

Setia

20  
16  
ANNUAL  
REPORT

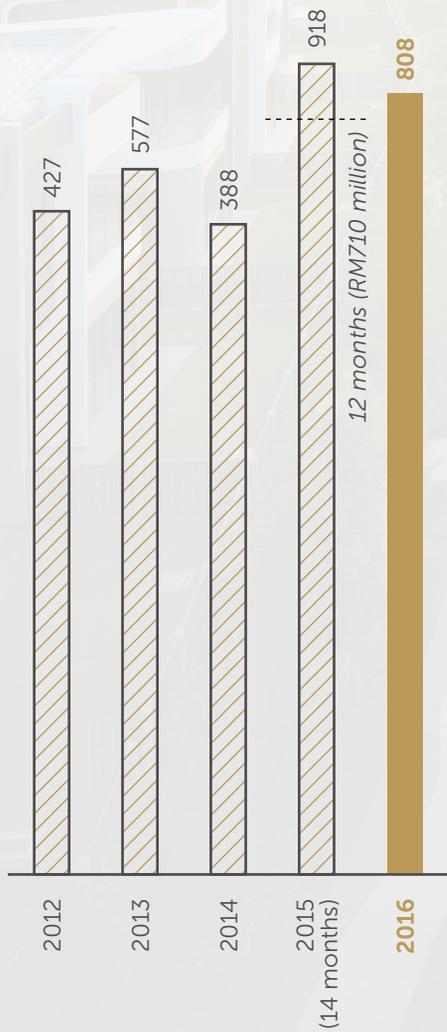
RESILIENT &  
RESOURCEFUL

# Group Highlights 2016

PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY

**RM808 MILLION**

(RM' million)



1. REVENUE

RM4.96 BILLION

2. PROFIT BEFORE TAX

RM1.18 BILLION

3. SHAREHOLDERS FUND

RM9.20 BILLION

4. EARNINGS PER SHARE

29.8 SEN



“ PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY **RM808 MILLION** IS THE HIGHEST RECORDED OVER A 12-MONTH PERIOD. ”

5. DIVIDEND PER SHARE

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**20.0 SEN**

6. TOTAL SALES EXCEEDED SALES TARGET OF RM3.50 BILLION

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**RM3.82 BILLION**

7. TOTAL PROPERTIES COMPLETED IN 2016

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**6,056 UNITS**

8. NEW LAND BANK ACQUIRED

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**1,676 ACRES**

9. BACK AS MALAYSIA'S NO. 1

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**TOP PROPERTY DEVELOPER**

10. TOTAL STRONG DYNAMIC & DIVERSIFIED EMPLOYEES

---

**1,824 PEOPLE**

11. UNBILLED SALES

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**RM8.25 BILLION**

12. STRONG LAND BANK OF 5,218 ACRES WITH GDV OF

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**RM76.48 BILLION**

# CONTENTS



Setia Sky Ville,  
Penang



Setia Sky Seputeh, Kuala Lumpur



ViiA Residences  
@ KL Eco City,  
Kuala Lumpur



TRIO by Setia,  
Bandar Bukit  
Tinggi, Klang

## OUR BUSINESS

3	Vision, Mission & Values
4	Corporate Profile
6	Global Presence
8	Corporate Structure
10	Corporate Information

## OUR PERFORMANCE REVIEW

11	Chairman's Message
12	Management Discussion and Analysis
28	Group Financial Summary

## OUR LEADERSHIP AND PEOPLE

30	Board of Directors
32	Directors' Profiles
42	Senior Management Team Profiles

## OUR ACHIEVEMENTS AND ACCOLADES

46	Achievements
50	Accolades

## OUR SUSTAINABILITY STATEMENT

53	Introduction
55	Economic
56	Environment
59	Social

## OUR GOVERNANCE

68	Corporate Governance Statement
82	Additional Compliance
85	Statement of Risk Management and Internal Controls
90	Audit Committee Report

## OUR FINANCIAL STATEMENTS

94	Corporate Information
95	Directors' Report
100	Statements of Financial Position
102	Statements of Comprehensive Income
103	Consolidated Statement of Changes in Equity
105	Statement of Changes in Equity
106	Statements of Cash Flows
110	Notes to the Financial Statements
201	Statement by Directors
201	Statutory Declaration
202	Independent Auditors' Report

## OTHER INFORMATION

207	Analysis of Shareholdings
211	List of Material Properties held by the Group
212	Notice of Annual General Meeting
216	Group Directory
	Form of Proxy

# Vision, Mission & Values



## VISION

*TO BE THE BEST  
IN ALL WE DO*

## MISSION

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

## SETIA VALUES

- I build life-long relationships with my customers
- I am responsive to the expressed and unexpressed needs of my customers
- I create magical moments at every opportunity
- I embrace integrity and protect the privacy of my customers and the Company's confidential information
- I understand my role and responsibility in achieving SETIA's success
- I have the opportunity to learn and grow
- I perform my work professionally and with continuous improvement
- I am responsible for ensuring a safe and clean environment
- I support and respect my fellow team members
- We are TEAM SETIA

# Corporate Profile

## S P SETIA BERHAD IS AN AWARD-WINNING MULTI-DISCIPLINARY PROPERTY DEVELOPER.

With more than four decades of experience, S P Setia has established itself as an award-winning developer with projects in six different countries, namely in Malaysia, Vietnam, Singapore, Australia, China and the United Kingdom ("UK").



Passionate employees of Setia fondly known as TEAM SETIA

S P Setia was incorporated as a construction company in 1974, and was subsequently listed on the Kuala Lumpur Stock Exchange (now Bursa Malaysia) in 1993. In 1996, we refocused our core business to property development, supported by construction, infrastructure and wood-based manufacturing activities. S P Setia is recognised as one of Malaysia's leading listed real estate players with a portfolio that encompasses townships, eco-sanctuaries, luxury enclaves, high-rise residences, commercial and retail as well as integrated mixed developments. Our corporate culture is one that is focused on the principle of continuous excellence, which exemplifies our vision to be the best in all we do.



An aerial view of Setia Alam Northern Precinct 11

## Corporate Profile



Our workforce of more than 1,800 Team Setia members are from diverse backgrounds and are highly motivated and dedicated to our core value of pursuing excellence and becoming “The Best in All We Do”.

### Trailblazing Branding in the Property Industry

In an industry that revolves around bricks and mortar, S P Setia is more than just a builder as it is at the forefront of branding in the property industry, being the pioneer in coining the concept of **livelearnworkplay** as its development philosophy. Wherever we set our footprint, we strive to connect with our communities, creating ecological features and sustainable living environments that enrich their lives. The Setia brand today is synonymous with strength, reliability and the value creation that we bring to all our developments.

We have an extensive presence in the three key economic regions of Malaysia, namely Klang Valley, Johor and Penang, and also in Kota Kinabalu, Sabah. Our projects outside Malaysia are currently focused in Australia and the UK where we develop both residential, commercial spaces and integrated development.

Our workforce of more than 1,800 Team Setia members are from diverse backgrounds and are highly motivated and dedicated to our core value of pursuing excellence and becoming “The Best in All We Do”. They place customer satisfaction at the forefront of the development value chain - from the design, location and build of the property to the quality of service. Team Setia makes a point of difference for our product offerings, making the experience of purchasing and owning a Setia property uniquely Setia.

In addition to building quality homes, S P Setia also takes its sustainability commitments seriously. As a responsible corporate citizen, we believe that we have a role to play in conserving the environment, empowering our communities and generally, being a positive agent of change in the areas where we operate. To achieve these ends, we are careful to include conservation efforts in our operations and have established the S P Setia Foundation to implement our corporate responsibility (“CR”) initiatives.

### Striving to be the best and Grateful for the Recognition

We have received numerous awards in recognition of our efforts in innovation in property development and in the quality of our properties. We have been recognised by the International Real Estate Federation (“FIABCI”) seven times. Our other plaudits include receiving the Best Master Plan Development (2013, 2009, 2007), Best Retail Development (2014) and Best Residential (Low-Rise) Development (2011). In addition, S P Setia is the only developer in Malaysia that has been ranked No. 1 in The Edge Malaysia’s Top Property Developers Awards nine times. Recognising the importance of placing our employees at the forefront, we have also been honoured with the 7th Aon Hewitt’s Best Employers Award and a Commitment to Employee Engagement Award.

**Ranked  
No. 1**  
*in The Edge  
Malaysia’s  
Top Property  
Developers  
Awards*  
**9 times**



# Global Presence

List includes ongoing projects, projects handed over in FY2016 and upcoming projects.



## UNITED KINGDOM

- Battersea Power Station

## CHINA

- Qinzhou Industrial Park

## SINGAPORE

- Eco Sanctuary

## AUSTRALIA

- MAISON, Carnegie
- Parque, Melbourne

## Global Presence

### VIETNAM

- EcoLakes, My Phuoc
- EcoXuan, Lai Thieu

### MALAYSIA

#### Central Region

- Setia Alam
- Setia City
- Setia EcoHill
- Setia EcoHill 2
- Setia Eco Park
- Setia Eco Glades
- Setia Eco Templer
- KL Eco City
- Setia Sky Seputeh
- Dwiputra Residences
- Setia Sky Residences
- Trio by Setia
- Setia Federal Hill

#### Northern Region

- Setia Pearl Island
- Setia Greens
- Setia Sky Vista
- Setia V Residences
- Setia Sky Ville
- Setia SPICE

#### Southern Region

- Setia Eco Cascadia
- Setia Tropika
- Setia Indah
- Setia Eco Gardens
- Bukit Indah Johor
- Setia Business Park I & II
- Setia Sky 88

#### Eastern Region

- Aeropod, Kota Kinabalu



KL Eco City, Kuala Lumpur



Battersea Power Station, London



Parque, Melbourne



Setia Sky Ville, Penang



Setia Eco Glades, Cyberjaya



Setia Eco Cascadia, Johor Bahru



EcoLakes, Vietnam

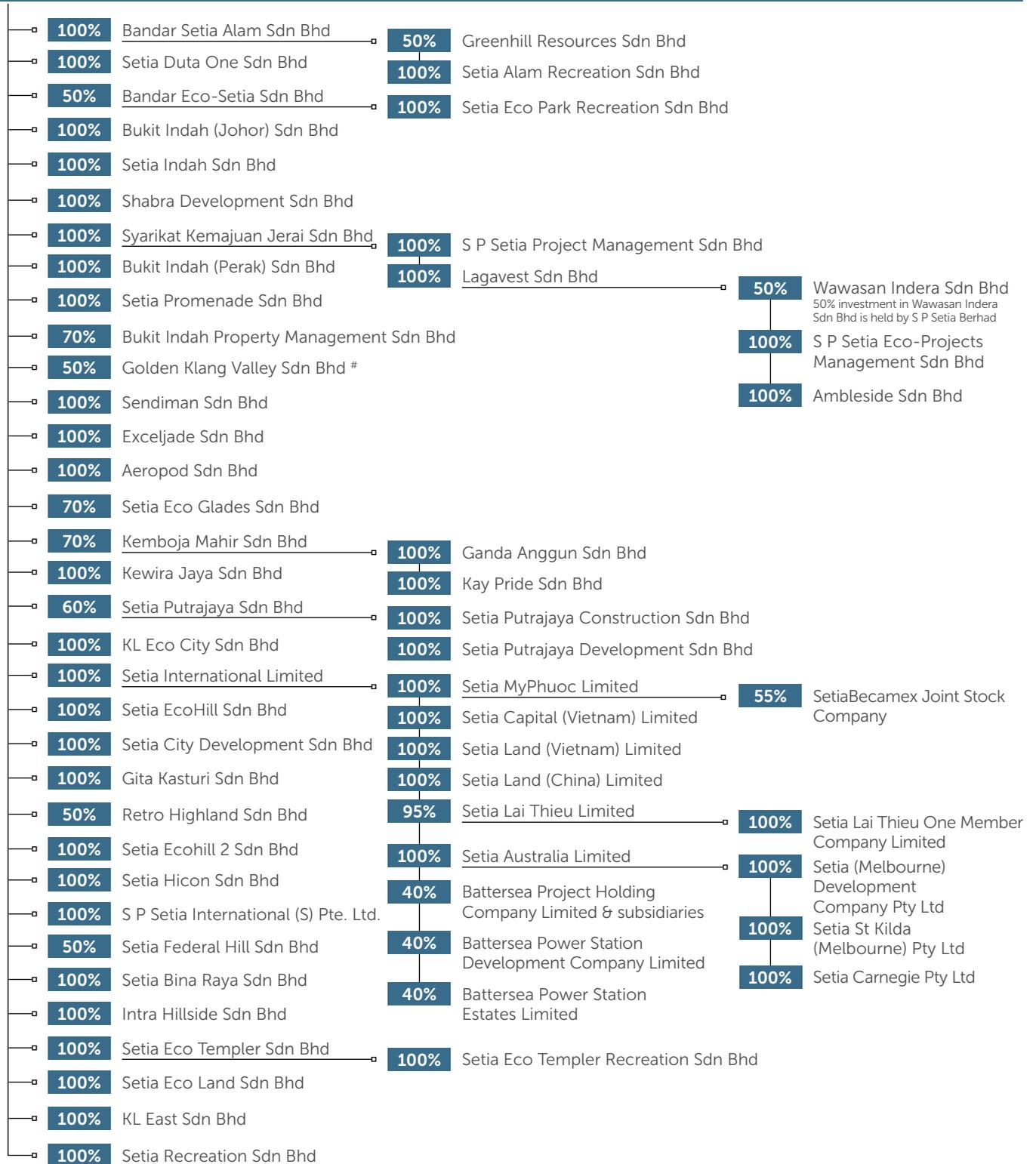


Aeropod, Kota Kinabalu

# Corporate Structure

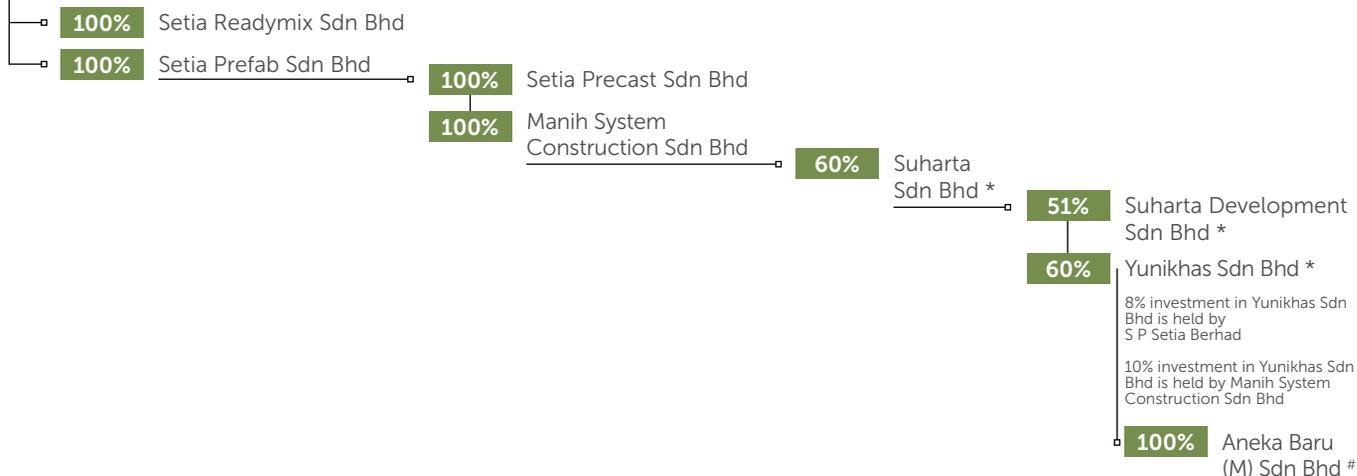


## PROPERTY DEVELOPMENT



## Corporate Structure

### CONSTRUCTION



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



\* In Creditors' Voluntary Liquidation  
# In Members' Voluntary Liquidation  
^ In the process of Deregistration

# Corporate Information

## BOARD OF DIRECTORS

### TAN SRI DATO' SERI DR. WAN MOHD ZAHID BIN MOHD NOORDIN

(Non-Independent  
Non-Executive Chairman)

### DATO' KHOR CHAP JEN

(President and Chief Executive Officer)

### DATO' AHMAD PARDAS BIN SENIN

(Senior Independent  
Non-Executive Director)

### DATO' SERI IR. HJ. MOHD NOOR BIN YAACOB

(Independent  
Non-Executive Director)

### PUAN NORAINI BINTI CHE DAN

(Independent  
Non-Executive Director)

### MR PHILIP TAN PUAY KOON

(Independent  
Non-Executive Director)

### TENGGU DATO' AB. AZIZ BIN TENGGU MAHMUD

(Non-Independent  
Non-Executive Director)

### DATO' HALIPAH BINTI ESA

(Non-Independent  
Non-Executive Director)

### DATO' ZURAIDAH BINTI ATAN

(Non-Independent  
Non-Executive Director)

### DATO' AZMI BIN MOHD ALI

(Non-Independent  
Non-Executive Director)

## EXECUTIVE COMMITTEE

Dato' Halipah Binti Esa  
(Chairman)

Dato' Seri Ir. Hj. Mohd Noor Bin Yaacob

Dato' Khor Chap Jen

Datuk Wong Tuck Wai

## NOMINATION AND REMUNERATION COMMITTEE

Dato' Ahmad Pardas Bin Senin  
(Chairman)

Tan Sri Dato' Seri Dr. Wan Mohd Zahid Bin Mohd Noordin

Mr Philip Tan Puay Koon

## AUDIT COMMITTEE

Noraini Binti Che Dan  
(Chairman)

Philip Tan Puay Koon

Dato' Azmi Bin Mohd Ali

## RISK MANAGEMENT COMMITTEE

Dato' Ahmad Pardas Bin Senin  
(Chairman)

Dato' Seri Ir. Hj. Mohd Noor Bin Yaacob

Tengku Dato' Ab. Aziz Bin Tengku Mahmud

## SECRETARIES

Lee Wai Ngan (LS 00184)

Lee Wai Kim

(MAICSA 7036446)

## REGISTERED OFFICE

Plaza 138, Suite 18.03

18th Floor, 138 Jalan Ampang

50450 Kuala Lumpur

Tel: +603-2161 5466

Fax: +603-2163 6968

## SHARE REGISTRAR

Systems & Securities Sdn Bhd  
Plaza 138, Suite 18.03  
18th Floor, 138 Jalan Ampang  
50450 Kuala Lumpur  
Tel: +603-2161 5466  
Fax: +603-2163 6968

## AUDITORS

Ernst & Young (AF 0039)  
Level 23A Menara Milenium  
Jalan Damanlela  
Pusat Bandar Damansara  
50490 Kuala Lumpur

## SOLICITORS

Shearn Delamore & Co  
Wong & Partners

## STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad

## WEBSITE

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

## BANKERS

Affin Bank Berhad  
Alliance Bank Malaysia Berhad  
Al Rajhi Banking & Investment Corporation (Malaysia) Berhad  
AmBank (M) Berhad  
Bank Islam Malaysia Berhad  
Bank Muamalat Malaysia Berhad  
CIMB Bank Berhad  
DBS Bank Ltd.  
Exim-Import Bank Malaysia Berhad  
Hong Leong Bank Berhad  
HSBC Bank Malaysia Berhad  
Industrial and Commercial Bank of China (Malaysia) Berhad  
Malayan Banking Berhad  
Maybank Islamic Berhad  
OCBC Bank (Malaysia) Berhad  
Public Bank Berhad  
RHB Bank Berhad  
Sumitomo Mitsui Banking Corporation  
United Overseas Bank (Malaysia) Berhad



Tan Sri Dato' Seri Dr. Wan Mohd  
Zahid Bin Mohd Noordin

Non-Independent Non-Executive Chairman

## Chairman's Message

Dear shareholders,

This has been yet another year of excellent achievement for the group, delivering significantly improved financial returns, a consistently strong operating performance and continuing to invest in a disciplined way to buttress future growth. We have continued to ensure our portfolio comprises strategically well located assets focused around the way people **livelearnworkplay**

Successful property companies today need to have more than just a good investment portfolio; they also have to understand the needs of home owners and the end users. Toward this end, our vision is predicated on the philosophy of being the best in all that we do and this has kept us on our toes, and has been to a large extent the reason why our properties have been in such high demand. It is to be stated that our social and environmental initiatives further reinforce the value of our assets, as such activities are appreciated by our home owners and the communities in which we operate. Our focus on sustainability has been the principal thrust that underpins our strategy and this year we refined further our emphasis on sustainability by focusing on well-being, the community, operational efficiency and developing skills and opportunities for growth.

The market is constantly changing and we need to ensure that we keep abreast with and respond appropriately to the emerging trends including urbanisation, and the transformational impact of technology. Such phenomena have a profound effect on the way people live and the way they use real estate. We have made significant efforts in recent years to understand the people who visit our properties and have repositioned our portfolio to respond effectively to their needs and to reflect the way the market is changing.

### Dynamic Team Setia

Team Setia comprises a diverse group of employees spanning across six countries.

Our principal aim is to ensure that Team Setia displays a culture of passion that is grounded in being customer focused, collaborative and innovative.

Our principal aim is to ensure that Team Setia displays a culture of passion that is grounded in being customer focused, collaborative and innovative. We are cognisant of the fact that it is imperative we get this right as this is vital to our ability to make good on our promise to deliver quality products. We know that when our employees are given latitude to learn and grow in their roles, it will bolster their job satisfaction and thus will be more likely to deliver quality job output that ultimately will boost customer satisfaction.

