,497 | 6,230,468 |
| Group's interest in the joint venture | 40% | 40% |
| Carrying amount at the end of the financial year/period | 2,687,799 | 2,492,187 |

b. Share of capital commitments and contingent liabilities

The Group's share of capital commitments are as follows:

| | 31.12.2019 | 31.12.2018 |
|---|------------|------------|
| Approved and contracted for purchase of land for property development | 114,063 | 111,679 |

There are no contingent liabilities relating to the Group's interest in the joint ventures. The Group's commitments in relation to its joint ventures are disclosed in Note 38(b)(ii).

14 Associates

The Group's interest in the associates, their respective principal activities and countries of incorporation are shown in Note 44.

In the opinion of the Directors, the Group has no associate which is individually material as at 31 December 2019.

The Group's and the Company's investments in associates are as follows:

| | Group | |
|--|---------------------------------------|---|
| | Financial year ended 31.12.2019 | Financial period ended 31.12.2018 |
| Share of results | 53 | 940 |
| Share of other comprehensive (loss)/income | (351) | 776 |
| Share of total comprehensive (loss)/income for the financial year/period | (298) | 1,716 |

| | Group | | Company | |
|---|------------|------------|------------|------------|
| | 31.12.2019 | 31.12.2018 | 31.12.2019 | 31.12.2018 |
| Unquoted shares, at costs | 36,803 | 36,803 | 36,600 | 36,600 |
| Share of post-acquisition reserves | 94,975 | 97,074 | - | - |
| Shareholder's advance | 10,163 | 9,419 | 10,163 | 9,419 |
| Accumulated impairment losses | (2,804) | (2,804) | (1,746) | (1,626) |
| Carrying amount at the end of the financial year/ period | 139,137 | 140,492 | 45,017 | 44,393 |

The shareholder's advance to an associate is unsecured and bears interest at a rate of 7.65% (31 December 2018: 7.65%) per annum. The advance is considered as part of the Group's and the Company's investment in the associate.

Share of capital commitments and contingent liabilities

There are neither capital commitment nor contingent liabilities relating to the Group's interest in the associates.



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15 Finance Income

| | Group | | Company | |
|---|---------------------------------|-----------------------------------|---------------------------------|-----------------------------------|
| | Financial year ended 31.12.2019 | Financial period ended 31.12.2018 | Financial year ended 31.12.2019 | Financial period ended 31.12.2018 |
| Finance income arising from: | | | | |
| - subsidiaries | - | - | 91,522 | 104,079 |
| - a joint venture | 1,425 | 736 | - | - |
| - an associate | 772 | 375 | 772 | 375 |
| - banks and other financial institutions | 13,888 | 9,416 | 4,002 | 2,338 |
| - accretion of interest on contract assets [Note 28(a)] | 105,157 | 54,948 | - | - |
| | 121,242 | 65,475 | 96,296 | 106,792 |

16 Finance Costs

| | Group | | Company | |
|--|---------------------------------|-----------------------------------|---------------------------------|-----------------------------------|
| | Financial year ended 31.12.2019 | Financial period ended 31.12.2018 | Financial year ended 31.12.2019 | Financial period ended 31.12.2018 |
| Finance costs charged by: | | | | |
| - banks and other financial institutions | 44,939 | 23,476 | 1,963 | 11,304 |
| - non-controlling interest | 7,315 | 3,939 | - | - |
| - lease liabilities | 4,320 | - | 619 | - |
| - subsidiaries | - | - | 722 | 1,457 |
| - others | 5,928 | 9,685 | 2,608 | 300 |
| Accretion of interest on payables [Note 34(a)] | 4,840 | 2,460 | - | - |
| | 67,342 | 39,560 | 5,912 | 13,061 |
| Islamic financing distribution payment: | | | | |
| - Syndicated Islamic term financing | 56,821 | 30,005 | - | - |
| - others | 51,136 | 16,922 | 22,354 | 11,418 |
| | 107,957 | 46,927 | 22,354 | 11,418 |
| Total finance costs | 175,299 | 86,487 | 28,266 | 24,479 |
| Less interest capitalised in: | | | | |
| - inventories [Note 27] | (152,388) | (34,689) | - | - |
| Net finance costs | 22,911 | 51,798 | 28,266 | 24,479 |

The Group's weighted average capitalisation rate is 5.0% (financial period ended 31 December 2018: 4.0%) per annum.

17 Taxation

| | Group | | Company | |
|---|---------------------------------------|---|---------------------------------------|---|
| | Financial year ended 31.12.2019 | Financial period ended 31.12.2018 | Financial year ended 31.12.2019 | Financial period ended 31.12.2018 |
| Income tax: | | | | |
| In respect of current financial year/period | | | | |
| – Malaysian income tax | 173,616 | 83,137 | 28,005 | 21,937 |
| – foreign income tax | 48 | 942 | - | - |
| In respect of prior financial years | | | | |
| – Malaysian income tax | (550) | 188,170 | (13,013) | 34,709 |
| – foreign income tax | - | 5 | - | - |
| Total income tax | 173,114 | 272,254 | 14,992 | 56,646 |
| Deferred tax: [Note 25] | | | | |
| – origination and reversal of temporary differences | (18,088) | (32,055) | (9,330) | (662) |
| – write-down due to changes in tax legislation | - | 26,413 | - | - |
| – (over)/under provision in prior financial years | (80,237) | 6,421 | - | - |
| Total deferred tax (credit)/expense | (98,325) | 779 | (9,330) | (662) |
| Total taxation | 74,789 | 273,033 | 5,662 | 55,984 |

There was no tax on other comprehensive income/(losses) of the Group and the Company for the financial year (financial period ended 31 December 2018: RM Nil).

Tax reconciliation

Reconciliation from tax at applicable tax rate to tax expense are as follows:

| | Group | | Company | |
|-------------------------------|---------------------------------------|---|---------------------------------------|---|
| | Financial year ended 31.12.2019 | Financial period ended 31.12.2018 | Financial year ended 31.12.2019 | Financial period ended 31.12.2018 |
| Profit/(Loss) before taxation | 665,670 | (38,146) | 560,359 | 98,118 |
| Less: | | | | |
| Share of results of: | | | | |
| – joint ventures [Note 13] | 29,901 | 48,306 | - | - |
| – associates [Note 14] | (53) | (940) | - | - |
| | 695,518 | 9,220 | 560,359 | 98,118 |



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For the financial year ended 31 December 2019

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17 Taxation (continued)

Tax reconciliation (continued)

Reconciliation from tax at applicable tax rate to tax expense are as follows: (continued)

| | Group | | Company | |
|---|---------------------------------|-----------------------------------|---------------------------------|-----------------------------------|
| | Financial year ended 31.12.2019 | Financial period ended 31.12.2018 | Financial year ended 31.12.2019 | Financial period ended 31.12.2018 |
| Applicable tax | 159,658 | 4,611 | 134,486 | 23,548 |
| Effect of tax incentives and income not subject to tax: | | | | |
| – single tier and tax exempt dividends | - | - | (141,679) | (52,608) |
| – gain on disposal of property, plant and equipment | (36,449) | - | - | - |
| – others | (236) | (2,736) | (409) | - |
| Effect of expenses not deductible for tax purposes: | | | | |
| – impairment losses on amounts due from subsidiaries | - | - | 222 | 578 |
| – impairment losses on amounts due from joint ventures | 3,270 | - | 8,931 | - |
| – impairment losses on investment in subsidiaries, joint ventures and associates | - | - | 13,712 | 47,695 |
| – provision on obligation in relation to a property disposed | 11,186 | 4,104 | - | - |
| – others | 14,623 | 1,860 | 3,412 | 2,062 |
| Deferred tax assets not recognised in respect of current financial year's/period's tax losses | 8,862 | 44,912 | - | - |
| Recognition of previously unrecognised temporary differences | (5,338) | (727) | - | - |
| Deferred tax asset written down due to changes in tax legislation | - | 26,413 | - | - |
| (Over)/Under provision in prior period/years | (80,787) | 194,596 | (13,013) | 34,709 |
| Taxation for the financial year/period | 74,789 | 273,033 | 5,662 | 55,984 |
| Applicable tax rate (%) | 17.0 – 30.0 | 17.0 – 30.0 | 24.0 | 24.0 |
| Effective tax rate (%) | 10.8 | 2,961.3 | 1.0 | 57.1 |

The applicable tax of the Group represents the applicable taxes of all companies under the Group based on their respective domestic tax rate.

The tax expenses of the Group and of the Company include the reversal of tax provision in prior period by the Company and certain subsidiaries following the finalisation and settlement of some of the tax audit by the Inland Revenue Board ("IRB") in the current financial year.

18 Earnings Per Share

Basic earnings per share attributable to owners of the Company are computed as follows:

| | Group | |
|---|---------------------------------|-----------------------------------|
| | Financial year ended 31.12.2019 | Financial period ended 31.12.2018 |
| Profit/(Loss) for the financial year/period | 598,531 | (318,700) |
| Number of ordinary shares in issue (thousand) | 6,800,839 | 6,800,839 |
| Basic earnings/(loss) per share (sen) | 8.8 | (4.7) |

The basic and diluted earnings per share is the same as there is no potential ordinary shares in issue as at the end of the financial year/period.

19 Dividends

| | Group/ Company | |
|--|---------------------------------|-----------------------------------|
| | Financial year ended 31.12.2019 | Financial period ended 31.12.2018 |
| In respect of the financial year ended 31 December 2019, a first interim single tier dividend of 1.0 sen per ordinary share which was paid on 22 October 2019. | 68,008 | - |
| In respect of the financial period ended 31 December 2018, an interim single tier dividend of 1.0 sen per ordinary share which was paid on 26 April 2019. | 68,009 | - |
| In respect of the financial year ended 30 June 2018, a second interim single tier dividend of 3.0 sen per ordinary share which was paid on 26 October 2018. | - | 204,025 |
| | 136,017 | 204,025 |

The Board of Directors has on 26 February 2020, declared a second interim single tier dividend in respect of the financial year ended 31 December 2019 of 2.0 sen per ordinary share amounting to RM136.0 million. The second interim dividend is payable on 20 April 2020 to shareholders whose names appeared in the Record of Depositors and Register of Members of the Company at the close of business on 31 March 2020.

The Board of Directors do not recommend the payment of any final dividend for the financial year ended 31 December 2019.



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20 Property, Plant and Equipment

| Group | Freehold land | Leasehold land | Buildings | Plant and machinery | Vehicles, equipment and fixtures | Work in progress | Total |
|--|---------------|----------------|-----------|---------------------|----------------------------------|------------------|-----------|
| 31.12.2019 | | | | | | | |
| At the end of the previous financial period | 58,619 | 31,845 | 494,956 | 4,151 | 49,172 | 1,702 | 640,445 |
| Effects of the adoption of MFRS 16 [Note 45] | - | 22,997 | 99 | - | - | - | 23,096 |
| At the beginning of the financial year | 58,619 | 54,842 | 495,055 | 4,151 | 49,172 | 1,702 | 663,541 |
| Additions | - | 731 | 4,910 | 639 | 4,792 | 5,818 | 16,890 |
| Disposals | - | - | (8,532) | - | (157) | - | (8,689) |
| Write-off | - | - | - | (21) | (88) | - | (109) |
| Depreciation [Notes 8 & 10] | - | (1,745) | (18,735) | (1,889) | (12,919) | - | (35,288) |
| Exchange differences | - | - | (57) | (2) | (2) | - | (61) |
| At the end of the financial year | 58,619 | 53,828 | 472,641 | 2,878 | 40,798 | 7,520 | 636,284 |
| Cost | 58,619 | 56,726 | 696,638 | 41,594 | 179,610 | 7,520 | 1,040,707 |
| Accumulated depreciation | - | (2,898) | (220,297) | (38,666) | (138,812) | - | (400,673) |
| Accumulated impairment losses | - | - | (3,700) | (50) | - | - | (3,750) |
| Carrying amount at the end of the financial year | 58,619 | 53,828 | 472,641 | 2,878 | 40,798 | 7,520 | 636,284 |
| 31.12.2018 | | | | | | | |
| At the beginning of the financial period | 60,978 | 84,632 | 522,678 | 5,818 | 55,596 | 5,457 | 735,159 |
| Additions | - | - | 1,395 | 99 | 1,393 | 641 | 3,528 |
| Disposals | (412) | - | (2,158) | (70) | (211) | - | (2,851) |
| Write-off | - | - | (71) | - | (184) | (48) | (303) |
| Transferred to non-current assets held for sale | (1,950) | (53,404) | (22,417) | (732) | (831) | - | (79,334) |
| Reclassification | - | - | 4,347 | - | - | (4,347) | - |
| Depreciation [Notes 8 & 10] | - | (703) | (9,857) | (988) | (6,668) | - | (18,216) |
| Exchange differences | 3 | 1,320 | 1,039 | 24 | 77 | (1) | 2,462 |
| At the end of the financial period | 58,619 | 31,845 | 494,956 | 4,151 | 49,172 | 1,702 | 640,445 |
| Cost | 59,147 | 32,998 | 702,862 | 41,788 | 178,152 | 1,702 | 1,016,649 |
| Accumulated depreciation | - | (1,153) | (204,206) | (37,585) | (128,708) | - | (371,652) |
| Accumulated impairment losses | (528) | - | (3,700) | (52) | (272) | - | (4,552) |
| Carrying amount at the end of the financial period | 58,619 | 31,845 | 494,956 | 4,151 | 49,172 | 1,702 | 640,445 |

20 Property, Plant and Equipment (continued)

| Company | Building | Vehicles, equipment and fixtures | Work in progress | Total |
|--|----------|--|---------------------|----------|
| 31.12.2019 | | | | |
| At the end of the previous financial period | - | 3,301 | - | 3,301 |
| Effects of the adoption of MFRS 16 [Note 45] | 19,053 | - | - | 19,053 |
| At the beginning of the financial year | 19,053 | 3,301 | - | 22,354 |
| Additions | - | 2,861 | 194 | 3,055 |
| Depreciation [Notes 8 & 10] | (9,526) | (1,433) | - | (10,959) |
| At the end of the financial year | 9,527 | 4,729 | 194 | 14,450 |
| Cost | 19,053 | 41,098 | 194 | 60,345 |
| Accumulated depreciation | (9,526) | (36,369) | - | (45,895) |
| Carrying amount at the end of the financial year | 9,527 | 4,729 | 194 | 14,450 |
| 31.12.2018 | | | | |
| At the beginning of the financial period | - | 3,498 | - | 3,498 |
| Additions | - | 434 | - | 434 |
| Depreciation [Notes 8 & 10] | - | (631) | - | (631) |
| At the end of the financial period | - | 3,301 | - | 3,301 |
| Cost | - | 38,237 | - | 38,237 |
| Accumulated depreciation | - | (34,936) | - | (34,936) |
| Carrying amount at the end of the financial period | - | 3,301 | - | 3,301 |



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20 Property, Plant and Equipment (continued)

a. Right-of-use assets

Right-of-use assets included in property, plant and equipment are as follows:

| | Group | | | Company | |
|---|----------------|-----------|-----------|-----------|---------|
| | Leasehold land | Buildings | Total | Buildings | Total |
| 31.12.2019 | | | | | |
| At the beginning of the financial year, following the adoption of MFRS 16 | 54,842 | 306,031 | 360,873 | 19,053 | 19,053 |
| Additions | 731 | 4,447 | 5,178 | - | - |
| Depreciation | (1,745) | (9,609) | (11,354) | (9,526) | (9,526) |
| Exchange differences | - | (58) | (58) | - | - |
| At the end of the financial year | 53,828 | 300,811 | 354,639 | 9,527 | 9,527 |
| Cost | 56,724 | 434,275 | 490,999 | 19,053 | 19,053 |
| Accumulated depreciation | (2,896) | (129,764) | (132,660) | (9,526) | (9,526) |
| Accumulated impairment losses | - | (3,700) | (3,700) | - | - |
| Carrying amount at the end of the financial year | 53,828 | 300,811 | 354,639 | 9,527 | 9,527 |

The Company's right-of-use asset is leased from a subsidiary company.

b. Assets pledged as security

As at 31 December 2019, property, plant and equipment of certain subsidiaries with a total carrying amount of RM72.7 million (31 December 2018: RM74.6 million) were pledged as security for borrowings of the Group (see Note 35(e)(iii)).

c. Additions of property, plant and equipment

| | Group | | Company | |
|-------------------------------|---------------------------------|-----------------------------------|---------------------------------|-----------------------------------|
| | Financial year ended 31.12.2019 | Financial period ended 31.12.2018 | Financial year ended 31.12.2019 | Financial period ended 31.12.2018 |
| Additions | 16,890 | 3,528 | 3,055 | 434 |
| Financed by lease liabilities | (5,178) | - | - | - |
| Total cash outflow | 11,712 | 3,528 | 3,055 | 434 |

21 Investment Properties

| Group | Freehold land | Leasehold land | Buildings | Work in progress | Total |
|--|---------------|----------------|-----------|------------------|----------|
| 31.12.2019 | | | | | |
| At the beginning of the financial year | 47,060 | 16,181 | 254,314 | 326,651 | 644,206 |
| Additions | - | - | 78,103 | 75,269 | 153,372 |
| Impairment losses | - | - | (9,811) | - | (9,811) |
| Transferred to inventories [Note 27] | (3,395) | - | - | - | (3,395) |
| Reclassified from provisions [Note 37] | - | - | (22,268) | - | (22,268) |
| Reclassification | - | (7,712) | 7,712 | - | - |
| Depreciation [Notes 8 & 10] | - | (207) | (16,072) | - | (16,279) |
| Exchange differences | - | - | (40) | - | (40) |
| At the end of the financial year | 43,665 | 8,262 | 291,938 | 401,920 | 745,785 |
| Cost | 43,665 | 13,214 | 394,919 | 401,920 | 853,718 |
| Accumulated depreciation | - | (1,586) | (63,237) | - | (64,823) |
| Accumulated impairment losses | - | (3,366) | (39,744) | - | (43,110) |
| Carrying amount at the end of the financial year | 43,665 | 8,262 | 291,938 | 401,920 | 745,785 |
| 31.12.2018 | | | | | |
| At the beginning of the financial period | 45,528 | 8,166 | 206,514 | 345,753 | 605,961 |
| Additions | - | - | - | 53,084 | 53,084 |
| Disposals | - | - | (10,685) | - | (10,685) |
| Impairment losses | - | - | (1,223) | - | (1,223) |
| Reclassification | 1,532 | 8,246 | 62,408 | (72,186) | - |
| Depreciation [Notes 8 & 10] | - | (231) | (2,807) | - | (3,038) |
| Exchange differences | - | - | 107 | - | 107 |
| At the end of the financial period | 47,060 | 16,181 | 254,314 | 326,651 | 644,206 |
| Cost | 47,060 | 36,135 | 293,938 | 326,651 | 703,784 |
| Accumulated depreciation | - | (10,088) | (38,401) | - | (48,489) |
| Accumulated impairment losses | - | (9,866) | (1,223) | - | (11,089) |
| Carrying amount at the end of the financial period | 47,060 | 16,181 | 254,314 | 326,651 | 644,206 |



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21 Investment Properties (continued)

a. Right-of-use assets

Right-of-use assets included in investment properties are as follows:

| Group | Leasehold land | Buildings | Total |
|--|----------------|-----------|----------|
| 31.12.2019 | | | |
| At the beginning of the financial year | 16,181 | 37,904 | 54,085 |
| Additions | - | 78,103 | 78,103 |
| Reclassified from provisions [Note 37] | - | (22,268) | (22,268) |
| Reclassification | (7,712) | - | (7,712) |
| Depreciation | (207) | (10,322) | (10,529) |
| Exchange differences | - | (40) | (40) |
| At the end of the financial year | 8,262 | 83,377 | 91,639 |
| Cost | 13,214 | 116,582 | 129,796 |
| Accumulated depreciation | (1,586) | (10,995) | (12,581) |
| Accumulated impairment losses | (3,366) | (22,210) | (25,576) |
| Carrying amount at the end of the financial year | 8,262 | 83,377 | 91,639 |

b. Fair Value

The fair value of the Group's investment properties are as follows:

| | 31.12.2019 | | | 31.12.2018 |
|---------|--------------|---------------------|-----------|------------|
| | Owned assets | Right-of-use assets | Total | Total |
| Level 2 | 586,651 | 129,073 | 715,724 | 1,514,555 |
| Level 3 | 273,177 | 94,594 | 367,771 | 341,076 |
| | 859,828 | 223,667 | 1,083,495 | 1,855,631 |

There are no quoted prices in active market for identical properties. Therefore, no property is measured at Level 1 of the fair value hierarchy. The properties measured at Level 2 and Level 3 are determined as follows:

- i. Level 2 – measured by reference either to the valuation by independent professionally qualified valuers or the open market value of properties in the vicinity. The key input under this approach is the price per square foot from sales of comparable properties.
- ii. Level 3 – valued by independent professionally qualified valuers based on the rental the properties are expected to achieve, the location, size and condition of the properties and taking into consideration the outgoings such as quit rent and assessment, utilities, repair and maintenance including other general expenses.

21 Investment Properties (continued)

c. Assets pledged as security

As at 31 December 2019, investment properties of certain subsidiaries with a total carrying amount of RM144.6 million (31 December 2018: RM148.1 million) were pledged as security for borrowings of the Group (see Note 35(e) (iii)).

d. Additions of investment properties

| | Group | |
|-------------------------------|---------------------------------------|---|
| | Financial year ended 31.12.2019 | Financial period ended 31.12.2018 |
| Additions | 153,372 | 53,084 |
| Financed by lease liabilities | (78,103) | - |
| Total cash outflow | 75,269 | 53,084 |

e. Operating leases

Rental income generated from and direct operating expenses incurred on the Group's investment properties are as follows:

| | Financial year ended 31.12.2019 | Financial period ended 31.12.2018 |
|---|---------------------------------------|---|
| Rental income | 38,823 | 20,048 |
| Direct operating expenses, before depreciation and amortisation | (35,406) | (5,869) |

The maturity analysis of the undiscounted rental payments is as follows:

| 31.12.2019 | Group |
|---|---------|
| Rental payments due | |
| - not later than 1 year | 35,906 |
| - later than 1 year and not later than 2 years | 22,738 |
| - later than 2 years and not later than 3 years | 23,588 |
| - later than 3 years and not later than 4 years | 17,262 |
| - later than 4 years and not later than 5 years | 2,820 |
| - later than 5 years | 53,363 |
| | 155,677 |

The above rental payments exclude leases secured for an investment property currently under construction.



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22 Subsidiaries

The Group's effective equity interest in the subsidiaries, their respective principal activities and countries of incorporation are shown in Note 44.

| | Company | |
|---|--------------------|-------------|
| | 31.12.2019 | 31.12.2018 |
| Unquoted shares: | | |
| At cost | 7,934,720 | 5,677,725 |
| Accumulated impairment losses | (1,195,772) | (1,100,394) |
| | 6,738,948 | 4,577,331 |
| Contribution to a subsidiary | 23,485 | 23,485 |
| Carrying amount at the end of the financial year/period | 6,762,433 | 4,600,816 |

During the financial year ended 31 December 2019, the Company increased its investment in subsidiaries by RM2,373.5 million (financial period ended 31 December 2018: RM385.6 million) via capital injections of RM436.5 million (financial period ended 31 December 2018: RM385.6 million) and capitalisation of amounts due from subsidiaries of RM1,937.0 million (financial period ended 31 December 2018: RM Nil).

In addition, a wholly-owned subsidiary had undertaken a capital reduction exercise in May 2019 where the following assets of the subsidiary were distributed and novated to the Company:

- a. RM32.5 million in cash; and
- b. RM66.1 million in the form of amount due from another wholly-owned subsidiary of the Company.

Movements in accumulated impairment losses are as follows:

| | Company | |
|--|------------------|------------|
| | 31.12.2019 | 31.12.2018 |
| At the beginning of the financial year/period | 1,100,394 | 901,663 |
| Impairment losses | 28,102 | 198,731 |
| Reclassified from accumulated impairment losses on amounts due from subsidiaries following the increase in investment in those subsidiaries through debt capitalisation [Note 26(c)] | 72,351 | - |
| Liquidation of subsidiaries | (5,075) | - |
| At the end of the financial year/period | 1,195,772 | 1,100,394 |

The contribution to a subsidiary has no fixed term of repayment and any repayment is at the discretion of the subsidiary upon notification by the subsidiary to the Company.

23 Investments

| Group/Company | Quoted shares | Unquoted shares | Total |
|--|---------------|-----------------|---------|
| 31.12.2019 | | | |
| At the beginning of the financial year | 2,328 | 56,911 | 59,239 |
| Net changes in fair value: | | | |
| – credited to other comprehensive income | – | (420) | (420) |
| – charged to profit or loss | (31) | – | (31) |
| At the end of the financial year | 2,297 | 56,491 | 58,788 |
| 31.12.2018 | | | |
| At the beginning of the financial period | 3,951 | 35,500 | 39,451 |
| Net changes in fair value: | | | |
| – credited to other comprehensive income | – | 21,411 | 21,411 |
| – charged to profit or loss | (1,623) | – | (1,623) |
| At the end of the financial period | 2,328 | 56,911 | 59,239 |

24 Intangible Assets

| | Group | | Company | |
|---|------------|------------|------------|------------|
| | 31.12.2019 | 31.12.2018 | 31.12.2019 | 31.12.2018 |
| At the beginning of the financial year/period | 3,454 | 3,964 | 3,104 | 3,539 |
| Additions | 2,247 | 448 | 2,238 | 448 |
| Write-off | – | (22) | – | – |
| Amortisation [Notes 8 & 10] | (1,558) | (936) | (1,477) | (883) |
| At the end of the financial year/period | 4,143 | 3,454 | 3,865 | 3,104 |
| Cost | 26,969 | 24,722 | 24,877 | 22,639 |
| Accumulated amortisation | (22,826) | (21,268) | (21,012) | (19,535) |
| Carrying amount at the end of the financial year/period | 4,143 | 3,454 | 3,865 | 3,104 |

The intangible assets for the Group and the Company comprise mainly computer software.



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For the financial year ended 31 December 2019

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25 Deferred Tax

| | Group | | Company | |
|--------------------------|------------------|------------|---------------|------------|
| | 31.12.2019 | 31.12.2018 | 31.12.2019 | 31.12.2018 |
| Deferred tax assets | 579,376 | 487,225 | 22,677 | 13,347 |
| Deferred tax liabilities | (163,713) | (170,175) | - | - |
| | 415,663 | 317,050 | 22,677 | 13,347 |

The amount of deductible temporary differences, which have no expiry dates, and unutilised tax losses for which no deferred tax asset is recognised in the statements of financial position are as follows:

| | Group | | Company | |
|--|----------------|------------|------------|------------|
| | 31.12.2019 | 31.12.2018 | 31.12.2019 | 31.12.2018 |
| Unutilised tax losses expiring within 6 to 7 years | 234,252 | 109,086 | - | - |
| Deductible temporary differences | 200,415 | 310,897 | - | - |
| | 434,667 | 419,983 | - | - |
| Deferred tax assets not recognised | 104,320 | 100,796 | - | - |

In accordance with the provision in Finance Act 2018 in Malaysia, the unutilised tax losses are available for utilisation in the next seven years, for which, any excess at the end of the seventh year, will be disregarded. Deferred tax assets have not been recognised in respect of temporary differences and unutilised tax losses because it is probable that the future taxable profits of certain loss-making subsidiaries would not be available against which the tax losses and temporary differences can be utilised.