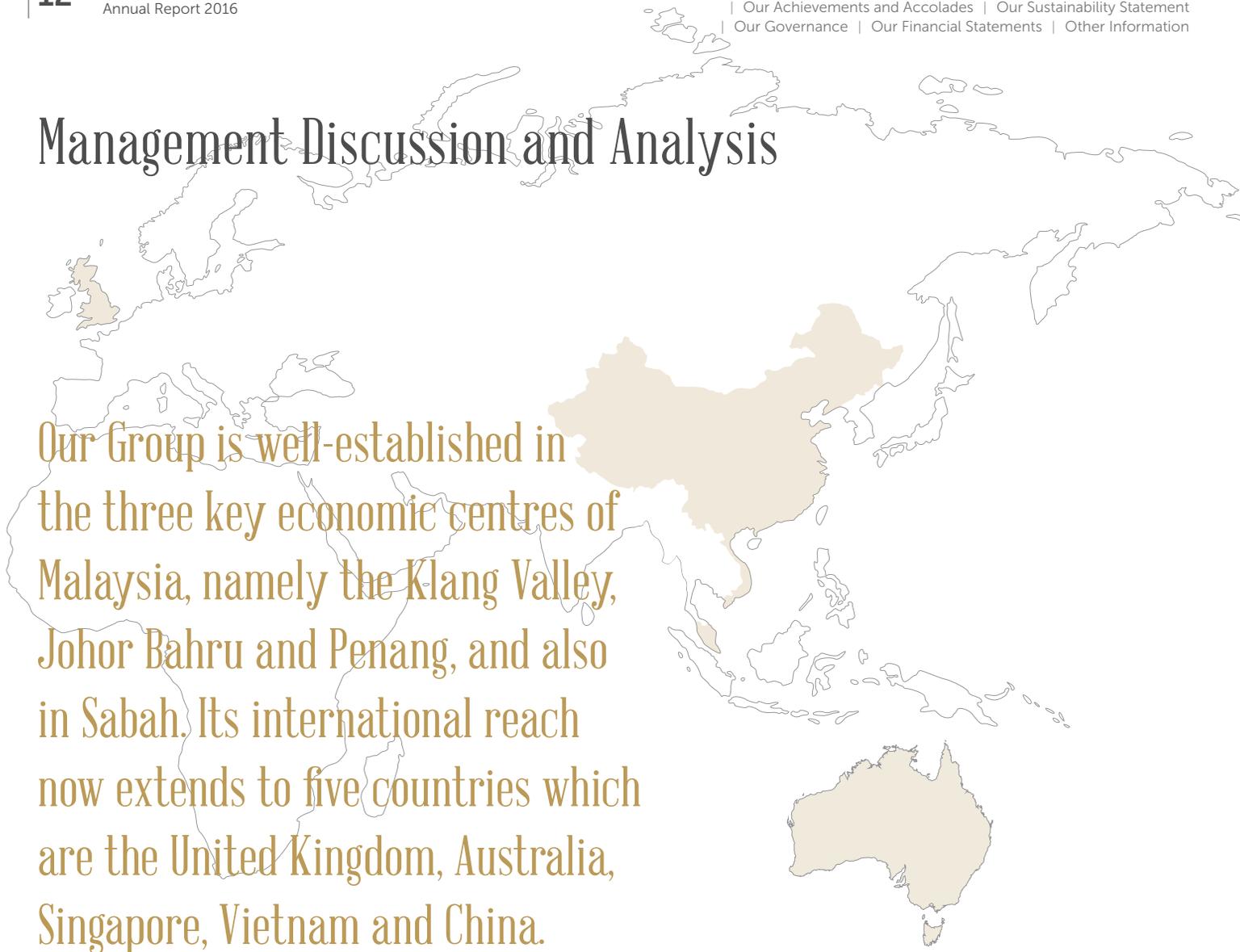
We take a values-based approach when driving employee engagement, collaboration, diversity and inclusion. We provide targeted learning and development opportunities and continuously seek to improve our approach to health and safety. We invest in capacity building and appropriate training to attract and retain employees with the skills and passion to help transform S P Setia into an industry-leading property developer.

### Strong Governance

Strong corporate governance, underscored by a sound culture, is fundamental to our success and helps to ensure that we can meet our business goals and generate value over the longer term. During the year under review, the Board devoted more of its time to shore up its own readiness to deal with any changes in the market and resulting opportunities for the next cycle. It also addressed the Company's governance, culture, purpose, vision and values, all of which were essential ingredients to the successful execution of a business strategy and risk management. The Board allocated significant time to succession planning, talent development, the diversity agenda, and ensuring the skills, expertise and experience required to enable the Company to continuously deliver the kind of high quality products that our customers have come to expect from us.

There were no changes to the composition of the Board during the year, and I would like to thank my fellow Directors for their continuous support, wisdom and strong sense of esprit de corps. On behalf of the Board, I would like to thank the Management and all our colleagues at Team Setia for their exceptional commitment to work, energy and passion throughout the year, and for the sterling results that they have produced. Indeed we believe we have an excellent team to steer the Group through the challenges that lie ahead.

# Management Discussion and Analysis



Our Group is well-established in the three key economic centres of Malaysia, namely the Klang Valley, Johor Bahru and Penang, and also in Sabah. Its international reach now extends to five countries which are the United Kingdom, Australia, Singapore, Vietnam and China.

## Overview of the Group's Business

Our Group is well-established in the three key economic centres of Malaysia, namely the Klang Valley, Johor Bahru and Penang, and also in Sabah. Its international reach now extends to five countries which are the United Kingdom, Australia, Singapore, Vietnam and China.

We achieved total sales of RM3.82 billion for the financial year ("FY") ended 2016, which exceeded our revised sales target of RM3.5 billion. Local projects contributed RM3.5 billion, representing approximately 92% of the total sales. Domestic sales were largely from the Klang Valley with RM2.64 billion, consisting of sales mainly from Setia Alam, Setia EcoHill & Setia EcoHill 2, Setia Eco Templer and KL Eco City. The Southern, Northern and Eastern regions contributed RM860 million in sales.

Our Group recorded its strongest sales performance in the fourth quarter of FY2016 with RM1.78 billion in sales. This is a commendable result as it not only demonstrates our versatility but is also a laudable feat in such challenging times of a soft property market.

We have total unbilled sales of RM8.25 billion and 30 ongoing projects at the start of 2017. In addition, we have an effective remaining land bank of 5,218 acres with a Gross Development Value ("GDV") of RM76.48 billion moving forward into 2017.

For the continuous support from our key stakeholders and in this instance, our purchasers, we want to ensure that all our properties are priced competitively to the market so that affordability is commensurate with the quality and features that each and

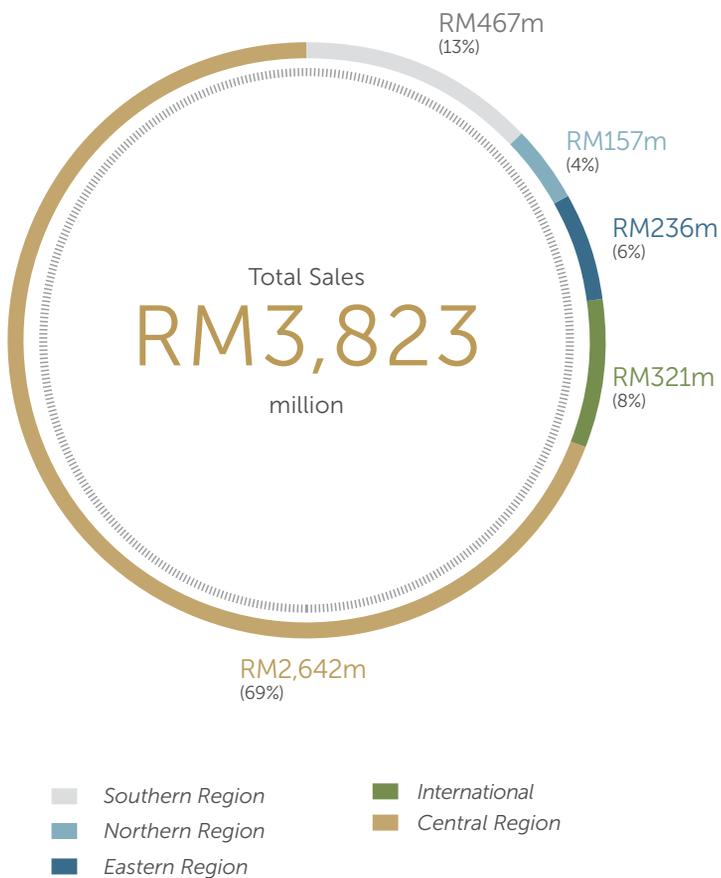
every product in our developments offers. We also want to ensure that a good mix of products is offered to the public, with more launches of affordable and mid-range housing units.

## Financial Performance

During the year under review, our Group achieved a profit before taxation ("PBT") of RM1.18 billion on the back of revenue amounting to RM4.96 billion. Property development remained the key driver of our operations and accounted for 90.5% of our Group's total revenue. Revenue derived from construction and other operating activities accounted for 6.2% and 3.3% respectively. Our FY2015 covered a period of 14 months as a result of the change of financial year-end from 31 October 2015 to 31 December 2015. Hence, for a better

## Management Discussion and Analysis

### Sales By Geographical Location



Note:  
12 months' sales in 2015 = RM3,448 million.

comparison, the reported revenue and PBT for the 12-month period up to 31 October 2015 were RM5.61 billion and RM1.12 billion respectively. The PBT recorded in FY2016 of RM1.18 billion was our best achievement thus far as compared to the latest reported PBT of RM1.12 billion for the 12-month period ended 31 October 2015.

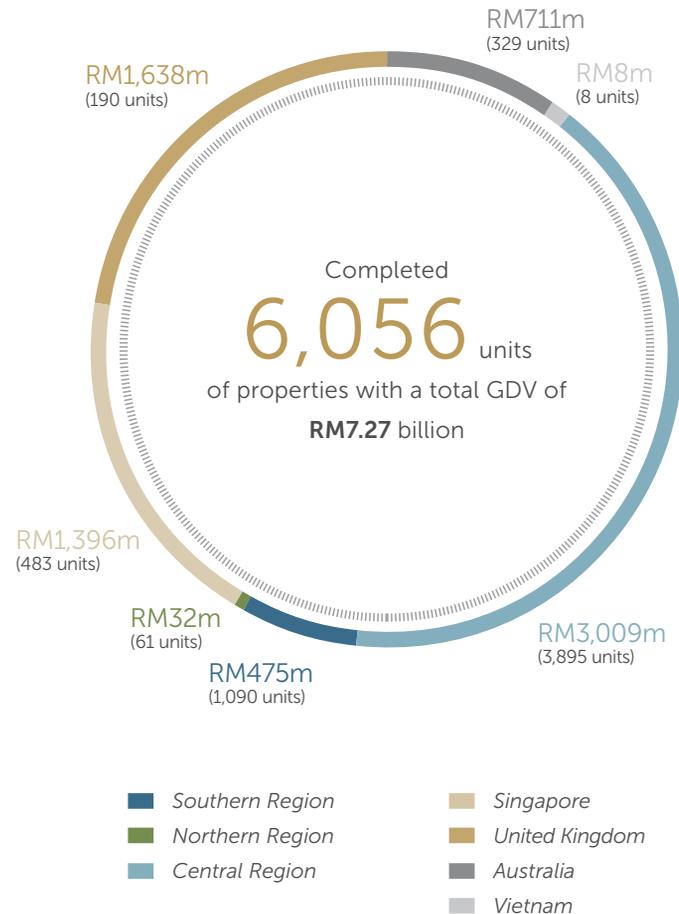
Our net assets per share attributable to owners of our Company increased from RM2.81 to RM2.83 while net gearing improved to 0.16 times in 2016 from 0.18 times in 2015. In December 2016, we successfully listed the first Islamic Redeemable Convertible Preference Shares ("RCPS-i") on Bursa Malaysia Securities Berhad, raising approximately RM1.13 billion. This strengthening of the balance sheet allows us to continue our active lookout for strategic land banks to grow our presence locally and abroad, particularly in the Klang Valley, Johor Bahru, Australia and Singapore.

We have proposed a final dividend for FY2016 of 16.00 sen which aggregated with the interim dividend of 4.00 sen, will represent a dividend payout ratio of 70.5% based on our profit attributable to owners for FY2016. Shareholders will continue to have the opportunity to participate in the Dividend Reinvestment Plan ("DRP") and receive their dividend in the form of S P Setia shares, or cash. Indeed, the DRP for the 14-month financial period ("FPE") 2015 was well-received by our shareholders with a take-up rate of 94.6%, which is a strong testament of confidence to our long-term growth.

### Sustained Execution Momentum

The Group's key projects include a diversified range of product offerings, ranging from townships to integrated as well as niche developments.

### Completed Projects



As part of our commitment to all our stakeholders during the year, we are geared towards ensuring all our developments continue to progress as planned and that we continue to deliver on promises made to our purchasers for timely handover of their homes and properties.

During the year, we successfully completed 6,056 units of properties with a total GDV of RM7.27 billion.

We achieved total sales of RM3.82 billion for the financial year ("FY") ended 2016, which exceeded our revised sales target of RM3.5 billion.

## Management Discussion and Analysis



Urban Park, Setia Alam

The township is accessible via the Setia Alam Highway from the New Klang Valley expressway (“NKVE”) as well as from the Federal Highway and Klang via Jalan Meru.

We have many projects in the Klang Valley and Setia Alam is our largest flagship project. It is a mixed township development of 2,525 acres with a total GDV of RM20.8 billion, located in Shah Alam.

Today, Setia Alam is a matured township with an estimated population of approximately 60,000 residents. The township is self-contained with ample amenities, all situated near the residential areas.

Setia Alam has won numerous awards, including the following:

- Fiabci World Prix d’Excellence Awards 2016 for our Corporate HQ;
- Malaysia Landscape Architecture Awards 2016;

- Fiabci Malaysia Property Award 2015 for Best Sustainable Development;
- The Edge-PAM Green Excellence Award 2015; and
- Classic Excellence Award 2014 organised by the Construction Industry Development Board.

During the year under review, we successfully handed over 650 units of affordable housing and have also commenced construction of 1,467 units as part of our ongoing initiatives to provide affordable homes to eligible citizens of Selangor. In 2016, we completed and handed over 1,858 units of properties with a GDV of RM771 million in this township. During the year under review, we also achieved sales of 1,824 units of properties with an aggregate

## Management Discussion and Analysis



### Klang Valley



GDV of RM742 million in this township. To date, we still have 725 acres of land bank in Setia Alam for future development.

In Semenyih, the Group has two sister mixed-township developments, namely Setia EcoHill and Setia EcoHill 2. On a combined basis, they occupy an area of 1,683 acres and have an aggregate GDV of approximately RM10.3 billion. They are connected via several major highways including the Kajang-Seremban Highway ("LEKAS"), Kajang Dispersal Link Expressway ("SILK"), South Klang Valley Expressway ("SKVE") and Cheras-Kajang Expressway. Setia EcoHill is an eco-development based on the concept of hills, brooks and parklands.



Setia EcoHill 2, Semenyih - Artist's Impression

## Management Discussion and Analysis

In 2016, we completed and handed over a GDV of RM300 million of luxury landed properties in Setia Eco Glades as promised to our customers.

In 2016, 282 units of double-storey terrace houses with a GDV of RM187 million were completed and handed over to our customers in Setia EcoHill. During the year under review, we also sold 911 units of properties with a combined GDV of RM417 million in Setia EcoHill and Setia EcoHill 2. Our remaining land bank in these two sister township projects is still quite sizable, at 1,119 acres, sufficient to fuel our activities as a key developer in Semenyih for many years to come.

Setia Eco Park, which spans 791 acres of prime freehold land in Setia Alam, is another flagship project of the Group, with a total GDV of RM5.5 billion. It is a prominent eco-themed development and we believe its achievements have spearheaded many other eco-themed township developments by the Group as well as by fellow developers in the market.

Setia Eco Park is a multiple award-winning project. It has won numerous awards under various categories at the FIABCI Malaysia Property Awards, FIABCI Prix d'Excellence Awards and Malaysia Landscape Architecture Awards.

In 2016, Setia Eco Park continued to win the Honours Award at the Star Property Awards 2016 as well as at the Malaysia Landscape Architecture Awards 2016 for Setia Eco Park's Garden of 8 Fountains.

In 2016, we completed and handed over a GDV of RM124 million of luxury landed properties in Setia Eco Park, as planned, to our customers. During the year under review, Setia Eco Park also contributed sales of RM169 million to the Group.



Lepironia Gardens at Setia Eco Glades, winner of Malaysia Landscape Architecture Awards



Setia EcoHill Park, Semenyih

## Management Discussion and Analysis



In Cyberjaya, we replicated the success of Setia Eco Park with another successful eco-themed development, namely Setia Eco Glades, which has a total GDV of RM2.7 billion. Setia Eco Glades, in its own right, is also an award-winning development. It is a Green Township where all homes and facilities are Green Building Index ("GBI") certified. It spans 268 acres in Cyberjaya. In 2016, Setia Eco Glades' Lepironia Gardens was awarded the Project of the Year Award and Excellence Award at the Malaysia Landscape Architecture Awards Gala Night.

Major highways connecting Setia Eco Glades include Maju Expressway ("MEX"), North South Central-Link ("ELITE"), Damansara Puchong Expressway ("LDP") and SKVE.

In 2016, we completed and handed over a GDV of RM300 million of luxury landed properties in Setia Eco Glades as promised to our customers. During the year under review, our team at Setia Eco Glades also contributed sales of RM148 million to the Group.



Setia Eco Park, Setia Alam - Aerial View

## Management Discussion and Analysis

In 2016, the Group brought the first gated and guarded eco-themed township development to the underserved communities of Selayang and Rawang, with the launch of our maiden phase at Setia Eco Templer.



Setia Eco Templer Clubhouse, Templer's Park



Overwhelming response for the first phase of Setia Eco Templer

In 2016, the Group brought the first gated and guarded eco-themed township development to the underserved communities of Selayang and Rawang, with the launch of our maiden phase at Setia Eco Templer. The project site of Setia Eco Templer spans an area of 195 acres and has a total GDV of RM2.0 billion. At launch, we received overwhelming response where

88% was taken up during that weekend and the first phase was sold out within a few short months. This contributed RM276 million in sales to the Group in FY2016.

With Setia Eco Templer, we continued to collect accolades by winning the Design Excellence Award at the Malaysian Institute of Planners Planning Excellence Awards ("MIPPEA") 2016.



Legend of Nine Creeks

## Management Discussion and Analysis



KL Eco City - Masterplan

KL Eco City is our first integrated commercial development, with a unique blend of mixed-use landmark developments, which sits on 25 acres of prime land located strategically between the Mid Valley Megamall and the Abdullah Hukum LRT Station in Bangsar. It is said to be the first integrated green luxury development, anchored by prime commercial offices, high-end retail outlets, world-class serviced residences and luxury residential towers. This integrated commercial development, which has a total GDV of RM7.0 billion, has the potential to emerge as a new central business district of Kuala Lumpur.



KL Eco City - Strata offices handed over to purchasers in July 2016

KL Eco City is served by several key highways and roads including Jalan Klang Lama, New Pantai Expressway ("NPE"), Jalan Bangsar, Jalan Maarof, Federal Highway and East-West Link Highway, as well as KL's urban rail



KL Eco City - Site Progress View with Boutique Office 2 & 3 completed in September 2016

network, i.e. the LRT and KTM Komuter services with stations almost at its door step, at Abdullah Hukum and Mid Valley. In 2016, 343 units of properties with a GDV of RM877 million were completed and handed over to our customers. Also, in the year under review, another 190 units of KL Eco City properties with a GDV of RM361 million were sold.



Setia Sky Seputeh - Man-made sandy beach

In 2016, we also launched a niche luxury condominium project in the affluent neighbourhood of Seputeh, Kuala Lumpur. The project sits on 4.4 acres of prime freehold land and has a GDV of RM928 million. It comprises 290 spacious units, with four to six units per floor. Each unique residence ranges from 2,300 to 3,000 sq ft and is designed with a private lift lobby. The first of its two towers, comprising 145 units, was launched in October 2016 and by end of 2016, witnessed a commendable take-up of close to 30%, as it strategically captured an underserved market in Seputeh.

## Management Discussion and Analysis



Setia Eco Cascadia's Metamorphosis Park, Johor

In 2016, Setia Eco Cascadia's Metamorphosis Park received a Merit Award at the Malaysia Landscape Architecture Awards.

S P Setia has eight ongoing development projects in Johor Bahru. Our maiden project in the state was the 1,515-acre Bukit Indah Johor, which the Group started some 20 years ago. Today, Bukit Indah Johor, which has a total GDV of RM5.2 billion, is already a substantially developed, matured, vibrant and verdant township. It is located in the heart of Iskandar Malaysia, the development region in Johor. In 2016, 551 units of properties with a GDV of RM274 million in Bukit Indah Johor were completed and handed over to our customers. Today, we still achieve good sales performance in this matured project. For FY2016, it contributed RM184 million in sales to the Group.

Setia Eco Gardens is another multiple award-winning eco-themed township project of the Group. It spans an area of 765 acres and has a total GDV of RM2.7 billion. This project has won numerous awards for its innovative eco concept, architecture and landscaping, with the latest being the Honours Award for Setia Eco Garden's Eco Village at the Malaysia Landscape Architecture Awards in 2016.

In 2016, we completed and handed over 383 units of properties with a GDV of RM55 million in Setia Eco Gardens to our customers. Its sales contribution to the Group for FY2016 remained encouraging at RM118 million.

## Management Discussion and Analysis



### Johor Bahru



Another one of Setia's eco-themed townships in Johor is Setia Eco Cascadia, where 15% of 272 acres of development is dedicated to green space. One of the many eco-friendly features of Setia Eco Cascadia is the linear garden concept, which links the rear gardens of all the residences into a network of dazzling green parks. In 2016, Setia Eco Cascadia's Metamorphosis Park received a Merit Award at the Malaysia Landscape Architecture Awards. Also in 2016, we completed and delivered vacant possession for 156 units of properties with a GDV of RM146 million in Setia Eco Cascadia to our customers.



Setia Eco Garden, Johor - Townpark

## Management Discussion and Analysis

# Penang



Setia SPICE Convention Centre, Penang seats 8,000 guests

Our major focus in Penang in FY2016 was on the delivery progress of Setia SPICE in Penang, which houses the Setia SPICE Convention Centre, Setia SPICE Arena, Setia SPICE Canopy and Setia SPICE Aquatic Centre.

Once known as PISA (Penang International Sports Arena), the Setia SPICE Arena is the result of a major revamp, with a range of state-of-the-art facilities making it the most ideal venue to host international events in Penang. We completed the refurbishment of Setia SPICE Arena, Setia SPICE Canopy and Setia SPICE Aquatic Centre in 2016. We anticipate completing the development and handover of the main component of Setia SPICE, which is the Setia SPICE Convention Centre, the world's first hybrid solar-powered convention centre, in 2017.



Setia Welcome Centre, Penang

## Management Discussion and Analysis



### Australia



MAISON, Carnegie - Artist's Impression

### Parque Melbourne was delivered one month ahead of schedule in November 2016.

In FY2016, the Group completed and handed over its second project in Melbourne, i.e. Parque Melbourne, which comprises 329 units of apartments with a GDV of RM711 million equivalent.

Parque Melbourne was delivered one month ahead of schedule in November 2016. The success of our past projects and growing presence in Australia has spurred

the Group on to seek out more good land banks. In 2016, we acquired two new sites in Melbourne, one in Prahran, an inner suburb of Melbourne and another site at Exhibition Street, within the central business district of Melbourne, which together add another potential AUD640 million in GDV, which the Group will launch in the near future.

In September 2016, we launched Maison apartments in Carnegie, Melbourne. Designed by world-renowned architect, Fender Katsalidis, the 48 units of Maison apartments were conceptualised with lush streetscapes and an abundance of lifestyle amenities and located at the heart of Carnegie, one of Melbourne's highly sought-after suburbs.



Designed by world-renowned architect, Fender Katsalidis

## Management Discussion and Analysis



## United Kingdom



An aerial view of Battersea Power Station, London

**Battersea Power Station is one of the largest rejuvenation projects in London, and centres on the iconic building's restoration.**

This project, with a total GDV of GBP8.7 billion, spans an area of 42 acres on the south bank of London. We have 40% equity interest in this project. As of the date of this report, the first three phases of the project, namely Phase 1, Phase 2 and Phase 3A, have, on a combined basis, achieved 88% in sales.

In 2016, this project received a major symbolic boost to its prospects of emerging as the new business and commercial district of London with Apple Inc. (the world's largest company by market value in 2016) signing a long-term lease for all the office space of Phase 2 (comprising 500,000 sq ft) as its new headquarters in London. This recent development will be a great catalyst to uplift the value of Battersea Power Station.

In addition, our team at Battersea Power Station has further reinforced market confidence in the project by achieving staggered completion and handover of Phase 1 (Circus West), commencing December 2016, to our customers.



Evening view of Circus West, Phase 1 of Battersea Power Station

Progress is also well underway in terms of regeneration of this brownfield site. The two iconic chimneys and the boiler house of the old power station are being refurbished currently and the Northern Line extension of London's Underground is in the midst of being constructed.

## Management Discussion and Analysis



Singapore



Island Club & Pool of the completed Eco Sanctuary, Singapore

In Singapore, we have successfully completed two maiden projects, 18 Woodsville and Eco Sanctuary.

We are currently on the lookout to acquire suitable development land to ensure our continuous presence in Singapore. Singapore's strong customer base for Setia properties makes it a suitable choice for Setia's strong foothold in the country's property market scene.

## Management Discussion and Analysis



Melbourne CBD Skyline

### Land Banking in FY2016 for Sustainable Growth

In 2016, we successfully acquired a piece of land measuring approximately 1,675 acres in Seberang Perai which will become our maiden entry onto the mainland of Penang.

This land is located within the Butterworth Sungai Petani Growth Corridor, with good accessibility from the North-South Highway via the Bertam Interchange. The land is approximately 18km away from Butterworth and 32km away from the Penang Bridge.

A mixed township development is planned for this location, which will comprise landed and high-rise housing developments and commercial components.

This project, with an estimated GDV of RM9.6 billion, is targeted to be launched in 2019/2020 and is expected to take 15 years to complete.

Over in Australia, we successfully acquired 1.02 acres of land in the Central Business District ("CBD") of Melbourne in our bid to solidify our presence as a prominent property developer in Australia.

*In 2016,  
we successfully  
acquired a  
piece of land  
measuring  
approximately  
1,675 acres  
in Seberang  
Perai which  
will become  
our maiden  
entry onto the  
mainland of  
Penang.*

The 1.02-acre land is situated opposite the Carlton Gardens and has close proximity to Bourke Street, Melbourne's renowned shopping and entertainment street.

We will redevelop the land with an estimated GDV of AUD640 million and the launch is slated for the second half of 2017.

We have also acquired a site measuring 0.2 acres on High Street in the Prahran district, which is just 7km from Melbourne's CBD. The site is planned for the development of, among others, 47 apartments with a GDV of AUD38 million, which are expected to be launched in the second quarter of 2017.

These acquisitions mark our fourth and fifth acquisitions in Melbourne and we will continue to explore opportunities to acquire suitable development land in other major cities and suburbs in Australia.

In addition to the above land acquisitions, the Group will continue to search for more strategic land banks to replenish the existing acreage, especially in the Klang Valley and Johor Bahru in Malaysia, and also in Australia.

## Management Discussion and Analysis



During the year under review, we garnered 22 awards locally and internationally for our achievements.

### Awards and Accolades

During the year under review, we garnered 22 awards locally and internationally for our achievements and in recognition of our brand, products, commitment to our capital resources, quality and value creation.

Among the numerous prestigious awards received, S P Setia returned to rank No. 1 in The Edge Malaysia Top Property Developers Awards 2016. This award is in recognition of outstanding quantitative and qualitative attributes such as quality of products, innovation, value creation, market perception and expertise of property developers in Malaysia.

We were also honoured with the 7th Aon Hewitt's Best Employers Award and a Commitment to Employee Engagement Award. In delivering on our promise to be the "Best in All We Do", S P Setia recognises the importance of placing our employees at the forefront of its list of commitments to ensure that Team Setia will be able to perform at its best at all times.



### Our Prospects for 2017

We have set a sales target of RM4.0 billion for FY2017, of which 77% is expected to come from local projects. In total, we expect to launch 7,355 units of housing units ranging from affordable high-rise residential towers to landed mid-range to high-end homes and condominiums with a combined GDV of RM5.41 billion. We are convinced that the underlying demand is still strong and we will be launching many exciting and innovative campaigns to reach out to property purchasers.

Our pipeline of unbilled sales stands at RM8.25 billion. We have 30 ongoing projects and an effective remaining land bank of 5,218 acres with a GDV of RM76.48 billion as of 31 December 2016. This large pipeline of unbilled sales that will be delivered within the next few years provides good profit visibility for the Group and augurs well with regard to the challenging market conditions we are facing.

We are confident that the Group will remain in good stead to perform resiliently in the current financial year ending 31 December 2017 against prevailing market challenges and uncertainties.

# Group Financial Summary

## Group Five-Year Summary

Year Ended (RM'million)	31 December 2016	31 December 2015 <sup>#</sup>	31 October 2014 Restated	31 October 2013 Restated	31 October 2012 Restated
Revenue	<b>4,957</b>	6,746	3,870 <sup>@</sup>	3,365 <sup>@</sup>	2,821 <sup>@</sup>
Profit Before Tax	<b>1,185</b>	1,426	760 <sup>@</sup>	855 <sup>@</sup>	677 <sup>@</sup>
Profit After Tax	<b>899</b>	1,011	507 <sup>@</sup>	652 <sup>@</sup>	473 <sup>@</sup>
Profit Attributable to Owners of the Company	<b>808</b>	918	388 <sup>@</sup>	577 <sup>@</sup>	427 <sup>@</sup>
Share Capital	<b>2,140</b>	1,971	1,904	1,844	1,504
Share Capital - RCPS-i	<b>11</b>	-	-	-	-
Equity Attributable to Owners of the Company	<b>9,201</b>	7,395	6,102 <sup>@</sup>	5,737 <sup>@</sup>	4,085 <sup>@</sup>
Total Assets Employed	<b>18,690</b>	16,423	13,925 <sup>@</sup>	12,562 <sup>@</sup>	9,701 <sup>@</sup>
Total Net Tangible Assets	<b>10,231</b>	8,385	7,057 <sup>@</sup>	6,009 <sup>@</sup>	4,302 <sup>@</sup>
Earnings Per Share (sen)	<b>29.8</b>	35.7	15.6 <sup>@</sup>	24.8 <sup>@</sup>	22.2 <sup>@</sup>
Dividend Per Share (sen)	<b>20.0</b>	23.0	9.7	11.0	14.0
Net Assets Per Share Attributable to Owners of the Company (RM)	<b>2.83</b>	2.81	2.40 <sup>@</sup>	2.33 <sup>@</sup>	2.04 <sup>@</sup>
Return On Equity (%)	<b>9.9<sup>^</sup></b>	12.4	6.4 <sup>@</sup>	10.1 <sup>@</sup>	10.5 <sup>@</sup>
Net Gearing Ratio (times)	<b>0.16</b>	0.18	0.28 <sup>@</sup>	0.32 <sup>@</sup>	0.48 <sup>@</sup>
Dividend Payout Ratio (%)	<b>70.5</b>	65.8	63.3 <sup>@</sup>	45.2 <sup>@</sup>	56.4 <sup>@</sup>
Share Price - High (RM)	<b>3.56</b>	3.58	3.65	3.99	4.10
Low (RM)	<b>2.80</b>	2.99	2.75	2.98	3.49

@ Restated due to effects of change in accounting policies for the financial years ended 31 October 2012 to 31 October 2014

# Represents 14-month period financial results

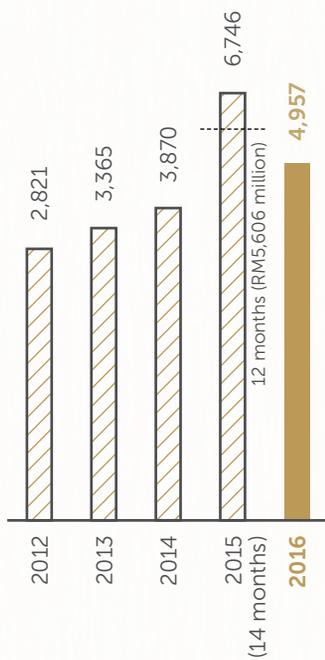
^ After accounted for the weighted average effect of the timing of issuance of RCPS-i during the year

## Group Quarterly Summary

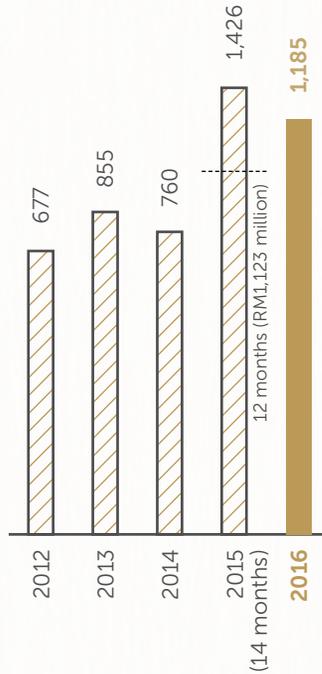
Period Ended (RM'million)	31 December 2016	30 September 2016	30 June 2016	31 March 2016
Revenue	<b>1,772</b>	1,264	1,013	908
Profit Before Tax	<b>527</b>	261	203	194
Profit After Tax	<b>463</b>	154	143	139
Profit Attributable to Owners of the Company	<b>425</b>	134	126	123
Share Capital	<b>2,140</b>	2,113	1,971	1,971
Share Capital - RCPS-i	<b>11</b>	-	-	-
Equity Attributable to Owners of the Company	<b>9,201</b>	7,565	7,415	7,342
Total Assets Employed	<b>18,690</b>	16,835	16,545	16,296
Total Net Tangible Assets	<b>10,231</b>	8,585	8,417	8,347
Earnings Per Share (sen)	<b>15.0</b>	4.9	4.8	4.7
Dividend Per Share (sen)	<b>16.0</b>	-	4.0	-
Net Assets Per Share Attributable to Owners of the Company (RM)	<b>2.83</b>	2.68	2.82	2.79

## Group Financial Summary

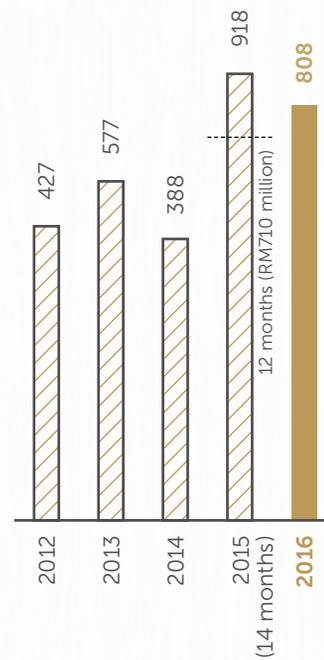
**Revenue**  
(RM' MILLION)



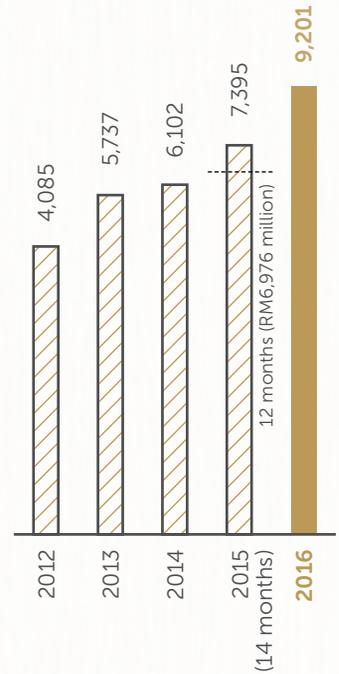
**Profit Before Tax**  
(RM' MILLION)



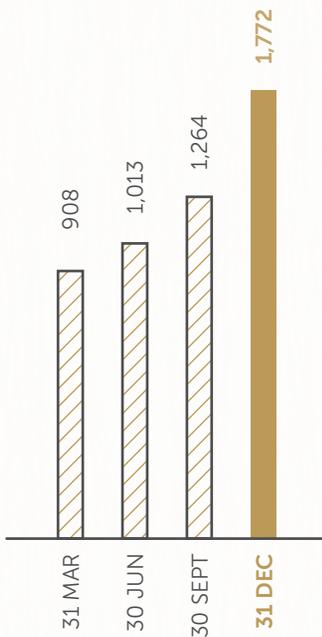
**Profit Attributable to Owners of the Company**  
(RM' MILLION)



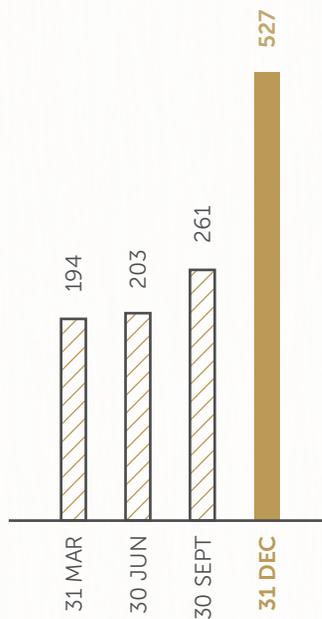
**Equity Attributable to Owners of the Company**  
(RM' MILLION)



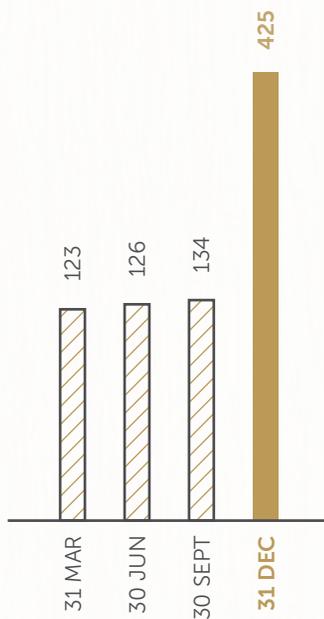
**Group Quarterly Revenue**  
(RM' MILLION)



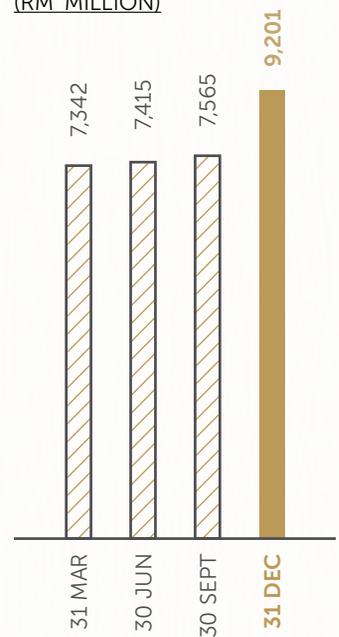
**Group Quarterly Profit Before Tax**  
(RM' MILLION)



**Group Quarterly Profit Attributable to Owners of the Company**  
(RM' MILLION)



**Group Quarterly Equity Attributable to Owners of the Company**  
(RM' MILLION)



## Board of Directors



- 01 **TAN SRI DATO' SERI DR. WAN MOHD ZAHID BIN MOHD NOORDIN**  
*(Non-Independent Non-Executive Chairman)*
- 02 **DATO' AHMAD PARDAS BIN SENIN**  
*(Senior Independent Non-Executive Director)*
- 03 **DATO' SERI IR. H.J. MOHD NOOR BIN YAACOB**  
*(Independent Non-Executive Director)*
- 04 **PUAN NORAINI BINTI CHE DAN**  
*(Independent Non-Executive Director)*
- 05 **MR PHILIP TAN PUAY KOON**  
*(Independent Non-Executive Director)*

## Board of Directors



**06 DATO' KHOR CHAP JEN**  
*(President and Chief Executive Officer)*



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



**08 DATO' HALIPAH BINTI ESA**  
*(Non-Independent Non-Executive Director)*



**09 DATO' ZURAI DAH BINTI ATAN**  
*(Non-Independent Non-Executive Director)*



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

## Directors' Profiles



**Date of Appointment as  
Director of S P Setia Berhad**  
18 June 2009

**Date of Resignation as  
Chairman of S P Setia Berhad**  
25 February 2016

*B.A. Honours Degree from  
University of Malaya*

*Master from Stanford  
University, Palo Alto,  
California*

*PhD from University of  
California, Berkeley*

*Completed an Advanced  
Management Programme  
from Harvard Business  
School*

### TAN SRI DATO' SERI DR. WAN MOHD ZAHID BIN MOHD NOORDIN

**(Non-Independent Non-Executive Chairman)**

*Malaysian, Male, 77 years of age*

Tan Sri Dato' Seri Dr. Wan Mohd Zahid Bin Mohd Noordin is currently the Chairman of Kolej Teknologi dan Pengurusan Lanjutan Sdn Bhd and Management and Science University. He is a board member of Securities Industry Development Corporation. He was formerly the Chairman of Berger International Ltd in Singapore and Deputy Chairman of International Bank Malaysia Berhad.

Tan Sri Dato' Seri Dr. Wan Mohd Zahid started his career as a teacher, moving up to principal level and eventually held various positions in the Ministry of Education before his retirement as Director General of Education. Subsequent to his retirement, Tan Sri Dato' Seri Dr. Wan Mohd Zahid was an advisor with special functions to the Minister of Education.

His is also a director of Perbadanan Usahawan Nasional Berhad.

He does not have any family relationship with any Director and/or major shareholder of S P Setia Berhad except by virtue of being a nominee Director of Permodalan Nasional Berhad. He does not have any conflict of interest with the Company. He has not been convicted of any offences over the past five years and there was no public sanction or penalty imposed on him by the relevant regulatory bodies during the financial year.

## Directors' Profiles



**Date of Appointment as  
Director of S P Setia Berhad:**  
2002 to 2009;  
27 June 2013

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

### DATO' KHOR CHAP JEN

*(President and Chief Executive Officer)*

*Malaysian, Male, 57 years of age*

Dato' Khor Chap Jen is the President and Chief Executive Officer ("CEO") of S P Setia Berhad, a role he assumed effective 1 April 2016. He was the Acting President and CEO from 1 January 2015 to 31 March 2016 and Acting Deputy President/Chief Operating Officer of S P Setia Berhad from 1 May 2014 to 31 December 2014. Prior to that, he was the Executive Vice President of the S P Setia Berhad Group, overseeing the northern and central region of the Property and Construction Division of the Group as well as the Group's overseas subsidiaries in Australia and Vietnam.

Dato' Khor joined the S P Setia Berhad Group in 1995 and was previously the General Manager of the Property Division prior to being seconded to Setia Putrajaya Sdn Bhd as the Deputy Chief Executive Officer. His secondment to this joint venture company from year 1997 to 2000 was to lead the team in the development of the Government's New Administrative Centre in Putrajaya. During his stint there, he played a prominent role in the successful completion of the prestigious Prime Minister's Office Complex and the Prime Minister's Official Residence. He has also successfully delivered over 5,000 apartment units to house the civil servants in Putrajaya.

Prior to joining the S P Setia Berhad Group, Dato' Khor was the Associate Director for Jurutera Perunding Kemajuan Sdn Bhd, an engineering consultancy firm. He was involved in the design and construction of housing, industrial, highway and infrastructure projects. Among the notable projects were the North-South Expressway and the KESAS Highway. Dato' Khor has in all, over 30 years of experience in the construction and property development industry.

Dato' Khor is the current REHDA National Vice President and Chairman of the Planning Policies & Standards Committee.

He does not have any family relationship with any Director and/or major shareholder, or any conflict of interest with the Company. He has not been convicted of any offences over the past five years and there was no public sanction or penalty imposed on him by the relevant regulatory bodies during the financial year.

## Directors' Profiles



**Date of Appointment as  
Director of S P Setia Berhad:**  
29 August 2014

*Bachelor of Arts (Honours)  
Degree in Economics,  
University of Malaya*

*Master of Economics,  
University of Malaya*

*Certificate in Economic  
Management, IMF Institute,  
Washington and the  
Kiel Institute for World  
Economics, Germany*

*Certificate in Advanced  
Management Programme,  
Adam Smith Institute,  
London*

### DATO' HALIPAH BINTI ESA

**(Non-Independent Non-Executive Director)**

*Malaysian, Female, 67 years of age*

Dato' Halipah Binti Esa is the former Director General of the Economic Planning Unit ("EPU") in the Prime Minister's Department. She started her career as Assistant Secretary, Administration and Diplomatic Services in 1973 in the EPU. During her tenure in the EPU, she served in various capacities in the areas of infrastructure, water supply, energy, health, education, housing, telecommunications, urban services, macro economy, international economy, distribution, human resource development, environment and regional development. She held various senior positions in the EPU and retired as the Director General in 2006. She had also served in the Ministry of Finance as Deputy Secretary General.

Her directorships in other public companies include MISC Berhad, KLCC Property Holdings Berhad, Malaysia Marine and Heavy Engineering Holdings Berhad and Cagamas Berhad. She is also a director of several private limited companies.

She does not have any family relationship with any Director and/or major shareholder of S P Setia Berhad except by virtue of being a nominee Director of Permodalan Nasional Berhad. She does not have any conflict of interest with the Company. She has not been convicted of any offences over the past five years and there was no public sanction or penalty imposed on her by the relevant regulatory bodies during the financial year.

## Directors' Profiles



**Date of Appointment as  
Director of S P Setia Berhad:**  
17 September 2014

**Length of Service as  
Independent  
Non-Executive Director of  
S P Setia Berhad:**  
2 years and 8 months

Fellow of the Chartered  
Institute of Management  
Accountants

Member of the Malaysian  
Institute of Accountants

Member of the Institute of  
Internal Auditors Inc

### DATO' AHMAD PARDAS BIN SENIN

*(Senior Independent Non-Executive Director)*

*Malaysian, Male, 64 years of age*

Dato' Ahmad Pardas Bin Senin has more than 40 years' experience in the corporate sector, including 22 years at board level. He retired as the Managing Director and Chief Executive Officer of UEM Group Berhad in June 2009, after having served the UEM Group for more than 17 years since 1992. During his tenure at UEM Group, he held various key positions including as Managing Director of UEM World Berhad, Renong Berhad, TIME Engineering Berhad, TIME dotCom Berhad, and EPE Power Corporation Berhad, and also served as Executive Director & CEO of Silterra Malaysia Sdn Bhd.

He was also Deputy Chairman of PLUS Expressways Berhad, UEM Land Holdings Berhad, UEM Builders Berhad and Costain Group plc., as well as a board member of Faber Group Berhad, Pharmaniaga Berhad, Opus Group Berhad, UEM Environment Sdn Bhd, Sime Darby Energy Sdn Bhd, Universiti Teknologi MARA and Universiti Malaysia Kelantan.

Prior to UEM Group, he worked for the British American Tobacco ("BAT") Group for more than 17 years, including three years at their London office. His last position in BAT Group was as the Financial Controller of Malaysian Tobacco Company Berhad.