The Group has recognised deferred tax assets amounting to RM87.9 million (31 December 2018: RM133.9 million) arising from the unutilised tax losses of subsidiaries which are loss-making during the financial year, based on future taxable profits expected to be generated by these subsidiaries. The future taxable profits are estimated based on the expected future profits arising from these subsidiaries' property development projects and other income.

25 Deferred Tax (continued)

The components and movements of the deferred tax assets and liabilities during the financial year/period are as follows:

| Group | Property, plant and equipment | Inventories | Contract assets | Allowance and provision | Tax losses and unabsorbed capital allowances | Others | Total |
|---|-------------------------------------|-------------|--------------------|-------------------------------|--|--------|----------|
| 31.12.2019 | | | | | | | |
| At the beginning of the financial year | 5,777 | 300,864 | (180,984) | 53,382 | 118,218 | 19,793 | 317,050 |
| Credited/(Charged) to profit or loss: [Note 17] | | | | | | | |
| - origination/(reversal) of temporary differences | 168 | 23,315 | (11,978) | 27,353 | (21,342) | 572 | 18,088 |
| - over/(under) provision in prior financial years | (16) | 60,126 | - | 17,733 | 2,394 | - | 80,237 |
| Exchange differences | 1 | 307 | - | - | (20) | - | 288 |
| At the end of the financial year | 5,930 | 384,612 | (192,962) | 98,468 | 99,250 | 20,365 | 415,663 |
| 31.12.2018 | | | | | | | |
| At the beginning of the financial period | (1,533) | 287,729 | (155,203) | 42,375 | 125,298 | 19,242 | 317,908 |
| Credited/(Charged) to profit or loss: [Note 17] | | | | | | | |
| - origination/(reversal) of temporary differences | 841 | 15,913 | (15,508) | 12,051 | 18,886 | (128) | 32,055 |
| - write-down/(writeback) due to changes in tax legislation | 6,480 | (7,414) | - | (1,043) | (24,436) | - | (26,413) |
| - over/(under) provision in prior financial years | 6 | 4,635 | (10,273) | (1) | (1,467) | 679 | (6,421) |
| Exchange differences | (17) | 1 | - | - | (63) | - | (79) |
| At the end of the financial period | 5,777 | 300,864 | (180,984) | 53,382 | 118,218 | 19,793 | 317,050 |



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For the financial year ended 31 December 2019

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25 Deferred Tax (continued)

The components and movements of the deferred tax assets and liabilities during the financial year/period are as follows:
(continued)

| Company | Property, plant and equipment | Inventories | Allowance and provision | Tax losses and unabsorbed capital allowances | Total |
|--|-------------------------------------|-------------|-------------------------------|--|--------|
| 31.12.2019 | | | | | |
| At the beginning of the financial year (Charged)/Credited to profit or loss: [Note 17] | (214) | 3,473 | 8,178 | 1,910 | 13,347 |
| - (reversal)/origination of temporary differences | (89) | 9,542 | 1,787 | (1,910) | 9,330 |
| At the end of the financial year | (303) | 13,015 | 9,965 | - | 22,677 |
| 31.12.2018 | | | | | |
| At the beginning of the financial period Credited/(Charged) to profit or loss: [Note 17] | (289) | 3,850 | 7,555 | 1,569 | 12,685 |
| - origination/(reversal) of temporary differences | 75 | (377) | 623 | 341 | 662 |
| At the end of the financial period | (214) | 3,473 | 8,178 | 1,910 | 13,347 |

26 Receivables

| | Group | | Company | |
|--|----------------|----------------|------------------|------------------|
| | 31.12.2019 | 31.12.2018 | 31.12.2019 | 31.12.2018 |
| Non-current | | | | |
| Amounts due from: | | | | |
| – joint ventures [note (a)] | 88,000 | 88,000 | 59,000 | 59,000 |
| – subsidiaries [note (b)] | – | – | 1,275,552 | 2,912,773 |
| | 88,000 | 88,000 | 1,334,552 | 2,971,773 |
| Accumulated impairment losses on: [note (c)] | | | | |
| – amounts due from a joint venture | (37,210) | – | (37,210) | – |
| – amounts due from subsidiaries | – | – | (8,000) | (20,572) |
| | 50,790 | 88,000 | 1,289,342 | 2,951,201 |
| Current | | | | |
| Trade receivables | 521,038 | 590,860 | 25,953 | 29,823 |
| Other receivables | 73,681 | 89,690 | 19,456 | 20,690 |
| Deposits | 75,355 | 66,185 | 5,231 | 4,039 |
| GST recoverable | 35,826 | 49,245 | 454 | 454 |
| Amounts due from: | | | | |
| – joint ventures [note (a)] | 42,338 | 49,247 | 6,311 | 5,857 |
| – subsidiaries [note (b)] | – | – | 455,412 | 872,405 |
| | 748,238 | 845,227 | 512,817 | 933,268 |
| Accumulated impairment losses on: [note (c)] | | | | |
| – trade receivables | (65,796) | (53,714) | – | – |
| – other receivables | (47,899) | (50,398) | (15,631) | (15,222) |
| – amounts due from joint ventures | (5,832) | (4,536) | (4,536) | (4,536) |
| – amounts due from subsidiaries | – | – | (152,756) | (211,609) |
| | (119,527) | (108,648) | (172,923) | (231,367) |
| | 628,711 | 736,579 | 339,894 | 701,901 |
| Total receivables | 679,501 | 824,579 | 1,629,236 | 3,653,102 |

Credit quality of financial assets

Trade receivables that are neither past due nor impaired are amounts due from a large number of customers comprise substantially property purchasers with financing facilities from reputable end-financiers. In respect of property purchasers with no end-financing facilities, ownership and rights to the properties revert to the Group and to the Company in the event of default.



NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

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26 Receivables (continued)

Trade receivables also include amounts due from tenants and golf club members. Amounts due from tenants are secured with deposits paid by tenants prior to occupancy of premises and rentals paid in advance. Amounts due from golf club members are those with good payment track records with the Group. The management monitors closely the trade receivables which are past due with outstanding balances exceeding the security deposits.

Other receivables and amounts due from joint ventures and subsidiaries which are not impaired are monitored closely.

a. Amounts due from joint ventures

The amounts due from joint ventures are unsecured, repayable on demand and are non-interest bearing except for the following:

| | Group | | Company | |
|--|------------|------------|------------|------------|
| | 31.12.2019 | 31.12.2018 | 31.12.2019 | 31.12.2018 |
| Amounts due from joint ventures | | | | |
| Interest bearing | 122,500 | 122,500 | 59,000 | 59,000 |
| Accumulated impairment losses | | | | |
| Impairment losses [Note 12] | (14,921) | - | (37,210) | - |
| Reclassified from investment in joint ventures [Note 13] | (23,585) | - | - | - |
| | (38,506) | - | (37,210) | - |
| | 83,994 | 122,500 | 21,790 | 59,000 |
| Non-current | | | | |
| Due later than 1 year | 50,790 | 88,000 | 21,790 | 59,000 |
| Current | | | | |
| Due not later than 1 year | 33,204 | 34,500 | - | - |
| | 83,994 | 122,500 | 21,790 | 59,000 |

The amounts due from joint ventures of the Group and the Company bear interest at fixed rates ranging from 5.0% to 8.0% (31 December 2018: 5.0% to 8.0%) per annum.

b. Amounts due from subsidiaries

The amounts due from subsidiaries are unsecured, repayable on demand and are non-interest bearing except for an amount of RM1,145.0 million (31 December 2018: RM3,343.1 million) which bears interest at 4.66% (31 December 2018: 5.13%) per annum.

26 Receivables (continued)

c. Movements in accumulated impairment losses

Movements in accumulated impairment losses on receivables are as follows:

| Group | 12 – month ECL | Lifetime ECL | Total |
|--|-------------------|-----------------|---------|
| 31.12.2019 | | | |
| At the beginning of the financial year | 12,128 | 96,520 | 108,648 |
| Impairment losses on: | | | |
| – trade and other receivables | 410 | 10,369 | 10,779 |
| – amounts due from a joint venture | – | 14,921 | 14,921 |
| Reversal of impairment losses on trade and other receivables | (543) | (855) | (1,398) |
| Reclassified from investment in joint venture [Note 13] | – | 23,585 | 23,585 |
| Write-off | (24) | – | (24) |
| Exchange differences | 161 | 65 | 226 |
| At the end of the financial year | 12,132 | 144,605 | 156,737 |
| Gross carrying amount at the end of the financial year | 213,394 | 622,844 | 836,238 |
| Carrying value net of ECL at the end of the financial year | 201,262 | 478,239 | 679,501 |
| 31.12.2018 | | | |
| At the beginning of the financial period | 12,465 | 72,018 | 84,483 |
| Impairment losses on trade and other receivables | 361 | 26,152 | 26,513 |
| Reversal of impairment losses on trade and other receivables | (699) | (344) | (1,043) |
| Write-off | – | (1,306) | (1,306) |
| Exchange differences | 1 | – | 1 |
| At the end of the financial period | 12,128 | 96,520 | 108,648 |
| Gross carrying amount at the end of the financial period | 299,561 | 633,666 | 933,227 |
| Carrying value net of ECL at the end of the financial period | 287,433 | 537,146 | 824,579 |



NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

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26 Receivables (continued)

c. Movements in accumulated impairment losses (continued)

Movements in accumulated impairment losses on receivables are as follows: (continued)

| Company | 12 - month ECL | Lifetime ECL | Total |
|--|-------------------|-----------------|-----------|
| 31.12.2019 | | | |
| At the beginning of the financial year | 773 | 251,166 | 251,939 |
| Impairment losses on: | | | |
| – trade and other receivables | 409 | – | 409 |
| – amounts due from subsidiaries | – | 926 | 926 |
| – amounts due from a joint venture | – | 37,210 | 37,210 |
| Reclassified to accumulated impairment losses on cost of investment in subsidiaries following the capitalisation of the amount due from those subsidiaries [Note 22] | – | (72,351) | (72,351) |
| At the end of the financial year | 1,182 | 216,951 | 218,133 |
| Gross carrying amount at the end of the financial year | 25,141 | 1,822,228 | 1,847,369 |
| Carrying value net of ECL at the end of the financial year | 23,959 | 1,605,277 | 1,629,236 |
| 31.12.2018 | | | |
| At the beginning of the financial period | 564 | 248,755 | 249,319 |
| Impairment losses on: | | | |
| – trade and other receivables | 209 | – | 209 |
| – amounts due from subsidiaries | – | 2,411 | 2,411 |
| At the end of the financial period | 773 | 251,166 | 251,939 |
| Gross carrying amount at the end of the financial period | 71,055 | 3,833,986 | 3,905,041 |
| Carrying value net of ECL at the end of the financial period | 70,282 | 3,582,820 | 3,653,102 |

27 Inventories

| Group | 31.12.2019 | 31.12.2018 (Restated) | 1.07.2018 (Restated) |
|---|------------------|--------------------------|-------------------------|
| Non-current | | | |
| Land held for property development [note (a)] | 4,542,929 | 4,178,104 | 4,144,058 |
| Current | | | |
| Cost: | | | |
| – completed development units | 128,200 | 379,730 | 377,117 |
| – finished goods, raw materials and consumable stores | 1,722 | 1,563 | 1,470 |
| Net realisable value: | | | |
| – completed development units | 404,586 | 491,551 | 458,375 |
| | 534,508 | 872,844 | 836,962 |
| Property development costs [note(b)] | 1,455,335 | 1,701,673 | 1,798,443 |
| | 1,989,843 | 2,574,517 | 2,635,405 |
| Total inventories | 6,532,772 | 6,752,621 | 6,779,463 |
| Company | | | |
| Non-current | | | |
| Land held for property development [note (a)] | 1,094,867 | 1,011,427 | 1,008,999 |
| Current | | | |
| Cost: | | | |
| – completed development units | 10,973 | 15,678 | 26,305 |
| Net realisable value: | | | |
| – completed development units | 9,511 | 51,329 | - |
| | 20,484 | 67,007 | 26,305 |
| Property development costs [note(b)] | 75,598 | 53,963 | 129,118 |
| | 96,082 | 120,970 | 155,423 |
| Total inventories | 1,190,949 | 1,132,397 | 1,164,422 |

During the financial year, the Group and the Company recognised inventories cost of RM2,254.2 million (financial period ended 31 December 2018: RM1,007.6 million) and RM218.5 million (financial period ended 31 December 2018: RM98.1 million), respectively, as cost of sales.



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27 Inventories (continued)

The cost of sales included write-down of inventories to net realisable value by the Group and the Company of RM65.7 million (financial period ended 31 December 2018: RM110.9 million) and RM Nil (financial period ended 31 December 2018: RM4.7 million), respectively. In addition, a reversal of write-down totalling RM22.4 million by the Group was credited into cost of sales (financial period ended 31 December 2018: RM Nil). The reversal was made following the upward revision to the estimated net realisable value of certain inventories and the contracted selling price of a piece of land in Queensland, Australia which is higher than its previously written down value.

a. Land held for property development

| | Group | | Company | |
|---|------------------|--------------------------|------------------|--------------------------|
| | 31.12.2019 | 31.12.2018 (Restated) | 31.12.2019 | 31.12.2018 (Restated) |
| At the beginning of the financial year/period | 4,178,104 | 4,144,058 | 1,011,427 | 1,008,999 |
| Additions | 743,257 | 235,781 | 156,159 | 2,428 |
| Write-down | (24,999) | - | - | - |
| Transferred from investment properties [Note 21] | 3,395 | - | - | - |
| Transferred to property development costs [note (b)] | (356,828) | (201,735) | (72,719) | - |
| At the end of the financial year/period | 4,542,929 | 4,178,104 | 1,094,867 | 1,011,427 |

Land held for property development is analysed as follows:

| | 31.12.2019 | 31.12.2018 (Restated) | 1.07.2018 (Restated) |
|-------------------------|------------------|--------------------------|-------------------------|
| Group | | | |
| Freehold land, at cost | 1,522,185 | 1,575,748 | 1,620,298 |
| Leasehold land, at cost | 521,259 | 521,452 | 520,849 |
| Development costs | 2,499,485 | 2,080,904 | 2,002,911 |
| | 4,542,929 | 4,178,104 | 4,144,058 |
| Company | | | |
| Freehold land, at cost | 920,235 | 936,548 | 936,548 |
| Development costs | 174,632 | 74,879 | 72,451 |
| | 1,094,867 | 1,011,427 | 1,008,999 |

As at 31 December 2019, certain land held for property development of the Group and of the Company with a total carrying amount of RM348.9 million (31 December 2018: RM335.7 million) and RM39.9 million (31 December 2018: RM39.2 million) were pledged as security for borrowings of the Group and of the Company respectively (see Note 35(e)(iii)).

27 Inventories (continued)

b. Property development costs

| | Group | | Company | |
|--|--------------------|--------------------------|------------------|--------------------------|
| | 31.12.2019 | 31.12.2018 (Restated) | 31.12.2019 | 31.12.2018 (Restated) |
| At the beginning of the financial year/ period | 2,820,985 | 3,258,832 | 143,770 | 162,833 |
| Development costs incurred during the financial year/period | 1,144,689 | 681,470 | 105,491 | 56,278 |
| Transferred from/(to): | | | | |
| – land held for property development [note (a)] | 356,828 | 201,735 | 72,719 | – |
| – completed development units | (8,061) | (258,856) | (2,251) | (55,693) |
| Cost charged out in respect of completed development during the financial year/ period | (662,599) | (1,059,752) | (143,863) | (19,648) |
| Exchange differences | (2,844) | (2,444) | – | – |
| At the end of the financial year/period | 3,648,998 | 2,820,985 | 175,866 | 143,770 |
| Less: Cost recognised in profit or loss | | | | |
| At the beginning of the financial year/ period | (1,119,312) | (1,460,389) | (89,807) | (33,715) |
| Costs recognised during the financial year/period [Note 8] | (1,730,186) | (619,694) | (154,324) | (75,740) |
| Reversal of write-down | 2,188 | – | – | – |
| Write-off | (9,723) | (99,766) | – | – |
| Cost charged out in respect of completed development during the financial year/ period | 662,599 | 1,059,752 | 143,863 | 19,648 |
| Exchange differences | 771 | 785 | – | – |
| At the end of the financial year/period | (2,193,663) | (1,119,312) | (100,268) | (89,807) |
| Carrying amount at the end of the financial year/period | 1,455,335 | 1,701,673 | 75,598 | 53,963 |



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27 Inventories (continued)

b. Property development costs

Property development costs is analysed as follows:

| Group | 31.12.2019 | 31.12.2018 (Restated) | 1.07.2018 (Restated) |
|---|--------------------|--------------------------|-------------------------|
| Freehold land, at cost | 254,436 | 203,767 | 181,722 |
| Leasehold land, at cost | 51,339 | 52,189 | 53,739 |
| | 305,775 | 255,956 | 235,461 |
| Development costs | 3,343,223 | 2,565,029 | 3,023,371 |
| Costs recognised in profit or loss | (2,193,663) | (1,119,312) | (1,460,389) |
| Carrying amount at the end of the financial year/period | 1,455,335 | 1,701,673 | 1,798,443 |
| Company | | | |
| Freehold land, at cost | 22,531 | 12,579 | 13,560 |
| Development costs | 153,335 | 131,191 | 149,273 |
| Costs recognised in profit or loss | (100,268) | (89,807) | (33,715) |
| Carrying amount at the end of the financial year/period | 75,598 | 53,963 | 129,118 |

As at 31 December 2019, property development projects of certain subsidiaries with a total carrying amount of RM318.0 million (31 December 2018: RM267.1 million) were charged as security for borrowings of the Group (see Note 35(e)(iii)).

Included in the Group's land held for property development and property development costs incurred during the financial year are finance costs capitalised amounting to RM152.4 million (financial period ended 31 December 2018: RM34.7 million) (see Note 16).

28 Contract Assets and Contract Liabilities

| | Group | | Company | |
|---|------------|------------|------------|------------|
| | 31.12.2019 | 31.12.2018 | 31.12.2019 | 31.12.2018 |
| Contract Assets | | | | |
| Contract assets from customers on concession arrangement [note (a)] | 1,530,072 | 1,588,268 | - | - |
| Contract assets from property development [note (b)] | 987,213 | 594,417 | 101,215 | 83,430 |
| Carrying amount at the end of the financial year/period | 2,517,285 | 2,182,685 | 101,215 | 83,430 |
| Non-current | | | | |
| Due later than 1 year | 1,318,352 | 1,409,083 | - | - |
| Current | | | | |
| Due not later than 1 year | 1,198,933 | 773,602 | 101,215 | 83,430 |
| | 2,517,285 | 2,182,685 | 101,215 | 83,430 |
| Contract Liabilities | | | | |
| Contract liabilities from property development [note (b)] | 92,892 | 203,971 | 16,989 | 7,362 |
| Advance annual license fees on golf club memberships | 259,086 | 261,756 | - | - |
| Others | 547 | 1,036 | - | - |
| Carrying amount at the end of the financial year/period | 352,525 | 466,763 | 16,989 | 7,362 |
| Non-current | | | | |
| Due later than 1 year | 251,623 | 256,231 | - | - |
| Current | | | | |
| Due not later than 1 year | 100,902 | 210,532 | 16,989 | 7,362 |
| | 352,525 | 466,763 | 16,989 | 7,362 |



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28 Contract Assets and Contract Liabilities (continued)

a. Concession arrangement

| | Group | |
|---|------------------|------------|
| | 31.12.2019 | 31.12.2018 |
| Revenue recognised to date | 1,557,813 | 1,557,813 |
| Accretion of discount | 397,025 | 291,868 |
| Progress billings to date | (424,766) | (261,413) |
| Carrying amount at the end of the financial year/period | 1,530,072 | 1,588,268 |
| Non-current | | |
| Construction contract | 1,256,241 | 1,345,240 |
| Supply of teaching equipment | 62,111 | 63,843 |
| | 1,318,352 | 1,409,083 |
| Current | | |
| Construction contract | 161,706 | 147,814 |
| Supply of teaching equipment | 50,014 | 31,371 |
| | 211,720 | 179,185 |
| Total | 1,530,072 | 1,588,268 |

Contract assets from customers on concession arrangement represent revenue attributable to the concession arrangement entered into by Sime Darby Property Selatan Sdn Bhd and its subsidiaries for the construction and development of the Pagoh Education Hub ("the Project"). The Project is undertaken on a concession basis under the concept of "Build-Lease-Maintain-Transfer".

Under the Concession Agreements entered on 7 November 2012, the Group agreed to undertake the construction works for Government of Malaysia ("GoM"), Universiti Tun Hussein Onn Malaysia ("UTHM"), International Islamic University Malaysia ("IIUM") and Universiti Teknologi Malaysia ("UTM") over a period of three years, together with the supply of teaching equipment. The construction commenced in May 2014. Upon completion of the construction works on 2 May 2017, the campuses were handed over to GoM, UTHM, IIUM and UTM. Under the Concession Agreements, the Group will maintain the facilities and infrastructures of the campuses for a period of twenty (20) years.

In consideration of the construction works and the maintenance of the facilities, the Group will receive Availability Charges and Asset Management Services Charges over the period of 20 years. Cost of teaching equipment will be received over the first five years of the concession period. The consideration is allocated by reference to the relative fair values of the construction works, asset management services and costs of teaching equipment, taking into account the deferred payment arrangement.

The contract asset is pledged as security for borrowings of the Group (see Note 35(e)(iii)).

28 Contract Assets and Contract Liabilities (continued)

b. Property Development

The Group and the Company issue progress billings to purchasers when the billing milestones are attained and recognise revenue when the performance obligation are satisfied.

The Group's and the Company's contract assets and contract liabilities relating to the sale of properties as of each reporting period are as follows:

| | Group | | Company | |
|--|-------------|-------------|------------|------------|
| | 31.12.2019 | 31.12.2018 | 31.12.2019 | 31.12.2018 |
| Contract assets | 987,213 | 594,417 | 101,215 | 83,430 |
| Contract liabilities | (92,892) | (203,971) | (16,989) | (7,362) |
| | 894,321 | 390,446 | 84,226 | 76,068 |
| At the beginning of the financial year/ period | 390,446 | 234,439 | 76,068 | (876) |
| Revenue recognised during the financial year/period | 2,989,353 | 1,159,268 | 283,061 | 140,306 |
| Progress billings during the financial year/period | (2,485,478) | (1,003,261) | (274,903) | (63,362) |
| At the end of the financial year/period | 894,321 | 390,446 | 84,226 | 76,068 |

The increase in contract assets was due to substantial construction work performed. The predetermined billing milestones for those works are only achieved after the reporting date.

c. Unsatisfied performance obligations

The unsatisfied performance obligations at the end of the reporting period are expected to be recognised in the following periods:

| | Group | | Company | |
|-----------------------|------------|------------|------------|------------|
| | 31.12.2019 | 31.12.2018 | 31.12.2019 | 31.12.2018 |
| Within 1 year | 1,152,351 | 1,089,866 | 21,258 | 191,881 |
| Between 1 and 4 years | 403,124 | 409,623 | - | 7,077 |
| | 1,555,475 | 1,499,489 | 21,258 | 198,958 |



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29 Cash Held Under Housing Development Accounts

The Group's and the Company's cash held under the Housing Development Accounts represent receipts from purchasers of residential properties less payments or withdrawals provided under Section 7A of the Housing Developers (Control and Licensing) Amendment Act 2002. The utilisation of these balances is restricted before completion of the housing development projects and fulfillment of all relevant obligations to the purchasers, such that the cash could only be withdrawn from such accounts for the purpose of completing the particular projects.

The interest rate of bank balances under Housing Development Accounts as at the end of the financial year ranges from 2.0% to 2.9% (31 December 2018: 2.2% to 2.9%) per annum.

30 Bank Balances, Deposits and Cash

| | Group | | Company | |
|---|----------------|------------|---------------|------------|
| | 31.12.2019 | 31.12.2018 | 31.12.2019 | 31.12.2018 |
| Deposits with licensed banks | 61,543 | 66,594 | 40,000 | 20,000 |
| Cash at banks and in hand | 225,089 | 238,978 | 59,308 | 125,614 |
| Carrying amount at the end of the financial year/period | 286,632 | 305,572 | 99,308 | 145,614 |
| Effective interest rate per annum as at the end of the financial year/period: | % | % | % | % |
| Deposits with licensed banks | 3.06 | 2.57 | 3.10 | 3.20 |

Deposits with licensed banks of certain subsidiaries with carrying amount of RM76.4 million (31 December 2018: RM63.3 million) were pledged as security for borrowings of the Group (see Note 35(e)(iii)).

31 Non-Current Assets Held for Sale

| Group | 31.12.2018 |
|---|------------|
| Non-current assets held for sale – property, plant and equipment | 79,519 |

The property, plant and equipment classified as assets held for sale as at 31 December 2018 were in relation to Darby Park Executive Suites in Singapore and two bungalows in Penang.

The sale and purchase agreement for Darby Park Executive Suites was signed on 1 November 2018 and completed on 31 January 2019 for a consideration of SGD93.0 million. The Group registered a gain on disposal of SGD67.3 million (equivalent to RM203.4 million).

The sale and purchase agreement for the two bungalows in Penang was signed on 19 December 2018 and completed on 9 October 2019 for a consideration of RM33.5 million. The Group registered a gain on disposal of RM31.1 million.