Dato' Ahmad Pardas is currently the Chairman of Malaysian Directors Academy, Desaru Development Corporation Sdn Bhd and Desaru Development Holdings One Sdn Bhd. He is also a member of the board of Sime Darby Industrial Holdings Sdn Bhd, Silterra Malaysia Sdn Bhd and Themed Attractions Resorts & Hotels Sdn Bhd.

He does not have any family relationship with any Director and/or major shareholder, or any conflict of interest with the Company. He has not been convicted of any offences over the past five years and there was no public sanction or penalty imposed on him by the relevant regulatory bodies during the financial year.

## Directors' Profiles



**Date of Appointment as  
Director of S P Setia Berhad:**  
15 October 2014

**Length of Service as  
Independent  
Non-Executive Director of  
S P Setia Berhad:**  
2 years and 7 months

*Bachelor of Engineering,  
Universiti Teknologi Malaysia*

### DATO' SERI IR. H.J. MOHD NOOR BIN YAACOB

*(Independent Non-Executive Director)*

*Malaysian, Male, 63 years of age*

Dato' Seri Ir. H.J. Mohd Noor Bin Yaacob was previously the Director-General of the Public Works Department, a position he held from 2011 until 31 March 2014. He joined the civil service in 1977 as a works engineer in the Public Works Department and served in various capacities within the Public Works Department. He is also the Former President of the Board of Engineers of Malaysia.

He is also a director of Prasarana Malaysia Berhad and several private limited companies.

He does not have any family relationship with any Director and/or major shareholder, or any conflict of interest with the Company. He has not been convicted of any offences over the past five years and there was no public sanction or penalty imposed on him by the relevant regulatory bodies during the financial year.

## Directors' Profiles



**Date of Appointment as  
Director of S P Setia Berhad:**  
16 December 2014

LLB (Hons) from the  
University of Buckingham,  
England  
.....  
Certificate in Legal Practice,  
Malaysia

### DATO' ZURAIDAH BINTI ATAN

*(Non-Independent Non-Executive Director)*

*Malaysian, Female, 58 years of age*

Dato' Zuraidah Binti Atan is a member of the Malaysian Bar. She is currently in legal practice with her own legal firm, Chambers of Zuraidah Atan, since year 2004. Starting her career as an officer in a bank, she has more than 25 years' experience in the banking industry. She also served for a period as President/Chief Executive Officer of an investment bank.

She is an arbitrator in the KL Regional Centre for Arbitration and serves as an Honorary Advisor to the National Cancer Society of Malaysia, a non-governmental organisation engaged in cancer awareness and charity. She is the Chairman of Yayasan Sukarelawan Siswa/Students Volunteer Foundation, a wholly-owned entity of the Government of Malaysia (via the Ministry of Higher Education).

She was an Independent member of the Consultation and Corruption Prevention Panel of the Malaysian Anti-Corruption Commission. She was a Public Interest Director of Bursa Malaysia Berhad, Bursa Malaysia Derivatives Berhad and Bursa Malaysia Derivatives Clearing Berhad.

Her directorships in other public companies include Petron Malaysia Refining and Marketing Berhad and Kenanga Islamic Investors Berhad.

She does not have any family relationship with any Director and/or major shareholder of S P Setia Berhad except by virtue of being a nominee Director of Permodalan Nasional Berhad. She does not have any conflict of interest with the Company. She has not been convicted of any offences over the past five years and there was no public sanction or penalty imposed on her by the relevant regulatory bodies during the financial year.

## Directors' Profiles



**Date of Appointment as  
Director of S P Setia Berhad:**  
12 January 2015

*Diploma in Management  
with Merit from Malaysian  
Institute of Management*

*Bachelor of Science  
(Hons) in Civil Engineering,  
Loughborough University of  
Technology, United Kingdom*

*Master in Business  
Administration from  
Cranfield Institute of  
Technology, United Kingdom*

### TENGGU DATO' AB. AZIZ BIN TENGGU MAHMUD

**(Non-Independent Non-Executive Director)**

*Malaysian, Male, 60 years of age*

Tengku Dato' Ab. Aziz Bin Tengku Mahmud is currently the Chief Executive Officer ("CEO") of PNB Merdeka Ventures Sdn Bhd, a wholly-owned subsidiary of Permodalan Nasional Berhad. He is responsible for the development of the Warisan Merdeka project, comprising a 118-storey tower, retail mall, hotels and condominiums.

Prior to his appointment as the CEO of PNB Merdeka Ventures Sdn Bhd on 1 April 2010, he was the Head, Property Development of Sime Darby Property Berhad from August 2008 to March 2010. He was responsible for the Property Development Operations in addition to the Hospitality, Leisure and Asset Management of the Property Division. He also served Kumpulan Guthrie Berhad as Head, Property and was the CEO, Guthrie Property Development Holding Berhad from 2005 to 2007.

Tengku Dato' Ab. Aziz is a member of the Council on Tall Buildings and Urban Habitat, the Institution of Engineers Malaysia and the Malaysian Institute of Management.

He does not have any family relationship with any Director and/or major shareholder of S P Setia Berhad, or any conflict of interest with the Company. He has not been convicted of any offences over the past five years and there was no public sanction or penalty imposed on him by the relevant regulatory bodies during the financial year.

## Directors' Profiles



**Date of Appointment as  
Director of S P Setia Berhad:**  
11 September 2015

**Length of Service as  
Independent Non-Executive  
Director of S P Setia Berhad:**  
1 year and 8 months

Honours Degree in  
Economics, University of  
Manchester, UK

Member of the Malaysian  
Institute of Accountants

Member of the Malaysian  
Institute of Certified Public  
Accountants

### NORAINI BINTI CHE DAN

*(Independent Non-Executive Director)*

*Malaysian, Female, 61 years of age*

Puan Noraini Binti Che Dan was the former Vice President of Finance at MISC Berhad. Prior to that, she had served Pernas International Holdings Berhad for 15 years in various capacities including Group General Manager and Chief Financial Officer. She was also an Audit Senior of a public accounting firm, Hanafiah Raslan & Mohamad.

Puan Noraini is a director of Tenaga Nasional Berhad, BIMB Holdings Berhad and Bank Islam Berhad.

She does not have any family relationship with any Director and/or major shareholder of S P Setia Berhad, or any conflict of interest with the Company. She has not been convicted of any offences over the past five years and there was no public sanction or penalty imposed on her by the relevant regulatory bodies during the financial year.

## Directors' Profiles



**Date of Appointment as  
Director of S P Setia Berhad:**  
11 September 2015

**Length of Service as  
Independent  
Non-Executive Director of  
S P Setia Berhad:**  
1 year and 8 months

*First Class Honours B.A.  
Degree in Business Studies  
(Accounting and Finance),  
North-East London  
Polytechnic, UK*

*Oxford International  
Executive Programme*

*Stanford-NUS Executive  
Programme*

### PHILIP TAN PUAY KOON

*(Independent Non-Executive Director)*

*Malaysian, Male, 60 years of age*

Mr Philip Tan Puay Koon was formerly a Managing Director in Citigroup where he served as the Chief Financial Officer of Emerging Market (EM) Sales & Trading, Asia Pacific of Citibank NA from 2004 to 2006 and as Director of Risk Treasury, Asia Pacific from 2001 to 2004. Prior to his posting to the Regional Office in Singapore in 2001, he was the Financial Markets Head and Country Treasurer of Citibank Berhad and a Director of Citibank Malaysia (L) Limited.

He has more than 25 years of experience in the field of banking and finance, principally in the areas of Treasury and Risk Management. He was a member of the Management Committee and Asset-Liability Committee of Citibank Berhad. While serving in the Citibank Regional Treasury Office in Singapore, he helped establish and streamline the strategy, regional structure, policies and processes of the Risk Treasury Business covering 13 countries.

Prior to 1995, Mr Philip Tan spent 14 years with the MUI Group in Malaysia where he served in various capacities as Chief Dealer of their Treasury Division in MUI Bank and as Assistant General Manager in MUI Finance and as General Manager and Executive Assistant to the Chief Executive of MUI Group of companies and as Joint Company Secretary of public-listed MUI Berhad.

His directorships in other public companies include Danajamin Nasional Berhad, MIDF Amanah Investment Bank Berhad, Cagamas Berhad and Citibank Berhad. Mr Tan also serves as a member of the Corporate Debt Restructuring Committee, established by Bank Negara Malaysia.

He does not have any family relationship with any Director and/or major shareholder of S P Setia Berhad, or any conflict of interest with the Company. He has not been convicted of any offences over the past five years and there was no public sanction or penalty imposed on him by the relevant regulatory bodies during the financial year.

## Directors' Profiles



**Date of Appointment as  
Director of S P Setia Berhad:**  
3 March 2016

LLB (Hons) from the  
University of Malaya

Master of Laws (LLM) in the  
United States of America &  
Global Business Law from  
the University of Suffolk, USA

### DATO' AZMI BIN MOHD ALI

*(Non-Independent Non-Executive Director)*

*Malaysian, Male, 56 years of age*

Dato' Azmi Bin Mohd Ali is currently the Senior Partner of Azmi & Associates, a corporate and commercial law firm of close to 70 lawyers, which he co-founded in 2000. He has over 30 years of experience in the areas of, among others, corporate, commercial, business, capital market and project-related law. He started as in-house counsel in Petronas in 1984 for six years before venturing out into private law practice in 1990.

Dato' Azmi's directorships in other public companies include Chemical Company of Malaysia Berhad, CCM Duopharma Biotech Berhad and Perbadanan Nasional Berhad.

He has served on the main board of Sime Darby Berhad for more than five years from 2010 until early 2016. He is the Chairman of Cliq Energy Berhad, a Special-Purpose Acquisition Company, which is currently under court-sanctioned liquidation.

He is also a director of a public university, Universiti Malaysia Kelantan, and a director of the Financial Reporting Foundation, a Government-sponsored foundation related to the advancement of accounting standards in Malaysia. He has also served as Adjunct Professor at the International Islamic University of Malaysia Law School and at Universiti Kebangsaan Malaysia Law School.

He does not have any family relationship with any Director and/or major shareholder of S P Setia Berhad except by virtue of being a nominee Director of Permodalan Nasional Berhad. He does not have any conflict of interest with the Company.

He has not been convicted of any offences over the past five years and there was no public sanction or penalty imposed on him by the relevant regulatory bodies during the financial year.

## Senior Management Team Profiles



### DATUK WONG TUCK WAI

**Deputy President and Chief Operating Officer ("COO")  
of S P Setia Berhad**

*Malaysian, Male, 62 years of age*

**Date of Appointment as Deputy President and COO of S P Setia Berhad:**  
1 April 2016

Datuk Wong started his career in civil engineering projects with Syarikat Pembinaan Setia Sdn Bhd in 1976. He was then appointed as Chief Executive Officer of Setia Putrajaya Sdn Bhd in December 1999, which constructed the Prime Minister's Office, Residence and the Government residential quarters in Putrajaya between the late 1990s and early 2000s. He was subsequently appointed as Executive Vice President of S P Setia Berhad in 2013 before his appointment as Acting Deputy President & COO in 2015. On 1 April 2016, he assumed the role of Deputy President and COO of S P Setia Berhad.

Datuk Wong is currently an Independent Non-Executive Director of Pelaburan Hartanah Nasional Berhad.

Datuk Wong does not have any family relationship with any Director and/or any major shareholder of the listed issuer, nor any conflict of interest with the listed issuer. He has not been convicted of any offences over the past five years and there was no public sanction or penalty imposed on him by the relevant regulatory bodies during the financial year.



### CHOY KAH YEW

**Executive Vice President ("EVP") and Chief Financial Officer ("CFO")  
of S P Setia Berhad**

*Malaysian, Male, 46 years of age*

**Date of Appointment as EVP and CFO of S P Setia Berhad:**  
1 April 2016

Choy Kah Yew joined S P Setia Berhad in April 2014 and was designated Acting CFO effective 16 June 2014. He has more than 25 years of working experience in audit, finance and banking, starting his career with KPMG in 1990. Choy held several senior leadership and management positions at Alliance Investment Bank Berhad between 2004 and 2014. His last held position before joining S P Setia was as the Head of Capital Markets for the investment bank. On 1 April 2016, he was appointed as EVP and CFO of S P Setia Berhad.

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

Choy does not hold any directorship in any public companies and listed issuers. He does not have any family relationship with any Director and/or any major shareholder of the listed issuer, nor any conflict of interest with the listed issuer. He has not been convicted of any offences over the past five years and there was no public sanction or penalty imposed on him by the relevant regulatory bodies during the financial year.

## Senior Management Team Profiles



### DATUK KOE PENG KANG

**Executive Vice President of  
S P Setia Berhad**

*Malaysian, Male, 55 years of age*

**Date of Appointment as Executive Vice  
President ("EVP") of S P Setia Berhad:**  
1 July 2015

*BSc (Civil Engineering), University of  
Leeds, UK.*

*MSc (Construction Management),  
University of Birmingham, UK.*

Datuk Koe was appointed as EVP of S P Setia Berhad in July 2015 after serving S P Setia for 19 years. He is responsible for the Group's eco-themed developments and sits as the Chief Executive Officer of Setia Eco Park and Setia Eco Glades, and spearheaded the team that conceptualised Setia Eco Templer. Datuk Koe also oversees the Group's developments in the Northern Region as well as the China Malaysia Qinzhou Industrial Park project in China. Prior to joining the S P Setia Group, Datuk Koe was involved in various national projects including the country's rural water supply scheme, the Sungai Selangor Water Supply Scheme Phase 1 and the Petronas Twin Towers.

Datuk Koe is a member of the Institute of Engineers Malaysia, and is a Professional Engineer registered with the Board of Engineers, Malaysia.

Choong Kai Wai joined S P Setia Berhad on 1 May 2010 to implement the Group's business and development strategy in Australia. He was a key figure responsible for the acquisition, design and development of S P Setia's first project in Australia, Fulton Lane, Melbourne, and has subsequently built up the Australian arm of the Group. Prior to joining S P Setia, Choong had over 20 years of experience in the property sector working with other developers as well as his own business.

Choong is a Professional Engineer registered with the Board of Engineers, Malaysia.

### CHOONG KAI WAI

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

*Malaysian, Male, 56 years of age*

**Date of Appointment as  
CEO of Setia (Melbourne)  
Development Co. Pty Ltd:**

1 May 2010

*BSc (Hons) Mechanical Engineering,  
The City University London, UK*



### KOW CHOONG MING

**Executive Vice President of  
S P Setia Berhad**

*Malaysian, Male, 56 years of age*

**Date of Appointment as Executive Vice  
President ("EVP") of S P Setia Berhad:**  
1 July 2015

*Bachelor of Engineering in Civil  
Engineering, University Malaya,  
Malaysia*

Kow Choong Ming joined S P Setia Berhad in Feb 1997 as Assistant General Manager. He was appointed as Director in 1999 prior to his appointment as EVP in 2015 after having served S P Setia for 19 years. He currently heads the Construction & Precast and Setia Wood & Marketing Divisions. Kow started his career at Promet Construction Sdn Bhd in 1983 before joining the Genting Group in 1986 where he last held the position of Chief Engineer.

He is a Professional Engineer registered with the Board of Engineers, Malaysia and a Fellow Member of the Institute of Engineers, Malaysia.

Tan Hon Lim joined S P Setia Berhad as a project engineer in November 1990. He was appointed as EVP of S P Setia Berhad on 1 July 2015 after serving for 26 years. He currently heads the Setia Alam, Setia EcoHill and Setia EcoHill 2 township projects for the Group. Tan was involved in the Group's first property development projects in Bukit Indah, Ampang and the Group's first township, the 700-acre Pusat Bandar Puchong. He was also involved in the Group's first international venture into Vietnam.

### TAN HON LIM

**Executive Vice President of  
S P Setia Berhad**

*Malaysian, Male, 55 years of age*

**Date of Appointment as Executive Vice  
President ("EVP") of S P Setia Berhad:**  
1 July 2015

*BSc (Civil Engineering), Louisiana State  
University, USA.*



## Senior Management Team Profiles



### 01. STANLEY SAW KIM SUAN

**Divisional General Manager**  
Malaysian, Male, 50 years of age

*Bachelor of Engineering (Civil),  
University of New South Wales,  
Australia*

*Master of Business Administration,  
Nottingham Trent University, UK*

Stanley joined S P Setia Berhad as a Project Manager in 1997 and was involved in the developments of residential and commercial units in Precinct 9, Putrajaya. He was also involved in the development of the prestigious Prime Minister's Office and Residence in Putrajaya. Thereafter, he spent five years in Vietnam as General Director of EcoXuan, a township development by S P Setia Berhad.

He assumed the role of Divisional General Manager for Property Division (Southern Division) of S P Setia Berhad in May 2016 and oversees the developments in Iskandar Malaysia.

Stanley is a Professional Engineer registered with the Board of Engineers in Malaysia and is a Member of the Institute of Engineers, Malaysia.

### 02. PAUL SOH

**Divisional General Manager**  
Malaysian, Male, 53 years of age

*Bachelor of Engineering (Civil),  
University of New South Wales,  
Australia*

Paul joined S P Setia as Senior Manager in April 1997. He was involved in the development of residential and commercial units at Precinct 9 and Precinct 15, Putrajaya. He was also involved in the development of Duta One, an early gated and guarded luxury development by S P Setia Berhad in Kuala Lumpur.

Paul was later assigned to manage the development of Fulton Lane, Melbourne, S P Setia Berhad's first foray into the Australia market. He assumed the role of Divisional General Manager, Niche Development Division in January 2015 and oversees the development of S P Setia Berhad's Niche Developments which include Setia Sky Residences, Setia Walk, Trio by Setia and Setia Sky Seputeh.

Paul is a Member of the Institute of Engineers, Australia.

### 03. TONY LING THOU LUNG

**Divisional General Manager**  
Malaysian, Male, 43 years of age

*Bachelor of Engineering (Hons) in Civil  
Engineering, University Science of  
Malaysia*

*Master of Business Administration,  
Universiti Malaya*

Tony joined S P Setia Berhad in 2007 as Project Manager for Setia Walk. Since then he rose through the ranks to become the Head of Technical in 2012 and in 2015 was appointed as Deputy General Manager for KL Eco City, S P Setia Berhad's first large-scale integrated mixed development project.

He assumed the role as Divisional General Manager in May 2016 and oversees S P Setia Berhad's Integrated Commercial Developments which includes KL Eco City and the new Setia Federal Hill development in Kuala Lumpur. He is also involved in Battersea Power Station, London where S P Setia is part of the consortium for this regeneration development.

## Senior Management Team Profiles



### 04. AWANG AHMAD BIN KARI

**General Manager**

*Malaysian, Male, 53 years of age*

*Bachelor of Civil Engineering (Hons),  
Universiti Teknologi Malaysia*

Awang joined S P Setia Berhad in 1999 as Senior Engineer and brought with him ten years of experience from the industry. He was involved in the highway upgrading works of Batu Pahat – Air Hitam – Kluang and Perling Interchanges. He was also involved in the construction of 220 units of medium low-cost apartments named Pangsapuri Akasia at Bandar Setia Alam.

In October 2011, Awang was given the responsibility to manage the infrastructure development of KL Eco City, S P Setia Berhad's first integrated mixed development with a GDV of RM7 billion.

He assumed the role of General Manager of KL Eco City in July 2016.

### 05. NADIAH TAN ABDULLAH

**Chief Human Resources Officer**

*Malaysian, Female, 48 years of age*

*BA (Hons) International Relations,  
Staffordshire University, UK*

Nadiah joined SP Setia Berhad in October 2016 as Divisional General Manager,

Group Human Resources. She has been in the Human Resources ("HR") line for more than twenty years specialising in Organizational Development and Change Management. Her experiences span across both local and Fortune 500 companies in various industries with local/regional and HQ roles. Her general experience has been to drive the people agenda and primarily anchored upon HR Transformation work.

Her role was re-designated to Chief Human Resources Officer in March 2017 and is instrumental in S P Setia Berhad's Diversity and Inclusion Agenda. She oversees the formulation of human capital policies and procedures, enhancement of organisational values and cultures and develop the capacity and capabilities of Team Setia.

### 06. NECIA ABDULLAH

**Head of Corporate Relations**

*Malaysian, Female, 42 years of age*

*Bachelor of Communication,  
Limkokwing University of Creative  
Technology, Malaysia*

*Master of Mass Communication,  
Universiti Teknologi Mara, Malaysia*

Necia joined S P Setia Berhad in 2015 as Head of Corporate Relations overseeing government relations and stakeholders' engagement.

### 07. SHA'ARI BIN HANAPI

**General Manager**

*Malaysian, Male, 52 years of age*

*BSc in Civil Engineering, University of  
Alabama, Tuscaloosa, USA*

Sha'ari joined S P Setia Berhad in August 1991 as a Site Engineer. He was part of the team who constructed the Air Force Base in Besut, Terengganu and the 11-storey hospital block for University Hospital, Petaling Jaya. He was involved in the turnkey project for the construction of the Prime Minister's Office and Residence and the overall development of residential and shop offices in Precinct 9 and Precinct 15, Putrajaya.

He assumed the role of Deputy General Manager for Quality Sustainable People Housing ("QSPH") in November 2011 and later appointed as General Manager, Niche Development Division in July 2015 and is currently involved in the proposed Renewal development of QSPH in Bandar Tun Razak, Cheras and also the development of a special housing scheme for Civil Servants (PPA1M) in Precinct 17, Putrajaya.

# Achievements



**28** January  
2016

## S P Setia unveils SETIA SPICE Aquatic Centre in Penang

This is a public-private partnership (PPP) project between the Penang Municipal Council (now known as Penang Island City Council) and S P Setia Berhad. The occasion was officiated by Penang's Chief Minister YAB Lim Guan Eng and witnessed by the Deputy Chief Minister, Mayor and EXCO state members of Penang together with Setia's Top Management team.



**15** March  
2016

## StarProperty.my Awards 2016

S P Setia Berhad walked away with the All-Star Award - Top 10 Ranked Developers of the Year, the Excellence honour in The Earth Conscious Award, The Starter Home Award and Honours in The Five Elements Award.



**24** May  
2016

## Reader's Digest Asia Trusted Brand Awards 2016

S P Setia was named as the Platinum award winner in the Reader's Digest Asia Trusted Brand Awards 2016 in the Property Development category.



**25** May  
2016

## FIABCI Prix d' Excellence Awards 2016

S P Setia Berhad's Corporate HQ clinched the Group's seventh international FIABCI Prix d' Excellence Award in the Sustainability Development category.



**27** May  
2016

## BCI Asia Top Ten Awards 2016

S P Setia was named Top 10 Developer at the BCI Asia Awards 2016.

## Achievements



**14** June  
2016

### Launch of World Environment Day

In conjunction with World Environment Day, S P Setia kicked off its month-long World Environment Day Awareness campaign "My Better World" with its adopted schools under the Setia Caring School Programme.



**15** June  
2016

### S P Setia Foundation exchanges MOA with Universiti Pendidikan Sultan Idris

S P Setia Foundation appointed Universiti Pendidikan Sultan Idris ("UPSI") as a strategic partner under a three-year agreement to design more programmes for its Setia Caring School Programme.



**31** July  
2016

### Topping out ceremony for Setia Sky 88

A topping out ceremony was held for Phase 1, Setia Sky 88, one of the tallest residential towers in Johor Bahru.



**06** August  
2016

### Launch of third project in Melbourne - Maison Carnegie

S P Setia launched its third project, Maison Carnegie, in Melbourne. The project is expected to be completed by the end of 2017.



**12** August  
2016

### Putra Brand Awards 2016

This was S P Setia's fifth win in the Property Development category.

## Achievements



**25** August  
2016

### Aon Hewitt Best Employers - Malaysia Awards 2016

S P Setia bagged the 'Best Employer' award for the seventh time and also was awarded special recognition for its Commitment to Engagement.



**05** September  
2016

### Launch of Citizen Setia and Triple A Gold Campaign

S P Setia Berhad launched a long-term reward and appreciation programme called "Citizen Setia" for its existing and new property purchasers.



**28** September  
2016

### Apple to be largest tenant at Battersea Power Station

Apple Inc. secured the long-term lease contract for 500,000 sq ft of office space to become the largest tenant in Battersea Power Station.



**23** September  
2016

### Malaysian Construction Industry Excellence Awards ("MCIEA") 2016

Setia Precast Sdn Bhd was accorded the prestigious Special Award for industrialised building system ("IBS") for its construction of Seri Jati affordable apartments in Setia Alam, at the Malaysia Construction Industry Excellence Awards ("MCIEA") 2016 organised by the Construction Industry Development Board ("CIDB").

## Achievements



**31** October  
2016

### The Edge Malaysia Property Excellence Awards 2016

S P Setia was back at No. 1 in The Edge Malaysia Top Property Developers Awards 2016. This marked the ninth time that S P Setia had clinched the top spot. In addition, Bandar Setia Alam Sdn Bhd, a subsidiary of S P Setia, took home The Edge Malaysia Affordable Urban Housing Excellence Award for its Seri Kasturi Apartments in Bandar Setia Alam.



**01** November  
2016

### Expansion of Setia City Convention Centre

Setia City Convention Centre Halls 1 & 2 were added to cater for the growing demand for meetings, incentives, conventions and exhibitions ("MICE") activities.



**04** November  
2016

### Malaysia Green Building Confederation ("MGBC") Leadership in Sustainability Awards 2016

S P Setia was named the winner of the Leadership in Sustainability Awards in the Business Leadership category by the Malaysia Green Building Confederation ("MGBC"). This award recognises our commitment and efforts in promoting the sustainability agenda in the property industry.



**25** November  
2016

### Malaysian Institute of Planning Planning Excellence Awards 2016

Setia Eco Templer, our eco-themed township in Selayang, received the Design Excellence Award at the MIP Planning Excellence Awards 2016. The overall township design and planning takes into consideration the original land topography and is designed to complement and respect the natural environment.



**17** November  
2016

### Grand Opening Ceremony for Parque, Melbourne

The ceremony was held in Melbourne for the completion of Parque, which was handed over to the buyers one month ahead of schedule.

# Accolades



## 9-TIME WINNER

### 1. The Edge Malaysia Top Property Developers Awards

#### Ranked No. 1 -

2016, 2013, 2012, 2011, 2010, 2008, 2007, 2006, 2005

#### Affordable Urban Housing Excellence

2016 - Seri Kasturi, Selangor

#### Notable Property Achievement

2015 - Setia Eco Park, Selangor

#### PAM Green Excellence

2015 - S P Setia Corporate HQ, Selangor

2013 - Setia City Mall, Selangor

#### PEPS Value Creation Excellence

2013 - Setia Walk, Selangor

#### Outstanding Property Personality

2012

## 7-TIME WINNER

### 2. FIABCI World Prix d'Excellence Awards

#### Best Sustainable Development

2016 - S P Setia Corporate HQ, Setia Alam, Selangor

#### Best Retail Development

2014 - Setia City Mall, Selangor

#### Best Master Plan Development

2013 - Setia Alam, Selangor  
2009 - Setia Eco Gardens, Johor  
2007 - Setia Eco Park, Selangor

#### Best Purpose-Built/Specialised Project

2012 - Eco Greens, Setia Eco Gardens, Johor

#### Best Residential (Low-Rise) Development

2011 - Setia Eco Park, Selangor

#### Runner-up Best Master Plan Development

2010 - EcoLakes, Vietnam

## 9-TIME WINNER

### 3. FIABCI Malaysia Property Awards

#### Best Sustainable Development

2015 - S P Setia Corporate HQ, Setia Alam, Selangor

#### Best Retail Development

2013 - Setia City Mall, Selangor

#### Best Master Plan Development

2012 - Setia Alam, Selangor  
2008 - Setia Eco Gardens, Johor  
2006 - Setia Eco Park, Selangor

#### Best Purpose-Built/Specialised Project

2011 - Eco Greens, Setia Eco Gardens, Johor

#### Best Residential (Low-Rise) Development

2010 - Setia Eco Park, Selangor  
2006 - Duta Nusantara, Kuala Lumpur  
2007 - Property Man of the Year 2007

## Accolades



#### 4. BCI Asia Top 10 Developers Awards

2016, 2015, 2014, 2013, 2012, 2011

#### 5. REHDA Recognition Awards

Outstanding Developer 2013

#### 6. Putra Brand Awards

2016 - Bronze in Property Development  
2015 - Silver in Property Development  
2014 - Most Enterprising Brand of the Year  
2014, 2013, 2012 - Gold in Property Development

#### 7. Reader's Digest Asia Trusted Brands Award

2016 - Platinum for Property Development

2015, 2014, 2013, 2012, 2011 - Gold for Property Development

#### 8. Qlassic Excellence Award

2014 - S P Setia Berhad Corporate HQ, Setia Alam, Selangor

#### 9. Malaysia Landscape Architecture Awards

2016\* - Project of The Year Lepironia Gardens, Setia Eco Glades, Selangor

2016\* - Property Developer Excellence Lepironia Gardens, Setia Eco Glades, Selangor

2016\* - Honours

- Urban Park, Setia Alam, Selangor
- Eco Village, Setia Eco Gardens, Johor
- Garden of 8 Fountains, Setia Eco Park, Selangor

2016\* - Merit

- Metamorphosis Park, Setia Eco Cascadia, Johor

\* Year of award ceremony

#### 10. Aon Hewitt Best Employers Study

2016, 2015, 2013, 2011, 2009, 2005, 2003 - Best Employers in Malaysia

2016 - Best Employer for Commitment to Engagement 2013

2013 - Best of the Best Employer

2011 - Overall Best Employer in Malaysia

2011 - Best Employers in Asia Pacific

#### 11. Malaysia Construction Industry Excellence Awards ("MCIEA")

2016, 2013, 2011 - Industrialised Building System (IBS) Special Award

#### 12. Malaysian Institute of Planning Excellence Awards

2016 - Design Excellence Setia Eco Templer, Selangor

#### 13. BCA Green Mark

2012 - Platinum - Eco Sanctuary, Singapore  
2014 - Gold - Vogue Suites 1, KL Eco City, Kuala Lumpur  
2012 - (Provisional) - Setia City Mall, Selangor  
2010 - Eco Gallery, Setia Eco Gardens, Johor

#### 14. Green Building Index ("GBI")

2012 - Platinum - S P Setia Berhad Corporate HQ, Selangor

2015 - Gold (Provisional)

- Office Tower 2, KL Eco City, Kuala Lumpur
- Office Tower 3, KL Eco City, Kuala Lumpur

2012 - Gold (Provisional)

- KL Eco City (Sales Gallery), Kuala Lumpur

#### 15. Greenre Rating

2015 - Platinum Certification (Provisional) in the non-residential category - S P Setia Berhad Corporate HQ, Setia Alam, Selangor

#### 16. Malaysia Greentech Award

2015 - Top 30 Green Catalyst in Malaysia - Setia Eco Park, Selangor

#### 17. MGBC Leadership in Sustainability Awards

2016 - Excellence and Leadership in Sustainability

#### 18. Malaysia's 100 leading graduate employers

2015, 2013 - Winner Property & Construction Sector



# Sustainability Statement



ECONOMIC

- Page 55



ENVIRONMENT

- Page 56



SOCIAL

- Page 59



# Introduction

**Sustainability has been a key factor contributing to the longevity of S P Setia from the very beginning. The Group’s mission, vision and core values enable a platform to cultivate sustainability, and operate alongside our philosophy, *livelearnworkplay*, which encapsulates our goal to create outstanding properties that enrich lives and communities.**

In 2016, the Group decided to formalise its sustainability reporting practice and incorporated a sustainability statement in our Annual Report. This statement focuses on the sustainability practices of the Group, highlighting the economic, environmental, and social (“EES”) impacts of the Group’s activities and initiatives.

Through this statement, the Group demonstrates our commitment to integrating sustainability practices across all facets of its business. The statement was prepared pursuant to paragraph 9.45(2) of the Bursa Malaysia Securities Berhad (“Bursa Securities”) Main Market Listing Requirements (“Main LR”) and guided by the Sustainability Reporting Guide issued by Bursa Securities. The scope of this statement covers S P Setia’s operations in Malaysia for the financial year under review.

## Sustainability Governance Structure

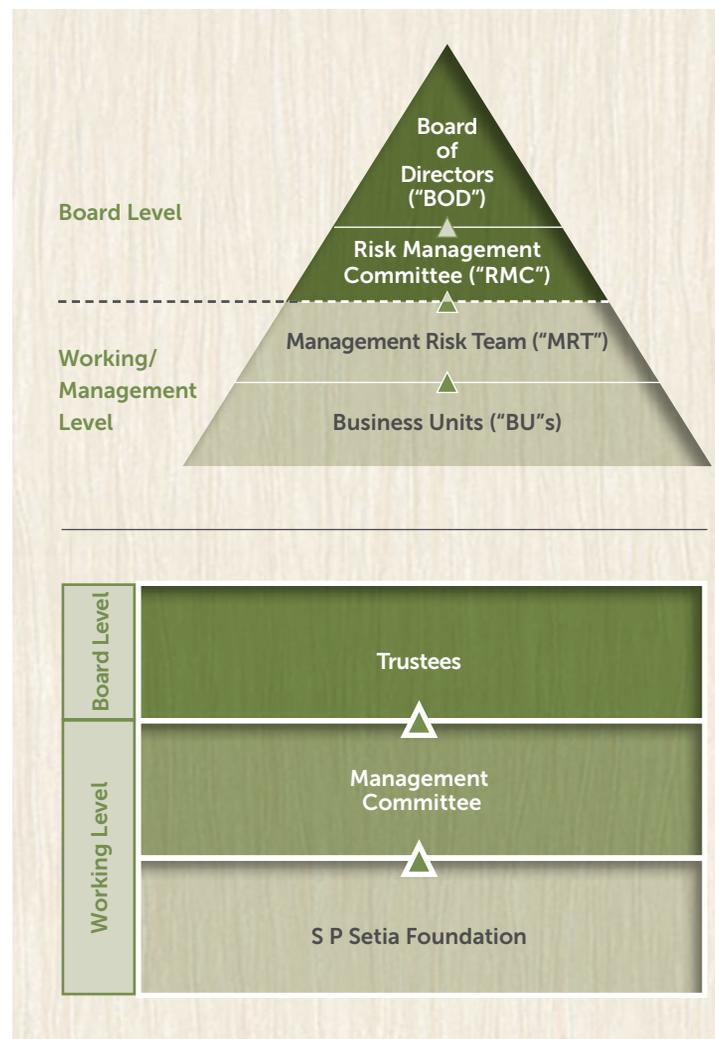
The Group believes that commitment to good corporate governance is essential to the sustainability of our business and performance. The Group upholds high standards of corporate governance to safeguard shareholders’ interests. We utilise effective governance frameworks to enhance our business resilience and agility.

S P Setia’s sustainability management comes under the purview of our Management Risk Team (“MRT”), comprising members from the Group’s Top Management. It is supported by our Business and Support Units, which ensure the Group’s continued progress and improvement in the areas of EES activities. In addition to project operational risks, the Management Risk Team deliberates on matters relating to material, economic, environmental and social risks as well as opportunities with the Business Units on a quarterly basis. The MRT keeps the Board abreast of matters relating to key risks.

The S P Setia Foundation is the corporate social responsibility arm of the Company implementing initiatives focused on education and helping the less fortunate. The Foundation is guided by the Management Committee comprising the Chief Executive Officer (“CEO”), Chief Operating Officer (“COO”) and Chief Financial Officer (“CFO”). The Board of Trustees determines the overall direction for the Foundation’s activities and initiatives.

For detailed disclosure on our corporate governance framework and practices, please refer to the Corporate Governance Statement on [page 68](#) of this Annual Report.

 For more information.



# Stakeholder Engagement

We work with various stakeholder groups, each of whom has different areas of concerns. To better understand their concerns with our business impacts, we employ a variety of mechanisms to engage with them. Our ability to understand and respond to these interests and concerns is key to our long-term success.

STAKEHOLDER	KEY ENGAGEMENTS IN 2016	FREQUENCY
 Customers	<ul style="list-style-type: none"> <li>Customer satisfaction survey</li> <li>Social media engagement and outreach</li> </ul>	<ul style="list-style-type: none"> <li>Biannual</li> <li>Ongoing</li> </ul>
 Employees	<ul style="list-style-type: none"> <li>People Pulse Survey</li> <li>CEO Dialogues</li> <li>Key Improvement Ideas campaign</li> </ul>	<ul style="list-style-type: none"> <li>Annually</li> <li>Biannual</li> <li>Annually</li> </ul>
 Shareholders	<ul style="list-style-type: none"> <li>Annual General Meeting</li> <li>Financial reports</li> </ul>	<ul style="list-style-type: none"> <li>Annually</li> <li>Quarterly</li> </ul>
 Investors / Fund Providers	<ul style="list-style-type: none"> <li>Analyst briefing</li> <li>Regular meetings with fund analysts, fund managers, private equity firms and other investors</li> </ul>	<ul style="list-style-type: none"> <li>Annually</li> <li>Ongoing</li> </ul>
 Government/Regulator	<ul style="list-style-type: none"> <li>Regular meetings</li> <li>Written communication</li> </ul>	<ul style="list-style-type: none"> <li>Ongoing</li> </ul>
 Local communities	<ul style="list-style-type: none"> <li>Periodic public engagement sessions</li> <li>Community development programmes such as festive celebrations</li> </ul>	<ul style="list-style-type: none"> <li>Ad hoc</li> <li>Ongoing</li> </ul>
 Suppliers/Contractors	<ul style="list-style-type: none"> <li>CEO Dialogues with contractors and suppliers</li> <li>Regular meetings</li> </ul>	<ul style="list-style-type: none"> <li>Annually</li> <li>Ongoing</li> </ul>
 Media	<ul style="list-style-type: none"> <li>Press releases</li> <li>Regular updates and engagement</li> </ul>	<ul style="list-style-type: none"> <li>Ongoing</li> </ul>

# Material Issues

In 2016, seven material issues for S P Setia were identified from discussions with key internal stakeholders, as well as analysis of relevant internal discussions. In future, we will undertake more comprehensive assessments with the aim of better identifying the priorities of our stakeholders.

ASPECTS	MATERIAL SUSTAINABILITY ISSUES
 Economic	<ul style="list-style-type: none"> <li>Commitment to innovation</li> </ul>
 Environmental	<ul style="list-style-type: none"> <li>Commitment to green development</li> <li>Managing biodiversity</li> <li>Consumption of resources</li> </ul>
 Social	<ul style="list-style-type: none"> <li>Team Setia</li> <li>Community outreach</li> <li>S P Setia Foundation</li> </ul>

## Economic



Sustainability is key to a liveable township. For us, this encompasses adopting green technology, ensuring energy efficiency and enabling the use of renewable energy where possible.

### Construction Innovation

In line with our commitment to delivering quality products, we utilise a precast system known as the Industrialised Building System ("IBS") whereby components are manufactured in a controlled environment, either on- or off-site. They are then placed and assembled into the construction works.

Setia Precast Sdn Bhd, a wholly-owned subsidiary of S P Setia, manufactures precast bathroom slabs, which stop water leaks, seepage and improve drainage, as well as precast columns, beams and shell beams for carparks, which help speed up construction.

IBS relies on system forms, which guarantees quality of workmanship, cleanliness, safety and efficient usage of materials and labour. It also contributes to completion within schedule and minimises construction waste. Our emphasis on using IBS in production and construction has resulted in efficient solutions for building affordable apartments.

### Property Development Projects

Well-planned property developments are accessible, convenient, safe and above all, sustainable. Sustainability is key to a liveable township. For us, this encompasses adopting green technology, ensuring energy efficiency and enabling the use of renewable energy where possible. We believe in community living and our townships have facilities located conveniently nearby, such as Setia City Mall, Setia City Convention Centre, eateries, recreational parks and schools.

For detailed disclosure on our property development, please refer to the Management Discussion and Analysis Statement on [page 12](#) of this Annual Report.  For more information.

# Environment



“  
S P Setia has put in place a comprehensive Environmental Management System (“EMS”) which has received ISO14001:2004 certification.  
”

## Commitment to Green Development

**S P Setia’s green property developments, such as Setia Eco Park, Setia Eco Glades, Setia EcoHill and Setia Eco Templer, utilise innovative green technologies including building-integrated photovoltaic (“BiPV”) systems and solar passive architecture.**

Our efforts to meet international benchmarks for green architecture and sustainable development have been acknowledged and are reflected in the various green awards we have received over the years. In 2016, we were selected as a winner of the Leadership in Sustainability Awards in the Business Leadership category by the Malaysia Green Building Confederation (“MGBC”). Meanwhile, Setia Corporate HQ was the first corporate office in the integrated commercial hub of Setia City at Setia Alam to be accorded green building status by the Green Building Index (“GBI”). This award recognises our commitment and efforts in promoting a sustainability agenda in the property industry.

We have also obtained the following certifications for our property development projects:

LOCATION	PROJECT	CERTIFICATION
Bandar Setia Alam	Setia City Convention Centre	• Green Building Index (“GBI”) Certified
	Setia City Mall	• Building and Construction Authority (“BCA”) Green Mark Gold • GBI Silver
Setia Eco Glades	Setia Villa - Phase A1 & A2	• GBI Certified (Provisional)
	Setia Rimba - Phase B1 & B2	
	Setia Marina 2, Glade G2	
	Setia Marina 2, Glade G3	
KL Eco City	Residential Tower 1	• BCA Green Mark Gold (Provisional) • GBI Certified (Provisional)
	Office Tower 2 & 3	• GBI Gold (Provisional)
	Retail Podium & Retail Hub	• GBI Certified (Provisional)
	Sales Gallery	• GBI Gold (Provisional)
Property North	Brook Residences	• GBI Gold
	Setia Green	• GBI Certified
	Setia Pinnacle	• GBI Certified
Property South	Setia Eco Gardens - Eco Gallery	• BCA Green Mark Gold
	Setia Sky 88 - Tower A, B & C	• BCA Green Mark Certified (Provisional)

## Environment

### S P Setia Berhad Corporate HQ

In 2016, S P Setia Berhad Corporate HQ garnered the Group's seventh international FIABCI (the International Real Estate Federation) Prix d'Excellence with a Gold award in the Sustainable Development category. It is also the first private sector-owned office building in Malaysia to be awarded Platinum certification by the Green Building Index. Other awards include:

- GreenRE - Platinum Certification
- FIABCI Malaysia Property Award 2015 - Best Sustainable Development
- MyCrest - 5 star rating for Design and Construction
- QLASSIC Excellence Award 2014

Environmentally friendly construction materials certified by the MGBC and the Green Building Council of Singapore were used where possible during the construction of the building.

As Malaysia's first private sector-owned Platinum-certified green office building, it not only meets the Group's corporate office building requirements but also demonstrates our commitment to sustainable development and provides a healthy, conducive and sustainable workplace for Management and staff in line with our **livelearnworkplay** philosophy. Some of the green building features include:

- Green vehicle parking bays
- Secure bicycle parking bays and shower facilities to encourage staff living in the township to cycle to work
- Photo sensors installed in day-lit areas at the building perimeter to switch off artificial lighting when there is sufficient natural daylight
- Motion sensors installed at work stations and non-essential or less frequented spaces such as filing rooms, pantries, corridors, stores and meeting rooms to reduce energy consumption
- Turfing of more than 25% of the total roof area. This significantly reduces heat gain while providing pleasant views for neighbouring buildings
- A raised floor system that creates a plenum space for underfloor distribution of building services like air-conditioning, power and data cabling, etc. The advantages of this system include a more efficient air-conditioning system; easier maintenance of cabling system; and a more flexible office layout
- A rainwater harvesting system that reduces the total potable water consumption. This system efficiently collects rain that falls on the roof of the building for use in landscape irrigation and toilet flushing.



Tree transplanting with all roots intact

Environmentally friendly construction materials certified by the MGBC and the Green Building Council of Singapore were used where possible during the construction of the building.

### Managing Biodiversity

As property developers, we recognise that some of our activities involve the clearing of natural flora and fauna in preparation for construction and development. In our efforts to mitigate our impact on the environment, we have initiated several projects to preserve biodiversity and educate the public on the importance of nature conservation. Our aim is to create a sustainable ecosystem and protect the natural beauty while providing the community with a wholesome and serene environment.

### Protecting Nature

#### Tree transplanting at our eco-themed development projects

We aim to save and re-locate as many trees as possible when developing our project sites. We have identified and re-located numerous existing mature trees from a wide range of tree species at our eco-themed development projects. Special machinery such as the "Big John Tree Transplanter" was used to carry out the transplanting works. The transplantation of trees by this method has a higher survival rate, as compared to conventional manual tree transplantation methods.

## Environment



A staff hugging a transplanted mature tree



Transplanted mature tree at project site

### Cultivation of fruit trees

We have planted a wide range of fruit trees that provide food and habitat for birds and other fauna in our eco-themed development projects to encourage their return and to ensure the existing eco-systems are maintained. In consultation with Cyber Plant Conservation ("CPCNet") - a community programme dedicated to preserving Malaysia's rare and diverse fruit tree species for future generations - we have also planted indigenous fruit trees including heritage species such as Macang.

### Preserving resident birds

In collaboration with the Malaysian Nature Society, 72 species of birds were identified in the wetlands habitat. Fruit-bearing trees were planted to attract birds, and this has proven to be successful with birds having been spotted returning to Setia Eco Glades. A similar project was executed at Setia Eco Park in collaboration with the KL Bird Park.

### Preserving resident aqua-life

In consultation with the Malaysian Zoological Society, 27 species of freshwater fish were identified at the wetlands of Setia Eco Glades. Following the recommendations of the society, the fish were hand-gathered during the earthwork stage of construction and released into an on-site pond. Similar work was conducted at Setia Eco Park with the Fisheries Department. The presence of local fish has encouraged birds to nest in the area.