32 Share Capital

| | Group/Company | | | |
|---|--------------------------------|------------|------------------|------------|
| | Number of shares (thousand) | | Share capital | |
| | 31.12.2019 | 31.12.2018 | 31.12.2019 | 31.12.2018 |
| Issued and fully paid up: | | | | |
| Ordinary shares | | | | |
| At the beginning/end of the financial year/period | 6,800,839 | 6,800,839 | 6,800,839 | 6,800,839 |

33 Non-controlling Interests

In the opinion of the Directors, the subsidiaries of the Group that have non-controlling interests which are material to the Group as at 31 December 2019 are as follows:

| Name of subsidiaries | Place of business |
|---|-------------------|
| Sime Darby Brunfield Holding Sdn Bhd ("SDBH") | Malaysia |
| Sime Darby Property Selatan Sdn Bhd ("SDPS") | Malaysia |

The profit, comprehensive income and net assets attributable to owners of non-controlling interests are as follows:

| | Material non-controlling interests | Others | Total |
|--|------------------------------------|---------|---------|
| Financial year ended 31.12.2019 | | | |
| (Loss)/Profit for the financial year | (10,901) | 3,251 | (7,650) |
| Other comprehensive loss for the financial year | (865) | (70) | (935) |
| Total comprehensive (loss)/income for the financial year | (11,766) | 3,181 | (8,585) |
| Net assets | 199,807 | 28,489 | 228,296 |
| Financial period ended 31.12.2018 | | | |
| Profit/(Loss) for the financial period | 11,032 | (3,511) | 7,521 |
| Other comprehensive (loss)/income for the financial period | (839) | 122 | (717) |
| Total comprehensive income/(loss) for the financial period | 10,193 | (3,389) | 6,804 |
| Net assets | 211,573 | 25,308 | 236,881 |



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33 Non-controlling Interests (continued)

Summarised financial information

- i. The summarised consolidated statements of comprehensive income of each subsidiary that has non-controlling interests that are material to the Group are as follows:

| | SDBH | SDPS | Total |
|---|-----------------|---------------|-----------------|
| Financial year ended 31.12.2019 | | | |
| Revenue | 85,034 | 53,200 | 138,234 |
| (Loss)/Profit for the financial year | (58,348) | 31,095 | (27,253) |
| Other comprehensive loss for the financial year | (2,162) | - | (2,162) |
| Total comprehensive (loss)/income for the financial year | (60,510) | 31,095 | (29,415) |
| Attributable to non-controlling interests: | | | |
| - (loss)/profit for the financial year | (23,339) | 12,438 | (10,901) |
| - other comprehensive loss | (865) | - | (865) |
| - total comprehensive (loss)/income | (24,204) | 12,438 | (11,766) |
| Financial period ended 31.12.2018 | | | |
| Revenue | 51,217 | 38,976 | 90,193 |
| Profit for the financial period | 21,555 | 6,025 | 27,580 |
| Other comprehensive loss for the financial period | (2,098) | - | (2,098) |
| Total comprehensive income for the financial period | 19,457 | 6,025 | 25,482 |
| Attributable to non-controlling interests: | | | |
| - profit for the financial period | 8,622 | 2,410 | 11,032 |
| - other comprehensive loss | (839) | - | (839) |
| - total comprehensive income | 7,783 | 2,410 | 10,193 |

33 Non-controlling Interests (continued)

Summarised financial information (continued)

- ii. The summarised consolidated statements of financial position of each subsidiary that has non-controlling interests that are material to the Group are as follows:

| | SDBH | SDPS | Total |
|--|-------------|-----------|-------------|
| 31.12.2019 | | | |
| Non-current assets | 374,487 | 1,320,399 | 1,694,886 |
| Current assets | 737,232 | 383,147 | 1,120,379 |
| Non-current liabilities | (1,016,540) | (854,224) | (1,870,764) |
| Current liabilities | (132,694) | (312,289) | (444,983) |
| Net (liabilities)/assets | (37,515) | 537,033 | 499,518 |
| Proportion of equity held by non-controlling interests (%) | 40% | 40% | |
| Non-controlling interests | (15,006) | 214,813 | 199,807 |
| 31.12.2018 | | | |
| Non-current assets | 344,375 | 1,410,716 | 1,755,091 |
| Current assets | 816,687 | 333,030 | 1,149,717 |
| Non-current liabilities | (477,354) | (923,919) | (1,401,273) |
| Current liabilities | (660,713) | (313,890) | (974,603) |
| Net assets | 22,995 | 505,937 | 528,932 |
| Proportion of equity held by non-controlling interests (%) | 40% | 40% | |
| Non-controlling interests | 9,198 | 202,375 | 211,573 |



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33 Non-controlling Interests (continued)

Summarised financial information (continued)

- iii. The summarised consolidated statements of cash flows of each subsidiary that has non-controlling interests that are material to the Group are as follows:

| | SDBH | SDPS | Total |
|--|----------|-----------|----------|
| Financial year ended 31.12.2019 | | | |
| Cash (used in)/from operations | (25,959) | 123,165 | 97,206 |
| Tax refund | 864 | 663 | 1,527 |
| Net cash (used in)/from operating activities | (25,095) | 123,828 | 98,733 |
| Net cash from/(used in) investing activities | 1,500 | (169) | 1,331 |
| Net cash from/(used in) financing activities | 30,746 | (108,878) | (78,132) |
| Net increase in cash and cash equivalents | 7,151 | 14,781 | 21,932 |
| Cash and cash equivalents at the beginning of the financial year | 15,725 | 80,115 | 95,840 |
| Exchange differences | (35) | - | (35) |
| Cash and cash equivalents at the end of the financial year | 22,841 | 94,896 | 117,737 |
| Financial period ended 31.12.2018 | | | |
| Cash (used in)/from operations | (43,505) | 63,436 | 19,931 |
| Tax paid | (1,171) | (4,023) | (5,194) |
| Net cash (used in)/from operating activities | (44,676) | 59,413 | 14,737 |
| Net cash from investing activities | 105 | 2,220 | 2,325 |
| Net cash from/(used in) financing activities | 15,567 | (73,932) | (58,365) |
| Net decrease in cash and cash equivalents | (29,004) | (12,299) | (41,303) |
| Cash and cash equivalents at the beginning of the financial period | 44,771 | 92,414 | 137,185 |
| Exchange differences | (42) | - | (42) |
| Cash and cash equivalents at the end of the financial period | 15,725 | 80,115 | 95,840 |

The information above represents amounts after Group adjustments.

34 Payables

| | Group | | Company | |
|--|------------------|------------------|----------------|----------------|
| | 31.12.2019 | 31.12.2018 | 31.12.2019 | 31.12.2018 |
| Non-current | | | | |
| Trade payables | 81,375 | 86,767 | - | - |
| Current | | | | |
| Trade payables [note (a)] | 985,381 | 1,004,694 | 57,739 | 67,391 |
| Other payables | 152,631 | 177,326 | 9,214 | 7,639 |
| Accruals | 166,015 | 121,388 | 42,653 | 25,992 |
| Amounts due to subsidiaries [note (b)] | - | - | 142,008 | 267,033 |
| | 1,304,027 | 1,303,408 | 251,614 | 368,055 |
| Total payables | 1,385,402 | 1,390,175 | 251,614 | 368,055 |

a. Trade payables

Credit terms of trade payables range from 30 days to 60 days (31 December 2018: 30 days to 60 days) except for the following amount owing to a contractor of Pagoh Education Hub, which is on a deferred payment term.

| | Group | |
|---------------------------|---------------|---------------|
| | 31.12.2019 | 31.12.2018 |
| Work performed to date | 99,601 | 99,601 |
| Accretion of discount | 12,372 | 7,532 |
| Progress billing to date | (22,544) | (13,106) |
| | 89,429 | 94,027 |
| Non-current | | |
| Due later than 1 year | 81,375 | 86,767 |
| Current | | |
| Due not later than 1 year | 8,054 | 7,260 |
| | 89,429 | 94,027 |



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34 Payables (continued)

b. Amounts due to subsidiaries

The amounts due to subsidiaries are unsecured, interest free and repayable on demand, except for an amount of RM67.2 million as at 31 December 2018 which bore interest at 5.13% per annum.

Movements in the amounts due to subsidiaries are as follows:

| | Company | |
|---|----------------|------------|
| | 31.12.2019 | 31.12.2018 |
| At the beginning of the financial year/period | 267,033 | 341,014 |
| Set-off on liquidation of subsidiaries | (14,531) | - |
| Repayment to subsidiaries | (110,494) | (73,981) |
| Interest expense | 722 | 1,457 |
| Interest paid | (722) | (1,457) |
| At the end of the financial year/period | 142,008 | 267,033 |

35 Borrowings (continued)

| | Group | | Company | |
|--|------------------|------------|----------------|------------|
| | 31.12.2019 | 31.12.2018 | 31.12.2019 | 31.12.2018 |
| Non-current | | | | |
| Term loans [note (a)] | | | | |
| – secured | 545,949 | 185,436 | - | - |
| – unsecured | - | 49,000 | - | - |
| Islamic financing – secured [note (b)] | 968,589 | 744,678 | 497,092 | 500,000 |
| Syndicated Islamic term financing | | | | |
| – secured [note (c)] | 693,935 | 765,567 | - | - |
| Amounts due to non-controlling interests | | | | |
| – unsecured [note (d)] | 199,667 | 180,540 | - | - |
| | 2,408,140 | 1,925,221 | 497,092 | 500,000 |
| Current | | | | |
| Term loans [note (a)] | | | | |
| – secured | 15,010 | 102,901 | - | - |
| – unsecured | 49,155 | 186,119 | - | 94,705 |
| Islamic financing – secured [note (b)] | 90,137 | 52,297 | 1,272 | 1,055 |
| Revolving credits – unsecured | 560,745 | 940,618 | - | - |
| Syndicated Islamic term financing | | | | |
| – secured [note (c)] | 76,624 | 63,572 | - | - |
| Amounts due to non-controlling interests | | | | |
| – unsecured [note (d)] | 4,476 | 2,309 | - | - |
| | 796,147 | 1,347,816 | 1,272 | 95,760 |
| Total borrowings | 3,204,287 | 3,273,037 | 498,364 | 595,760 |
| Secured | 2,390,244 | 1,914,451 | 498,364 | 501,055 |
| Unsecured | 814,043 | 1,358,586 | - | 94,705 |
| Total borrowings | 3,204,287 | 3,273,037 | 498,364 | 595,760 |



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35 Borrowings (continued)

Movements in the borrowings are as follows:

| | Group | | Company | |
|---|------------------|------------|-----------------|------------|
| | 31.12.2019 | 31.12.2018 | 31.12.2019 | 31.12.2018 |
| At the beginning of the financial year/period | 3,273,037 | 2,542,352 | 595,760 | 807,421 |
| Long-term borrowings: | | | | |
| – raised | 717,498 | 115,934 | – | – |
| – repaid | (404,590) | (110,376) | – | (41,865) |
| Incidental costs | (2,908) | – | (2,908) | – |
| Short-term borrowings (net) | (380,000) | 724,500 | (94,500) | (170,000) |
| Finance costs | 160,211 | 74,342 | 24,317 | 22,722 |
| Finance costs paid | (158,961) | (73,715) | (24,305) | (22,518) |
| At the end of the financial year/period | 3,204,287 | 3,273,037 | 498,364 | 595,760 |

a. Term Loans

| | Group | | Company | |
|--------------------------------------|----------------|------------|------------|------------|
| | 31.12.2019 | 31.12.2018 | 31.12.2019 | 31.12.2018 |
| Secured | 560,959 | 288,337 | – | – |
| Unsecured | 49,155 | 235,119 | – | 94,705 |
| Total | 610,114 | 523,456 | – | 94,705 |
| The maturity periods are as follows: | | | | |
| – Less than 1 year | 64,165 | 289,020 | – | 94,705 |
| – Between 1 and 2 years | 37,000 | 61,000 | – | – |
| – Between 2 and 5 years | 271,199 | 173,436 | – | – |
| – More than 5 years | 237,750 | – | – | – |
| Total | 610,114 | 523,456 | – | 94,705 |

The term loans of the Group are secured by way of charges over certain property, plant and equipment, investment properties, land held for property development and property development costs.

b. Islamic financing – Secured

| | Group | | Company | |
|--------------------------------------|------------------|------------|----------------|------------|
| | 31.12.2019 | 31.12.2018 | 31.12.2019 | 31.12.2018 |
| The maturity periods are as follows: | | | | |
| – Less than 1 year | 90,137 | 52,297 | 1,272 | 1,055 |
| – Between 1 and 2 years | 239,608 | 64,990 | 66,031 | – |
| – Between 2 and 5 years | 397,466 | 330,296 | 199,546 | 201,000 |
| – More than 5 years | 331,515 | 349,392 | 231,515 | 299,000 |
| Total | 1,058,726 | 796,975 | 498,364 | 501,055 |

35 Borrowings (continued)

b. Islamic financing – Secured (continued)

The Islamic financing facilities of the Group and of the Company are secured by way of:

- i. legal charge over certain land of the subsidiaries;
- ii. specific debenture incorporating fixed and floating charges over project assets and properties of certain subsidiaries;
- iii. assignment of rights, titles, profits and benefits under project contracts and proceeds from projects and insurance; and
- iv. subordination of shareholders advances of certain subsidiaries.

c. Syndicated Islamic term financing – Secured

The Syndicated Islamic term financing consist of four facilities with facility limit of RM895.4 million to four subsidiaries in which the Group has 60% equity interest. The facilities are repayable over 24 semi-annual instalments commencing no later than 36 months from their respective first drawdown dates.

| | Group | |
|--------------------------------------|----------------|----------------|
| | 31.12.2019 | 31.12.2018 |
| The maturity periods are as follows: | | |
| – Less than 1 year | 76,624 | 63,572 |
| – Between 1 and 2 years | 80,586 | 71,632 |
| – Between 2 and 5 years | 241,758 | 241,758 |
| – More than 5 years | 371,591 | 452,177 |
| Total | 770,559 | 829,139 |

The Syndicated Islamic term financing are secured by way of:

- i. a first ranking debenture incorporating fixed and floating charges over all present and future assets of the four subsidiaries. The carrying value of these assets including cash and bank balances as at 31 December 2019 is RM1,670.9 million (31 December 2018: RM1,706.9 million);
- ii. legal assignment over all of the four subsidiaries' rights, titles, interest and benefits of the pre-completion and post-completion as and when executed;
- iii. legal assignment over all of the four subsidiaries' rights, titles, interest and benefits under Takaful and insurance;
- iv. legal assignment over all of the four subsidiaries' rights, titles, interests and benefits under the performance bonds/guarantees for the project;
- v. second legal charge over the shares of the four subsidiaries; and
- vi. deed of subordinations to subordinate all shareholders' present and future financing/advances to the four subsidiaries provided that the four subsidiaries may repay the shareholders' advances if the distribution payment conditions are met before and after such payment or repayment.



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35 Borrowings (continued)

d. Amounts due to non-controlling interests

Amounts due to non-controlling interests relate to unsecured shareholders' advances, in proportion to their respective shareholdings in the subsidiaries. The amount included in current is repayable on demand whilst the amount included in non-current is repayable at the discretion of the shareholder with 12 months notice or other terms of repayment as agreed by both the subsidiary and the shareholder.

e. Other information on borrowings

| | Group | | Company | |
|---|------------------------------|------------------------------|------------------------------|------------------------------|
| | 31.12.2019 % per annum | 31.12.2018 % per annum | 31.12.2019 % per annum | 31.12.2018 % per annum |
| i. Islamic financing | | | | |
| The average effective distribution payments are as follows: | | | | |
| – Islamic financing | 4.44 | 4.59 | 4.38 | 4.53 |
| – Syndicated Islamic term financing | 7.00 | 7.00 | – | – |
| ii. Conventional financing | | | | |
| The average effective interest rates are as follows: | | | | |
| – Term loans | 4.52 | 4.56 | – | 4.16 |
| – Revolving credits | 3.84 | 4.18 | – | – |
| – Amounts due to non-controlling interests | 4.67 | 5.12 | – | – |

iii. Secured financing

As at 31 December 2019, borrowings amounting to RM2,390.2 million (31 December 2018: RM1,914.5 million) and RM498.4 million (31 December 2018: RM501.1 million) were secured by fixed and floating charges over the assets of the Group and the Company, respectively.

The carrying amounts of assets that the Group and the Company have been pledged as collateral for the borrowings are as follows:

| | Group | | Company | |
|---|------------|------------|------------|------------|
| | 31.12.2019 | 31.12.2018 | 31.12.2019 | 31.12.2018 |
| Property, plant and equipment [Note 20] | 72,719 | 74,578 | – | – |
| Investment properties [Note 21] | 144,630 | 148,112 | – | – |
| Inventories | | | | |
| – Land held for property development [Note 27(a)] | 348,861 | 335,684 | 39,905 | 39,197 |
| – Property development cost [Note 27(b)] | 318,011 | 267,068 | – | – |
| Contract assets [Note 28] | 1,530,072 | 1,588,268 | – | – |
| Other assets | 140,778 | 118,593 | – | – |
| | 2,555,071 | 2,532,303 | 39,905 | 39,197 |

36 Lease liabilities

| 31.12.2019 | Group | Company |
|--|----------|---------|
| At the beginning of the financial year, following the adoption of MFRS 16 [Note 45(a)(ii)] | 23,096 | 19,053 |
| Additions | 83,281 | - |
| Finance cost | 4,320 | 619 |
| Repaid | (18,484) | (9,947) |
| Exchange differences | (501) | - |
| At the end of the financial year | 91,712 | 9,725 |
| Non-current | | |
| Due later than 1 year | 74,042 | - |
| Current | | |
| Due not later than 1 year | 17,670 | 9,725 |
| | 91,712 | 9,725 |

The underlying assets of the lease liabilities are included in property, plant and equipment and investment properties in Notes 20 and 21. Lease contracts are typically entered for fixed periods and the terms are negotiated on an individual basis and contains a wide range of different terms and conditions. The maturity periods of the lease liabilities are shown in Note 42(b).

The lease liabilities of the Company is in relation to a rental of office building from its subsidiary.

a. Leases not included in lease liabilities

Short-term leases, leases of low-value assets and variable lease payments are not included in lease liabilities. Details of these leases which are charged to profit or loss in the current financial year are as follows:

| Financial year ended 31.12.2019 | Group | Company |
|---------------------------------|-------|---------|
| Short-term leases | 4,970 | 966 |
| Leases of the low-value assets | 830 | 517 |
| | 5,800 | 1,483 |



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36 Lease liabilities (continued)

b. Total cash outflow

The total cash outflow for leases are as follows:

| Financial year ended 31.12.2019 | Group | Company |
|--|---------------|---------------|
| <u>Included in cashflow used in operating activities</u> | | |
| Lease payments associated with | | |
| – short-term leases | 4,970 | 966 |
| – leases of low-value assets | 830 | 517 |
| <u>Included in cashflow used in financing activities</u> | | |
| Finance cost | 4,320 | 619 |
| Principal portion of the lease liabilities | 14,164 | 9,328 |
| Total cash outflow | 24,284 | 11,430 |

37 Provisions

| Group | Obligation in relation to a property disposed | Relocation, construction and security costs | Defects liability | Total |
|---|---|---|-------------------|----------|
| 31.12.2019 | | | | |
| At the beginning of the financial year | 54,627 | 49,435 | 4,761 | 108,823 |
| Additions | 65,801 | 22,939 | 817 | 89,557 |
| Reclassified to investment properties [Note 21] | (22,268) | - | - | (22,268) |
| Utilised | - | (1,167) | (238) | (1,405) |
| Exchange differences | 1,172 | 22 | - | 1,194 |
| At the end of the financial year | 99,332 | 71,229 | 5,340 | 175,901 |
| Non-current | 99,332 | - | - | 99,332 |
| Current | - | 71,229 | 5,340 | 76,569 |
| | 99,332 | 71,229 | 5,340 | 175,901 |
| 31.12.2018 | | | | |
| At the beginning of the financial period | 29,609 | 40,501 | 5,393 | 75,503 |
| Additions | 24,142 | 9,684 | - | 33,826 |
| Utilised | - | (749) | (632) | (1,381) |
| Exchange differences | 876 | (1) | - | 875 |
| At the end of the financial period | 54,627 | 49,435 | 4,762 | 108,823 |
| Current | 54,627 | 49,435 | 4,761 | 108,823 |

37 Provisions (continued)

a. Obligation in relation to a property disposed

The provision is in relation to an undertaking arrangement entered on the disposal of a property with the purchaser in financial year 2017.

During the financial year, part of the undertaking has been converted into a leaseback arrangement. As such, provision amounting to RM22.3 million has been reclassified to investment properties as impairment losses of the right to use the underlying asset for the lease term.

b. Relocation, construction and security costs

The provision for relocation, construction and security costs are made following contractual obligations in relation to property development projects.

c. Defects liability

The provision is in relation to the obligation to rectify defects for properties that have been handed over and are still within the defect liability period.

38 Contingent Liabilities and Commitments

a. Contingent Liabilities

- i. Claim against Sime Darby Property (Ara Damansara) Sdn Bhd (formerly known as Sime Darby Ara Damansara Development Sdn Bhd) ("SDPAD")

A civil suit has been commenced by 72 purchasers of Ara Hill ("Plaintiffs") against SDPAD, claiming, general and specific damages of approximately RM39.8 million and specific performance arising from SDPAD's alleged breaches of the terms of the sale and purchase agreements and the provisions of various statutes including, the Uniform Building By-Laws 1984 and the Street, Drainage and Building Act 1974.

The Plaintiffs alleged that the breaches by SDPAD have, amongst others, caused delays in the delivery of strata titles, which caused the Plaintiffs to suffer loss and damage, including indirect losses (which have not been proven by the Plaintiffs). The dispute was referred to mediation and the parties explored possible settlement proposals. However, the parties were unable to reach a global settlement. The trial commenced on 16 April 2018 and further trial dates have been fixed in May and June 2020.

The Plaintiffs' claim is divided into various allegations leveled against SDPAD. These claims and allegations have yet to be proven by the Plaintiffs and it would be speculative, at this juncture, to ascertain SDPAD's potential liability to the Plaintiffs in respect of this civil suit.



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38 Contingent Liabilities and Commitments (continued)

a. Contingent Liabilities (continued)

- ii. Arbitration between Bumimetro Construction Sdn Bhd (“BCSB”) v Sime Darby Property (KL East) Sdn Bhd (formerly known as Sime Darby Melawati Development Sdn Bhd) (“SDPKE”)

BCSB (“Claimant”), the main contractor of a development in Melawati, Mukim Setapak, Wilayah Persekutuan Kuala Lumpur (“Project”) has referred disputes arising from the Project and the construction contract (“Contract”) with SDPKE (“Respondent”) to arbitration, pursuant to the Letter of Acceptance/Contract by issuing a notice of arbitration (“Notice”) on 20 September 2018. In the Notice, the Claimant is claiming for specific damages of approximately RM40 million. The Respondent had disputed the claims by the Claimant, in its written response to the Notice (“Response”) on 22 October 2018.

The parties have filed its Statement of Claim, Statement of Defence and Counterclaim and replies thereto.

The arbitration proceedings will be held in accordance with the rules of the Asian International Arbitration Centre before a single arbitrator. The hearing which was scheduled to commence on 2 March 2020 has been postponed to 15 June 2020.

Solicitors for the Respondent are of the view that there are tenable grounds on the positions taken by the Respondent in resisting the claim. However, these grounds would have to be assessed in detail when full documentation is disclosed in the proceedings. The Respondent’s chances of success are closely linked to the Project Architect’s advice given/position taken during their administration of the Contract as well as evidence to be given during the proceedings.

b. Commitments

- i. Capital commitments

| | Group | | Company | |
|--|----------------|------------|---------------|------------|
| | 31.12.2019 | 31.12.2018 | 31.12.2019 | 31.12.2018 |
| Authorised capital expenditure not provided for in the financial statements: | | | | |
| Contracted: | | | | |
| – property, plant and equipment | 10,524 | 17 | 2,270 | – |
| – investment properties | 37,016 | 122,773 | – | – |
| – intangible assets | 938 | – | 938 | – |
| | 48,478 | 122,790 | 3,208 | – |
| Not contracted: | | | | |
| – property, plant and equipment | 34,338 | 19,377 | 10,895 | – |
| – investment properties | 105,960 | – | – | – |
| – intangible assets | 1,203 | – | – | – |
| | 189,979 | 142,167 | 14,103 | – |

38 Contingent Liabilities and Commitments (continued)

b. Commitments (continued)

ii. Commitment in relation to joint venture:

Pursuant to the Subscription and Shareholders' Agreement, which is reiterated through Letters of Undertaking issued by the shareholders of Battersea Project Holding Company Limited ("Battersea") to Battersea, the shareholders are committed to subscribe for shares in Battersea in proportion to their respective shareholdings when a capital call is made for the purpose of ensuring Battersea and its subsidiaries are able to meet their respective funding obligations. The Group's portion of the commitment as at 31 December 2019 is estimated up to GBP140.0 million (equivalent to RM754.3 million) (31 December 2018: GBP143.9 million, equivalent to RM759.1 million).

The Board of Directors has also authorised the subscription of shares in Sime Darby Property MIT Development Sdn Bhd (formerly known as Sime Darby MIT Development Sdn Bhd) in proportion to the Group's shareholding in the joint venture. As at 31 December 2019, the limit of equity injection authorised is RM70.0 million (31 December 2018: RM86.7 million).

39 Segment Information – Group

During the financial year, the Group has combined the Property Investment and Concession Arrangement which have similar economic characteristic as a single operating segment. Following the reorganisation, the Group has three (3) main business segments – property development, property investment and leisure and hospitality.

The strategic business units offer different products and services, and are managed separately by each Chief Operating Officer. The Senior Management of the Group reviews the operations and performance of the respective business segments on a regular basis and their respective performances are as follows:

| | |
|-------------------------|---|
| Property development | Development of residential, commercial and industrial properties |
| Property investment | Leasing of properties, and provision of assets and management services |
| Leisure and hospitality | Provision of golf, hotel and other recreational facilities and services |

Transactions between segments are carried out on agreed terms between both parties. The effects of such intersegment transactions are eliminated on consolidation. The measurement basis and classification are consistent with those adopted in the previous financial period.