### Protecting butterflies

The Penang Butterfly Farm carried out a site survey on resident species of butterflies at Setia Eco Glades. Nectar plants were cultivated at landscape gardens to provide a food source to the butterfly population that were relocated to the site with the help of the Penang Butterfly Farm. A breeding environment for butterflies has also been created at Setia Eco Park.

### Tracking Our Environmental Impact

S P Setia recently started tracking the consumption of our internal processes, and the data for 2016 will serve as a baseline for future benchmarking purposes. We are committed to reducing our consumption of water and electricity. A number of initiatives have been identified in 2017 towards this end.

#### Electricity and Water Consumption for S P Setia HQ:

<b>LOCATION</b>
<b>S P Setia Headquarters</b>
<b>ELECTRICITY CONSUMPTION FOR 2016 (KILOWATT HOUR, kWh)</b>
<b>2,007,224</b>
<b>WATER CONSUMPTION FOR 2016 (CUBIC METER, m<sup>3</sup>)</b>
<b>21,764</b>

In addition to our on-site and corporate initiatives, we also promote the development of environmental awareness among our employees through various initiatives and encourage Team Setia to adopt environmentally friendly working methods.

# Social

## Team Setia Workplace

**S P Setia prides itself on being a nurturing organisation that provides career development opportunities as well as competitive benefits to our dedicated staff, Team Setia. S P Setia is a place where talents are groomed and achievements credited to the team.**

To achieve our goal of consistently meeting our customers' needs by providing exceptional customer service and product quality, we instil a culture of excellence by promoting a commitment to quality, teamwork and professionalism among our employees.

In line with our **livelearnworkplay** philosophy, S P Setia has instituted initiatives that encourage staff to lead a balanced lifestyle. In 2016, we officially adopted a flexible work arrangement enabling employees to live, learn, work and play better.

S P Setia emerged as the Aon Hewitt Best Employers-Malaysia 2016 winner and received special recognition for its "Commitment to Engagement".

The Group places high importance on human resource planning and development for succession planning. Our management succession plan, approved by the Board, ensures the smooth transition of new management personnel to secure the continued success of the Group.



“  
To achieve our goal of consistently meeting our customers' needs by providing exceptional customer service and product quality, we instil a culture of excellence by promoting a commitment to quality, teamwork and professionalism among our employees.  
”

DESCRIPTION	FY2016 DATA	FY2015 DATA
<b>Employee Breakdown</b>		
<b>Total Number</b>	1,824	1,794
<b>Gender</b>		
Female	771 (42.3%)	752 (41.9%)
Male	1,053 (57.7%)	1,042 (58.1%)
<b>Turnover</b>		
	Total: 157	Total: 243
Female	69 (43.9%)	98 (40.3%)
Male	88 (56.1%)	145 (59.7%)
<b>Region</b>		
Central	1,375 (75%)	1,343 (74.9%)
North	101 (6%)	96 (5.3%)
South	252 (14%)	258 (14.4%)
East	40 (2%)	37 (2.1%)
International	56 (3%)	60 (3.3%)

## Social

### Employee Engagement

We take pride in our continuous investment in Team Setia, without whom we would not be able to generate our outstanding products. Employee engagement is of utmost importance to us, and we use multiple approaches to engage with our staff to address the different developmental needs of our multigenerational workforce, one of which is our annual People Pulse Survey. We benchmark ourselves against other leading organisations and this entails inviting external leaders from different industries to share their experiences and best practices. In 2016, two CEO Dialogue sessions were conducted at all locations. The sessions gave employees the opportunity to interact directly with Top Management.

### Talent Acquisition

S P Setia implements both internal and external talent acquisition strategies. As part of our internal strategy, we identify and nurture existing S P Setia talents with high leadership potential and groom them as part of our succession plan. In 2016, we promoted 293 (16%) employees.

For our external recruitment, we work closely with international and local universities through career fairs and career talks, and leverage on social media platforms as a networking tool. Our Employee Referral Programme incentivises employees who successfully refer new talents to the organisation. The programme is part of our Employer Branding strategy, as we recognise that employees are our best brand ambassadors.

NEW HIRES		FY2016 DATA	FY2015 DATA
<b>Total New Hires</b>		Target: 196 Total: 190	Target: 206 Total: 255
<b>Gender</b>			
	Female (%)	88 (46.3%)	113 (44.3%)
	Male (%)	102 (53.7%)	142 (55.7%)
<b>Age Group</b>			
	<30	5 (2.6%)	7 (2.8%)
	30-40	23 (12.1%)	35 (13.7%)
	40-50	115 (60.5%)	187 (73.3%)
	>50	47 (24.8%)	26 (10.2%)
<b>Region</b>			
	Central	155 (81.6%)	208 (81.6%)
	North	10 (5.3%)	15 (5.9%)
	South	15 (7.9%)	13 (5.1%)
	East	6 (3.1%)	11 (4.3%)
	International	4 (2.1%)	8 (3.1%)

### LinkedIn Partnership

We formed a partnership with LinkedIn in 2016 to further support our recruitment and branding strategies. LinkedIn is a digital platform focused on connecting professionals, and exposes our brand to a wider range of like-minded and interested parties.

### Internships

We employ an average of 50 interns each year from various universities and faculties as part of our commitment to provide undergraduates with practical experience and to identify new talent for our organisation. In 2016, we took in 55 interns, each of whom was assigned a mentor. The performance of the intern is evaluated and identified talents are recommended for future hiring needs.

Social

**Career Talks and Career Fairs**

S P Setia conducts career talks at universities and participates in career fairs targeted at both the general public and university students. These events are important for both the students and ourselves as we are able to meet new potential recruits while students will be able to assess their career opportunities after graduation. We took part in 14 events in 2016.

**Diversity and Equal Opportunity**

We aspire to be an inclusive workplace that embraces diversity, differences in values and supports the participation of all employees. We strive for gender equality and believe all employees should have access to the same rewards, resources and opportunities. Currently, about 42% of our employees are women.

DESCRIPTION	FY2016 DATA	FY2015 DATA
<b>Women in Employment</b>	Total: 771 (42.3%)	Total: 752 (41.9%)
Senior Management	31.9%	25.8%
Middle Management	46.9%	45.3%
Junior Management	70.1%	71.1%
Technical	7.6%	6.7%
Non-Executive	37.5%	37.6%



Staff having a break at Hotspot

Our workplaces have also been equipped to cater to a diverse employee base. For example, all employees at Setia Corporate HQ are provided amenities such as a nursing room, designated parking lots for expectant mothers, a fully equipped gym and a learning centre.

About 60% of our workforce is classified as "Generation Y". To make the working environment more appealing to our young colleagues, we introduced a new office recreational space, the Hotspot, at S P Setia HQ. The colourful space with comfortable lighting gives employees a place to relax between tasks and connect with their colleagues. One of the attractions of the Hotspot is the mini sports corner with table tennis, a dart board and pool table as well as music equipment.

The Good Morning Setia ("GMS") programme started in 2012 and functions as a team communication platform to fully embed the Setia Vision, Values and Three Steps of Service on a daily basis. The platform is also used to share industry updates, Setia's progress and other news with all employees. GMS is designed to inspire and reinforce our work culture based on S P Setia's corporate values.



Tan Sri Dato' Seri Dr. Wan Mohd Zahid (Chairman) and Dato' Khor Chap Jen (CEO) enjoying a game of ping pong at Hotspot

## Social



Annual Dinner - Setia Retrovaganza 2016



2016 SSRC Event - Futsal



Annual Dinner - Setia Retrovaganza 2016



2016 Health Campaign - Go Nuts for Coconut



Team Setia and families turn up in full force for 2016 Setia Family Day which was held at Seri Mutiara Apartments, Setia Alam

We believe that healthy employees are essential for a productive workforce. Our aim is for every Setia employee to remain in good health, and be fit and energetic at work.

The Setia Sports Recreation Club ("SSRC") provides an avenue for our staff to participate in outdoor, recreational and sports activities. We are supporters and promoters of work-life balance and are keen to energise our employees with interesting events. Some of the main events held in 2016 were:

- white-water rafting,
- inter-division futsal tournament,
- a go-kart challenge, and
- a trip to Sunway Lagoon

SSRC also organised several sports tournaments, namely for paintball, futsal, badminton and bowling. We believe that healthy employees are essential for a productive workforce. Our aim is for every Setia employee to remain in good health, and be fit and energetic at work. Our Health Committee organises an annual Health Campaign. This year, the theme of the Campaign was "Eat Well, Train Well and Be Mindful".

Celebrating successes and festivals together is part of S P Setia's culture. Festive gatherings and family days as well as sports and team-building activities are organised regularly, with the annual dinner being the highlight of the year. We organise an annual Chinese New Year celebration and Hari Raya luncheon to embrace the diversity of Team Setia.

The 2016 Setia Family Day was held at the newly developed Seri Mutiara Apartments. Employees and their family members participated in exciting tele-matches and fun games, sports and team-building activities.



Team Setia attending an in-house training programme

## Employee Training

Employee development is a high priority for us, and the Group invests about 2% of its salary budget on employee training. For 2016, a total of RM2,780,978 was spent for training. Team Setia is encouraged to attend training sessions as part of their KPIs. Training programmes range from soft skills and role-specific training to technical skills and leadership development. Employees can select programmes they wish to attend after discussion with their supervisor and in accordance with their career development plan.

The Company's human resources initiatives also take into account the importance of growing internationally savvy talents and future leaders of the Company and strengthening competencies such as strategic thinking. We offer competency-based training programmes that enable our people to acquire the necessary skill sets for their personal and professional development. In 2016 we offered the following training programmes and initiatives:

### Onboarding Programme

All new employees are put through a two-day induction programme in their first week at the Company. The two-day programme covers Company history, branding, products and staff benefits. They take part in the second portion of the onboarding

programme a month later, which entails a site tour to our award-winning properties. The programme is also complemented with an e-learning module covering Product Training, Code of Conduct and SOPs. As at 2016, 98% of new employees completed the onboarding programme. The remaining 2% were employees who re-joined the Company and personal drivers.

### In-House Training Programme

The in-house training programme consists of modules that support our internal training to help our employees develop the necessary competencies for their personal and professional development. The competency training programmes are divided into levels and content and each programme is tailored to specific objectives. They cover areas such as soft skills, technical skills, English proficiency, information technology and finance. In 2016, over 70 different training programmes were offered and more than 200 training sessions were organised.

### Public Training Programme

For specific qualifications and niche training needs that are not covered by the in-house training programme, employees are encouraged to attend external seminars and conferences which expose them to the latest knowledge in their field.

## Social

### Technical Tea Talk

The Technical Tea Talk is a learning initiative designed to enhance the technical knowledge of our project team in various areas related to property construction work. The Talk takes place every last Friday of the month, and internal and external experts are invited to share their experience and knowledge in a specific area. In 2016, a total of 10 Tea Talks were held on topics such as Lift & Escalator, Good & Bad Architectural Design and Extension of Time.

### Study Tours

Study tours expose our people to various development concepts and methodologies in other countries, thereby enhancing their technical knowledge and capability. In 2016, a number of those study tours were organised, including to Panama, Singapore, Guangzhou and Shanghai in China and Melbourne, Australia.

### Talent and Leadership Development

Succession planning is one of the key areas of our People Strategy. We continuously review our succession planning strategy to better equip the organisation in identifying and developing potential. This is to ensure that we have a sufficient talent pool within the organisation to fill mission-critical positions. Several talent development and engagement programmes have been put in place.

### Emerging Leadership Development Programme ("ELDP")

The ELDP was introduced in 2016 to help build managerial skills to drive performance and develop the fundamental skills required for senior leadership. A group of 30 high potential managers were selected to participate in this development programme which is divided into four modules, namely Management, Leadership, Site Visit and Project Coaching.

### Executive Education

Executive education is a senior leaders' development initiative. It aims to ensure that our senior leaders are always business savvy, broad minded and up to date with business trends. In 2016, five senior leaders attended executive education at the London Business School and ICLIF's Leading Leaders programme in Bali.

### Employee Benefits

Our employees, Team Setia, are our most important asset and we strive to promote integrity and mutual trust in the workplace. We encourage the Team to perform at their level best and reward them accordingly. Our Total Reward strategy uses a multi-pronged approach, ensuring a good balance between immediate and long-term rewards. The Group has several initiatives in place to support the employees in different stages of their lives, including allotments of affordable apartments in Setia Alam.

Our employees, Team Setia, are our most important asset and we strive to promote integrity and mutual trust in the workplace. We encourage the Team to perform at their level best and reward them accordingly.



Citizen Setia loves Jet Setting

### Community Outreach

#### Citizen Setia

Citizen Setia is an appreciation programme to recognise and acknowledge our valued and loyal purchasers. It has been carefully crafted to differentiate and give a branded identity to Setia property purchasers. All purchasers are automatically accorded Citizen Setia status, where they can enjoy a range of specially curated privileges and various lifestyle experiences.

Social

In 2016, Setia invited 1,000 Citizen Setia to watch the Broadway Musical “Shrek the Musical” at Istana Budaya, Kuala Lumpur as well as the musical concert “Yours Musically” by Dama Orchestra, a local production house.

Some of the previous unique Citizen Setia privileges or experiences included “Citizen Setia loves Jet Setting”, where more than 60 lucky Citizens of Setia were rewarded with yacht cruises and all-expense-paid business-class trips to countries where Setia has its presence namely Malaysia, Singapore, Vietnam, China, Australia and the United Kingdom. On top of that, the holiday winners were rewarded with Canon cameras and a year-long supply of the Focus Malaysia business newspaper.

In 2016, Setia invited 1,000 Citizen Setia to watch the Broadway Musical “Shrek the Musical” at Istana Budaya, Kuala Lumpur as well as the musical concert “Yours Musically” by Dama Orchestra, a local production house. Citizen Setia were further rewarded with free mega-blockbuster movie screenings in selected cinemas within the Klang Valley, Johor, Penang and Kota Kinabalu.

In addition to that, Setia organised several gardening and landscaping workshops across our Setia development projects in Malaysia where experts from our award-winning teams were present to provide hands-on tips on growing and maintaining a beautiful garden. Special planting kits with a variety of flower seeds were given to Citizen Setia for them to beautify their own gardens.



Shrek the Musical



Yours Musically

## Social

### S P Setia Foundation

In an industry that revolves around bricks and mortar, S P Setia is more than just a builder - we strive to connect with communities and create sustainable environments that enrich lives. Through the S P Setia Foundation, our corporate social responsibility ("CSR") arm, the Group focuses its social efforts on education and aiding the less fortunate.

#### Setia Caring School Programme

In an effort to help children receive a holistic education, the S P Setia Foundation launched the Setia Caring School Programme in April 2015. The programme aims to nurture a more empathetic, morally-grounded society rooted in the core idea of cultivating a "caring society". Under this programme, the S P Setia Foundation adopts underperforming schools to cultivate future leaders who are not only academically successful, but also grounded in positive moral values and ethics, with empathy for all in a multi-cultural community.

At the start of the programme, the Foundation adopted three underperforming schools in the Klang Valley, followed by schools in Johor and Penang. The number of adopted schools increased to nine in 2016:

- Selangor: SK Meru Jalan Tap, SJK (C) Lee Min, SJK (T) Ladang Vallambrosa
- Penang: SK Batu Ferringhi, SJK (C) Aik Hua, SJK (T) Tasek Permai
- Johor: SK Felda Bukit Permai, SJK (C) Seelong, SJK (T) Ladang Kulai Besar

In 2016, under this programme, the Foundation partnered with Universiti Pendidikan Sultan Idris to carry out 14 projects focusing on the Six Caring Areas for students from the nine schools. Various programmes such as camping, workshops, field trips, environmental protection workshops and mural-making classes were organised for these students with the intention of nurturing and exposing them to positive values.



Students and volunteers from the Selangor Setia Caring School Programme visited Rumah Warga Emas Klang in conjunction with the Chinese New Year Celebration



S P Setia Foundation Chairman, Tan Sri Dato' Seri Dr. Wan Mohd Zahid Mohd Noordin, interacting with students during the World Environment Day celebration at SJK(T) Ladang Vallambrosa, Selangor



Setia Care Bear interacting with students during Caring for Family Campaign

## Social

The Setia Caring School Programme is divided into different Caring areas:

(Caring Areas)	Caring for Family	Caring for Friends	Caring for School	Caring for Society	Caring for Environment and Nature
<b>Objective</b>	Inculcating a caring culture towards family members	Inculcating a caring culture between friends	Inculcating a caring culture towards education, teachers and school facilities	Encouraging students to be caring and compassionate towards their community	Increasing awareness on protecting the environment
<b>Highlights for 2016</b>	Caring for Family workshops were conducted in all three schools in Selangor. Similar workshops will be carried out in Johor and Penang schools in 2017.	<p>Wira Chef is a platform enabling students from low-performing classes to interact with other students and professional adults while participating in cooking activities. The objectives of this project are to build the confidence of the students and nurture a culture of compassion with the food donated to those in need. A nutrition programme and seven cooking workshops for over 60 participants were organised in 2016, with the help of local volunteers.</p> <p>We continued to support Caring Agent, a community service programme for Form Six students from eight schools in Selangor. We also organised cultural activities (from study trips to Unity in Diversity workshops), Inclusive Caring Arts ("TICA") Programme for special education students, and Taman Herba project for schools, as well as helped organise eye checks and donated eyeglasses.</p>	The schools celebrated local festivals with the communities. During Chinese New Year, students, teachers and volunteers visited Persatuan Rumah Warga Emas Klang, served the elderly a healthy breakfast and donated food items, toiletries, two air coolers and two commode chairs. During Hari Raya, the schools visited homes for the elderly in Penang, Selangor and Johor. The KL Eco City Team visited the paediatric ward at the University Malaysia Medical Centre with raya gifts.	In three of our adopted schools the pupils learned to cultivate green habits by building hibiscus gardens. Participants were taught about planting and selecting the right soil as well as building the infrastructure of a garden by SUBUR Community Gardens and Setia volunteers. We also supported an educational compost-making activity for school children, and organised three workshops and camps for students on nature conservation and sustainability in Pahang, Johor and Penang.	

# Corporate Governance Statement

**The Board of Directors (“Board”) is committed to maintaining a high standard of corporate governance throughout S P Setia Berhad (“the Company”) and its Group of companies (“the Group”) to achieve long-term sustainable business growth and to safeguard, protect and enhance shareholders’ value.**

This Statement is prepared pursuant to Paragraph 15.25 of Bursa Malaysia Securities Berhad (“Bursa Securities”) Main Market Listing Requirements (“Listing Requirements”) and the following describes how the Group has applied the Principles set out in the Malaysian Code on Corporate Governance 2012 (“Code”) and except where stated otherwise, its compliance with the recommendations of the Code for the financial year ended 31 December 2016 (“FY2016”).

## 1. PRINCIPLE 1 - ESTABLISH CLEAR ROLES AND RESPONSIBILITIES

### 1.1 Clear Functions of the Board and Management

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

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

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

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

### 1.2 Clear Roles and Responsibilities

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

In FY2016, an Offsite Board Strategy Meeting was held to discuss and set the strategic direction of the Group for the next five (5) years which was also attended by the Senior Management of the Group where aspirations and assumptions were presented and constructively challenged by the Board taking into consideration, among others, the prevailing market and economic conditions and regulatory landscape in Malaysia and the countries the Group operated in. The strategy session and the discussions and feedback from the Board set the foundation of the 2017 Business Plan and Budget, which was presented and approved by the Board in December 2016. The management actions were subsequently aligned to meet the long-term goals of the Group.

The Nomination and Remuneration Committee (“NRC”) together with the President and CEO undertakes a periodic review of the organisation structure to ensure that optimum infrastructure and arrangements are in place including effectiveness of oversight function, adequacy of resources and talents required to support and manage the business and operations of the Group. The NRC is also involved in the selection and interview sessions in respect of the key positions in the Company prior to their appointments.

The Board acknowledges the importance of readiness of a talent pool for succession planning. In executing the succession plan, Dato’ Khor Chap Jen, Datuk Wong Tuck Wai and Mr Choy Kah Yew were confirmed as the President and CEO, Deputy President and COO, and CFO, respectively, which took effect on 1 April 2016. During the year, necessary trainings, insights into corporate leadership and directors’ onboarding programme were provided to the Senior Management with the aim of developing capable leaders with strategic mindsets to meet current and future challenges and in preparation for board memberships.

## Corporate Governance Statement

The Company undertakes an annual survey serving as a barometer to measure the overall climate of the Company and to identify key issues and concerns of employees in order for the Management to construct action plans to address issues and concerns, if any. This effort is part of the Company's continuous commitment to nurture and sustain a team of passionate and dedicated talents to the Company's business goals and direction. The results of the survey, which was carried out in 2015, were presented to the Board in 2016.

The Board has delegated certain responsibilities to various Board Committees, all of which operate within their respective defined terms of reference to assist the Board in the discharge of its duties and responsibilities. These Committees report to the Board on matters discussed and deliberated and/or make recommendations to the Board for final decisions, except to the extent where certain matters are delegated by the Board to the Committees.

Under the board governance structure, the Board Committees include the Executive Committee ("EXCO"), Audit Committee ("AC"), Risk Management Committee ("RMC") and NRC. The Terms of Reference ("TOR") of the relevant committees are available on [www.spsetia.com](http://www.spsetia.com).

Notwithstanding that the Board Committees are delegated with certain responsibilities, the Chairman of the Board Committees report to the Board and minutes of Committee meetings are tabled to the Board to keep the Board apprised of matters being considered and deliberated by the respective Committees. The composition of the Board Committees is set out on [page 10](#) of this Annual Report.

 For more information.

During the year, the Board undertook a review of the overall board governance model which also served to provide clear guidelines to the Company on the criteria for representation of the Board of the Company ("Main Board") in significant projects or investments, aimed at enabling direct line of sight of the Main Board in an effort to further improve the Board's oversight function as well as to allow the Management to leverage and tap into the expertise of the Non-Executive Directors of S P Setia. While the respective boards of directors of the significant projects or investments will continue to monitor execution of projects in a timely manner, strategic and policy matters of the Company will be decided by the Main Board and thereafter, cascaded to the Group for implementation.

In addition to the above, monthly updates on the progress of the identified significant projects are submitted to the EXCO at the monthly meeting. The same progress reports and quarterly status reports summarising various key operating indicators of the Group from the President and CEO are provided to the Board.

### 1.3 Code of Conduct and Business Ethics and Whistleblowing Policy

The Company has in place a Code of Conduct and Business Ethics ("Code of Conduct") to actively promote and establish a corporate culture which promotes ethical conduct that permeates throughout the Group. The Code of Conduct serves as a road map to help guide actions and behaviours while working for and/or dealing with the Company to maintain high standards of business ethics and encourage performance with integrity. Provisions covered include relationships between Staff and Management, the Company and Customers, Suppliers, Vendors and Contractors. All employees are required to read, understand, accept and abide by the terms of the Code of Conduct and all new staff are briefed on the requirements of the Code of Conduct as part of the Company's induction programme. The Code of Conduct is actively and effectively communicated via the Company's intranet and is also subject to regular review and updates, as necessary, by the RMC. A summary of the Code of Conduct is available on [www.spsetia.com](http://www.spsetia.com).