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39 Segment Information – Group (continued)

a. Segment results

| Financial year ended 31.12.2019 | Property development | Property investment | Leisure and hospitality | Corporate and elimination | Total |
|---|----------------------|---------------------|-------------------------|---------------------------|----------------|
| Segment revenue: | | | | | |
| External | 3,000,970 | 88,389 | 90,635 | - | 3,179,994 |
| Inter-segment | 371 | 9,965 | 3,673 | (14,009) | - |
| | 3,001,341 | 98,354 | 94,308 | (14,009) | 3,179,994 |
| Cost of sales | (2,268,454) | (64,395) | (61,030) | 6,149 | (2,387,730) |
| Gross profit | 732,887 | 33,959 | 33,278 | (7,860) | 792,264 |
| Other operating income | 9,228 | 59 | 413 | - | 9,700 |
| Selling and marketing expenses | (112,361) | (5,914) | (1,488) | - | (119,763) |
| Administrative and other expenses | (166,539) | (24,622) | (58,346) | 7,860 | (241,647) |
| Operating profit/(loss) | 463,215 | 3,482 | (26,143) | - | 440,554 |
| Share of results of joint ventures and associates | (31,383) | 1,535 | - | - | (29,848) |
| Segment result | 431,832 | 5,017 | (26,143) | - | 410,706 |
| Other (losses)/gains | (13,989) | (34,693) | 205,315 | - | 156,633 |
| Profit/(loss) before interest and taxation | 417,843 | (29,676) | 179,172 | - | 567,339 |
| Included in segment result are: | | | | | |
| Depreciation and amortisation | (13,816) | (18,876) | (20,433) | - | (53,125) |
| Impairment losses on trade and other receivables | (4,017) | (6,710) | (52) | - | (10,779) |
| Reversal of impairment losses on receivables | 983 | 331 | 84 | - | 1,398 |
| Write-down of inventories | (65,687) | - | - | - | (65,687) |
| Reversal of write-down of inventories | 22,369 | - | - | - | 22,369 |
| Write-off of: | | | | | |
| - property, plant and equipment | - | - | (109) | - | (109) |
| - property development expenditure | (9,723) | - | - | - | (9,723) |
| Included in other gains/(losses) are: | | | | | |
| Gain on disposal of property, plant and equipment | 2 | 31,108 | 215,122 | - | 246,232 |
| Impairment losses on | | | | | |
| - investment properties | - | - | (9,811) | - | (9,811) |
| - amounts due from a joint venture | (14,921) | - | - | - | (14,921) |
| Provision on obligation for property disposed | - | (65,801) | - | - | (65,801) |

39 Segment Information – Group (continued)

a. Segment results (continued)

| Financial period ended 31.12.2018 | Property development | Property investment | Leisure and hospitality | Corporate and elimination | Total |
|---|----------------------|---------------------|-------------------------|---------------------------|-------------|
| Segment revenue: | | | | | |
| External | 1,165,202 | 56,641 | 47,302 | - | 1,269,145 |
| Inter-segment | 122 | 5,089 | 76 | (5,287) | - |
| | 1,165,324 | 61,730 | 47,378 | (5,287) | 1,269,145 |
| Cost of sales | (1,011,795) | (33,394) | (32,468) | 212 | (1,077,445) |
| Gross profit | 153,529 | 28,336 | 14,910 | (5,075) | 191,700 |
| Other operating income | 4,395 | 176 | 228 | - | 4,799 |
| Selling and marketing expenses | (43,882) | (223) | (1,156) | - | (45,261) |
| Administrative and other expenses | (101,430) | (12,006) | (29,013) | 5,075 | (137,374) |
| Operating profit/(loss) | 12,612 | 16,283 | (15,031) | - | 13,864 |
| Share of results of joint ventures and associates | (1,574) | 822 | - | (46,614) | (47,366) |
| Segment result | 11,038 | 17,105 | (15,031) | (46,614) | (33,502) |
| Other (losses)/gains | (2,969) | (18,508) | 3,156 | - | (18,321) |
| Profit before interest and taxation | 8,069 | (1,403) | (11,875) | (46,614) | (51,823) |
| Included in segment result are: | | | | | |
| Depreciation and amortisation | (7,324) | (3,897) | (10,969) | - | (22,190) |
| Impairment losses on receivables | (26,118) | (324) | (71) | - | (26,513) |
| Reversal of impairment losses on receivables | 471 | 405 | 167 | - | 1,043 |
| Write-down of inventories | (110,871) | - | - | - | (110,871) |
| Write-off of: | | | | | |
| - property, plant and equipment | (239) | - | (64) | - | (303) |
| - property development expenditure | (99,766) | - | - | - | (99,766) |
| Included in other gains/(losses) are: | | | | | |
| Gain on disposal of: | | | | | |
| - property, plant and equipment | 8 | - | 3,160 | - | 3,168 |
| - investment properties | - | 5,640 | - | - | 5,640 |
| Impairment losses on investment properties | (1,223) | - | - | - | (1,223) |
| Provision on obligation for property disposed | - | (24,142) | - | - | (24,142) |
| Included in share of results of associates are: | | | | | |
| Impairment losses on associates | (367) | - | - | - | (367) |



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39 Segment Information - Group (continued)

b. Segment assets and liabilities and additions to non-current assets

| | Property development | Property investment | Leisure and hospitality | Corporate and elimination | Total |
|---|-------------------------|------------------------|-------------------------------|---------------------------------|-------------------|
| 31.12.2019 | | | | | |
| Segment assets: | | | | | |
| Operating assets | 9,333,152 | 2,570,431 | 590,648 | (558,786) | 11,935,445 |
| Joint ventures and associates | 2,746,022 | 244,730 | - | (46,614) | 2,944,138 |
| | 12,079,174 | 2,815,161 | 590,648 | (605,400) | 14,879,583 |
| Segment liabilities: | | | | | |
| Liabilities | 994,682 | 975,329 | 502,603 | (558,786) | 1,913,828 |
| Additions to non-current assets are as follows: | | | | | |
| - capital expenditure | 753,266 | 159,343 | 3,157 | - | 915,766 |
| - additions to interests in joint ventures | 170,462 | 16,750 | - | - | 187,212 |
| | 923,728 | 176,093 | 3,157 | - | 1,102,978 |
| 31.12.2018 | | | | | |
| Segment assets: | | | | | |
| Operating assets | 9,267,748 | 2,661,718 | 594,169 | (748,760) | 11,774,875 |
| Joint ventures and associates | 2,526,873 | 234,253 | - | (46,614) | 2,714,512 |
| Non-current assets held for sale | - | 1,950 | 77,569 | - | 79,519 |
| | 11,794,621 | 2,897,921 | 671,738 | (795,374) | 14,568,906 |
| Segment liabilities: | | | | | |
| Liabilities | 1,178,896 | 967,988 | 567,637 | (748,760) | 1,965,761 |
| Additions to non-current assets are as follows: | | | | | |
| - capital expenditure | 238,135 | 53,942 | 764 | - | 292,841 |
| - additions to interests in joint ventures | 389,471 | 25,250 | - | - | 414,721 |
| | 627,606 | 79,192 | 764 | - | 707,562 |

39 Segment Information – Group (continued)

Capital expenditure consists of the following:

| | Financial year ended 31.12.2019 | Financial period ended 31.12.2018 (Restated) |
|--|---------------------------------------|---|
| Property, plant and equipment | 16,890 | 3,528 |
| Investment properties | 153,372 | 53,084 |
| Inventories – land held for property development | 743,257 | 235,781 |
| Intangible assets | 2,247 | 448 |
| | 915,766 | 292,841 |

Segment by geography

Revenue by location of customers and the Group's operations are analysed as follows:

| | Financial year ended 31.12.2019 | Financial period ended 31.12.2018 |
|----------------|---------------------------------------|---|
| Malaysia | 3,157,341 | 1,236,433 |
| Australia | 9,334 | 29,399 |
| Singapore | 11,919 | 2,519 |
| Vietnam | 880 | 489 |
| United Kingdom | 520 | 305 |
| | 3,179,994 | 1,269,145 |

Non-current assets, other than financial instruments and deferred tax assets, by location of the Group's operations are analysed as follows:

| | 31.12.2019 | 31.12.2018 (Restated) |
|----------------|-------------------|--------------------------|
| Malaysia | 7,396,530 | 7,024,218 |
| United Kingdom | 2,701,556 | 2,505,952 |
| Singapore | 86,754 | 51,967 |
| Vietnam | 6,675 | 7,424 |
| Australia | 116 | 243 |
| | 10,191,631 | 9,589,804 |



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39 Segment Information – Group (continued)

Reconciliation of non-current assets, other than financial instruments and deferred tax assets to the total non-current assets are as follows:

| | 31.12.2019 | 31.12.2018 (Restated) |
|---|-------------------|--------------------------|
| Non-current assets other than financial instruments and deferred tax assets | 10,191,631 | 9,589,804 |
| Investments | 58,788 | 59,239 |
| Deferred tax assets | 579,376 | 487,225 |
| Receivables | 50,790 | 88,000 |
| | 10,880,585 | 10,224,268 |

Reconciliation of segment assets and liabilities to total assets and total liabilities are as follows:

| | Assets | | Liabilities | |
|------------------------|-------------------|------------|------------------|------------|
| | 31.12.2019 | 31.12.2018 | 31.12.2019 | 31.12.2018 |
| Segment total | 14,879,583 | 14,568,906 | 1,913,828 | 1,965,761 |
| Tax assets/liabilities | 602,710 | 547,451 | 322,460 | 431,159 |
| Borrowings | - | - | 3,204,287 | 3,273,037 |
| Lease liabilities | - | - | 91,712 | - |
| Total | 15,482,293 | 15,116,357 | 5,532,287 | 5,669,957 |

During the financial year ended 31 December 2019, included in the Group's revenue is an one-off land sale amounting to RM112.5 million (financial period ended 31 December 2018: RM154.1 million) to a single customer.

40 Related Parties

Significant related party transactions and balances other than as disclosed elsewhere in the financial statements are set out below:

| | Group | |
|---|---------------------------------------|---|
| | Financial year ended 31.12.2019 | Financial period ended 31.12.2018 |
| a. Transactions between subsidiaries and significant non-controlling interest: | | |
| Turnkey construction works rendered to Sime Darby Brunsfield Holding Sdn Bhd and its subsidiaries ("SDBH Group") by Brunsfield Engineering Sdn Bhd, a company in which Tan Sri Dato' Dr Ir Gan Thian Leong ("Tan Sri Dato' Gan") and Encik Mohamad Hassan Zakaria ("Encik Hassan") are substantial shareholders | (77,906) | (58,841) |

40 Related Parties (continued)

Significant related party transactions and balances other than as disclosed elsewhere in the financial statements are set out below: (continued)

b. Transactions with shareholders and Government:

Permodalan Nasional Berhad (“PNB”) and the funds managed by its subsidiary, Amanah Saham Nasional Berhad (“ASNB”), together own 56.8% as at 31 December 2019 of the issued share capital of the Company. PNB is an entity controlled by the Malaysian Government through Yayasan Pelaburan Bumiputra (“YPB”). The Group considers that, for the purpose of MFRS 124 – Related Party Disclosures, YPB and the Malaysian Government are in the position to exercise significant control over it. As a result, the Malaysian Government and Malaysian Government’s controlled bodies (collectively referred to as Government-related entities) are related parties of the Group and of the Company.

Transactions entered by the Group and the Company with shareholders and Government-related entities include purchase of raw materials, placement of bank deposits and use of public utilities and amenities. All the transactions entered into by the Group and the Company with the Government-related entities are conducted in the ordinary course of the Group’s and of the Company’s businesses on negotiated terms or terms comparable to those with other entities that are not Government-related.

| | Group | | Company | |
|--|---------------------------------|-----------------------------------|---------------------------------|-----------------------------------|
| | Financial year ended 31.12.2019 | Financial period ended 31.12.2018 | Financial year ended 31.12.2019 | Financial period ended 31.12.2018 |
| b. Transactions with shareholders and Government: | | | | |
| <u>Yayasan Sime Darby</u> | | | | |
| - Contribution paid to Yayasan Sime Darby | (20,000) | (10,000) | (13,000) | (10,000) |
| <u>Sime Darby Berhad Group</u> | | | | |
| - Annual branding royalty fee | (2,000) | (2,000) | (2,000) | (2,000) |
| <u>Sime Darby Plantation Berhad Group</u> | | | | |
| - Rental income | 5,988 | 3,781 | 2,300 | 1,305 |
| c. Transactions with a joint venture | | | | |
| - Sale of land to Sime Darby Property MIT Development Sdn Bhd (formerly known as Sime Darby MIT Development Sdn Bhd) | - | 154,086 | - | - |



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40 Related Parties (continued)

Significant related party transactions and balances other than as disclosed elsewhere in the financial statements are set out below: (continued)

| | Group | | Company | |
|---|---------------------------------|-----------------------------------|---------------------------------|-----------------------------------|
| | Financial year ended 31.12.2019 | Financial period ended 31.12.2018 | Financial year ended 31.12.2019 | Financial period ended 31.12.2018 |
| d. Transactions with Directors, key management personnel and their close family members | | | | |
| Remuneration of Directors and key management personnel | | | | |
| – salaries, fees and other emoluments | 13,927 | 8,488 | 13,927 | 8,488 |
| – defined contribution plan | 1,636 | 1,046 | 1,636 | 1,046 |
| – estimated monetary value of benefits by way of usage of the Group's and of the Company's assets | 506 | 195 | 506 | 195 |
| Sale of properties to Directors of the Company | 1,729 | – | – | – |
| Sale of properties to key management personnel of the Company | 2,733 | 771 | – | – |
| | | | | |
| | | | Group | |
| | | | 31.12.2019 | 31.12.2018 |
| e. Outstanding balances with related parties | | | | |
| <u>Amount due to non-controlling interest</u> | | | | |
| <u>Included in borrowings</u> | | | | |
| Brunsfeld Metropolitan Sdn Bhd | | | 199,667 | 166,941 |
| Tunas Selatan Pagoh Sdn Bhd | | | 4,476 | 15,908 |
| <u>Included in payables</u> | | | | |
| Brunsfeld Metropolitan Sdn Bhd | | | 90,230 | 90,230 |
| Brunsfeld Engineering Sdn Bhd | | | 11,814 | 6,390 |

Other than as disclosed above, the significant outstanding balance with related parties are shown in Notes 13, 14, 22, 26, 34 and 36.

Other than as disclosed above, there were no material contracts subsisting as at 31 December 2019 or if not then subsisting, entered into since the end of the previous financial year by the Company or its subsidiaries which involved the interests of Directors or substantial shareholders.

41 Financial Instruments

a. Financial instruments measured at fair value

In estimating the financial instruments carried at fair value, there are, in general, three different levels which can be defined as follows:

- Level 1 Quoted prices in active markets for identical assets or liabilities
- Level 2 Valuation inputs (other than Level 1 input) that are observable for the asset or liability
- Level 3 Valuation inputs that are not based on observable market data

If there are quoted market prices in active markets, these are considered Level 1. If such quoted market prices are not available, fair value are determined using market prices for similar assets or present value techniques, applying an appropriate risk-free interest rate adjusted for non-performance risk. The inputs used in present value techniques are observable and fall into the Level 2 category. It is classified into the Level 3 category if significant unobservable inputs are used.

The fair values of the Group's and of the Company's investments are categorised as follows:

| | Group/Company | |
|---------------------------|---------------|------------|
| | 31.12.2019 | 31.12.2018 |
| Level 1 – quoted shares | 2,297 | 2,328 |
| Level 3 – unquoted shares | 56,491 | 56,911 |
| | 58,788 | 59,239 |

The quoted shares are measured at Level 1 of the fair value hierarchy, based on quoted prices of the shares in active markets. Unquoted shares are measured at Level 3 of the fair value hierarchy. The fair values of the unquoted shares are determined using valuation technique based on inputs other than quoted prices.

b. Financial instruments measured at amortised cost

Other than the financial liabilities disclosed below, the carrying amounts of the financial assets and liabilities approximate their fair values due to the relative short term nature of the financial instruments.

| | Group | | Company | |
|-------------------|-----------------|------------|-----------------|------------|
| | Carrying amount | Fair value | Carrying amount | Fair value |
| 31.12.2019 | | | | |
| Payables | 1,385,402 | 1,387,446 | 251,614 | 251,614 |
| Borrowings | 3,204,287 | 3,264,557 | 498,364 | 498,364 |
| Lease liabilities | 91,712 | 92,547 | 9,725 | 9,735 |
| 31.12.2018 | | | | |
| Payables | 1,390,175 | 1,388,243 | 368,055 | 368,055 |
| Borrowings | 3,273,037 | 3,329,067 | 595,760 | 595,760 |



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42 Financial Risk Management

The Group's activities expose it to a variety of financial risks, including foreign exchange risk, price risk, interest rate risk, credit risk, liquidity risk and cash flow risk. The policy on financial risk management is described in Note 6.

Details of each significant financial risk are as follows:

a. Interest rate risk

The percentages of fixed rate borrowings to the total borrowings are as follows:

| | Group | | Company | |
|---|------------|------------|------------|------------|
| | 31.12.2019 | 31.12.2018 | 31.12.2019 | 31.12.2018 |
| Fixed rate borrowings | 775,035 | 845,046 | - | - |
| Floating rate borrowings | 2,429,252 | 2,427,991 | 498,364 | 595,760 |
| Total borrowings | 3,204,287 | 3,273,037 | 498,364 | 595,760 |
| Percentage of fixed rate borrowings over total borrowings | 24.2% | 25.8% | - | - |

The following table demonstrates the effect of changes in interest rate of floating rate borrowings. If the interest rate increased by 25 basis points, with all variables held constant, the Group's and the Company's profit after taxation and other comprehensive income will be lower by:

| | Group | | Company | |
|--|---------------------------------|-----------------------------------|---------------------------------|-----------------------------------|
| | Financial year ended 31.12.2019 | Financial period ended 31.12.2018 | Financial year ended 31.12.2019 | Financial period ended 31.12.2018 |
| Profit after taxation/Other comprehensive income | 4,616 | 4,613 | 947 | 1,132 |

42 Financial Risk Management (continued)

Details of each significant financial risk are as follows: (continued)

b. Liquidity and cash flow risks

The undiscounted contractual cash flows of the Group's and of the Company's financial liabilities as at the end of the reporting date are as follows:

| Group | On demand or within 1 year | Between 1 and 2 years | Between 2 and 5 years | Above 5 years | Total contractual cash flows | Total carrying amount |
|-------------------|----------------------------|-----------------------|-----------------------|------------------|------------------------------|-----------------------|
| 31.12.2019 | | | | | | |
| Payables | 1,169,068 | 88,105 | 87,123 | 98,265 | 1,442,561 | 1,385,402 |
| Borrowings: | | | | | | |
| – principal | 783,443 | 357,194 | 910,423 | 1,140,523 | 3,191,583 | 3,191,583 |
| – interest | 99,458 | 100,173 | 181,421 | 143,840 | 524,892 | 12,704 |
| Lease liabilities | 18,446 | 18,438 | 43,596 | 63,665 | 144,145 | 91,712 |
| | 2,070,415 | 563,910 | 1,222,563 | 1,446,293 | 5,303,181 | 4,681,401 |
| 31.12.2018 | | | | | | |
| Payables | 1,166,158 | 60,765 | 109,495 | 106,319 | 1,442,737 | 1,390,175 |
| Borrowings: | | | | | | |
| – principal | 1,336,362 | 378,162 | 745,490 | 801,569 | 3,261,583 | 3,261,583 |
| – interest | 167,176 | 108,298 | 164,239 | 47,838 | 487,551 | 11,454 |
| | 2,669,696 | 547,225 | 1,019,224 | 955,726 | 5,191,871 | 4,663,212 |
| Company | | | | | | |
| 31.12.2019 | | | | | | |
| Payables | 241,807 | 1,322 | 8,485 | – | 251,614 | 251,614 |
| Borrowings: | | | | | | |
| – principal | – | 66,031 | 199,546 | 231,515 | 497,092 | 497,092 |
| – interest | 21,600 | 19,210 | 40,022 | 8,075 | 88,907 | 1,272 |
| Lease liabilities | 9,947 | – | – | – | 9,947 | 9,725 |
| | 273,354 | 86,563 | 248,053 | 239,590 | 847,560 | 759,703 |
| 31.12.2018 | | | | | | |
| Payables | 367,766 | 13 | 276 | – | 368,055 | 368,055 |
| Borrowings: | | | | | | |
| – principal | 94,500 | – | 201,000 | 299,000 | 594,500 | 594,500 |
| – interest | 26,638 | 22,650 | 42,265 | 13,545 | 105,098 | 1,260 |
| | 488,904 | 22,663 | 243,541 | 312,545 | 1,067,653 | 963,815 |



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42 Financial Risk Management (continued)

Details of each significant financial risk are as follows: (continued)

c. Credit risk

The maximum exposure and collateral and credit enhancements are as follows:

| | Group | | Company | |
|-------------------------------------|------------------|------------------------------------|------------------|------------------------------------|
| | Maximum exposure | Collateral and credit enhancements | Maximum exposure | Collateral and credit enhancements |
| 31.12.2019 | | | | |
| Net receivables | 679,501 | 536,184 | 1,629,236 | 29,822 |
| Contract assets | 2,517,285 | 987,213 | 101,215 | 101,215 |
| Cash held under Housing Development | | | | |
| Accounts | 456,706 | - | 90,294 | - |
| Bank balances, deposits and cash | 286,632 | - | 99,308 | - |
| | 3,940,124 | 1,523,397 | 1,920,053 | 131,037 |
| 31.12.2018 | | | | |
| Net receivables | 824,579 | 565,770 | 3,653,102 | 29,822 |
| Contract assets | 2,182,685 | 594,417 | 83,430 | 83,430 |
| Cash held under Housing Development | | | | |
| Accounts | 343,518 | - | 62,966 | - |
| Bank balances, deposits and cash | 305,572 | - | 145,614 | - |
| | 3,656,354 | 1,160,187 | 3,945,112 | 113,252 |

43 Immediate and Ultimate Holding Companies

The Directors regard Permodalan Nasional Berhad as the Company's immediate holding company and Yayasan Pelaburan Bumiputra as the ultimate holding company. Both companies are incorporated in Malaysia.

44 List of Subsidiaries, Joint Ventures and Associates

Subsidiaries, joint ventures and associates which are active as at 31 December 2019 are as follows:

| Name of company | Principal activities | Country of incorporation | Group's effective interest (%) | | Auditors |
|--|---|--------------------------|--------------------------------|------------|----------|
| | | | 31.12.2019 | 31.12.2018 | |
| <u>Subsidiaries</u> | | | | | |
| Harvard Golf Resort (Jerai) Berhad | Leasing of clubhouse building and golf course | Malaysia | 99.0 | 99.0 | 1 |
| Harvard Hotel (Jerai) Sdn Bhd | Leasing of hotel building | Malaysia | 100.0 | 100.0 | 1 |
| Impian Golf Resort Berhad | Provision of golfing and sporting services | Malaysia | 100.0 | 100.0 | 1 |
| Kuala Lumpur Golf & Country Club Berhad | Provision of golfing and sporting services and property development | Malaysia | 100.0 | 100.0 | 1 |
| MVV Holdings Sdn Bhd | Property development | Malaysia | 100.0 | 100.0 | 1 |
| Sime Darby Brunfield Damansara Sdn Bhd | Property development and property investment | Malaysia | 60.0 | 60.0 | 1 |
| Sime Darby Brunfield Holding Sdn Bhd | Property development and investment holding | Malaysia | 60.0 | 60.0 | 1 |
| Sime Darby Brunfield Kenny Hills Sdn Bhd | Property development | Malaysia | 60.0 | 60.0 | 1 |
| Sime Darby Brunfield Motorworld Sdn Bhd | Property development and investment holding | Malaysia | 60.0 | 60.0 | 1 |
| Sime Darby Brunfield Properties Holding Sdn Bhd | Property investment and property management services | Malaysia | 60.0 | 60.0 | 1 |
| Sime Darby Brunfield Resort Sdn Bhd | Property development | Malaysia | 60.0 | 60.0 | 1 |
| Sime Darby Builders Sdn Bhd | Property development | Malaysia | 100.0 | 100.0 | 1 |
| Sime Darby Constant Skyline Sdn Bhd | Property development | Malaysia | 100.0 | 100.0 | 1 |
| Sime Darby Nilai Utama Sdn Bhd | Property development | Malaysia | 70.0 | 70.0 | 1 |
| Sime Darby Property (Ainsdale) Sdn Bhd (formerly known as Sime Darby Ainsdale Development Sdn Bhd) | Property development | Malaysia | 100.0 | 100.0 | 1 |



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For the financial year ended 31 December 2019

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44 List of Subsidiaries, Joint Ventures and Associates (continued)

Subsidiaries, joint ventures and associates which are active as at 31 December 2019 are as follows: (continued)

| Name of company | Principal activities | Country of incorporation | Group's effective interest (%) | | Auditors |
|---|--|--------------------------|--------------------------------|------------|----------|
| | | | 31.12.2019 | 31.12.2018 | |
| Subsidiaries (continued) | | | | | |
| Sime Darby Property (Ampar Tenang) Sdn Bhd <i>(formerly known as Sime Darby Ampar Tenang Sdn Bhd)</i> | Property investment | Malaysia | 100.0 | 100.0 | 1 |
| Sime Darby Property (Ara Damansara) Sdn Bhd <i>(formerly known as Sime Darby Ara Damansara Development Sdn Bhd)</i> | Property development | Malaysia | 100.0 | 100.0 | 1 |
| Sime Darby Property (Bukit Jelutong) Sdn Bhd <i>(formerly known as Sime Darby Augsburg (M) Sdn Bhd)</i> | Property development | Malaysia | 100.0 | 100.0 | 1 |
| Sime Darby Property (Bukit Raja) Sdn Bhd <i>(formerly known as Sime Darby USJ Development Sdn Bhd)</i> | Property development and property investment | Malaysia | 100.0 | 100.0 | 1 |
| Sime Darby Property (Bukit Selarong) Sdn Bhd | Property development | Malaysia | 100.0 | 100.0 | 1 |
| Sime Darby Property (Bukit Subang) Sdn Bhd <i>(formerly known as Sime Darby Paralimni Sdn Bhd)</i> | Property development | Malaysia | 100.0 | 100.0 | 1 |
| Sime Darby Property (Bukit Tunku) Sdn Bhd | Property development | Malaysia | 100.0 | 100.0 | 1 |
| Sime Darby Property (Chemara) Sdn Berhad <i>(formerly known as Sime Darby Chemara Sdn Berhad)</i> | Property development | Malaysia | 100.0 | 100.0 | 1 |
| Sime Darby Property (City of Elmina) Sdn Bhd <i>(formerly known as Sime Darby Elmina Development Sdn Bhd)</i> | Property development | Malaysia | 100.0 | 100.0 | 1 |
| Sime Darby Property (Convention Centre) Sdn Bhd <i>(formerly known as Stableford Development Sdn Bhd)</i> | Property investment and development and operation of a convention centre | Malaysia | 100.0 | 100.0 | 1 |

44 List of Subsidiaries, Joint Ventures and Associates (continued)

Subsidiaries, joint ventures and associates which are active as at 31 December 2019 are as follows: (continued)

| Name of company | Principal activities | Country of incorporation | Group's effective interest (%) | | Auditors |
|---|---|--------------------------|--------------------------------|------------|----------|
| | | | 31.12.2019 | 31.12.2018 | |
| Subsidiaries (continued) | | | | | |
| Sime Darby Property (Golfhome) Sdn Bhd (formerly known as Golfhome Development Sdn Bhd) | Property investment and property development | Malaysia | 100.0 | 100.0 | 1 |
| Sime Darby Property (Golftek) Sdn Bhd (formerly known as Golftek Development Sdn Bhd) | Property investment and property development | Malaysia | 100.0 | 100.0 | 1 |
| Sime Darby Property (Ironwood) Sdn Bhd (formerly known as Ironwood Development Sdn Bhd) | Property investment and property development | Malaysia | 100.0 | 100.0 | 1 |
| Sime Darby Property (KL East) Sdn Bhd (formerly known as Sime Darby Melawati Development Sdn Bhd) | Property development, property management and property investment | Malaysia | 100.0 | 100.0 | 1 |
| Sime Darby Property (Klang) Sdn Bhd | Property development and provision of management services | Malaysia | 100.0 | 100.0 | 1 |
| Sime Darby Property (KLGCC Resort) Sdn Bhd (formerly known as Sime Darby KLGCC Development Sdn Bhd) | Property development | Malaysia | 100.0 | 100.0 | 1 |
| Sime Darby Property (Kulai) Sdn Bhd (formerly known as Sime Darby Kulai Development Sdn Bhd) | Property development | Malaysia | 100.0 | 100.0 | 1 |
| Sime Darby Property (Lagong) Sdn Bhd (formerly known as Sime Darby Landscaping Sdn Bhd) | Property investment and property development | Malaysia | 100.0 | 100.0 | 1 |
| Sime Darby Property (Lembah Acob) Sdn Bhd | Property development | Malaysia | 100.0 | 100.0 | 1 |
| Sime Darby Property (Lukut) Sdn Bhd (formerly known as Sime Darby Lukut Development Sdn Bhd) | Property investment and property development | Malaysia | 100.0 | 100.0 | 1 |



NOTES TO THE FINANCIAL STATEMENTS

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44 List of Subsidiaries, Joint Ventures and Associates (continued)

Subsidiaries, joint ventures and associates which are active as at 31 December 2019 are as follows: (continued)

| Name of company | Principal activities | Country of incorporation | Group's effective interest (%) | | Auditors |
|---|--|--------------------------|--------------------------------|------------|----------|
| | | | 31.12.2019 | 31.12.2018 | |
| Subsidiaries (continued) | | | | | |
| Sime Darby Property (Nilai Realty) Sdn Bhd (formerly known as Sime Darby Properties Realty Sdn Bhd) | Property development | Malaysia | 100.0 | 100.0 | 1 |
| Sime Darby Property (Nilai) Sdn Bhd | Property development, investment and provision of property management services | Malaysia | 100.0 | 100.0 | 1 |
| Sime Darby Property (Pagoh) Sdn Bhd (formerly known as Sime Darby Pagoh Development Sdn Bhd) | Property development and property investment | Malaysia | 100.0 | 100.0 | 1 |
| Sime Darby Property (Sabah) Sdn Bhd (formerly known as Sime Darby Properties Sabah Sdn Bhd) | Property development and investment holding | Malaysia | 100.0 | 100.0 | 1 |
| Sime Darby Property (Saujana Impian) Sdn Bhd (formerly known as Sime Darby Sungai Kantan Development Sdn Bhd) | Property development and property management | Malaysia | 100.0 | 100.0 | 1 |
| Sime Darby Property (Selangor) Sdn Bhd (formerly known as Sime Darby Properties (Selangor) Sdn Bhd) | Property development | Malaysia | 100.0 | 100.0 | 1 |
| Sime Darby Property (Serenia City) Sdn Bhd (formerly known as Sime Darby Serenia Development Sdn Bhd) | Property development | Malaysia | 100.0 | 100.0 | 1 |
| Sime Darby Property (SJ7) Sdn Bhd (formerly known as Syarikat Perumahan Guthrie Sdn Bhd) | Property development | Malaysia | 100.0 | 100.0 | 1 |
| Sime Darby Property (Subang) Sdn Bhd | Property development, property management and property investment | Malaysia | 100.0 | 100.0 | 1 |
| Sime Darby Property (Sungai Kapar) Sdn Bhd | Investment holding, property development and property investment | Malaysia | 100.0 | 100.0 | 1 |

44 List of Subsidiaries, Joint Ventures and Associates (continued)

Subsidiaries, joint ventures and associates which are active as at 31 December 2019 are as follows: (continued)

| Name of company | Principal activities | Country of incorporation | Group's effective interest (%) | | Auditors |
|---|--|--------------------------|--------------------------------|------------|----------|
| | | | 31.12.2019 | 31.12.2018 | |
| Subsidiaries (continued) | | | | | |
| Sime Darby Property (USJ) Sdn Bhd | Property development | Malaysia | 100.0 | 100.0 | 1 |
| Sime Darby Property (Utara) Sdn Bhd | Property development and property investment | | | | |
| Sime Darby Property Holdings Sdn Bhd | Property investment and provision of property management services | Malaysia | 100.0 | 100.0 | 1 |
| Sime Darby Property Management Sdn Bhd | Property management services and property investment holding | Malaysia | 100.0 | 100.0 | 1 |
| Sime Darby Property Selatan (Holding) Sdn Bhd (<i>formerly known as Sime Darby Johor Development Sdn Bhd</i>) | Property development, property investment and investment holding | Malaysia | 100.0 | 100.0 | 1 |
| Sime Darby Property Selatan Sdn Bhd | Investment holding and construction | Malaysia | 60.0 | 60.0 | 1 |
| Sime Darby Property Selatan Satu Sdn Bhd | Construction and assets management services under the concession arrangement | Malaysia | 60.0 | 60.0 | 1 |
| Sime Darby Property Selatan Dua Sdn Bhd | Construction and assets management services under the concession arrangement | Malaysia | 60.0 | 60.0 | 1 |
| Sime Darby Property Selatan Tiga Sdn Bhd | Construction and assets management services under the concession arrangement | Malaysia | 60.0 | 60.0 | 1 |
| Sime Darby Property Selatan Empat Sdn Bhd | Construction and assets management services under the concession arrangement | Malaysia | 60.0 | 60.0 | 1 |
| Sime Darby Property Urus Harta Sdn Bhd (<i>formerly known as Sime Darby Urus Harta Sdn Bhd</i>) | Investment holding and property management services | Malaysia | 100.0 | 100.0 | 1 |
| Sime Wood Industries Sdn Bhd | Property investment and provision of property management services | Malaysia | 100.0 | 100.0 | 1 |



NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

Amounts in RM thousand unless otherwise stated

44 List of Subsidiaries, Joint Ventures and Associates (continued)

Subsidiaries, joint ventures and associates which are active as at 31 December 2019 are as follows: (continued)

| Name of company | Principal activities | Country of incorporation | Group's effective interest (%) | | Auditors |
|---|--|--------------------------|--------------------------------|------------|----------|
| | | | 31.12.2019 | 31.12.2018 | |
| Subsidiaries (continued) | | | | | |
| Superglade Sdn Bhd | Project development services | Malaysia | 60.0 | 60.0 | 1 |
| The Glengowrie Rubber Company Sdn Berhad | Property development | Malaysia | 78.7 | 78.7 | 1 |
| Darby Park (Management) Pte Ltd | Property investment and management of service residences | Singapore | 100.0 | 100.0 | 2 |
| Darby Park (Singapore) Pte Ltd | Property investment and management of service residences | Singapore | 100.0 | 100.0 | 2 |
| Sime Darby Property Singapore Limited | Property management and investment holding | Singapore | 100.0 | 100.0 | 2 |
| Sime Darby Property (Vietnam) Pte Ltd | Investment holding | Singapore | 100.0 | 100.0 | 2 |
| Sime Darby Property Real Estate Management Pte Ltd (<i>formerly known as Sime Darby Real Estate Management Pte Ltd</i>) | Property management services | Singapore | 100.0 | 100.0 | 2 |
| OSC Sunrise Apartment Company Limited (<i>formerly known as Darby Park (Vietnam) Limited</i>) | Operation of service residences | Vietnam | 65.0 | 65.0 | 2 |
| Sime Darby Property (Hong Kong) Limited | Investment holding | Hong Kong SAR | 100.0 | 100.0 | 2 |
| OCI Management Pty Ltd | Security and land care services | Australia | 60.0 | 60.0 | 2 |
| Sime Darby Australia Limited | Investment holding | Australia | 100.0 | 100.0 | 2 |
| Sime Darby Investments Pty Limited | Investment holding | Australia | 100.0 | 100.0 | 2 |
| Sime Darby Serenity Cove Pty Limited | Property development | Australia | 60.0 | 60.0 | 2 |
| Sime Darby Brunsfield Australia Pte Ltd | Investment holding | British Virgin Islands | 60.0 | 60.0 | 4 |
| Sime Darby Property (London) Limited (<i>formerly known as Sime Darby London Limited</i>) | Property investment holding | United Kingdom | 100.0 | 100.0 | 2 |

44 List of Subsidiaries, Joint Ventures and Associates (continued)

Subsidiaries, joint ventures and associates which are active as at 31 December 2019 are as follows: (continued)

| Name of company | Principal activities | Country of incorporation | Group's effective interest (%) | | Auditors |
|--|---|--------------------------|--------------------------------|------------|----------|
| | | | 31.12.2019 | 31.12.2018 | |
| Joint ventures | | | | | |
| PJ Midtown Development Sdn Bhd | Property development | Malaysia | 30.0 | 30.0 | 1 |
| Sime Darby Property CapitaLand (Melawati Mall) Sdn Bhd <i>(formerly known as Sime Darby CapitaLand (Melawati Mall) Sdn Bhd)</i> | Property investment | Malaysia | 50.0 | 50.0 | 3 |
| Sime Darby Property MIT Development Sdn Bhd <i>(formerly known as Sime Darby MIT Development Sdn Bhd)</i> | Property development and investment holding | Malaysia | 50.0 | 50.0 | 1 |
| Sime Darby Sunrise Development Sdn Bhd | Property development | Malaysia | 50.0 | 50.0 | 1 |
| Aster Real Estate Investment Trust 1 | Real estate investment | Singapore | 25.0 | 25.0 | 3 |
| Battersea Project Holding Company Limited | Property development and investment holding | Jersey | 40.0 | 40.0 | 2 |
| Battersea Power Station Development Company Limited | Development management services | United Kingdom | 40.0 | 40.0 | 2 |
| Battersea Power Station Estates Limited | Property/residential sales services | United Kingdom | 40.0 | 40.0 | 2 |
| Associates | | | | | |
| Kuantan Pahang Holding Sdn Bhd | Investment holding | Malaysia | 30.0 | 30.0 | 1 |
| Mostyn Development Sdn Bhd | Property development | Malaysia | 30.0 | 30.0 | 3 |
| Shaw Brothers (M) Sdn Bhd | Investment holding | Malaysia | 36.0 | 36.0 | 3 |



NOTES TO THE FINANCIAL STATEMENTS

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44 List of Subsidiaries, Joint Ventures and Associates (continued)

Subsidiaries which are dormant/inactive as at 31 December 2019 are as follows:

| Name of company | Country of incorporation | Group's effective interest (%) | | Auditors |
|--|--------------------------|--------------------------------|------------|----------|
| | | 31.12.2019 | 31.12.2018 | |
| Subsidiaries | | | | |
| Sime Darby Brunsfield Property Sdn Bhd | Malaysia | 70.0 | 70.0 | 1 |
| Sime Darby Putra Heights Development Sdn Bhd | Malaysia | 100.0 | 100.0 | 1 |
| Key Access Holdings Limited | British Virgin Islands | 100.0 | 100.0 | 4 |
| Vibernum Limited | Guernsey | 100.0 | 100.0 | 4 |
| Robt Bradford Hobbs Savill Limited | United Kingdom | 98.6 | 98.6 | 2 |
| Robt Bradford & Co Limited | United Kingdom | 100.0 | 100.0 | 2 |

The subsidiaries placed under members' voluntary liquidation or deregistered during the financial year are as follows:

| Name of company | Country of incorporation | Group's effective interest (%) | |
|---|--------------------------|--------------------------------|------------|
| | | 31.12.2019 | 31.12.2018 |
| Subsidiaries | | | |
| Sime Darby Building Management Services Sdn Bhd | Malaysia | - | 100.0 |
| Sime Darby Properties Builders Sdn Bhd | Malaysia | - | 100.0 |
| Wisma Sime Darby Sdn Berhad | Malaysia | - | 100.0 |
| Sime Darby Hotels Pty Ltd | Australia | - | 100.0 |
| Sime Darby Resorts Pty Ltd | Australia | - | 100.0 |

Notes:

- Subsidiaries, joint ventures and associates which are audited by PricewaterhouseCoopers PLT, Malaysia.
- Subsidiaries, joint ventures and associates which are audited by member firms of PricewaterhouseCoopers International Limited, which are separate and independent legal entities from PricewaterhouseCoopers PLT, Malaysia.
- Joint ventures and associates which are audited by firms other than member firms of PricewaterhouseCoopers International Limited.
- No legal requirement to appoint auditors.

45 Adoption of MFRS 16 – Leases and Annual Improvements to MFRS 123 – Borrowing Costs Eligible for Capitalisation

a. MFRS 16 – Leases

i. Adoption of MFRS 16

MFRS 16 was issued to replace MFRS 117 – Leases. It sets out the principles for the recognition, measurement, presentation and disclosure of leases. It introduces a single lessee accounting model and requires a lessee to recognise a right-of-use (“ROU”) asset representing its right to use the underlying leased asset for the lease term and a lease liability representing its obligation to make lease payments.

The Group and the Company adopted MFRS 16 for leases previously classified as operating leases using the modified retrospective approach without restating the comparatives. At the date of initial application on 1 January 2019, all lease liabilities are measured at the present value of the remaining lease payments discounted using the incremental borrowing rate as at that date. All ROU assets are measured at an amount equal to the lease liabilities, adjusted for any prepaid or accrued lease payments.

The Group and the Company have elected not to recognise ROU asset and lease liability for short-term leases and leases for which the underlying asset is of low value.

ii. Impact of the adoption of MFRS 16

In applying MFRS 16, the Group and the Company applied the following practical expedients:

- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics,
- reliance on previous assessments on whether leases are onerous,
- the accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases,
- the exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application, and
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

Upon application as at 1 January 2019, the Group and the Company recognised both ROU assets and lease liabilities of RM23.1 million and RM19.1 million respectively.



NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

Amounts in RM thousand unless otherwise stated

45 Adoption of MFRS 16 – Leases and Annual Improvements to MFRS 123 – Borrowing Costs Eligible for Capitalisation (continued)

a. MFRS 16 – Leases (continued)

ii. Impact of the adoption of MFRS 16 (continued)

Reconciliation of Statement of Financial Position as at 1 January 2019 is as follows:

| Group | At 31.12.2018 | Effects of adoption of MFRS 16 | At 1.1.2019 |
|---|------------------|--------------------------------------|-------------------|
| Non-current assets | | | |
| Property, plant and equipment | 640,445 | 23,096 | 663,541 |
| Other non-current assets | 9,583,823 | - | 9,583,823 |
| | 10,224,268 | 23,096 | 10,247,364 |
| Current assets | 4,812,570 | - | 4,812,570 |
| Non-current assets held for sale | 79,519 | - | 79,519 |
| Total assets | 15,116,357 | 23,096 | 15,139,453 |
| Total equity | 9,446,400 | - | 9,446,400 |
| Non-current liabilities | | | |
| Lease liabilities | - | 22,945 | 22,945 |
| Other non-current liabilities | 2,438,394 | - | 2,438,394 |
| | 2,438,394 | 22,945 | 2,461,339 |
| Current liabilities | | | |
| Lease liabilities | - | 151 | 151 |
| Other current liabilities | 3,231,563 | - | 3,231,563 |
| | 3,231,563 | 151 | 3,231,714 |
| Total liabilities | 5,669,957 | 23,096 | 5,693,053 |
| Total equity and liabilities | 15,116,357 | 23,096 | 15,139,453 |

45 Adoption of MFRS 16 – Leases and Annual Improvements to MFRS 123 – Borrowing Costs Eligible for Capitalisation (continued)

a. MFRS 16 – Leases (continued)

ii. Impact of the adoption of MFRS 16 (continued)

Reconciliation of Statement of Financial Position as at 1 January 2019 is as follows: (continued)

| Company | At 31.12.2018 | Effects of adoption of MFRS 16 | At 1.1.2019 |
|-------------------------------------|------------------|--------------------------------------|------------------|
| Non-current assets | | | |
| Property, plant and equipment | 3,301 | 19,053 | 22,354 |
| Other non-current assets | 8,712,437 | - | 8,712,437 |
| | 8,715,738 | 19,053 | 8,734,791 |
| Current assets | 1,116,714 | - | 1,116,714 |
| Total assets | 9,832,452 | 19,053 | 9,851,505 |
| Total equity | 8,813,696 | - | 8,813,696 |
| Non-current liabilities | | | |
| Lease liabilities | - | 9,725 | 9,725 |
| Other non-current liabilities | 500,000 | - | 500,000 |
| | 500,000 | 9,725 | 509,725 |
| Current liabilities | | | |
| Lease liabilities | - | 9,328 | 9,328 |
| Other current liabilities | 518,756 | - | 518,756 |
| | 518,756 | 9,328 | 528,084 |
| Total liabilities | 1,018,756 | 19,053 | 1,037,809 |
| Total equity and liabilities | 9,832,452 | 19,053 | 9,851,505 |



NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

Amounts in RM thousand unless otherwise stated

45 Adoption of MFRS 16 – Leases and Annual Improvements to MFRS 123 – Borrowing Costs Eligible for Capitalisation (continued)

a. MFRS 16 – Leases (continued)

ii. Impact of the adoption of MFRS 16 (continued)

Reconciliation of operating lease commitments as at 31 December 2018 and lease liabilities as at 1 January 2019 of the Group and of the Company are as follows:

| | Group | Company |
|--|---------|---------|
| Non-cancellable operating lease commitments reported under MFRS 117 as at 31 December 2018 | 2,307 | 1,286 |
| Contracts assessed as lease liabilities based on the requirements of MFRS 16 | 23,096 | 19,053 |
| Exempted from recognition: | | |
| – short-term leases | (1,017) | (816) |
| – lease of low-value assets | (1,290) | (470) |
| Lease liabilities recognised under MFRS 16 as at 1 January 2019 [Note 36] | 23,096 | 19,053 |

b. Annual Improvements to MFRS 123 – Borrowing Costs Eligible for Capitalisation

i. Adoption of Annual Improvements to MFRS 123

The Annual Improvements to MFRS 123 requires borrowings obtained specifically for the construction of a qualifying asset to be designated as general borrowings when the qualifying asset is ready for its intended use or sale.

Hence, instead of charging to profit or loss, such borrowing costs are capitalised as part of other qualifying assets.

ii. Impact of the adoption of Annual Improvements to MFRS 123

The Group and the Company adopted the new accounting treatment prospectively in accordance with the transitional provision of the Annual Improvements to MFRS 123.

This has resulted in the capitalisation of finance costs incurred during the financial year of RM56.4 million for the Group as part of property development expenditure. The adoption of the Annual Improvements to MFRS 123 did not have any impact to the Company.

46 Restatement

a. Reclassification Between Non-current Inventories (Land Held for Property Development) and Current Inventories (Property Development Costs)

With effect from the current financial year, the Group and the Company have reclassified land and common costs incurred for development phases which have yet to commence operating cycle as non-current inventories under land held for property development.

Both land and common costs attributable to a particular phase will be transferred from non-current inventories to current inventories upon the launch of that particular phase or once the site possession of the phase is handed over to the contractor for the commencement of building construction works, whichever is earlier. With this, the current inventories will be more reflective of the level of ongoing active development activities.

The effect of the reclassification on the comparative periods are as follows:

| | 31.12.2018 | | | 1.7.2018 | | |
|----------------------------------|----------------------------|------------------|----------------|----------------------------|------------------|----------------|
| | As previously stated | Reclassification | As restated | As previously stated | Reclassification | As restated |
| Group | | | | | | |
| <u>Non-current assets</u> | | | | | | |
| Inventories | 2,127,594 | 2,050,510 | 4,178,104 | 1,865,841 | 2,278,217 | 4,144,058 |
| <u>Current assets</u> | | | | | | |
| Inventories | 4,625,027 | (2,050,510) | 2,574,517 | 4,913,622 | (2,278,217) | 2,635,405 |
| <u>Company</u> | | | | | | |
| <u>Non-current assets</u> | | | | | | |
| Inventories | 914,525 | 96,902 | 1,011,427 | 913,427 | 95,572 | 1,008,999 |
| <u>Current assets</u> | | | | | | |
| Inventories | 217,872 | (96,902) | 120,970 | 250,995 | (95,572) | 155,423 |

b. Other reclassification

Certain comparative have been restated to conform with the current year's presentation.



NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

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47 Comparatives

As stated in Note 2, the comparatives are not comparable to the current financial year due to the change in the financial year end date that has resulted in a shorter financial period in the previous year.

In addition, the comparatives are also not comparable due to the adoption of MFRS 16 using the modified retrospective approach and the prospective application of Annual Improvements to MFRS 123. The transitional provisions of MFRS 16 and Annual Improvements to MFRS 123 provide the option of not restating the comparative figures to be in line with the new accounting treatment adopted in the current financial year.

48 Event after the Reporting Period

The COVID-19 pandemic has impacted significantly on the global and domestic economies and it is expected to have an adverse impact on the results of the Group and the Company for the financial year ending 31 December 2020. However, at this juncture, management is unable to reliably estimate the financial impact arising from this unprecedented circumstances. The Group and the Company are implementing timely and appropriate measures to minimise the impact.

49 Approval of Financial Statements

The financial statements have been approved for issue in accordance with a resolution of the Board of Directors dated 10 April 2020.

ANALYSIS OF SHAREHOLDINGS

as at 31 March 2020

Issued and Paid-Up Share Capital : 6,800,839,377
 Class of Shares : Ordinary Shares
 Number of Shareholders : 27,553
 Voting Rights : 1 vote per Ordinary Share

| Size of Shareholdings | No. of Shareholders | % of Shareholders | No. of Shares Held | % of Issued Shares |
|--|---------------------|-------------------|----------------------|--------------------|
| Less than 100 | 2,749 | 9.977 | 70,609 | 0.001 |
| 100 to 1,000 shares | 6,402 | 23.235 | 3,852,647 | 0.057 |
| 1,001 to 10,000 shares | 13,579 | 49.283 | 47,731,673 | 0.702 |
| 10,001 to 100,000 shares | 3,936 | 14.285 | 107,722,361 | 1.584 |
| 100,001 to less than 5% of issued shares | 883 | 3.205 | 2,158,249,064 | 31.735 |
| 5% and above of issued shares | 4 | 0.015 | 4,483,213,023 | 65.921 |
| TOTAL | 27,553 | 100.00 | 6,800,839,377 | 100.00 |

Analysis of Equity Structure as per the Records of Depositors

| Category of Holders | No. of Shareholders | % of Shareholders | No. of Shares Held | % of Issued Shares |
|--|---------------------|-------------------|----------------------|--------------------|
| Individual | 22,878 | 83.033 | 203,073,541 | 2.986 |
| Bank/Finance Companies | 58 | 0.211 | 4,406,859,934 | 64.799 |
| Investment Trusts/Foundation/Charities | 16 | 0.058 | 3,618,227 | 0.053 |
| Industrial and Commercial Companies | 634 | 2.301 | 186,523,711 | 2.743 |
| Government Agencies/Institutions | 1 | 0.004 | 1,065,890 | 0.016 |
| Nominees | 3,964 | 14.387 | 1,999,592,799 | 29.402 |
| Others | 2 | 0.007 | 105,275 | 0.002 |
| TOTAL | 27,553 | 100.00 | 6,800,839,377 | 100.00 |

Substantial Shareholders as per the Register of Substantial Shareholders

| No. Name of Shareholders | No. of Shares Held (Direct Interest) | % of Issued Shares | No. of Shares Held (Indirect/ Deemed Interest) | % of Issued Shares |
|---|--------------------------------------|--------------------|--|--------------------|
| 1 Amanahraya Trustees Berhad – Amanah Saham Bumiputera | 2,989,949,600 | 43.964 | – | – |
| 2 Employees Provident Fund Board | 707,989,346 | 10.410 | 78,232,573 | 1.150 |
| 3 Permodalan Nasional Berhad | 369,183,792 | 5.429 | – | – |
| 4 Yayasan Pelaburan Bumiputra ¹ | – | – | 369,183,792 | 5.429 |
| 5 Kumpulan Wang Persaraan (Diperbadankan) | 401,836,212 | 5.909 | 26,547,700 | 0.390 |

Note:

¹ Deemed interested by virtue of its shareholding in Permodalan Nasional Berhad pursuant to Section 8 of the Companies Act 2016.

ANALYSIS OF SHAREHOLDINGS

as at 31 March 2020

Top Thirty (30) Shareholders as per the Records of Depositors

| No. | Name of Shareholders | No. of Shares Held | % of Issued Shares |
|-----|--|--------------------|--------------------|
| 1 | Amanahraya Trustees Berhad <i>Amanah Saham Bumiputera</i> | 2,989,949,600 | 43.964 |
| 2 | Citigroup Nominees (Tempatan) Sdn Bhd <i>Employees Provident Fund Board</i> | 722,243,419 | 10.620 |
| 3 | Kumpulan Wang Persaraan (Diperbadankan) | 401,836,212 | 5.909 |
| 4 | Permodalan Nasional Berhad | 369,183,792 | 5.429 |
| 5 | Amanahraya Trustees Berhad <i>Amanah Saham Malaysia 2 – Wawasan</i> | 138,000,000 | 2.029 |
| 6 | Amanahraya Trustees Berhad <i>Amanah Saham Malaysia</i> | 118,109,900 | 1.737 |
| 7 | Amanahraya Trustees Berhad <i>Amanah Saham Bumiputera 2</i> | 107,000,000 | 1.573 |
| 8 | Citigroup Nominees (Tempatan) Sdn Bhd <i>Great Eastern Life Assurance (Malaysia) Berhad (PAR 1)</i> | 60,760,649 | 0.893 |
| 9 | HSBC Nominees (Asing) Sdn Bhd <i>JPMCB NA for Vanguard Total International Stock Index Fund</i> | 57,546,024 | 0.846 |
| 10 | Amanahraya Trustees Berhad <i>Amanah Saham Malaysia 3</i> | 53,885,437 | 0.792 |
| 11 | HSBC Nominees (Asing) Sdn Bhd <i>JPMCB NA for Vanguard Emerging Markets Stock Index Fund</i> | 53,637,342 | 0.789 |
| 12 | Cartaban Nominees (Tempatan) Sdn Bhd <i>PAMB for Prulink Equity Fund</i> | 50,181,727 | 0.738 |
| 13 | HSBC Nominees (Asing) Sdn Bhd <i>HSBC BK PLC for Kuwait Investment Office (KIO)</i> | 41,043,100 | 0.604 |
| 14 | Guoline (Singapore) Pte Ltd | 40,749,100 | 0.599 |
| 15 | Amanahraya Trustees Berhad <i>Amanah Saham Bumiputera 3 – Didik</i> | 40,274,300 | 0.592 |
| 16 | Maybank Nominees (Tempatan) Sdn Bhd <i>Maybank Trustees Berhad for Public Ittikal Fund (N14011970240)</i> | 40,000,000 | 0.588 |
| 17 | Citigroup Nominees (Asing) Sdn Bhd <i>CBNY for Norges Bank (FI 17)</i> | 37,240,800 | 0.548 |
| 18 | Citigroup Nominees (Tempatan) Sdn Bhd <i>Exempt An for AIA Bhd</i> | 36,816,658 | 0.541 |

Top Thirty (30) Shareholders as per the Records of Depositors (continued)

| No. | Name of Shareholders | No. of Shares Held | % of Issued Shares |
|--------------|---|----------------------|--------------------|
| 19 | Quek Leng Chan | 34,450,000 | 0.507 |
| 20 | Citigroup Nominees (Tempatan) Sdn Bhd <i>Employees Provident Fund Board (NOMURA)</i> | 34,196,500 | 0.503 |
| 21 | Maybank Nominees (Tempatan) Sdn Bhd <i>Maybank Trustees Berhad for Public Regular Savings Fund (N14011940100)</i> | 32,230,416 | 0.474 |
| 22 | Cartaban Nominees (Asing) Sdn Bhd <i>Exempt An for State Street Bank & Trust Company (West CLT OD67)</i> | 28,693,000 | 0.422 |
| 23 | Amanahraya Trustees Berhad <i>Public Islamic Dividend Fund</i> | 27,975,463 | 0.411 |
| 24 | DB (Malaysia) Nominees (Asing) Sdn Bhd <i>SSBT Fund TGCQ for Intel Retirement Plans Collective Investment Trust</i> | 27,547,200 | 0.405 |
| 25 | DB (Malaysia) Nominee (Asing) Sdn Bhd <i>The Bank of New York Mellon for Willis Towers Watson Group Trust</i> | 26,009,700 | 0.382 |
| 26 | Cartaban Nominees (Asing) Sdn Bhd <i>BCSL Client AC PB Cayman Clients</i> | 24,571,200 | 0.361 |
| 27 | Pertubuhan Keselamatan Sosial | 24,478,465 | 0.360 |
| 28 | Maybank Investment Bank Berhad <i>IVT (16)</i> | 20,621,900 | 0.303 |
| 29 | Maybank Nominees (Tempatan) Sdn Bhd <i>MTrustee Berhad for Principal Dali Equity Growth Fund (UT-CIMB-DALI) (419455)</i> | 19,957,503 | 0.293 |
| 30 | Hong Leong Assurance Berhad <i>As Beneficial Owner (Life PAR)</i> | 19,811,931 | 0.291 |
| TOTAL | | 5,679,001,338 | 83.504 |

Directors' Shareholdings as per Register of Directors' Shareholdings

| No. | Name of Shareholders | No. of Shares Held | | | |
|-----|----------------------|--------------------|---|------------------|----------------|
| | | Direct | % | Indirect | % |
| 1 | Dato' Johan Ariffin | - | - | 880 ² | - ¹ |

Note:

¹ Negligible

² Deemed interested by virtue of his spouse's shareholding in the Company pursuant to Section 59(11) of the Companies Act 2016.