The Company also has in place a Whistleblowing Policy which is aimed at protecting integrity, transparency, impartiality and accountability where S P Setia Group conducts its business operations. The Whistleblowing Policy provides a structured reporting channel and guidance to all employees and external parties to whistleblow without the fear of victimisation. The Whistleblowing Policy is available for access on the Company's intranet and [www.spsetia.com](http://www.spsetia.com).

The AC shall perform the oversight function over the administration of the policy while administration of the policy is to be carried out by the Chief Internal Auditor. The whistleblower has the option of reporting his/her concern to the line manager or general manager or directly to the AC Chairman. There is a platform for concerns to be submitted electronically via the S P Setia Whistleblowing Portal which is available on [www.spsetia.com](http://www.spsetia.com).

### 1.4 Strategies that Promote Sustainability

S P Setia is committed to incorporating corporate responsibility practices into our business activities. Sustainability is embedded in the organisation's mission, vision and values and is manifested in our products. The scope of the Sustainability Statement covers S P Setia's operations in Malaysia during the reporting period January 2016 to December 2016. The Sustainability Statement is set out on [pages 52 to 67](#) of this Annual Report and explains the Group's practices, philosophies and activities carried out during FY2016.

 For more information.

## Corporate Governance Statement

### 1.5 Access to Information and Advice

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

The Board is engaged on announcements made by the Company to Bursa Securities on significant transactions, whereas news coverage on the events, analyst reports and matters concerning the Group reported in the media are disseminated to all the Directors on a daily basis.

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

All Directors have direct and unrestricted access to the advice and services of the Company Secretaries and Senior Management and the Board may seek independent professional advice, at the Company's expense, if required, in furtherance of their duties.

### 1.6 Company Secretaries

The Company Secretaries of the Company are qualified company secretaries under Section 235 of the Companies Act 2016 ("Act") and are also the secretaries to the Board Committees. The Company Secretaries play an advisory role to the Board, particularly with regard to the Company's constitution and Board policies and procedures as well as compliance with relevant rules and regulations.

Besides playing an advisory role, they are responsible for arranging and preparing the schedule of Board and Board Committee meetings for the whole year in advance so that sufficient time is given to the Directors to plan their schedules to enable them to attend the meetings. The agenda for the meeting is prepared by the Company Secretaries and approved by the Chairman of the Board and Board Committees. They will ensure that deliberations at Board and Board Committee meetings are clearly and comprehensively recorded as source documents. Decisions of the Board and Board Committees and matters requiring further actions are then communicated to the Management and/or escalated by the Management to the relevant approving authority for approval if necessary. Updates on the follow-up actions are reported to the Board and Board Committees at the subsequent meetings until closure.

The Company Secretaries notify the Board and principal officers of the Company on the open periods and closed periods pending announcement of the Company's quarterly interim financial reports to Bursa Securities so as to ensure that any dealings in the securities of the Company and the disclosure obligations under the Listing Requirements arising therefrom are adhered to by the Directors and principal officers of the Company. The Company Secretaries collate and table the summary of the dealings to the Board on a quarterly basis for information.

### 1.7 Board Charter

The Board has formalised and adopted the updated Board Charter in December 2015 to serve as a source reference and primary induction literature, providing insights to existing and prospective Board members to assist the Board in the performance of their fiduciary duties as Directors of the Company. The Board Charter is available on [www.spsetia.com](http://www.spsetia.com).

## 2. PRINCIPLE 2 - STRENGTHEN COMPOSITION OF THE BOARD

### 2.1 NRC

The NRC comprises three (3) members, of which the majority are Independent Non-Executive Directors ("INED"). The Chairman of the NRC is the Senior INED. The Members of the NRC are listed on [page 10](#) of this Annual Report.  For more information.

The TOR of the NRC provide that the NRC has specific responsibilities with respect to assisting the Board in proposing new nominees for the Board and Board Committees, developing and establishing competitive remuneration policies and packages and assessing the Directors on an ongoing basis as well as administering S P Setia Group Employees' Long Term Incentive Plan ("LTIP") comprising the Employee Share Option Scheme and the Employee Share Grant Plan.

During FY2016, the NRC carried out its functions in accordance with its TOR which are further elaborated in this statement.

## Corporate Governance Statement

### 2.2 Develop, Maintain and Review Criteria for Recruitment and Annual Assessment of Directors

#### Recruitment or Appointment of Directors and Boardroom Diversity

The Board takes cognisance of the need for diversity and inclusiveness in its composition which provides the Board the benefits of different perspectives to bear on issues and sound decisions that are aligned to customer and investor needs. The Board considers diversity from various areas, including gender, age, ethnicity, academic and professional qualification, experience and skills.

During the year, the NRC reviewed the nomination of Dato' Azmi bin Mohd Ali for appointment as a Non-Independent Non-Executive Director of the Company. After having considered his legal qualification, experience and skills, which was necessary to fill the vacancy arising from the resignation of Encik Zainal Abidin bin Jamal who was also of a legal background on 25 February 2016, the NRC recommended his appointment to the Board. The Board concurred with the recommendation of the NRC and approved the appointment of Dato' Azmi bin Mohd Ali as a Non-Independent Non-Executive Director of the Company on 3 March 2016.

The NRC reviews the composition of the Board on an annual basis to ensure the effective functioning of the Board to cope with complexities, competition and changes, to meet the needs of S P Setia Group. In 2016, the NRC reviewed the mix of gender, age, ethnicity, academic and professional qualification, experience, skills as well as length of service of the Directors of the Company so as to achieve the objective of having a balanced board for effective stewardship of the Company. The NRC also reviewed the composition of the Board Committees to ensure that the Board Committees were well represented by the Directors with the relevant skills to discharge the responsibilities set out in their respective TORs. The NRC's observations and recommendations were presented to the Board.

While the Board values diversity, the Board adopts the view that the policy on the composition of the Board should be robust, reflective and fulfil the prevailing and future needs of the Group. In this regard, while the Directors will endeavour to have a befittingly diverse Board, appointments to the Board are based on merit.

The Board is satisfied that its composition reflects a balance of Independent and Non-Independent Directors with a mix of highly qualified and experienced individuals who have distinguished themselves in the legal, financial, engineering, accounting, banking and public service arenas. This combination of different professions and skills provides much insight and a diversity of perspectives to lead and guide the Group in an increasingly complex and competitive business environment and for the continued successful direction of the Group. The Board maintained its women's representation of 30% of the Board composition as at 31 December 2016.

Apart from reviewing the appointment of a new Director, the NRC also reviewed and made its recommendation to the Board on the re-appointment/re-election of Directors and changes to the composition of the Board Committees in 2016. The Board reviewed the Directors who were subject to re-election at the Forty-first (41st) Annual General Meeting ("AGM") held on 18 May 2016 ("41st AGM") and recommended the re-election of Dato' Khor Chap Jen, Dato' Halipah binti Esa, Puan Noraini binti Che Dan, Mr Philip Tan Puay Koon and Dato' Azmi bin Mohd Ali, all of whom had offered themselves for re-election at the 41st AGM. The changes to the Board Committees during the year were approved by the Board upon the recommendation of the NRC.

Pursuant to Section 129(6) of the Companies Act, 1965 the office of a director of or over the age of seventy (70) years became vacant at every AGM unless he was re-appointed by a resolution passed at such an AGM of which no shorter notice than that required for the AGM had been given and the majority by which such resolution passed was not less than three-fourths of all members present and voting at such an AGM. Tan Sri Dato' Seri Dr. Wan Mohd Zahid Bin Mohd Noordin, who was due to retire, had offered himself for re-appointment at the 41st AGM of the Company. The re-appointment of Tan Sri Dato' Seri Dr. Wan Mohd Zahid was also reviewed and recommended by the Board.

#### Board Effectiveness Evaluation ("BEE")

The BEE exercise is carried out on a yearly basis based on the approach and manner as reviewed and recommended by the NRC and approved by the Board.

In FY2016, the Board performed an assessment on its effectiveness. The focus areas of the assessment included inter alia the Board and Board Committees' compositions, roles and responsibilities, time commitment and contribution of Directors during Board and Board Committees' meetings. The assessment also accorded an opportunity to the Directors to formally assess the quality of information supplied by the Management. The BEE questionnaires were circulated to all the Directors for their evaluation. Subsequently, the NRC and the Board had in August 2016, reviewed the outcome of the BEE. Areas requiring improvements were also identified and action plans were recommended to the Board for approval for implementation.

On an overall basis, the Board was satisfied with the outcome of the BEE in the course of discharging their fiduciary duties as Directors of the Company.

## Corporate Governance Statement

### Appointment of Senior INED

The Senior INED of S P Setia is Dato' Ahmad Pardas Bin Senin, who was appointed by the Board as Senior INED on 12 March 2015.

### 2.3 Remuneration Policies and Procedures

The Company's remuneration policy for Directors is designed to enable the Company to attract and retain experienced and knowledgeable individuals of the calibre needed to support the Company's ambitious expansion plans in line with its overall objective of delivering long-term value to its shareholders. The remuneration packages are structured to incentivise and encourage creativity and innovation appropriate for a property, infrastructure and construction company.

#### Remuneration Procedures

The NRC recommends to the Board the remuneration package for the Executive Director. The remuneration package for the Executive Director is structured on the basis of linking rewards to corporate and individual performance. Performance is measured against the results achieved by the Group and individual achievement against targets set at the beginning of each year. It is the ultimate responsibility of the entire Board to approve the remuneration of the Executive Director with the Executive Director concerned abstaining from deliberations and voting on his own remuneration.

In the case of Non-Executive Directors, the remuneration package is determined by the Board as a whole on the recommendation of the NRC. A review of the remuneration framework of the Non-Executive Directors was undertaken by the NRC and the Board during FY2015 with the aim of achieving a sustainable and transparent remuneration policy which set the current remuneration framework. In determining the appropriate level of remuneration, a benchmark study was conducted against other public listed companies on Bursa Securities and peers in the same industry to ensure that a sustainable remuneration level was adopted by the Board that is able to attract, retain and motivate Directors.

#### Remuneration Package

The remuneration package of Directors is as follows:

##### (i) Basic Salary

The basic salary (inclusive of statutory employer's contributions to the Employees Provident Fund) for the Executive Director is recommended by the NRC, taking into account the individual responsibility, contribution, performance, and additional responsibilities of the Directors, as well as the market rate for similar positions in comparable companies. Any increment to the basic salary payable to the Executive Director is reviewed by the NRC and approved by the Board.

##### (ii) Bonus Scheme

The Group operates a bonus scheme for all employees, including the Executive Director. The criteria for the scheme include a set of Key Performance Indicators achieved by the Group from its business activities, together with an assessment of each individual's performance during the period. Bonus payable to the Executive Director is reviewed by the NRC and approved by the Board.

##### (iii) Fees and Other Emoluments

The Non-Executive Directors are remunerated by way of fees and allowances. Fees payable to Non-Executive Directors are subject to shareholders' approval at the AGM. The remuneration framework for the Non-Executive Directors is available in the Board Charter.

The shareholders had, at the 41st AGM of the Company held on 18 May 2016, approved the payment of Director's fees for Non-Executive Directors with effect from 1 January 2016 amounting to RM50,000 per month for the Non-Executive Chairman and RM10,000 per month for each of the Non-Executive Directors of the Company.

## Corporate Governance Statement

Other allowances payable to the Directors during FY2016 were as follows:

Description of Allowances	Chairman of Board Committee of the Company	Member of Board Committee of the Company
Monthly Fixed Allowance	RM2,000	RM1,000
Meeting Allowance	RM1,000 per meeting	RM1,000 per meeting
<b>Others</b>		
Allowance for membership on the board of directors of significant project/investment		RM5,000 per month

### (iv) Benefits-In-Kind

Other benefits (such as chauffeur, security services, travelling allowance and share based payments) are made available as appropriate.

The shareholders of the Company approved the establishment of the Company's LTIP at the Extraordinary General Meeting held on 28 February 2013. The design of the LTIP was approved by the Board and the administration of the LTIP in accordance with the By-Laws was delegated to the NRC. In 2016, the NRC approved the FY2016 grant of shares and options to the eligible Executive Director and employees of the Group.

The details of the remuneration (excluding Goods and Services Tax) of each Director of the Company who served during FY2016 are as follows:-

	Basic Salary (RM'000)	Bonus (RM'000)	Fees (RM'000)	Other Emoluments (RM'000)	Benefits-in-Kind (RM'000)	Total (RM'000)
<b>Executive Director</b>						
1. Dato' Khor Chap Jen	2,630	1,670	-	456	726	5,482
<b>Non-Executive Director</b>						
1. Tan Sri Dato' Seri Dr. Wan Mohd Zahid Bin Mohd Noordin	-	-	520	32	4	556
2. Dato' Halipah Binti Esa	-	-	120	58	-	178
3. Dato' Ahmad Pardas Bin Senin	-	-	120	151	-	271
4. Dato' Seri Ir. Hj. Mohd Noor Bin Yaacob	-	-	120	74	-	194
5. Dato' Zuraidah Binti Atan	-	-	120	12	-	132
6. Tengku Dato' Ab. Aziz Bin Tengku Mahmud	-	-	120	29	-	149
7. Noraini binti Che Dan	-	-	120	43	-	163
8. Philip Tan Puay Koon	-	-	120	66	-	186
9. Dato' Azmi bin Mohd Ali <sup>1</sup>	-	-	99	17	-	116
10. Tun Dato' Seri Zaki bin Tun Azmi <sup>2</sup>	-	-	93	13	-	106
11. Zainal Abidin bin Jamal <sup>2</sup>	-	-	19	5	-	24

Notes:

<sup>1</sup> appointed on 3 March 2016

<sup>2</sup> resigned on 25 February 2016

Besides the Director's Fees and allowances, the Company has arranged for Directors' and Officers' Liability Insurance to indemnify the Directors and Officers of the Group against liability incurred by them during the discharge of their duties while in office. The Directors are provided with medical, hospitalisation and travel insurance under the Group's insurance policies.

## Corporate Governance Statement

### 3. PRINCIPLE 3 - REINFORCE INDEPENDENCE

#### 3.1 Annual Assessment of Independence

The Board acknowledges the importance of INEDs, who provide objectivity, impartiality and independent judgement to ensure that there is an adequate check and balance on the Board. The INEDs ensure that business and investment proposals presented by Management are fully deliberated and examined. They perform a key role by providing unbiased and independent views, advice and judgement, which take into account the interests of the Group and all its stakeholders including shareholders, employees, customers, business associates and the community as a whole.

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

During the year, the Board assessed the independence of the INEDs as part of the BEE. The Board was satisfied with the level of independence demonstrated by all the INEDs and that they could continue to bring sound, independent and objective judgement to Board deliberations through active participation in discussions in decision making by the Board and their ability to act in the best interest of the Company. All the INEDs had also provided his/her confirmation on his/her independence to the NRC and Board.

In view thereof, the Board recommends and supports the resolutions for the re-election of INEDs which will be tabled for shareholders' approval at the forthcoming AGM of the Company.

#### 3.2 Tenure of Independent Director

As part of the Company's initiative to improve corporate governance practices to be in line with the Code as well as international best practice, the Board has adopted the nine (9) year rule for INEDs in line with Recommendation 3.2 of the Code.

Upon completion of the nine (9) years, an INED may continue to serve on the Board subject to the Director's re-designation as a Non-Independent Director or upon approval being obtained from the shareholders.

#### 3.3 Shareholders' Approval for Re-appointment as INED after a Tenure of Nine Years

There are no Directors who have served more than nine (9) years.

#### 3.4 Separation of Positions of the Chairman and President and CEO

There is a clear division of responsibilities between the Chairman and the President and CEO to ensure a balance of power and authority. The Group is led by the President and CEO who is responsible for the overall management of the Group, ensuring that strategies, policies and matters set by the Board are effectively implemented. The Chairman is responsible for conducting meetings of the Board and shareholders and ensuring all Directors are properly briefed during Board discussions and shareholders are informed of the subject matters requiring their approval. All Directors are jointly responsible for determining the Group's strategic business direction.

#### 3.5 Board Composition

As at 31 December 2016, the Board comprised of ten (10) Directors of whom one (1) was Executive Director, four (4) INEDs and five (5) Non-Independent Non-Executive Directors. The composition of the Board fulfils the prescribed requirement for at least one-third (1/3) of the Board to be independent as stated in Paragraph 15.02 of the Listing Requirements. The Chairman of the Board is a Non-INED.

For FY2016, the Board was satisfied with the mix of independent and non-independent directors although only 40% of the Board were INEDs. The Board practised active and open discussions at Board meetings so as to ensure that opportunities were given to all Directors to participate and contribute to the decision making process. Vigorous deliberations and all the views given by the Directors were considered before decisions were made by the Board. There was an existing process for the Chairman and Directors to declare and abstain from discussion in a situation where a conflict of interest might arise. The profiles of the Directors are set out in [pages 32 to 41](#) of this Annual Report.

## Corporate Governance Statement

### 4. PRINCIPLE 4 - FOSTER COMMITMENT

#### 4.1 Time Commitment

The Board meets at least five (5) times a year at quarterly intervals with additional meetings convened as and when necessary to approve quarterly financial results, business plans, budgets and other business development activities. The Board meetings for the whole year are scheduled in advance at the beginning of each financial year to enable the Board members to plan their schedules accordingly. Senior Management members are invited to attend the Board meetings as and when necessary to brief the Board on proposals submitted for the Board's consideration. All proceedings of the Board meetings are duly minuted, approved and signed by the Chairman of the Meeting.

During the FY2016, Board meetings and Board Committee meetings were held and the attendance record for each Director is as follows:

No.	Name of Directors	Number of Meetings				
		Board	AC	RMC	NRC	EXCO
1.	Tan Sri Dato' Seri Dr. Wan Mohd Zahid Bin Mohd Noordin	14/14			6/8	
2.	Dato' Khor Chap Jen	14/14				12/12
3.	Dato' Halipah Binti Esa	13/14	4/4 <sup>1</sup>			11/12
4.	Dato' Ahmad Pardas Bin Senin	13/14		6/6	8/8	
5.	Dato' Seri Ir. Hj. Mohd Noor Bin Yaacob	13/14		6/6		11/12
6.	Dato' Zuraidah binti Atan	12/14				
7.	Tengku Dato' Ab. Aziz Bin Tengku Mahmud	14/14		5/5 <sup>2</sup>		
8.	Noraini Binti Che Dan	13/14	6/6			
9.	Philip Tan Puay Koon	14/14	6/6		6/6 <sup>2</sup>	
10.	Dato' Azmi bin Mohd Ali	11/11 <sup>2</sup>	2/2 <sup>3</sup>			
11.	Tun Dato' Seri Zaki bin Tun Azmi	3/3 <sup>4</sup>			1/1 <sup>4</sup>	2/2 <sup>4</sup>
12.	Zainal Abidin bin Jamal	2/2 <sup>4</sup>		1/1 <sup>4</sup>		

Notes:

- <sup>1</sup> resigned on 24 August 2016
- <sup>2</sup> appointed on 3 March 2016
- <sup>3</sup> appointed on 24 August 2016
- <sup>4</sup> resigned/ceased on 25 February 2016

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

The Directors are aware of the limits of directorships they can have in public listed companies quoted on Bursa Securities. While Directors notify the Company Secretaries as and when they are appointed to other boards, the Directors also provide updates of their directorships and shareholdings in other companies on a quarterly basis, which are tabled to the Board for notation.

#### 4.2 Training

All the Directors have attended the Mandatory Accreditation Programme within the timeframe prescribed and/or such extension as allowed by Bursa Securities. The new Director has also attended the orientation programme organised by the Company to familiarise himself with the Group's business and governance process.

The Corporate Secretariat function facilitates the organisation of Directors' attendance at external programmes while keeping a record of the training received or attended by the Directors. The training records are tabled for notation of the NRC and Board on a half-yearly basis, which assist the NRC and Board on the assessment and determination of the training needs of the Directors.