PROPERTIES OF THE GROUP

as at 31 December 2019

| Location | Tenure | Land area (acres) | Year of acquisition | Net book value (RM thousand) |
|--|----------------------------|----------------------|------------------------|------------------------------------|
| LAND HELD FOR DEVELOPMENT AND UNDER DEVELOPMENT | | | | |
| MALAYSIA | | | | |
| Kedah Darul Aman | | | | |
| Jerai, Kuala Muda | Freehold | 928 | 2007 | 36,382 |
| Taman Sungai Dingin, Kulim | Freehold | 4 | 2007 | 39 |
| Victoria, Kulim | Freehold | 71 | 1992 | 1,525 |
| Selangor Darul Ehsan | | | | |
| Acob, Klang | Freehold | 235 | 1995 | 11,777 |
| Ara Damansara, Petaling Jaya | Freehold | 62 | 1985 | 286,008 |
| Bandar Bukit Raja, Klang | Freehold | 2,781 | 2007 | 368,701 |
| Bukit Jelutong, Shah Alam | Freehold | 151 | 1985 | 112,343 |
| Bukit Lagong, Rawang | Freehold | 1,552 | 1985 | 57,434 |
| Bukit Subang, Shah Alam | Freehold | 8 | 1985 | 13,520 |
| Elmina East, Sungai Buloh | Freehold | 658 | 1985 | 246,264 |
| Elmina West, Sungai Buloh | Freehold | 2,425 | 1985 | 497,187 |
| Kota Elmina, Rawang | Freehold | 1,540 | 1985 | 342,160 |
| Melawati Development, Hulu Kelang | Freehold | 53 | 1978 | 202,498 |
| Putra Heights, Subang Jaya | Freehold | 77 | 1992 | 323,566 |
| Saujana Impian, Kajang | Freehold | 4 | 1987 | 2,496 |
| Semenyih, Ulu Langat | Freehold | 2 | 1985 | 2,725 |
| Serenia City, Sepang | Freehold | 1,439 | 2008 | 194,074 |
| Subang Jaya City Centre, Subang Jaya | Freehold | 28 | 1964-2013 | 190,887 |
| Sungai Kapar Indah, Klang | Freehold | 3 | 1985 | 2,465 |
| Taipan City, Subang | Freehold | 35 | 1992 | 261,439 |
| USJ Heights, Subang Jaya | Freehold | 11 | 1995 | 8,869 |
| Kuala Lumpur | | | | |
| Bukit Kiara | Leasehold expiring 2111 | 51 | 1991 | 888,729 |

| Location | Tenure | Land area (acres) | Year of acquisition | Net book value (RM thousand) |
|--|------------------------------------|----------------------|------------------------|------------------------------------|
| Negeri Sembilan Darul Khusus | | | | |
| Dengkil, Sepang | Freehold | 2 | 1995 | 3,953 |
| New Labu/Sg Sekah/Hamilton, Nilai | Freehold | 2,972 | 1995-2017 | 987,197 |
| Nilai Impian/Utama, Nilai | Freehold | 584 | 1992-1996 | 195,666 |
| Planters' Haven, Nilai | Freehold | 179 | 1995 | 217,319 |
| Rasah, Seremban | Freehold | 18 | 1995 | 6,013 |
| | Leasehold expiring 2066 | 6 | 1995 | 244 |
| Sua Betong, Port Dickson | Freehold | 373 | 1985 | 9,971 |
| Johor Darul Takzim | | | | |
| Pagoh, Muar | Leasehold expiring 2111 | 3,209 | 2012 | 380,969 |
| | Freehold | 17 | 2012 | 1,891 |
| Taman Pasir Putih, Pasir Gudang | Freehold | 16 | 1984 | 20,181 |
| Sabah | | | | |
| Mostyn, Kunak | Leasehold expiring 2050-2058 | 144 | 2006 | 801 |
| Total Malaysia | | 19,638 | | 5,875,293 |
| AUSTRALIA | | | | |
| Serenity Cove, Queensland | Freehold | 48 | 1985 | 123,215 |
| Total Australia | | 48 | | 123,215 |
| Total Land Held for Development and Under Development | | 19,686 | | 5,998,508 |

PROPERTIES OF THE GROUP

as at 31 December 2019

| Location | Tenure | Land area (acres) | Year of acquisition | Age of buildings (Years) | Description | Net book value (RM thousand) |
|---|----------------------------|----------------------|------------------------|--------------------------------|---|------------------------------------|
| INVESTMENT PROPERTIES | | | | | | |
| MALAYSIA | | | | | | |
| Pahang Darul Makmur | | | | | | |
| Frasers' Hill | Leasehold expiring 2082 | 2 | 1982 | 34 | Holiday bungalow | 298 |
| Kuala Lumpur | | | | | | |
| KL East, Taman Melawati | Freehold | 7 | 2015 | 4-6 | Piazza, 2-storey car park and sales gallery | 30,264 |
| | | 7 | 2017 | - | Mall (under construction) | 401,920 |
| The Véo, Melawati | Freehold | - | 1978 | 7 | Sales gallery | 15 |
| Wisma MRT, Jalan Gelenggang, Damansara Heights | Freehold | 1 | 1985 | 37 | 5-storey office building | 9,954 |
| Selangor Darul Ehsan | | | | | | |
| Elmina East, Sungai Buloh | Freehold | 6 | 2015 | 6 | Sales gallery | 8,816 |
| Elmina West, Sungai Buloh | Freehold | 1 | 2017 | 3 | Operation centre | 3,797 |
| Oasis Corporate Park, Ara Damansara | Freehold | - | 2017 | 3 | Carpark | 37,348 |
| Oasis Gallery, Ara Damansara | Freehold | 3 | 2007 | 13 | Sales gallery | 6,283 |
| Oasis Square, Ara Damansara | Freehold | 3 | 2010 | 10 | 2 blocks of 12- storey office building and basement car park | 217,745 |
| Saujana Impian, Kajang | Freehold | * | 2015 | 6 | Sales gallery | ^ |
| Serenia City, Sepang | Freehold | 5 | 2017 | 3 | Sales gallery | 11,469 |
| Sime Darby Pavillion, Bukit Jelutong, Shah Alam | Freehold | 7 | 1999 | 22 | 3-storey commercial building | 23,949 |
| Taman Subang Ria, Subang Jaya | Leasehold expiring 2087 | 73 | 1995 | - | Recreation park | 298 |
| Wisma Zuellig, Petaling Jaya | Leasehold expiring 2087 | 3 | 2000 | 27 | 6-storey industrial building | 31,664 |

| Location | Tenure | Land area (acres) | Year of acquisition | Age of buildings (Years) | Description | Net book value (RM thousand) |
|-------------------------------------|----------------------------|-------------------|---------------------|--------------------------|--------------------------|------------------------------|
| Negeri Sembilan Darul Khusus | | | | | | |
| Bandar Ainsdale, Seremban | Freehold | - | 2013 | 7 | Sales gallery | 9 |
| Nilai Impian, Nilai | Freehold | - | 1992-1996 | 6 | Sales gallery | 9,704 |
| Sri Bayu 1 & 2, Port Dickson | Leasehold expiring 2072 | 1 | 2017 | 26-62 | 2 units holiday bungalow | 2,417 |
| Johor Darul Takzim | | | | | | |
| Pagoh, Muar | Leasehold expiring 2118 | - | 2019 | 1 | 2-storey office building | 860 |
| | Leasehold expiring 2111 | - | 2012 | 5 | Sales gallery | 3,650 |
| Taman Pasir Putih, Pasir Gudang | Leasehold expiring 2072 | - | 2017 | 8 | Sales gallery | 22 |
| Total Malaysia | | 119 | | | | 800,482 |
| UNITED KINGDOM | | | | | | |
| Battersea, London | Leasehold expiring 3011 | - | 2017 | 3 | 1 unit of apartment | 13,732 |
| Total United Kingdom | | - | | | | 13,732 |
| AUSTRALIA | | | | | | |
| Serenity Shores, Queensland | Freehold | - | 2009 | 10 | Residential properties | 114 |
| Total Australia | | - | | | | 114 |
| Total Investment Properties | | 119 | | | | 814,328 |

PROPERTIES OF THE GROUP

as at 31 December 2019

| Location | Tenure | Land area (acres) | Year of acquisition | Age of buildings (Years) | Description | Net book value (RM thousand) |
|---|---------------------------------|----------------------|------------------------|--------------------------------|--|------------------------------------|
| HOSPITALITY PROPERTIES | | | | | | |
| MALAYSIA | | | | | | |
| Kedah Darul Aman | | | | | | |
| Harvard Golf & Country Club/Hotel, Bedong | Freehold | 915 | 1985 | 22-24 | Golf course, club house and hotel | 12,668 |
| Kuala Lumpur | | | | | | |
| Tournament Players Club (TPC), Bukit Kiara | Leasehold expiring 2087 | 279 | 1991 | 9-27 | 2 18-hole golf course and clubhouse | 243,531 |
| Sime Darby Convention Centre, Bukit Kiara | Leasehold expiring 2090-2111 | 4 | 2006 | 14 | Convention centre | 88,244 |
| Selangor Darul Ehsan | | | | | | |
| Bayuemas Oval and Akademi Tunku Jaafar, Kota Bayuemas | Freehold | 22 | 2004 | 10-17 | Criquet club and lawn bowl sports facilities | 37,288 |
| Impian Golf & Country Club, Kajang | Freehold | 149 | 1997 | 23 | 18-hole golf course and country club | 54,985 |
| Total Malaysia | | 1,369 | | | | 436,716 |
| VIETNAM | | | | | | |
| Rangdong Orange Court, Le Quy Don, Vung Tau | Leasehold expiring 2030 | 2 | 1995 | 27 | 69 units of apartment | 6,539 |
| Total Vietnam | | 2 | | | | 6,539 |
| Total Hospitality Properties | | 1,371 | | | | 443,255 |
| Total Group Properties | | 21,176 | | | | 7,256,091 |

* less than one acre

^ less than RM1,000

CORPORATE DIRECTORY

Corporate Head Office

Sime Darby Property Berhad

Level 10, Block G,
No. 2, Jalan PJU 1A/7A, Ara Damansara,
PJU 1A, 47301 Petaling Jaya, Selangor
Tel: 03-7849 5000

Property Investment, Hospitality and Leisure

Melawati Mall

UP2-01, Centre Management Office,
Melawati Mall 355, Jalan Bandar Melawati,
Pusat Bandar Melawati, 53100 Kuala Lumpur
Tel: 03-4161 8720

KL East Mall

Level 1, Centre Management Office,
KL East Mall, 823, Jalan Lingkaran Tengah 2,
KL Timur, 53100 Kuala Lumpur

TPC Kuala Lumpur

10, Jalan 1/70D,
Off Jalan Bukit Kiara,
60000 Kuala Lumpur
Tel: 03-2011 9188

Sime Darby Convention Centre

1A, Jalan Bukit Kiara 1,
60000 Kuala Lumpur
Tel: 03-2089 3688

Impian Golf & Country Club

14th Mile, Jalan Cheras,
43000 Kajang, Selangor
Tel: 03-8734 4195/96/97

Subsidiaries

Sime Darby Brunfield Holding Sdn Bhd

Oasis Gallery,
No. 2A, Jalan PJU 1A/2, Ara Damansara,
47301 Petaling Jaya, Selangor
Tel: 03-7842 9386/9387

Sime Darby Property Selatan Sdn Bhd

Corporate Office:
53-10, The Boulevard,
Lingkaran Syed Putra, Mid Valley City,
59200 Kuala Lumpur
Tel: 03-2283 3921

Operations Office:
Block B, Jalan Eduhub Gunasama 1/10,
Hab Pendidikan Tinggi Pagoh,
84600 Pagoh, Johor
Tel: 06-974 2406/2407

CORPORATE DIRECTORY

Overseas

Battersea Power Station Development Company

188, Kirtling Street, London,
SW8 5BN, United Kingdom,
Tel: +44 020 7501 0678

Darby Park Serviced Residences

5 Le Quy Don Street
Vung Tau City, Vietnam
Tel: +84 254 385 4933

Sime Darby Property Singapore Limited

Sime Darby Business Centre,
315 Alexandra Road,
#03-02 Sime Darby Business Centre,
15944 Singapore
Tel: +65 6460 2849

**Sime Darby Property Sales Galleries
(including Joint Ventures and Associates)**
KUALA LUMPUR
**The International Gallery at
KLGCC Resort Kuala Lumpur**

No. 2A, Jalan Bukit Kiara 1, Bukit Kiara,
60000 Kuala Lumpur
Tel: 03-2080 9088
Hotline: 1-800-88-1118

KL East & Melawati

Sime Darby Property at KL East
Off Middle Ring Road 2, Desa Melawati,
53100 Kuala Lumpur
Tel: 03-4162 1788
Hotline: 1-800-88-1118

**Sime Darby Property Sales Galleries
(including Joint Ventures and Associates)
(Cont'd.)**
SELANGOR**Bandar Bukit Raja**

Jalan Gamelan 1E, Bandar Bukit Raja,
41200 Klang, Selangor
Tel: 03-3361 7288
Hotline: 1-800-88-1118

Cantara

Jalan PJU 1A/A, Ara Damansara,
47301 Petaling Jaya, Selangor
Tel: 03-7849 5511
Hotline: 1-800-88-1118

Bukit Jelutong & City of Elmina

Sime Darby Property at City of Elmina
Elmina Pavilion, Persiaran Eserina,
Elmina East Sek U16,
40160 Shah Alam, Selangor
Tel: 03-7831 2253
Hotline: 1-800-88-1118

Putra Heights**The Glades Plaza**

Off Persiaran Putra Perdana,
Section 3, 47650 Subang Jaya, Selangor
Tel: 03-5198 0888
Hotline: 1-800-88-1118

RSKU@ Putra Heights

2nd Floor, The Glades Plaza,
Off Persiaran Putra Perdana,
Seksyen 3, Putra Heights
47650 Subang Jaya, Selangor
Tel: 03-5614 3272
Hotline: 1-800-88-1118

**Sime Darby Property Sales Galleries
(including Joint Ventures and Associates)
(Cont'd.)**

Saujana Impian

Sime Darby Property at Vista Mohagani,
Jalan Impian Gemilang,
Saujana Impian,
43000, Kajang, Selangor
Tel: 03-8740 2472
Hotline: 1-800-88-1118

Serenia City

Lot 27999, Jalan Pintas Dengkil-Putrajaya (FT29),
Bandar Serenia, 43900 Sepang, Selangor
Tel: 03-8760 0505
Hotline: 1-800-88-1118

Subang Jaya

Wisma Consplant 2, Jalan SS16/1
47500 Subang Jaya, Selangor
Tel: 03-5631 8888
Hotline: 1-800-88-1118

PJ Midtown

G-5, Jalan Kemajuan
Seksyen 13, 46200
Petaling Jaya
Tel: 03-7843 9898
Hotline: 1-800-88-1118

Radia Bukit Jelutong

No. 2A (Lot 64406)
Persiaran Tebar Layar,
Seksyen U8, Bukit Jelutong,
40150 Shah Alam, Selangor
Tel: 03-7859 9801
Hotline: 1-800-88-1118

NEGERI SEMBILAN

Bandar Ainsdale

No. 1, Jalan Ainsdale 1/1,
Bandar Ainsdale,
70300 Seremban, Negeri Sembilan
Tel: 03-7849 5036
Hotline: 1-800-88-1118

**Sime Darby Property Sales Galleries
(including Joint Ventures and Associates)
(Cont'd.)**

Chemara Hills

Persiaran Bukit Chemara,
70200 Seremban, Negeri Sembilan
Tel: 06-7687 688
Hotline: 1-800-88-1118

Nilai Impian

No. 1, Persiaran Nilai Impian 3, Nilai Impian,
71800 Nilai, Negeri Sembilan
Tel: 06-794 8383
Hotline: 1-800-88-1118

Planters' Haven

Planters' Haven Clubhouse,
Persiaran Alamanda,
71800 Nilai, Negeri Sembilan
Tel: 06-799 8008
Hotline: 1-800-88-1118

JOHOR

Bandar Universiti Pagoh

KM25, Jalan Pagoh,
Pagoh 84600 Muar, Johor
Tel: 06-984 2103/2222
Hotline: 1-800-88-1118

Taman Pasir Putih

No. 5, Jalan Selayur 2,
Off Jalan Pasir Putih,
Taman Pasir Putih,
81700 Pasir Gudang, Johor
Tel: 07-251 5355
Hotline: 1-800-88-1118

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Forty-Seventh Annual General Meeting (“47th AGM”) of Sime Darby Property Berhad (“Sime Darby Property” or “Company”) will be held at Banyan Room, Ground Floor, Sime Darby Convention Centre, 1A, Jalan Bukit Kiara 1, 60000 Kuala Lumpur, Malaysia on Friday, 26 June 2020 at 10.00 a.m. to transact the following businesses:

As Ordinary Business

1. To receive the Audited Financial Statements for the financial year ended 31 December 2019 together with the Reports of the Directors and the Auditors thereon.
Refer to Explanatory Note 1
2. To re-elect the following Directors, who retire pursuant to Rule 111 of the Constitution of the Company and being eligible, offer themselves for re-election:
 - (i) Dato’ Jaganath Derek Steven Sabapathy **(Resolution 1)**
 - (ii) Encik Rizal Rickman Ramli **(Resolution 2)**

Dato’ Johan Ariffin who also retires pursuant to Rule 111 of the Constitution of the Company, has expressed his intention not to seek re-election. Hence, he will retain office until the close of the 47th AGM.
Refer to Explanatory Note 2
3. To re-elect Dato’ Azmir Merican Dato’ Azmi Merican who retires pursuant to Rule 92.3 of the Constitution of the Company and being eligible, offer himself for re-election. **(Resolution 3)**
Refer to Explanatory Note 3
4. To approve the payment of fees to the Non-Executive Directors for the period from 27 June 2020 until the next AGM of the Company to be held in year 2021. **(Resolution 4)**
Refer to Explanatory Note 4
5. To approve the payment of benefits to the Non-Executive Directors up to an amount of RM500,000 for the period from 27 June 2020 until the next AGM of the Company to be held in year 2021. **(Resolution 5)**
Refer to Explanatory Note 5
6. To re-appoint PricewaterhouseCoopers PLT as the Auditors of the Company for the financial year ending 31 December 2020 and to authorise the Directors to fix their remuneration. **(Resolution 6)**
Refer to Explanatory Note 6

As Special Business

To consider and, if thought fit, pass the following Ordinary Resolutions:

7. **RETENTION OF TENGKU DATUK SERI AHMAD SHAH ALHAJ IBNI ALMARHUM SULTAN SALAHUDDIN ABDUL AZIZ SHAH ALHAJ AS INDEPENDENT NON-EXECUTIVE DIRECTOR**
 “THAT approval be and is hereby given to Tengku Datuk Seri Ahmad Shah Alhaj Ibni Almarhum Sultan Salahuddin Abdul Aziz Shah Alhaj, the Independent Non-Executive Director of the Company, who has served for a cumulative term of more than nine (9) years, to continue to act as an Independent Non-Executive Director of the Company until the conclusion of the next Annual General Meeting.” **(Resolution 7)**
Refer to Explanatory Note 7

8. **PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR EXISTING RECURRENT RELATED PARTY TRANSACTIONS AND PROPOSED NEW SHAREHOLDERS' MANDATE FOR ADDITIONAL RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE**

"THAT subject always to the Companies Act 2016 ("Act"), the Constitution of the Company, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, other applicable laws, guidelines, rules and regulations, and the approval of the relevant Government and/or regulatory authorities (where applicable), approval be and is hereby given to the Company and/or its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature with related parties ("Recurrent Related Party Transactions") as set out in Section 2.4 of the Circular to Shareholders dated 28 April 2020 ("the Circular"), subject further to the following:

- (i) the Recurrent Related Party Transactions are entered into in the ordinary course of business which are necessary for the day-to-day operations and are on terms which are not more favourable to the related parties than those generally available to the public, and the Recurrent Related Party Transactions are undertaken on arm's length basis and on normal commercial terms which are not to the detriment of the non-interested shareholders of the Company;
- (ii) the shareholders' mandate is subject to annual renewal and this shareholders' mandate shall commence immediately upon passing of this ordinary resolution and continue to be in full force until:
 - (a) the conclusion of the next Annual General Meeting ("AGM") of the Company following the AGM at which this shareholders' mandate is approved, at which time it will lapse, unless by a resolution passed at the next AGM, such authority is renewed; or
 - (b) the expiration of the period within which the next AGM after the date is required to be held pursuant to Sections 340(1) and (2) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
 - (c) this shareholders' mandate is revoked or varied by a resolution passed by the shareholders of the Company in a general meeting,

whichever is the earlier;

AND THAT the Directors of the Company and/or any one of them be and are/is hereby authorised to complete and do all such acts, deeds and things as they consider necessary or expedient in the best interest of the Company, including executing all such documents as may be required or necessary and with full powers to assent to any modifications, variations and/or amendments as the Directors of the Company in their discretion deem fit and expedient to give effect to the Recurrent Related Party Transactions contemplated and/or authorised by this Ordinary Resolution."

Refer to Explanatory Note 8

(Resolution 8)

- 9. To transact any other business for which due notice shall have been given in accordance with the Companies Act 2016 and the Constitution of the Company.



NOTICE OF ANNUAL GENERAL MEETING

FURTHER NOTICE IS HEREBY GIVEN THAT for the purpose of determining a member whom shall be entitled to attend, speak and vote at this 47th AGM, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd in accordance with Rule 76 of the Constitution of the Company and Section 34(1) of the Securities Industry (Central Depositories) Act 1991, to issue a General Meeting Record of Depositors as at 15 June 2020. Only a depositor whose name appears on the Record of Depositors as at 15 June 2020 shall be entitled to attend the said meeting or appoint proxies to attend, speak and vote on his/her behalf.

By Order of the Board

Moriami Mohd
(MAICSA 7031470)
Group Secretary

Petaling Jaya, Malaysia
28 April 2020

NOTES:

1. As part of the initiatives to curb the spread of Coronavirus Disease 2019 ("COVID-19"), the 47th AGM will be conducted on **a virtual basis through live streaming and online remote voting** via Remote Participation and Voting ("RPV") facilities which are available on Tricor Investor & Issuing House Services Sdn Bhd's TIIH Online website at <https://tiih.online>. Please follow the procedures provided in the Administrative Details for the 47th AGM in order to register, participate and vote remotely via the RPV facilities.
2. The venue of the 47th AGM is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 which requires the Chairman of the Meeting to be at the main venue. No Shareholders/proxy(ies) from the public will be physically present at the meeting venue.
3. Since the 47th AGM will be conducted via a virtual meeting, a Member entitled to attend and vote at the Meeting may appoint the Chairman of the Meeting as his/her proxy and indicate the voting instruction in the Form of Proxy.
4. Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in the Notice of the 47th AGM of the Company shall be put to vote by way of a poll.
5. Where a Member of the Company is an Authorised Nominee as defined under the Securities Industry (Central Depositories) Act 1991 ("SICDA"), he/she may appoint the Chairman of the Meeting in respect of each Securities Account he/she holds with ordinary shares of the Company standing to the credit of the said Securities Account to attend and vote at a meeting of the Company instead of him/her.
6. Where a Member of the Company is an Exempt Authorised Nominee as defined under SICDA which holds ordinary shares in the Company for multiple beneficial owners in one (1) Securities Account (Omnibus Account), there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each Omnibus Account it holds PROVIDED THAT each beneficial owner of ordinary shares, or where the ordinary shares are held on behalf of joint beneficial owners, such joint beneficial owners, shall be entitled to instruct the Exempt Authorised Nominee to appoint the Chairman of the Meeting to attend and vote at a general meeting of the Company instead of the beneficial owner or joint beneficial owners.
7. The instrument appointing a proxy shall be in writing signed by the appointor or his/her attorney duly authorised in writing or, if the appointor is a corporation, either under its common seal or under the hand of two (2) authorised officers, one of whom shall be a Director, or of its attorney duly authorised. Any alteration to the instrument appointing a proxy must be initialled.

8. The appointment of proxy may be made in a hardcopy form or by electronic means as follows:

i) In Hardcopy Form

The Form of Proxy or the Power of Attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority, must be deposited at the office of the Share Registrar of the Company, Tricor Investor & Issuing House Services Sdn Bhd at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia, not less than 48 hours before the time for holding this AGM or no later than 24 June 2020 at 10.00 a.m.

ii) By Tricor Online System (TIIH Online)

The Form of Proxy can be electronically submitted to the Share Registrar of the Company via TIIH Online (applicable to individual shareholder only). The website to access TIIH Online is <https://tiih.online> (Kindly refer to the Annexure of the Administrative Details-Electronic Submission of Form of Proxy for General Meeting).

9. Only Members registered in the Record of Depositors as at 15 June 2020 shall be entitled to attend, speak and vote at the 47th AGM or appoint the Chairman of the Meeting as proxy to attend and vote on their behalf.

EXPLANATORY NOTES

1. Audited Financial Statements for the Financial Year Ended 31 December 2019

The Audited Financial Statements are laid before the shareholders pursuant to the provisions of Section 266(1) (a) and Section 340(1)(a) of the Companies Act 2016 ("Act") for discussion only and will not be put forward for voting.

2. Ordinary Resolutions 1 to 2:

Re-election of Directors Pursuant to Rule 111 of the Constitution

Rule 111 of the Constitution expressly states that at every AGM, at least one-third (1/3) of the Directors for the time being shall retire from office. In addition, Rule 112 of the Constitution states that all Directors shall retire from office once at least in each three (3) years. A retiring Director shall be eligible for re-election.

Dato' Jaganath Derek Steven Sabapathy, Dato' Johan Ariffin and Encik Rizal Rickman Ramli are due to retire at the 47th AGM pursuant to Rule 111 of the Company's Constitution.

Dato' Jaganath Derek Steven Sabapathy and Encik Rizal Rickman Ramli being eligible, have offered themselves for re-election at the 47th AGM pursuant to Rule 112 of the Constitution.

Dato' Johan Ariffin, has reached the nine (9)-year cumulative tenure on 30 December 2019 and has been re-designated from Independent Non-Executive Director ("NED") to Non-Independent NED upon reaching the ninth (9th) year.

Dato' Johan Ariffin has informed the Board of his intention not to seek re-election at the 47th AGM. Hence, he will retain office until the conclusion of this AGM and retires in accordance with Rule 111 of the Constitution.

The Board is satisfied that in consideration of the wealth of expertise and experience which the retiring Directors possess, they will continue to bring sound judgement and valuable contribution to the board deliberations through active participation in discussions and decision making by the Board.

Based on the results of the Board Effectiveness Evaluation, all retiring Directors had contributed positively to the performance of the Board. The Nomination and Remuneration Committee ("NRC") and the Board were also satisfied that the retiring Independent NEDs have maintained their independence in the financial period under review.

The Board recommends the re-election of Dato' Jaganath Derek Steven Sabapathy and Encik Rizal Rickman Ramli at the 47th AGM.

All Directors standing for re-election have abstained from deliberations and decisions on their own eligibility to stand for re-election at the relevant NRC and Board meetings and will continue to abstain from deliberations and decisions on their own eligibility to stand for re-election at this AGM.

NOTICE OF ANNUAL GENERAL MEETING

3. Ordinary Resolution 3: Re-election of Director Pursuant to Rule 92.3 of the Constitution

Rule 92.3 of the Constitution provides that any Director appointed during the year shall hold office only until the next AGM and shall be eligible for re-election. The Director shall not be taken into account in determining the Directors to retire by rotation at the AGM.

The Company had, on 28 January 2020, announced the appointment of Dato' Azmir Merican Dato' Azmi Merican as Group Managing Director of the Company effective 22 April 2020 to Bursa Malaysia Securities Berhad.

Dato' Azmir Merican Dato' Azmi Merican whose appointment is effective 22 April 2020 shall hold office until the 47th AGM and shall then be eligible for re-election pursuant to Rule 92.3 of the Constitution.

The profile of Dato' Azmir Merican Dato' Azmi Merican is set out in the Statement Accompanying Notice of the 47th AGM.

4. Ordinary Resolution 4: Payment of Directors' Fees to the NEDs for the period from 27 June 2020 until the next AGM of the Company to be held in year 2021

Pursuant to Section 230(1) of the Act, any "fees" of the directors and "any benefits" payable to the directors of a listed company and its subsidiaries shall be approved at a general meeting. Rule 94.1 of the Constitution of the Company further provides that the fees and benefits payable to the NEDs shall be subject to annual shareholders' approval at a general meeting.

The Company had, at its Forty-Sixth ("46th") AGM held on 2 May 2019, obtained approval from the shareholders in respect of the payment of Directors' fees to the NED for the period from 3 May 2019 until the 47th AGM.

During the financial year under review, the NRC appointed an external international consultant to conduct a fresh review of the NEDs' Remuneration Framework based on the results of a market survey carried out on the remuneration and benefits received by the NEDs. The survey also considered other major factors including the revenue/size of the group against its peers as well as

the fiduciary duties and time commitments expected of the NEDs and Board Committee members. The NRC had, on 19 February 2020, deliberated and provided its recommendation to the Board for approval.

Pursuant to the findings of the consultant, the Board had on, 26 February 2020, approved the NRC's recommendation for a revision to the NEDs Remuneration Framework as follows:

| | Annual Fixed Fees | |
|-----------------------------------|-----------------------|------------------------|
| | Current NED Fees (RM) | Proposed NED Fees (RM) |
| Chairman | 540,000 | No Change |
| Resident Director | 220,000 | 220,000 |
| Non-Resident Director | 360,000 | |
| Audit Chairman | 80,000 | 70,000 |
| Audit Member | 50,000 | 40,000 |
| Other Committees* Chairman | 60,000 | 70,000 |
| Other Committees* Member | 35,000 | 40,000 |

* Note: Excluding Special Committee of the Board

The rationale of the above proposal and the remuneration of each Director are set out in the Corporate Governance Overview Statement.

Shareholders' approval is hereby sought under Resolution 4 on the payment of NEDs' fees for the period from 27 June 2020 until the next AGM of the Company to be held in year 2021. If passed, it will give approval to the Company to continue paying the NEDs' fees on a monthly basis after every AGM for their services on the Board and Board Committees.

Any NEDs who are shareholders of the Company will abstain from voting on Resolution 4 concerning the remuneration to the NEDs at the 47th AGM.

**5. Ordinary Resolution 5:
Payment of Benefits to the NEDs up to an amount of RM500,000 for the period from 27 June 2020 until the next AGM of the Company to be held in year 2021**

The Company had, at its 46th AGM held on 2 May 2019, obtained approval from the shareholders in respect of the payment of benefits to the NEDs up to an amount of RM500,000 for the period from 3 May 2019 until the 47th AGM comprising, amongst others, the following key benefits:

- Telecommunication devices/facilities
- Club membership subscription
- Medical and insurance coverage
- Discount on purchases of Group/Company products
- Use of local holiday bungalow and apartments maintained by Sime Darby Property Group
- Other claimable benefits incurred in the course of carrying out their duties as Directors

On 16 January 2020, the Board had approved the establishment of a temporary Special Committee of the Board primarily to oversee the implementation and monitoring of the Board's decisions and to provide strategic guidance to the Group and payment of meeting allowance of RM1,500 per person per meeting payable to the members of the Special Committee and other NEDs who attend and participate in the Special Committee Meetings. The tenure of the Special Committee shall continue up to Third ("3rd") Quarter 2020 and if deemed necessary by the Board, shall be extended for another three (3) months (or up to the Fourth (4th) Quarter 2020).

The Board had also approved that the per diem allowance for official events be reimbursed to NEDs on a reasonable claims basis instead of the current approved allowance of RM1,000 per day.

In view of the above, the total payment of benefits to the NEDs for the period from 27 June 2020 until the next AGM of the Company to be held in year 2021 is expected to increase. Nevertheless, since the actual utilisation amount is not expected to exceed RM500,000, the Company is seeking shareholders' approval for the same approval limit as that obtained in the preceding AGM in respect of the amount of benefits payable to the NEDs of up to RM500,000 at the 47th AGM.

If the proposed Resolution 5 is passed, the payment of benefits to the NEDs will be made as and when incurred.

Any NEDs who are shareholders of the Company will abstain from voting on Resolution 5 concerning the remuneration to the NEDs at the 47th AGM.

**6. Ordinary Resolution 6:
Re-appointment of Auditors**

The Audit Committee ("AC") at its meeting held on 18 February 2020, had undertaken an annual assessment of the suitability and effectiveness of the external audit process, performance, suitability and independence of the external auditors, PricewaterhouseCoopers PLT ("PwC") as prescribed under the Paragraph 15.21 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The AC was satisfied with the suitability of PwC based on the quality of audit, performance, competency and sufficiency of resources the external audit team provided to the Sime Darby Property Group. The AC was also satisfied in its review that the provisions of non-audit services by PwC during the period under review did not impair PwC's objectivity and independence.

The Board had, at its meeting held on 26 February 2020, approved the AC's recommendation for the shareholders' approval to be sought at the 47th AGM on the re-appointment of PwC as external auditors of the Company for the financial year ending 31 December 2020, under Resolution 6. The present external auditors, PwC, have indicated their willingness to continue their services for the next financial year.



NOTICE OF ANNUAL GENERAL MEETING

EXPLANATORY NOTES ON SPECIAL BUSINESS

7. Ordinary Resolution 7:

Retention of Tengku Datuk Seri Ahmad Shah Alhaj Ibni Almarhum Sultan Salahuddin Abdul Aziz Shah Alhaj as Independent NED

The Company had, at its 46th AGM held on 2 May 2019, obtained shareholders' approval to retain Tengku Datuk Seri Ahmad Shah Alhaj Ibni Almarhum Sultan Salahuddin Abdul Aziz Shah Alhaj (who has served as an Independent NED of the Company for nine (9) years on 30 December 2019) to continue to act as an Independent NED of the Company until the conclusion of the forthcoming 47th AGM.

The proposed Ordinary Resolution 7, if passed, will allow Tengku Datuk Seri Ahmad Shah Alhaj ibni Almarhum Sultan Salahuddin Abdul Aziz Shah Alhaj to continue to act as an Independent NED until the conclusion of the next AGM of the Company.

The NRC of the Company has assessed the independence of all Independent NEDs including Tengku Datuk Seri Ahmad Shah Alhaj ibni Almarhum Sultan Salahuddin Abdul Aziz Shah Alhaj and recommended to retain him as Independent NED of the Company. The Board endorsed the NRC's recommendation and was of the view that his retention as Independent NED is in the best interest of the Company. Details of the Board's justification and recommendation for the retention of Tengku Datuk Seri Ahmad Shah Alhaj ibni Almarhum Sultan Salahuddin Abdul Aziz Shah Alhaj as Independent Director are set out in the Company's Corporate Governance Report.

Tengku Datuk Seri Ahmad Shah Alhaj ibni Almarhum Sultan Salahuddin Abdul Aziz Shah Alhaj has abstained from deliberation and decision at the Board meeting in relation to the recommendation of this Resolution to the shareholders and will continue to abstain from deliberation and voting on the proposed Ordinary Resolution 7 at this AGM.

8. Ordinary Resolution 8:

Proposed Renewal of Shareholders' Mandate for Existing Recurrent Related Party Transactions and Proposed New Shareholders' Mandate for Additional Recurrent Related Party Transactions of a Revenue or Trading Nature

The proposed Ordinary Resolution 8, if passed, will enable the Company and/or its subsidiary companies to enter into Recurrent Related Party Transactions of a revenue or trading nature pursuant to the provisions of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. Please refer to the Circular to Shareholders dated 28 April 2020 for further information.

STATEMENT ACCOMPANYING NOTICE OF THE FORTY-SEVENTH ANNUAL GENERAL MEETING

(Pursuant to Paragraph 8.27(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad)

The details of the Directors' interest in the securities of the Company as at 31 March 2020 are stated in the "Analysis of Shareholdings" section in the Company's Annual Report.

The profile of the Directors who are standing for re-election (as per Resolutions 1 to 2 as stated above) at the Forty-Seventh Annual General Meeting ("47th AGM") of Sime Darby Property Berhad are set out in the "Board of Directors' Profile" section in the Company's Annual Report.

The profile of Dato' Azmir Merican Dato' Azmi Merican who is standing for re-election (as per Resolution 3) at the 47th AGM of Sime Darby Property Berhad is set out as follows:

| | |
|---------------------------------------|--|
| Nationality/Age/Gender | Malaysian/49/Male |
| Date of Appointment | 22 April 2020 |
| Membership of Board Committees | Nil |
| Academic Qualification(s) | Bachelor's Degree in Business Administration (Finance) from Haworth College of Business, Western Michigan University, United States of America |
| Present Directorship(s) | <ul style="list-style-type: none"> • Sime Darby Property Berhad (appointed on 22 April 2020) • UEM Edgenta Berhad (resigned on 21 April 2020) • Edgenta PROPEL Berhad (resigned on 21 April 2020) • Opus Group Berhad (resigned on 21 April 2020) |
| Present Appointment(s) | <ul style="list-style-type: none"> • Group Managing Director, Sime Darby Property Berhad (appointed on 22 April 2020) • Managing Director/Chief Executive Officer, UEM Edgenta Berhad (resigned on 21 April 2020) |
| Past Relevant Experience | <p>Aug 2014-April 2020 – Managing Director/Chief Executive Officer, UEM Edgenta Berhad</p> <p>Feb 2014-July 2014 – Executive Director, UEM Edgenta Berhad</p> <p>Dec 2012-Jan 2014 – Non-Independent Non-Executive Director, UEM Edgenta Berhad</p> <p>Oct 2012-Dec 2012 – Group Chief Operating Officer, Business Units, UEM Group Berhad</p> <p>2007-2012 – Group Chief Executive Officer/Managing Director, AWC Berhad</p> <p>2003-2007 – Various positions held, CIMB Investment Bank Berhad</p> <p>1997-2002 – Consultant/Senior Consultant, PricewaterhouseCoopers</p> <p>1995-1997 – Investment Analyst/Senior Investment Analyst – Maybank Group</p> |

- He does not have any conflict of interest with the Company or any family relationship with any other Director and/or major shareholders of the Company.
- He has not been convicted for any offences within the past five (5) years nor has he been imposed of any public sanction or penalty by any relevant regulatory bodies during the financial year ended 31 December 2019.

ADMINISTRATIVE DETAILS FOR THE FORTY-SEVENTH ANNUAL GENERAL MEETING (“47th AGM”) OF SIME DARBY PROPERTY BERHAD

| | |
|--------------|--|
| Date | : Friday, 26 June 2020 |
| Time | : 10.00 a.m. |
| Venue | : Banyan Room, Ground Floor, Sime Darby Convention Centre 1A, Jalan Bukit Kiara 1, 60000 Kuala Lumpur, Malaysia |

Precautionary Measures Against the Coronavirus Disease (“COVID-19”)

- As you may be aware, the COVID-19 had infected more than 2,400,000 people around the world and there are already 5,425 confirmed cases (as at 20 April 2020) in Malaysia. As part of the initiatives to curb the spread of Coronavirus Disease 2019 (“COVID-19”), the Government had, on 18 April 2020, directed all companies to postpone their general meetings to a later date to be advised or alternatively, to only conduct virtual general meetings during the Movement Control Order (“MCO”) period. The Securities Commission Malaysia (“SC”) had, on 18 April 2020, issued a Guidance Note on the Conduct of General Meetings for Listed Issuers (“SC Guidance Note”) and encouraged listed companies to continue leveraging on technology even beyond the MCO period.
- In line with the Government’s initiative and the SC Guidance Note, the Company will conduct the 47th AGM on **a virtual basis through live streaming and online remote voting** via Remote Participation and Voting (“RPV”) facilities which are available on Tricor Investor & Issuing House Services Sdn Bhd’s (“Tricor”) **TIIH Online** website at <https://tiih.online>.
- The venue of the 47th AGM is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 which requires the Chairman of the Meeting to be at the main venue. No shareholders/proxy(ies) from the public will be physically present at the meeting venue.
- We **strongly encourage** you to attend the 47th AGM via the RPV facilities. You may also consider appointing the Chairman of the Meeting as your proxy to attend and vote on your behalf at the 47th AGM.
- Due to the constant evolving COVID-19 situation in Malaysia, we may be required to change the arrangements of our 47th AGM at short notice. Kindly check the Company’s website or announcements for the latest updates on the status of the 47th AGM.
- The Company will continue to observe the guidelines issued by the Ministry of Health and will take all relevant precautionary measures as advised.

Remote Participation and Voting

- The RPV facilities are available on Tricor’s **TIIH Online** website at <https://tiih.online>.
- Corporate Shareholders (through Corporate Representatives) are required to contact Tricor at +603-2783 9299 during office hours i.e. from 8.30 a.m. to 5.30 p.m. (Monday to Friday) and provide the following documents/information to Tricor **no later than 10.00 a.m. on Wednesday, 24 June 2020** to participate via the RPV facilities:
 - Original certificate of appointment of its Corporate Representative under the seal of the corporation;
 - Copy of the Corporate Representative’s MyKad (front and back); and
 - Corporate Representative’s e-mail address and handphone number.

Tricor will respond to your remote participation request upon receipt of such documents and information.
- Nominee Company Shareholders (through the beneficiary of the shares in the CDS account) are required to contact Tricor at +603-2783 9299 during office hours i.e. from 8.30 a.m. to 5.30 p.m. (Monday to Friday) and to provide the following documents/information to Tricor **no later than 10.00 a.m. on Wednesday, 24 June 2020** to participate via the RPV facilities:
 - Duly completed Form of Proxy;
 - Copy of the beneficiary MyKad (front and back); and
 - Beneficiary’s e-mail address and handphone number.

Tricor will respond to your remote participation request upon receipt of such documents and information.

No Breakfast/Lunch Pack, Door Gift or Food Voucher

- There will be no distribution of breakfast/lunch packs, door gifts or food vouchers during the 47th AGM since the meeting is being conducted on a virtual basis.

Pre-Meeting Submission of Questions to the Board of Directors

- In order to enhance the efficiency of the proceedings of the 47th AGM, shareholders may in advance, before the 47th AGM, submit questions to the Board of Directors via Tricor's TIIH Online website at <https://tiih.online>, by selecting "e-Services" to login, post your questions and submit it electronically no later than Thursday, 18 June 2020. The Board of Directors will endeavor to address the questions received at the 47th AGM.

Procedures to Remote Participation and Voting via RPV Facilities

- Please read and follow the procedures below to engage in remote participation through live streaming and online remote voting at the 47th AGM using the RPV facilities:

Before the 47th AGM Day

| Procedure | Action |
|--|---|
| i. Register as a user with TIIH Online (applicable for Individual Shareholders only) | <ul style="list-style-type: none"> Using your computer, access to website at https://tiih.online. Register as a user under the "e-Services". Refer to the tutorial guide posted on the homepage for assistance. If you are already a user with TIIH Online, you are not required to register again. You will receive an e-mail to notify you that the remote participation is available for registration at TIIH Online. |
| ii. Submit your request to attend 47th AGM remotely | <ul style="list-style-type: none"> Registration is open from 10.00 a.m. Tuesday, 28 April 2020 up to 10.00 a.m. Wednesday, 24 June 2020. Login with your user ID and password and select the corporate event: (Registration) Sime Darby Property Berhad 47th AGM. Read and agree to the Terms & Conditions and confirm the Declaration. Insert your CDS account number and indicate number of shares. Submit to register your attendance remotely. System will send an e-mail to notify that your registration for remote participation is received and will be verified. After verification of your registration against the Record of Depositors as at 15 June 2020, the system will send you an e-mail to approve or reject your registration for remote participation. |

On the 47th AGM Day

| Procedure | Action |
|--|--|
| i. Login to TIIH Online | <ul style="list-style-type: none"> Login with your user ID and password for remote participation at the 47th AGM at any time from 9.40 a.m. i.e. 20 minutes before the commencement of meeting at 10.00 a.m. on Friday, 26 June 2020. |
| ii. Participate through Live Streaming | <ul style="list-style-type: none"> Select the corporate event: (Live Streaming Meeting) Sime Darby Property Berhad 47th AGM to engage in the proceedings of the 47th AGM remotely. If you have any question for the Chairman/Board, you may use the query box to transmit your question. The Chairman/Board will try to respond to questions submitted by remote participants during the 47th AGM. If there is time constraint, the responses will be e-mailed to you at the earliest possible, after the meeting. Take note that the quality of the live streaming is dependent on the bandwidth and stability of the internet connection at the location of the remote participants. |
| iii. Online remote voting | <ul style="list-style-type: none"> Select the corporate event: (Remote Voting) Sime Darby Property 47th AGM Read and agree to the Terms & Conditions and confirm the Declaration. Voting session commences from 10.00 a.m., Friday, 26 June 2020 until a time when the Chairman announces the completion of the voting session at the 47th AGM. Select the CDS account that represents your shareholdings. Indicate your votes for the resolutions that are tabled for voting. Confirm and submit your votes. |
| iv. End of remote participation | <ul style="list-style-type: none"> Upon the announcement by the Chairman on the conclusion of the 47th AGM, the Live Streaming will end. |

ADMINISTRATIVE DETAILS FOR THE FORTY-SEVENTH ANNUAL GENERAL MEETING (“47th AGM”) OF SIME DARBY PROPERTY BERHAD

Entitlement to Attend and Vote

- Only members whose names appear on the Record of Depositors as at 15 June 2020 shall be eligible to attend, speak and vote at the 47th AGM or appoint the Chairman of the Meeting as proxy to attend and vote on their behalf.
- In view that the 47th AGM will be conducted on a virtual basis, a member can appoint the Chairman of the Meeting as his/her proxy and indicate the voting instruction in the Form of Proxy.
- If you wish to participate in 47th AGM yourself, please do not submit any Form of Proxy for the 47th AGM. You will not be allowed to participate in the 47th AGM together with a proxy appointed by you.
- The duly completed Form of Proxy must be deposited at the office of the Share Registrar, Tricor Investor & Issuing House Services Sdn Bhd at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3 Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or its Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, no later than Wednesday, 24 June 2020 at 10.00 a.m. You may also submit the proxy appointment electronically via Tricor’s TIH Online website at <https://tiah.online> no later than Wednesday, 24 June 2020 at 10.00 a.m. For further information on the electronic submission of Form of Proxy, kindly refer to the Annexure below.

Voting at Meeting

- The voting at the 47th AGM will be conducted on a poll pursuant to Paragraph 8.29A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Malaysia”). The Company has appointed Tricor to conduct the poll voting electronically (“e-voting”) via Tricor e-Vote application (“Tricor e-Vote App”) and Deloitte Enterprise Risk Services Sdn Bhd as Independent Scrutineers to verify the poll results.
- Shareholders can proceed to vote on the resolutions before the end of the voting session which will be announced by the Chairman of the Meeting and submit your votes at any time from the commencement of the 47th AGM at 10.00 a.m. Kindly refer to “Procedures to Remote Participation and Voting via RPV Facilities” provided above for guidance on how to vote remotely via TIH Online.

Results of the voting

- The resolutions proposed at the 47th AGM and the results of the voting will be announced at the 47th AGM and subsequently via an announcement made by the Company through Bursa Malaysia at www.bursamalaysia.com.

Annual Report

- The Annual Report is available on the Company’s website at www.simedarbyproperty.com and Bursa Malaysia’s website at www.bursamalaysia.com under Company’s announcements.
- You may request for a printed copy of the Annual Report at <https://tiah.online> by selecting “Request for Annual Report” under the “Investor Services”.
- In light of the Government’s announcements on 16 March 2020, 25 March 2020, 10 April 2020 and 23 April 2020 in relation to the MCO effective 18 March 2020 to 12 May 2020 (and any extension thereof), please be informed that there may be some delay in the delivery of the printed copy of the Annual Report. The Annual Report will be delivered as soon as reasonably practicable.
- Nevertheless, it is hoped that you would consider the environment before you decide to request for the printed copy of the Annual Report. The environmental concerns like global warming, deforestation, climate change and many more affects every human, animal and nation on this planet.

Enquiry

- If you have any enquiry prior to the meeting, please call our Share Registrar, Tricor, at +603-2783 9299 during office hours i.e. from 8.30 a.m. to 5.30 p.m. (Monday to Friday).

ANNEXURE

Dear Shareholders of Sime Darby Property Berhad,

We are pleased to inform that as a shareholder you can have the option to submit your Form of Proxy by electronic means through our system, TIIH Online (“e-Proxy”).

TIIH Online is an application that provides an online platform for shareholders (*individuals only*) to submit document/form electronically which includes the Form of Proxy in a paperless form (“e-Submission”). Once you have successfully submitted your e-proxy form, you are no longer required to complete and submit the physical Form of Proxy to the company or Tricor office.

To assist you on how to engage with e-Proxy, kindly read and follow the guidance notes which are detailed below:

1. Sign up as user of TIIH Online

-  Using your computer, access our website at <https://tiih.online>
-  Administrator will approve your registration within one working day and notify you via email
-  Sign up as a user by completing the registration form, registration is free
-  Activate your account by re-setting your password
-  Upload a softcopy of your MyKad (front and back) or your passport

- Notes:**
- (i) *If you are already a user of TIIH Online, you are not required to sign up again*
 - (ii) *An email address is allowed to be used once to register as a new user account, and the same email cannot be used to register another user account*
 - (iii) *At this juncture, only individual security holders are offered to register as user and participate in e-Proxy*

2. Proceed with submission of e-Proxy

-  After the release of the Notice of Meeting by the Company, login with your user name (i.e. e-mail address) and password
-  Select the corporate event: “**Submission of Proxy Form**”
-  Read and agree to the Terms & Conditions and confirm the Declaration
-  Select/insert the CDS account number
-  Appoint the Chairman of the Meeting as your proxy
-  Indicate your voting instructions – FOR or AGAINST, otherwise the Chairman of the Meeting will decide your vote
-  Review & confirm your proxy appointment
-  Print e-proxy for your record

Should you need assistance on our e-Submission, please contact us. Thank you.

Tricor Investor & Issuing House Services Sdn Bhd

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

Telephone No: +603-2783 9299
Fax No: +603-2783 9222
E-mail: is.enquiry@my.tricorglobal.com

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FORM OF PROXY

SIME DARBY PROPERTY BERHAD
Registration No. 197301002148 (15631-P)
(Incorporated in Malaysia)

| Number of ordinary shares held | CDS Account No. | | | | | | | | | | |
|--------------------------------|-----------------|--|--|--|--|--|--|--|--|--|--|
| | | | | | | | | | | | |

I/We _____
(FULL NAME OF SHAREHOLDER AS PER NRIC/PASSPORT/CERTIFICATE OF INCORPORATION IN CAPITAL LETTERS)

(NRIC/Passport/Company No. _____) of _____
(ADDRESS)

_____ (ADDRESS)

Tel. No. _____ being a member/members of SIME DARBY PROPERTY BERHAD hereby appoint the Chairman of the Meeting, as my/our proxy to attend and vote for me/us on my/our behalf at the Forty-Seventh Annual General Meeting ("47th AGM") of Sime Darby Property Berhad ("Sime Darby Property" or "the Company") to be held at Banyan Room, Ground Floor, Sime Darby Convention Centre, 1A, Jalan Bukit Kiara 1, 60000 Kuala Lumpur, Malaysia, on Friday, 26 June 2020 at 10.00 a.m and at any adjournment thereof for the following resolutions as set out in the Notice of 47th AGM:

| NO. | AGENDA | RESOLUTION | FOR | AGAINST |
|--------------------------|--|------------|-----|---------|
| 1. | To receive the Audited Financial Statements for the financial year ended 31 December 2019 together with the Reports of the Directors and the Auditors thereon | | | |
| ORDINARY BUSINESS | | | | |
| 2. | To re-elect Dato' Jaganath Derek Steven Sabapathy who retires in accordance with Rule 111 of the Constitution of the Company | 1 | | |
| 3. | To re-elect Encik Rizal Rickman Ramli who retires in accordance with Rule 111 of the Constitution of the Company | 2 | | |
| 4. | To re-elect Dato' Azmir Merican Dato' Azmi Merican who retires in accordance with Rule 92.3 of the Constitution of the Company | 3 | | |
| 5. | To approve the payment of fees to the Non-Executive Directors for the period from 27 June 2020 until the next Annual General Meeting of the Company to be held in year 2021 | 4 | | |
| 6. | To approve the payment of benefits to the Non-Executive Directors up to an amount of RM500,000 for the period from 27 June 2020 until the next Annual General Meeting of the Company to be held in year 2021 | 5 | | |
| 7. | To re-appoint PricewaterhouseCoopers PLT as Auditors of the Company for the financial year ending 31 December 2020 and to authorise the Directors to determine their remuneration | 6 | | |
| SPECIAL BUSINESS | | | | |
| 8. | To approve the retention of Tengku Datuk Seri Ahmad Shah Alhaj Ibni Almarhum Sultan Salahuddin Abdul Aziz Shah Alhaj as Independent Non-Executive Director | 7 | | |
| 9. | To approve the Proposed Renewal of Shareholders' Mandate and Proposed New Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature | 8 | | |

My/Our proxy is to vote on the resolutions as indicated by an "X" in the appropriate space above. If no indication is given, my/our proxy shall vote or abstain from voting as he/she thinks fit.

IMPORTANT: Disclosure of Shareholder's and Proxy's Personal Data

Please refer to the Notice to Shareholders under the Personal Data Protection Act 2010 (PDPA Notice) in the Annual Report concerning the Company's collection of your personal data for the purpose of the Company's General Meeting(s).

You hereby declare that you have read, understood and accepted the statements and terms contained in the PDPA Notice.

Dated this _____ day of _____ 2020

Signature/Common Seal of Member(s)

* Please delete where inapplicable.

Notes:

- As part of the initiatives to curb the spread of Coronavirus Disease 2019 ("COVID-19"), the 47th AGM will be conducted on a **virtual basis through live streaming and online remote voting** via Remote Participation and Voting ("RPV") facilities which are available on Tricor Investor & Issuing House Services Sdn Bhd's TIIH Online website at <https://tiih.online>. Please follow the procedures provided in the Administrative Details for the 47th AGM in order to register, participate and vote remotely via the RPV facilities.
- The venue of the 47th AGM is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 which requires the Chairman of the Meeting to be at the main venue. No Shareholders/proxy(ies) from the public will be physically present at the meeting venue.
- Since the 47th AGM will be conducted via a virtual meeting, a Member entitled to attend and vote at the Meeting may appoint the Chairman of the Meeting as his/her proxy and indicate the voting instruction in the Form of Proxy.
- Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in the Notice of the 47th AGM of the Company shall be put to vote by way of a poll.
- Where a Member of the Company is an Authorised Nominee as defined under the Securities Industry (Central Depositories) Act 1991 ("SICDA"), he/she may appoint the Chairman of the Meeting in respect of each Securities Account he/she holds with ordinary shares of the Company standing to the credit of the said Securities Account to attend and vote at a meeting of the Company instead of him/her.
- Where a Member of the Company is an Exempt Authorised Nominee as defined under SICDA which holds ordinary shares in the Company for multiple beneficial owners in one (1) Securities Account (Omnibus Account), there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each Omnibus Account it holds PROVIDED THAT each beneficial owner of ordinary shares, or where the ordinary shares are held on behalf of joint beneficial owners, such joint beneficial owners, shall be entitled to instruct the Exempt Authorised Nominee to appoint the Chairman of the Meeting to attend and vote at a general meeting of the Company instead of the beneficial owner or joint beneficial owners.
- The instrument appointing a proxy shall be in writing signed by the appointor or his/her attorney duly authorised in writing or, if the appointor is a corporation, either under its common seal or under the hand of two (2) authorised officers, one of whom shall be a Director, or of its attorney duly authorised. Any alteration to the instrument appointing a proxy must be initialled.
- The appointment of proxy may be made in a hardcopy form or by electronic means as follows:
 - In Hardcopy Form
The Form of Proxy or the Power of Attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority, must be deposited at the office of the Share Registrar of the Company, Tricor Investor & Issuing House Services Sdn Bhd at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia, not less than 48 hours before the time for holding this AGM or no later than 24 June 2020 at 10.00 a.m.
 - By Tricor Online System (TIIH Online)
The Form of Proxy can be electronically submitted to the Share Registrar of the Company via TIIH Online (applicable to individual shareholder only). The website to access TIIH Online is <https://tiih.online> (Kindly refer to the Annexure of the Administrative Details - Electronic Submission of Form of Proxy for General Meeting).
- Only Members registered in the Record of Depositors as at 15 June 2020 shall be entitled to attend, speak and vote at the 47th AGM or appoint the Chairman of the Meeting as proxy to attend and vote on their behalf.

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THE SHARE REGISTRAR

SIME DARBY PROPERTY BERHAD

Registration No. 197301002148 (15631-P)
c/o Tricor Investor & Issuing House Services Sdn Bhd
Registration No. 197101000970 (11324-H)
Unit 32-01, Level 32, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Malaysia

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Stamp

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NOTICE TO SHAREHOLDERS UNDER THE PERSONAL DATA PROTECTION ACT 2010

Sime Darby Property Berhad (“Sime Darby Property” or “we” or “us” or “our”) strives to protect your personal data in accordance with the Personal Data Protection Act 2010 (“the Act”). The Act was enacted to regulate the processing of personal data. To comply with the Act, we are required to manage the personal data that we collect from you relating to your shareholding in Sime Darby Property.

The purposes for which your personal data may be used are, but not limited to:

- Internal record keeping including but not limited to the registration and management of your shareholding in Sime Darby Property
- To provide services to you
- To communicate with you as a shareholder of Sime Darby Property
- To better understand your needs as our shareholder
- For security and fraud prevention purposes
- For the purposes of statistical analysis of data
- For marketing activities
- For the purposes of our corporate governance
- To send you event invitations based on selected events
- To comply with any legal, statutory and/or regulatory requirements
- For the purposes of inclusion in media engagements and/or any relevant or related events
- For the purposes of us preparing guest invitations, registration and/or sign-ups for our events
- For the purposes of printed and on-line publications

(collectively, “the Purposes”).

Your personal data is or will be collected from information provided by you, including but not limited to, postal, facsimile, telephone and e-mail communications with or from you, and information provided by third parties, including but not limited to, Bursa Malaysia Berhad and any other stock exchange, and your stockbrokers and remisiers.

You may be required to supply us with your name, NRIC No, correspondence address, telephone number, facsimile number and email address.

If you fail to supply us with such personal data, we may not be able to process and/or disclose your personal data for any of the Purposes.

Please be informed that your personal data may be disclosed, disseminated and/or transferred to companies within the Sime Darby Property Group (including the holding company, subsidiaries, related and affiliated companies, both local and international), whether present or future (collectively, “the Group”) or to any third party organisations or persons for the purpose of fulfilling our obligations to you in respect of the Purposes and all such other purposes that are related to the Purposes and also in providing integrated services, maintaining and storing records including but not limited to the share registrar(s) appointed by us to manage the registration of shareholders.

The processing, disclosure, dissemination and/or transfer of your personal data by us and/or the Group and/or third party organisations or persons may result in your personal data being transferred outside of Malaysia.

To this end, we are committed to ensuring the confidentiality, protection, security and accuracy of your personal data made available to us. It is your obligation to ensure that all personal data submitted to us and retained by us are accurate, not misleading, updated and complete in all aspects. For the avoidance of doubt, we and/or the Group and/or our or their employees or authorised officers or agents will not be responsible for any personal data submitted by you to us that is inaccurate, misleading, not up to date and incomplete.

Further, we may request your assistance to procure the consent of third parties whose personal data is made available by you to us and you hereby agree to use your best endeavours to do so.

You may at any time after the submission of your personal data to us, request for information relating to your personal data by contacting our share registrar, Tricor Investor & Issuing House Services Sdn Bhd if you wish to enquire about any aspects of share registration matters:

Tricor Investor & Issuing House Services Sdn Bhd
Unit 32-01, Level 32, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur

Attention : Ms Lim Lay Kiow, Senior Manager
Tel No. : +603 2783 9299
E-mail : lay.kiow.lim@my.tricorglobal.com

In addition, you may request for access to your personal data by contacting your broker or alternatively, Tricor Investor & Issuing House Services Sdn Bhd as shown above if:

- you require access to and/or wish to make corrections to your personal data subject to compliance of such request for access or correction not being refused under the provisions of the Act and/or existing laws; or
- you wish to enquire about your personal data.

Any personal data retained by us shall be destroyed and/or deleted from our records and system in accordance with our retention policy in the event such data is no longer required for the said Purposes.

In the event of any inconsistency between the English version and the Bahasa Malaysia version of this Notice, the English version shall prevail over the Bahasa Malaysia version.

We trust that you will consent to the processing of your personal data and that you declare that you have read, understood and accepted the statements and terms herein.



NOTIS KEPADA PEMEGANG SAHAM DI BAWAH AKTA PERLINDUNGAN DATA PERIBADI 2010

Sime Darby Property Berhad ("Sime Darby Property" atau "kami") bermatlamat untuk melindungi data peribadi anda selaras dengan Akta Perlindungan Data Peribadi 2010 ("Akta"). Akta tersebut diperbuat untuk mengawal selia pemrosesan data peribadi. Bagi mematuhi Akta tersebut, kami dikehendaki untuk menguruskan data peribadi yang kami kumpulkan daripada anda berkenaan dengan pemegang saham anda di Sime Darby Property.

Tujuan penggunaan data peribadi anda adalah untuk, tetapi tidak terhad kepada:

- Penyimpanan rekod dalaman termasuk tetapi tidak terhad kepada pendaftaran dan pengurusan pegangan saham anda di Sime Darby Property
- Untuk memberikan perkhidmatan kepada anda
- Untuk berkomunikasi dengan anda sebagai pemegang saham Sime Darby Property
- Untuk lebih memahami keperluan anda sebagai pemegang saham kami
- Bagi maksud-maksud keselamatan dan pencegahan penipuan
- Bagi maksud analisis statistik data
- Untuk aktiviti pemasaran
- Bagi maksud tadbir urus korporat kami
- Untuk menghantar jemputan acara berdasarkan acara-acara terpilih
- Untuk mematuhi apa-apa kehendak di sisi undang undang, statut, dan peraturan
- Bagi maksud penyertaan dalam penglibatan media dan/atau apa-apa acara relevan atau berkaitan
- Bagi maksud kami menyediakan jemputan tetamu, pendaftaran dan/atau kemasukan untuk acara-acara kami
- Bagi maksud penerbitan bercetak dan penerbitan dalam talian kami

(secara kolektif, "Tujuan-Tujuan tersebut").

Data peribadi anda sedang atau akan dikumpul daripada maklumat yang diberikan oleh anda, termasuk tetapi tidak terhad kepada, komunikasi-komunikasi pos, faksimili, telefon dan e-mel dengan atau daripada anda, dan maklumat yang diberikan oleh pihak ketiga, termasuk tetapi tidak terhad kepada, Bursa Malaysia Berhad dan apa-apa bursa saham lain, dan broker saham dan remisier anda.

Anda mungkin diperlukan untuk memberikan kepada kami nama, No. KP Baru, alamat surat-menyurat, nombor telefon, nombor faksimili dan alamat emel anda.

Jika anda gagal untuk memberikan kami data peribadi tersebut, kami mungkin tidak dapat memproses dan/atau menzahirkan data peribadi anda bagi mana-mana Tujuan-Tujuan tersebut.

Sila maklum bahawa data peribadi anda boleh dizahirkan, disebarkan dan/atau dipindahkan kepada syarikat-syarikat di dalam Kumpulan Sime Darby Property (termasuk syarikat induk, anak-anak syarikat, syarikat-syarikat berkaitan dan bersekutu tempatan dan antarabangsa), pada masa kini atau masa hadapan (secara kolektif, "Kumpulan"), atau kepada mana-mana organisasi atau individu pihak ketiga bagi maksud memenuhi tanggungjawab kami kepada anda berkenaan dengan Tujuan-Tujuan tersebut dan bagi semua maksud lain yang berkaitan dengan Tujuan-Tujuan tersebut dan juga untuk memberikan perkhidmatan-perkhidmatan bersepadu, menyelenggara dan menyimpan rekod-rekod termasuk tetapi tidak terhad kepada pendaftar saham atau pendaftar-pendaftar saham yang dilantik oleh kami untuk menguruskan pendaftaran pemegang saham.

Pemrosesan, penzahiran, penyebaran dan/atau pemindahan data peribadi anda oleh kami dan/atau Kumpulan dan/atau organisasi atau individu pihak ketiga mungkin mengakibatkan data peribadi anda dipindah ke luar Malaysia.

Untuk tujuan ini, kami komited dalam memastikan penyulitan, perlindungan, keselamatan dan ketepatan data peribadi anda yang diberikan kepada kami. Adalah tanggungjawab anda untuk memastikan bahawa semua data peribadi yang diberikan kepada kami dan disimpan oleh kami adalah tepat, tidak mengelirukan, terkini dan lengkap dalam semua aspek. Bagi mengelakkan keraguan, kami dan/atau Kumpulan dan/atau pekerja atau pegawai yang diberi kuasa atau ejen kami tidak akan bertanggungjawab untuk apa-apa data peribadi yang diberikan oleh anda kepada kami yang tidak tepat, mengelirukan, bukan terkini dan tidak lengkap.

Selanjutnya, kami boleh meminta bantuan anda untuk memperolehi persetujuan pihak ketiga yang data peribadinya telah diberikan oleh anda kepada kami dan anda dengan ini bersetuju untuk menggunakan usaha terbaik anda untuk berbuat demikian.

Anda boleh pada bila-bila masa selepas penyerahan data peribadi anda kepada kami, meminta untuk mengakses data peribadi anda dengan menghubungi pendaftar saham kami Tricor Investor & Issuing House Services Sdn Bhd jika anda ingin membuat sebarang pertanyaan berkenaan dengan aspek-aspek pendaftaran saham:

Tricor Investor & Issuing House Services Sdn Bhd
Unit 32-01, Level 32, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur

Untuk perhatian : Cik Lim Lay Kiow, Pengurus Kanan
No. Tel : +603 2783 9299
E-mel : lay.kiow.lim@my.tricorglobal.com

Anda juga boleh membuat permintaan untuk mengakses data peribadi anda dengan menghubungi broker anda atau secara alternatif Tricor Investor & Issuing House Services Sdn Bhd seperti yang tersebut di atas jika:

- anda memerlukan akses kepada dan/atau ingin membuat pembetulan kepada data peribadi anda, tertakluk kepada pematuhan permintaan untuk akses atau pembetulan itu tidak ditolak di bawah peruntukan Akta tersebut dan/atau undang-undang yang sedia ada; atau
- anda ingin membuat pertanyaan mengenai data peribadi anda.

Apa-apa data peribadi yang dikekalkan oleh kami akan dimusnahkan dan/atau dipadamkan daripada rekod dan sistem kami mengikut polisi penyimpanan kami sekiranya data tersebut tidak lagi diperlukan bagi Tujuan-Tujuan tersebut.

Sekiranya terdapat apa-apa konflik antara versi Bahasa Inggeris and versi Bahasa Malaysia dalam Notis ini, versi Bahasa Inggeris akan mengatasi versi Bahasa Malaysia.

Kami percaya bahawa anda akan bersetuju kepada pemrosesan data peribadi anda dan anda mengakui bahawa anda telah membaca, memahami dan menerima pernyataan-pernyataan dan terma-terma dalam sini.

NOTICE TO PROXIES UNDER THE PERSONAL DATA PROTECTION ACT 2010

Sime Darby Property Berhad (“Sime Darby Property” or “we” or “us” or “our”) strives to protect your personal data in accordance with the Personal Data Protection Act 2010 (“the Act”). The Act was enacted to regulate the processing of personal data. To comply with the Act, we are required to manage the personal data that we collect from you relating to your acting as a proxy for a shareholder in Sime Darby Property.

The purposes for which your personal data may be used are, but not limited to:

- Internal record keeping including but not limited to the registration of attendance at the general meeting(s)
- To communicate with you as a proxy for a shareholder of Sime Darby Property
- For security and fraud prevention purposes
- For the purposes of statistical analysis of data
- For the purposes of our corporate governance
- To comply with any legal, statutory and/or regulatory requirements

(collectively, “the Purposes”).

Your personal data is or will be collected from information provided by you, including but not limited to, postal, facsimile, telephone and e-mail communications with or from you, and information provided by third parties, including but not limited to, Bursa Malaysia Berhad and any other stock exchange, and your stockbrokers and remisiers.

You may be required to supply us with your name, NRIC No. and correspondence address.

If you fail to supply us with such personal data, we may not be able to process and/or disclose your personal data for any of the Purposes.

Please be informed that your personal data may be disclosed, disseminated and/or transferred to companies within the Sime Darby Property Group (including the holding company, subsidiaries, related and affiliated companies, both local and international), whether present or future (collectively, “the Group”) or to any third party organisations or persons for the purpose of fulfilling our obligations to you in respect of the Purposes and all such other purposes that are related to the Purposes and also in providing integrated services, maintaining and storing records including but not limited to the share registrar(s) appointed by us to manage the registration of shareholders.

The processing, disclosure, dissemination and/or transfer of your personal data by us and/or the Group and/or third party organisations or persons may result in your personal data being transferred outside of Malaysia.

To this end, we are committed to ensuring the confidentiality, protection, security and accuracy of your personal data made available to us. It is your obligation to ensure that all personal data submitted to us and retained by us are accurate, not misleading, updated and complete in all aspects. For the avoidance of doubt, we and/or the Group and/or our or their employees or authorised officers or agents will not be responsible for any personal data submitted by you to us that is inaccurate, misleading, not up to date and incomplete.

Further, we may request your assistance to procure the consent of third parties whose personal data is made available by you to us and you hereby agree to use your best endeavours to do so.

You may at any time after the submission of your personal data to us, request for access to your personal data from Tricor Investor & Issuing House Services Sdn Bhd if:

- you require access to and/or wish to make corrections to your personal data subject to compliance of such request for access or correction not being refused under the provisions of the Act and/or existing laws; or
- you wish to enquire about your personal data.

Tricor Investor & Issuing House Services Sdn Bhd
Unit 32-01, Level 32, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur

Attention : Ms Lim Lay Kiow, Senior Manager
Tel No. : +603 2783 9299
E-mail : lay.kiow.lim@my.tricorglobal.com

Any personal data retained by us shall be destroyed and/or deleted from our records and system in accordance with our retention policy in the event such data is no longer required for the said Purposes.

In the event of any inconsistency between the English version and the Bahasa Malaysia version of this Notice, the English version shall prevail over the Bahasa Malaysia version.

We trust that you will consent to the processing of your personal data and that you declare that you have read, understood and accepted the statements and terms herein.



NOTIS KEPADA PROKSI DI BAWAH AKTA PERLINDUNGAN DATA PERIBADI 2010

Sime Darby Property Berhad ("Sime Darby Property" atau "kami") bermatlamat untuk melindungi data peribadi anda selaras dengan Akta Perlindungan Data Peribadi 2010 ("Akta"). Akta tersebut diperbuat untuk mengawal selia pemrosesan data peribadi. Bagi mematuhi Akta tersebut, kami dikehendaki untuk menguruskan data peribadi yang kami kumpulkan daripada anda berkenaan dengan perwakilan anda sebagai proksi untuk pemegang saham Sime Darby Property.

Tujuan penggunaan data peribadi anda adalah untuk, tetapi tidak terhad kepada:

- Penyimpanan rekod dalaman termasuk tetapi tidak terhad kepada pendaftaran kehadiran di mesyuarat (-mesyuarat) agung
- Untuk berkomunikasi dengan anda sebagai proksi untuk pemegang saham Sime Darby Property
- Bagi maksud-maksud keselamatan dan pencegahan penipuan
- Bagi maksud analisis statistik data
- Bagi maksud tadbir urus korporat kami
- Untuk mematuhi apa-apa kehendak di sisi undang undang, statut, dan/atau peraturan

(secara kolektif, "Tujuan-Tujuan tersebut").

Data peribadi anda sedang atau akan dikumpul daripada maklumat yang diberikan oleh anda, termasuk tetapi tidak terhad kepada, komunikasi-komunikasi pos, faksimili, telefon dan e-mel dengan atau daripada anda, dan maklumat yang diberikan oleh pihak ketiga, termasuk tetapi tidak terhad kepada, Bursa Malaysia Berhad dan apa-apa bursa saham lain, dan broker saham dan remisier anda.

Anda mungkin diperlukan untuk memberikan kepada kami nama, No. KP Baru dan alamat surat-menyurat.

Jika anda gagal memberikan kami data peribadi tersebut, kami mungkin tidak dapat memproses dan/atau menzahirkan data peribadi anda bagi mana-mana Tujuan-Tujuan tersebut.

Sila maklum bahawa data peribadi anda boleh dizahirkan, disebarkan dan/atau dipindahkan kepada syarikat-syarikat di dalam Kumpulan Sime Darby Property (termasuk syarikat induk, anak-anak syarikat, syarikat-syarikat berkaitan dan bersekutu tempatan dan antarabangsa), sama ada pada masa kini atau masa hadapan (secara kolektif, "Kumpulan"), atau kepada mana-mana organisasi atau individu pihak ketiga bagi maksud memenuhi tanggungjawab kami kepada anda berkenaan dengan Tujuan-Tujuan tersebut dan bagi semua maksud lain yang berkaitan dengan Tujuan-Tujuan tersebut dan juga untuk memberikan perkhidmatan-perkhidmatan bersepadu, menyelenggara dan menyimpan rekod-rekod termasuk tetapi tidak terhad kepada pendaftaran saham atau pendaftaran-pendaftaran saham yang dilantik oleh kami untuk menguruskan pendaftaran pemegang saham.

Pemrosesan, penzahiran, penyebaran dan/atau pemindahan data peribadi anda oleh kami dan/atau Kumpulan dan/atau organisasi atau individu pihak ketiga mungkin mengakibatkan data peribadi anda dipindah ke luar Malaysia.

Untuk tujuan ini, kami komited dalam memastikan penyulitan, perlindungan, keselamatan dan ketepatan data peribadi anda yang diberikan kepada kami. Adalah tanggungjawab anda untuk memastikan bahawa semua data peribadi yang diberikan kepada kami dan disimpan oleh kami adalah tepat, tidak mengelirukan, terkini dan lengkap dalam semua aspek. Bagi mengelakkan keraguan, kami dan/atau Kumpulan dan/atau pekerja atau pegawai yang diberi kuasa atau ejen kami tidak akan bertanggungjawab untuk apa-apa data peribadi yang diberikan oleh anda kepada kami yang tidak tepat, mengelirukan, bukan terkini dan tidak lengkap.

Selanjutnya, kami boleh meminta bantuan anda untuk memperoleh persetujuan pihak ketiga yang data peribadinya telah diberikan oleh anda kepada kami dan anda dengan ini bersetuju untuk menggunakan usaha terbaik anda untuk berbuat demikian.

Anda boleh pada bila-bila masa selepas penyerahan data peribadi anda kepada kami, meminta untuk mengakses data peribadi anda daripada Tricor Investor & Issuing House Services Sdn Bhd jika:

- anda memerlukan akses kepada dan/atau ingin membuat pembedulan kepada data peribadi anda, tertakluk kepada pematuhan permintaan untuk akses atau pembedulan itu tidak ditolak di bawah peruntukan Akta tersebut dan/atau undang-undang yang sedia ada; atau
- anda ingin membuat pertanyaan mengenai data peribadi anda.

Tricor Investor & Issuing House Services Sdn Bhd

Unit 32-01, Level 32, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur

Untuk perhatian : Cik Lim Lay Kiow, Pengurus Kanan
No. Tel : +603 2783 9299
E-mel : lay.kiow.lim@my.tricorglobal.com

Apa-apa data peribadi yang dikekalkan oleh kami akan dimusnahkan dan/atau dipadamkan daripada rekod dan sistem kami mengikut polisi penyimpanan kami sekiranya data tersebut tidak lagi diperlukan bagi Tujuan-Tujuan tersebut.

Sekiranya terdapat apa-apa konflik antara versi Bahasa Inggeris dan versi Bahasa Malaysia dalam Notis ini, versi Bahasa Inggeris akan mengatasi versi Bahasa Malaysia.

Kami percaya bahawa anda akan bersetuju kepada pemrosesan data peribadi anda dan anda mengakui bahawa anda telah membaca, memahami dan menerima pernyataan-pernyataan dan terma-terma di sini.



Independent Assurance Report To Management of Sime Darby Property Berhad (2019)

We have been engaged by Sime Darby Property Berhad to perform an independent limited assurance engagement on selected Sustainability Information (hereon after referred to in the Subject Matter as "Selected Information") as reported by Sime Darby Property Berhad ("Sime Darby Property") in its Annual Report for the financial year ended 31 December 2019 ("Sime Darby Property Annual Report 2019").

Management's Responsibility

Management of Sime Darby Property is responsible for the preparation of the Selected Information included in the Sime Darby Property Annual Report 2019 in accordance with Sime Darby Property's internal sustainability reporting guidelines and procedures.

This responsibility includes the selection and application of appropriate methods to prepare the Selected Information reported in the Sime Darby Property Annual Report 2019 as well as the design, implementation and maintenance of processes relevant for the preparation. Furthermore, the responsibility includes the use of assumptions and estimates for disclosures made by Sime Darby Property, which are reasonable in the circumstances.

Our Responsibility

Our responsibility is to provide a conclusion on the Subject Matter based on our limited assurance engagement performed in accordance with the approved standard for assurance engagements in Malaysia, International Standard on Assurance Engagements (ISAE) 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information". This standard requires that we comply with ethical requirements, and plan and perform the assurance engagement under consideration of materiality to express our conclusion with limited assurance.

The accuracy of the Selected Information is subject to inherent limitations given their nature and methods for determining, calculating and estimating such data.

Our limited assurance report should therefore be read in connection with Sime Darby Property's sustainability reporting guidelines and procedures on the reporting of its sustainability performance.

In a limited assurance engagement, the evidence-gathering procedures are more limited than for a reasonable assurance engagement, and therefore less assurance is obtained than in a reasonable assurance engagement.

Subject Matter

The following information collectively known as Selected Information on which we provide limited assurance consists of the management and reporting processes with respect to the preparation of the following two (2) Selected Information reported and marked with asterisks (*) in the Sime Darby Property Annual Report 2019 as follows:

1. Carbon Emissions for Property Development, Hospitality & Leisure and Assets Management Sectors (Electricity, Petrol, Diesel, and Gas) for the financial year ended 31 December 2019.
2. Lost Time Injury Frequency Rate (LTIFR) for the financial year ended 31 December 2019.

Criteria

Sime Darby Property's internal sustainability reporting guidelines and procedures by which the Selected Information is gathered, collated and aggregated internally.



Main Assurance Procedures

Our work, which involved no independent examination of any of the underlying financial information, included the following procedures:

- Inquiries of personnel responsible for the Selected Information reported in the Sime Darby Property Annual Report 2019 regarding the processes to prepare the said report and the underlying controls over those processes;
- Inquiries of personnel responsible for data collection at the corporate and operation unit level for the Selected Information;
- Inspection on a sample basis of internal documents, contracts, reports, data capture forms and invoices to support the Selected Information for accuracy including observation of management's controls over the processes;
- Inquiries of personnel on the collation and reporting of the Selected Information at the corporate, division and operation unit level; and
- Checking the formulas, proxies and default values used in the Selected Information against Sime Darby Property's sustainability reporting guidelines and procedures.

Independence and Quality Control

We have complied with the relevant independence requirements and other ethical requirements of the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants, which are founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

We apply International Standard on Quality Control 1 "Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements", and accordingly maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Conclusion

Based on our limited assurance engagement, in all material aspects, nothing has come to our attention that causes us to believe that the Selected Information in the Subject Matter has not been fairly stated in accordance with Sime Darby Property's internal sustainability reporting guidelines and procedures.

Restriction of use

This report, including our conclusions, has been prepared solely for the Board of Directors of Sime Darby Property Berhad in accordance with the agreement between us, in connection with the performance of an independent limited assurance on the Selected Information in the Subject Matter as reported by Sime Darby Property in the Sime Darby Property Annual Report 2019. Accordingly, this report should not be used or relied upon for any other purposes. We consent to the inclusion of this report in the Sime Darby Property Annual Report 2019 and to be disclosed online at www.simedarbyproperty.com, in respect of the financial year ended 31 December 2019, to assist the Directors in responding to their governance responsibilities by obtaining an independent assurance report in connection with the Selected Information. As a result, we will not accept any liability or assume responsibility to any other party to whom our report is shown or into whose hands it may come. Any reliance on this report by any third party is entirely at its own risk.

PRICEWATERHOUSECOOPERS PLT
LLP0014401-LCA & AF 1146
Chartered Accountants

Kuala Lumpur
11 March 2020