## Corporate Governance Statement

During the financial period, all Directors have attended the necessary training programmes and seminars to further broaden their perspectives, skills and knowledge and to keep abreast of the relevant changes in law, regulations and the business environment. The trainings attended by the Directors were as follows:

### **TAN SRI DATO' SERI DR. WAN MOHD ZAHID BIN MOHD NOORDIN**

- World Economic Outlook: Challenges & Opportunities for Malaysian Companies
- Risk Awareness Workshop
- Board Chairman Series Part 2: Leadership Excellence From The Chair
- Briefing on:
  - Companies Act 2016
  - Amendments to Listing Requirements
  - New Code on Corporate Governance
  - Trans-Pacific Partnership Agreement

### **DATO' KHOR CHAP JEN**

- Business Etiquette, Protocol and Professional Image Training
- Corporate Directors Onboarding Programme
- Intellectual Property Awareness Capacity Building Seminar
- Briefing on:
  - Companies Act 2016
  - Amendments to Listing Requirements
  - New Code on Corporate Governance
  - Trans-Pacific Partnership Agreement

### **DATO' AHMAD PARDAS BIN SENIN**

- Corporate Governance Breakfast Series with Directors: "The Strategy, the Leadership, the Stakeholders and the Board"
- Briefing on:
  - Companies Act 2016
  - Amendments to Listing Requirements
  - New Code on Corporate Governance
  - Trans-Pacific Partnership Agreement
- Corporate Governance Breakfast Series: "The Board's Role in Developing Strategy - Strategy & Governance"
- MINDA Breakfast Talk: "What Will Distinguish the Great Boards of Tomorrow"
- Australian Institute of Corporate Directors: "International Foundations of Directorship Programme"

### **DATO' HALIPAH BINTI ESA**

- Improving Board Risk Oversight Effectiveness
- Board Education Session on Recovery and Resolution Plan
- Audit Committee Seminar For the Public & Private Sectors 2016: "Improving Audit Effectiveness"
- Practitioners & Board of Directors Guide to the Effective & Practical Implementation of ISO 31000 & Related Standards
- Sustainability Engagement Series for Directors/Chief Executive Officers
- How Effective Boards Engage in Succession Planning for the CEO & Top Management
- Briefing on:
  - Companies Act 2016
  - Amendments to Listing Requirements
  - New Code on Corporate Governance
  - Trans-Pacific Partnership Agreement
- Global Conference 2016 on Enterprise Risk Management & Power of Disruption
- MISC Board of Directors Annual Training 2016

## Corporate Governance Statement

### DATO' SERI IR. HJ. MOHD NOOR BIN YAACOB

- MINDA Director Forum 9/2016 - The Innovation Zone: Unleashing The Mind Set
- Infrastructure Transportation Asia 16th UITP Asia Pacific Assembly - "On An Upwards Trajectory: The Journey & Growth of Public Transport in Asia Pacific"
- Briefing on:
  - Companies Act 2016
  - Amendments to Listing Requirements
  - New Code on Corporate Governance
  - Trans-Pacific Partnership Agreement

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### TENGGU DATO' AB. AZIZ BIN TENGGU MAHMUD

- Corporate Governance Breakfast Series with Directors: "Improving Board Risk Oversight Effectiveness"
- Corporate Governance Breakfast Series with Directors: "The Strategy, the Leadership, the Stakeholders and the Board"
- Sustainability Engagement Series for Directors/Chief Executive Officers
- Corporate Governance Breakfast Series with Directors: "Future of Auditor Reporting - The Game Changer for Boardroom"
- Briefing on:
  - Companies Act 2016
  - Amendments to Listing Requirements
  - New Code on Corporate Governance
  - Trans-Pacific Partnership Agreement
- Corporate Governance Breakfast Series with Directors: "The Cybersecurity Threat and How Board Should Mitigate the Risks"
- Launch of the AGM Guide & CG Breakfast Series: "How To Leverage on AGMs for Better Engagement with Shareholders"
- ACEM-MASHRAE Seminar on Designing Tall, Supertall and Megatall Buildings System
- Senior Leadership Programme
- International Forum on the World's Economic Outlook: Challenges & Opportunities for Malaysian Companies
- Senior Leadership Programme: Leading Digital Business Transformation
- The Direction of Global Competition Malaysia
- How Effective Boards Engage on Succession Planning for the CEO and Top Management
- Preparing the Mutual Fund Industry for Challenges & Opportunities of the Global Financial Competition
- Council on Tall Buildings and Urban Habitat International Conference 2016
- FIDIC Masterclass: Making & Managing Claims
- Corporate Innovation Management Workshop

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### NORAINI BINTI CHE DAN

- Audit Committee Conference 2016: Setting The Right Tone
- Financials Hidden In Plain Sight: Why Directors & Management Need to Ask Hard Questions
- Tenaga Nasional Berhad 2016 Board Development Programme: New Challenge for the Board of Directors - Cyber Risk
- Internal Control & Fraud Prevention Seminar 2016 for the Public & Private Sectors
- Briefing on:
  - Companies Act 2016
  - Amendments to Listing Requirements
  - New Code on Corporate Governance
  - Trans-Pacific Partnership Agreement

## Corporate Governance Statement

### **PHILIP TAN PUAY KOON**

- Mandatory Accreditation Programme for Directors of Public Listed Companies
- Independent Directors Programme: "The Essence of Independence"
- Sustainability Engagement Series for Directors/Chief Executive Officers
- Nominating Committee Programme Part 2: Effective Board Evaluations
- Corporate Governance Breakfast Series with Directors: "The Strategy, the Leadership, the Stakeholders and the Board"
- Exclusive Breakfast Talk - A Behavioural Reflection on Audit Committees and Their Implications for Governance
- Briefing on:
  - Companies Act 2016
  - Amendments to Listing Requirements
  - New Code on Corporate Governance
  - Trans-Pacific Partnership Agreement

### **DATO' ZURAIDAH BINTI ATAN**

- 27th Annual Palm & Lauric Oils Conference
- Global Emerging Markets Programme
- Invest Malaysia 2016
- 2016 World Federation of Exchanges/International Options Market Association Derivatives & Clearing Conference
- Briefing on Trans-Pacific Partnership Agreement
- Capital Market Development Plan Alumni Programme: Companies Bill 2015 - Changes and Impact on Company Directors
- Presenting a Professional Persona
- Emergents: Psychometric Tool and Profiling
- International Conference on Blue Ocean Strategy: Volunteerism as a Key Pillar in Nation Building
- Digital Marketing - Finding & Engaging with Your Target Market
- Issues and Challenges of the Malaysian Capital Market's Ecosystem

### **DATO' AZMI BIN MOHD ALI**

- Directors Induction Programme
- World Economy Outlook: Challenges & Opportunities for Malaysian Companies
- CCM Group Directors and Senior Management Training 2016 on "Time to Throw the Long (Carbon) Ball: Future Opportunities in Polymers"
- Performance Excellence Talk
- MINDA PowerTalk Series: "What Will Distinguish the Great Boards of Tomorrow?"
- A half-day programme on "The Various Methods of Liquidation & Insolvency"
- CCM Group Directors and Senior Management Training (02/2016) on "Companies Bill 2015"
- Briefing on:
  - Companies Act 2016
  - Amendments to Listing Requirements
  - New Code on Corporate Governance
  - Trans-Pacific Partnership Agreement

The Directors will continue to undergo other relevant training programmes and seminars from time to time as they consider necessary to equip themselves with the relevant knowledge and ideas to discharge their duties effectively.

## Corporate Governance Statement

### 5. PRINCIPLE 5 - UPHOLD INTEGRITY IN FINANCIAL REPORTING

#### 5.1 Compliance with Applicable Financial Reporting Standards

##### Financial Reporting

In presenting the annual audited financial statements and quarterly announcement of results to shareholders, the Directors aim to present a balanced and understandable assessment of the Group's position and prospects. The AC assists the Board by reviewing the information to be disclosed, to ensure completeness, accuracy and adequacy prior to release to Bursa Securities and the Securities Commission.

The Directors are required by the Act to prepare financial statements for each financial year which have been made out in accordance with the provisions of the Act and applicable approved accounting standards and give a true and fair view of the state of affairs of the Group and of the Company at the end of the financial period and of the results and cash flows of the Group and of the Company for the financial period.

The Directors are satisfied that in preparing the financial statements of the Group and of the Company for FY2016, the Group has used the appropriate accounting policies and applied them consistently. The Directors are also of the view that relevant approved accounting standards have been followed in the preparation of these financial statements. The Statement of Directors' Responsibility is also enclosed in [page 201](#) of the Annual Report.

 For more information.

#### 5.2 Assessment of Suitability and Independence of the Auditor

##### Relationship with External Auditors

The external auditors play an important role in ensuring the reliability of the Company's financial statements and providing the assurance of accuracy to shareholders. The Board via the AC maintains a formal and transparent professional relationship with the Group's external auditors. The role of the AC in relation to the auditors is described in the AC Report set out on [page 90 and page 91](#) of this Annual Report.

 For more information.

The Company has in place a policy to assess the suitability and independence of external auditors. A performance review of the external auditors will be conducted annually by the AC. There are specific non-audit services set out in the policy that are prohibited from being performed by the external auditors unless the AC's approval is obtained.

The suitability and independence of the external auditors is also assessed from different dimensions which are provided in the policy inter alia limitation to the number of years for lead engagement partner and other key audit partners, fee dependence of the external audit firm on a single client and employment of key audit partners and senior audit staff formerly with the external auditors. The external auditors shall provide a written assurance to the Audit Committee confirming that they are and have been independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements.

### 6. PRINCIPLE 6 - RECOGNISE AND MANAGE RISKS

#### 6.1 Sound Framework to Manage Risks

##### Risk Management and Internal Control

The Board maintains a sound risk management framework and system of internal control to safeguard shareholders' investment and the Group's assets. A Management-level Management Risk Team under the purview of the President and CEO spearheads risk management activities to assist the RMC in ensuring adequate risk management controls are in place in the Group. The Statement on Risk Management and Internal Control which provides an overview of the state of internal controls within the Group is set out on [pages 85 to 89](#) of this Annual Report.

 For more information.

#### 6.2 Internal Audit Function

The Group has an in-house Internal Audit Department that reports directly to the AC. The internal audit function is described in the AC Report set out on [page 92](#) of this Annual Report.

 For more information.

## Corporate Governance Statement

### 7. PRINCIPLE 7 - ENSURE TIMELY AND HIGH QUALITY DISCLOSURE

#### 7.1 Corporate Disclosure Policy

The Company is committed to ensuring that all information such as corporate announcements, circulars to shareholders and financial results are disseminated to the general public in a timely and accurate manner.

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

#### 7.2 Leverage on Information Technology for Effective Dissemination of Information

The Group maintains a website which serves as a forum for the general public to access information on the latest developments. Corporate presentations, annual reports, corporate announcements and financial information utilised during analyst and fund manager briefings are also available on the Group's website.

### 8. PRINCIPLE 8 - STRENGTHEN RELATIONSHIPS BETWEEN THE COMPANY AND SHAREHOLDERS

#### 8.1 Encourage Shareholder Participation at General Meetings

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

During the 41st AGM of the Company and EGM held on 21 October 2016, shareholders were encouraged to raise questions they had and the questions were duly answered by the Board.

#### 8.2 Poll Voting

In accordance with the Company's Constitution, voting at general meetings will be conducted by show of hands or by poll if so demanded by the shareholders or Chairman of the meeting. Poll voting would be carried out for resolutions involving related party transactions as required by the Listing Requirements.

At the commencement of the 41st AGM of the Company held on 18 May 2016, the Chairman briefed the members, corporate representatives and proxies who were present of their rights to speak and to demand a poll on resolutions set out in the Notice of 41st AGM dated 26 April 2016. Resolutions set out in the Notice of the 41st AGM were voted by show of hands.

In compliance with Paragraph 8.29A of the Listing Requirements which applied to the Company's general meetings held on or after 1 July 2016, the resolutions set out in the Notice of the EGM dated 29 September 2016 were voted on a poll on a declaration by the Chairman of the EGM. The votes were validated by an independent scrutineer prior to the announcement of the poll results.

## Corporate Governance Statement

### 8.3 Effective Communication and Proactive Engagement

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

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

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

A press conference is held after each AGM. In 2016, a press conference was held after the conclusion of the 41st AGM of the Company where the Chairman, President and CEO, Deputy President and COO and CFO together with the relevant Senior Management advised the media on the resolutions approved by the shareholders and briefed the media on the operations, performance and financial results of the Group for the year under review and clarified issues and answered questions posed by the media. As such, the press conferences are intended not only to promote the dissemination of the financial results of the Group to as wide an audience as possible, but also to keep the investing public and shareholders updated on the progress and development of the business of the Group.

Any queries or concerns relating to the Group may be conveyed to the following persons:

- (i) Dato' Ahmad Pardas Bin Senin  
Senior INED  
E: apardas@spsetia.com
  
- (ii) Ms Lee Wai Ngan  
Company Secretary  
E: systems@ssassociates.com.my  
T: 03-2161 5466  
F: 03-2163 6968

### COMPLIANCE STATEMENT

This Statement is made in accordance with a resolution of the Board of Directors dated 2 March 2017.

# Additional Compliance

## ADDITIONAL COMPLIANCE INFORMATION

### Utilisation of Proceeds Raised From Corporate Proposals

The proceeds raised under the Rights Issue of Islamic Redeemable Convertible Preference Shares of RM0.01 each ("Rights Issue") which was completed on 6 December 2016 amounting to RM1,127,625,002 have been utilised in the following manner:

Purpose	Proposed Utilisation (RM'000)	Actual Utilisation (RM'000)	Intended Timeframe for Utilisation	Deviation (%)	Explanations (if the deviation if 5% or more)
Existing projects and general working capital requirements of our Group	300,000	34,650	Within 18 months	- <sup>^</sup>	-
Future development projects and expansion plans	826,025	53,910	Within 36 months	- <sup>#</sup>	-
Estimated expenses for the Rights Issue	1,600	1,223	Within one (1) month	23.6	*
<b>TOTAL</b>	<b>1,127,625</b>				

Notes:

<sup>^</sup> Remaining balance to be used within 18 months from 6 December 2016.

<sup>#</sup> Remaining balance to be used within 36 months from 6 December 2016.

\* The expenses relating to the Rights Issue include professional fees, fees payable to the relevant authorities, printing and other miscellaneous charges. The surplus of proceeds which has not been used for such expenses will be reallocated for working capital purposes.

### Audit and Non-Audit Fees

The amount of audit and non-audit fees paid or payable by the Company and its subsidiaries to the external auditors and their affiliated companies for the financial year ended 31 December 2016 is as follows:

	Group (RM'000)	Company (RM'000)
Audit Fees	1,632	130
Non-Audit Fees	502	293

The non-audit fees incurred for the services rendered to the Company and the Group by its external auditors, Messrs Ernst & Young and its member firms of Ernst & Young Global for the financial year ended 31 December 2016 are RM292,750 and RM502,250 respectively.

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

### Material Contracts

There were no material contracts entered into by the Company and its subsidiaries involving Directors' and major shareholders' interest which were still subsisting as at the end of the financial year under review or which were entered into since the end of the previous financial period except as disclosed in Note 37 of the financial statements.

## Additional Compliance

### Recurrent Related Party Transactions

At the 41st AGM of the Company held on 18 May 2016, the Company had obtained the approval from its shareholders for the renewal of the shareholders' mandate to enter into recurrent related party transactions of a revenue or trading nature, which are necessary for its day-to-day operations and in the ordinary course of its business, with related parties.

The said mandate took effect on 18 May 2016 and will continue until the conclusion of the forthcoming AGM of the Company.

At the forthcoming AGM to be held on 18 May 2017, the Company intends to seek its shareholders' approval to renew the existing mandate for recurrent related party transactions of a revenue or trading nature. The details of the shareholders' mandate to be sought will be furnished in the Circular to Shareholders dated 26 April 2017 attached to this Annual Report.

### Employee Share Scheme

During FY2016, the Company issued ordinary shares of RM0.75 each ("Shares") and options under the Employee Share Grant Plan ("ESGP") and Employee Share Option Scheme ("ESOS"), respectively, pursuant to the Long Term Incentive Plan ("LTIP"). Further information on the ESGP and ESOS is set out in the Directors' Report and Note 19 of the Annual Audited Financial Statements for FY2016 in this Annual Report.

Brief details on the number of Shares and options granted, vested and outstanding since the commencement of the LTIP on 10 April 2013 and during FY2013, FY2014, FY2015 and FY2016 are set out in the table below:

	Total	Executive Director/CEO	Senior Management	Other Entitled Employees
<b>For the period from 10 April 2013 to 31 October 2013</b>				
<b>ESGP</b>				
Number of Shares granted ('000)	17,035	896	3,354	12,785
Number of Shares vested ('000)	-	-	-	-
Number of Shares lapsed ('000)	(521)	-	-	(521)
<b>Number of Shares outstanding as at 31 October 2013 ('000)</b>	<b>16,514</b>	<b>896</b>	<b>3,354</b>	<b>12,264</b>
<b>ESOS</b>				
Number of Options granted ('000)	80,864	25,600	55,264	-
Number of Options exercised ('000)	-	-	-	-
Number of Options lapsed ('000)	-	-	-	-
<b>Number of Options outstanding as at 31 October 2013 ('000)</b>	<b>80,864</b>	<b>25,600</b>	<b>55,264</b>	<b>-</b>
<b>For the period from 1 November 2013 to 31 October 2014</b>				
<b>ESGP</b>				
As at 1 November 2013 ('000)	16,514	896	3,354	12,264
Number of Shares granted ('000)	13,110	300	2,608	10,202
Number of Shares vested ('000)	(4,064)	(203)	(759)	(3,102)
Number of Shares lapsed ('000)	(5,145)	(505)	(1,166)	(3,474)
<b>Number of Shares outstanding as at 31 October 2014 ('000)</b>	<b>20,415</b>	<b>488</b>	<b>4,037</b>	<b>15,890</b>
<b>ESOS</b>				
As at 1 November 2013 ('000)	80,864	25,600	55,264	-
Number of Options granted ('000)	3,312	-	3,312	-
Number of Options exercised ('000)	(9,311)	(4,800)	(4,511)	-
Number of Options lapsed ('000)	(27,193)	(12,800)	(14,393)	-
<b>Number of Options outstanding as at 31 October 2014 ('000)</b>	<b>47,672</b>	<b>8,000</b>	<b>39,672</b>	<b>-</b>

## Additional Compliance

	Total	Executive Director/CEO	Senior Management	Other Entitled Employees
<b>For the period from 1 November 2014 to 31 December 2015</b>				
<b>ESGP</b>				
As at 1 November 2014 ('000)	20,415	488	4,037	15,890
Number of Shares granted ('000)	8,825	160	1,643	7,022
Number of Shares vested ('000)	(6,832)	(191)	(1,446)	(5,195)
Number of Shares lapsed ('000)	(3,745)	-	(1,391)	(2,354)
<b>Number of Shares outstanding as at 31 December 2015 ('000)</b>	<b>18,663</b>	<b>457</b>	<b>2,843</b>	<b>15,363</b>
<b>ESOS</b>				
As at 1 November 2014 ('000)	47,672	8,000	39,672	-
Number of Options granted ('000)	15,500	-	15,500	-
Number of Options exercised ('000)	(7,380)	-	(7,380)	-
Number of Options lapsed ('000)	(11,439)	-	(11,439)	-
<b>Number of Options outstanding as at 31 December 2015 ('000)</b>	<b>44,353</b>	<b>8,000</b>	<b>36,353</b>	<b>-</b>
<b>For the period from 1 January 2016 to 31 December 2016</b>				
<b>ESGP</b>				
As at 1 January 2016 ('000)	18,663	457	2,843	15,363
Number of Shares granted ('000)	5,429	150	1,141	4,138
Number of Shares vested ('000)	(9,129)	(247)	(1,883)	(6,999)
Number of Shares lapsed ('000)	(664)	-	(53)	(611)
<b>Number of Shares outstanding as at 31 December 2016 ('000)</b>	<b>14,299</b>	<b>360</b>	<b>2,048</b>	<b>11,891</b>
<b>ESOS</b>				
As at 1 January 2016 ('000)	44,353	8,000	36,353	-
Number of Options granted ('000)	9,586	1,600	7,986	-
Number of Options exercised ('000)	(1,718)	-	(1,718)	-
Number of Options lapsed ('000)	(450)	-	(450)	-
<b>Number of Options outstanding as at 31 December 2016 ('000)</b>	<b>51,772</b>	<b>9,600</b>	<b>42,171</b>	<b>-</b>

**Maximum Allowable Allocation of the LTIP**

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

- The total number of new Shares made available under the LTIP shall not exceed 15% of the issued and paid-up share capital of the Company (excluding treasury shares, if any) at the point in time when an LTIP Award is offered; and
- Not more than ten percent (10%) of the total new Shares to be issued under the LTIP at the point in time when an LTIP Award is offered be allocated to any individual Selected Person who, either singly or collectively through persons connected with him, holds twenty per cent (20%) or more in the issued and paid-up share capital of the Company (excluding treasury shares, if any).

As of 31 December 2016, 23% of the Shares granted pursuant to the ESGP (excluding number of shares lapsed) has been granted to the Executive Director/CEO and Senior Management during FY2016 and since the commencement of the LTIP.

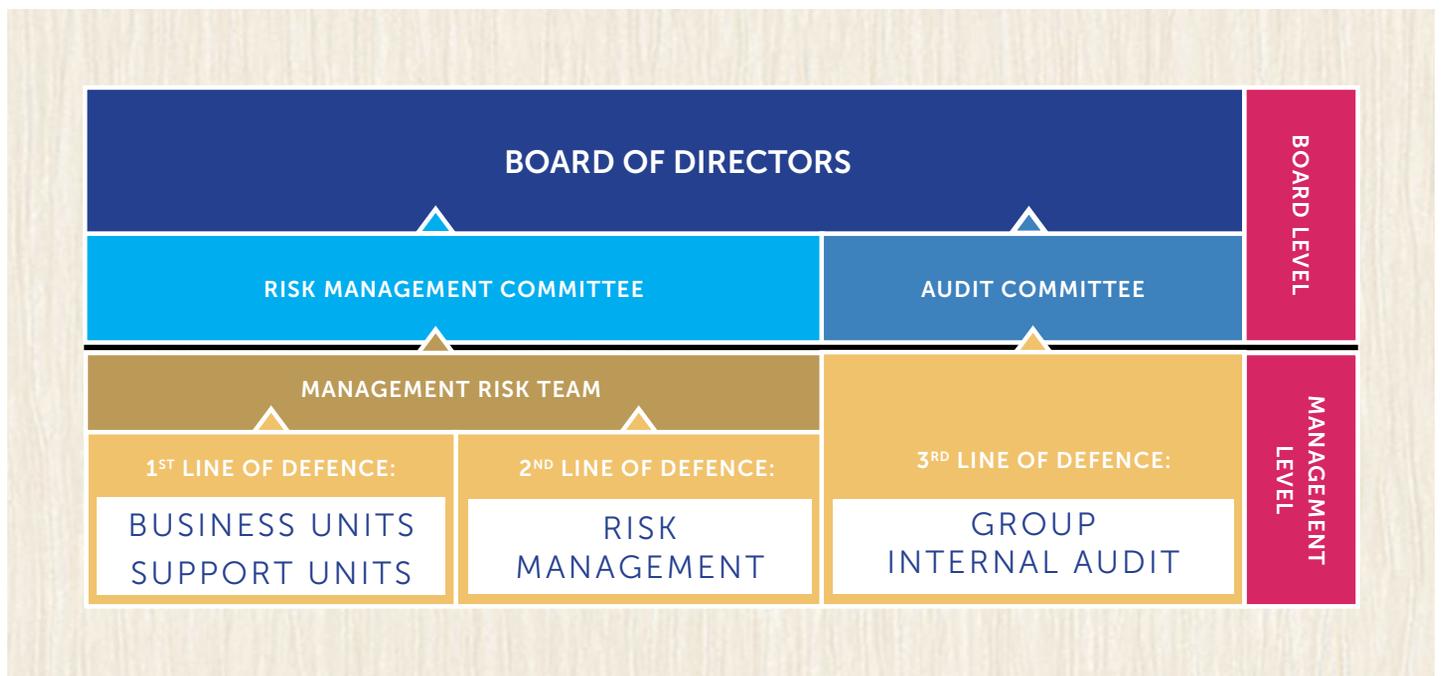
Options under the ESOS were granted only to the Executive Director/CEO and Senior Management of the Company during FY2016 and since the commencement of the LTIP.

# Statement of Risk Management and Internal Controls

The Board is ultimately responsible for establishing and maintaining appropriate risk management and internal control systems for the business of the Group and for assessing their effectiveness regularly. To achieve this, the Board ensures that there is a robust framework of ongoing risk management processes in identifying, evaluating and managing significant risks faced by the Group to promote the long-term success of the Company. Our Board has delegated the responsibility for overseeing the adequacy and effectiveness of risk management and internal control systems to the Risk Management Committee and the Audit Committee.

The Statement on Risk Management and Internal Control was prepared pursuant to paragraph 15.26(b) of Bursa Malaysia Securities Berhad ("Bursa Securities") Main Market Listing Requirements ("Main LR") and guided by the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers ("the Guidelines").

Our risk management framework is guided by the model of "Three Lines of Defence" as shown below:



## Statement of Risk Management and Internal Controls

### THREE LINES OF DEFENCE

The Group's overall risk management objective is to ensure that the Group creates value for its shareholders while minimising potential adverse effects on its performance and positions. The Board regards risk management activities as an integral part of the Group's business practices, which are carried out throughout the year under review and not in isolation.

Our risk management and internal control are regularly reviewed to ensure they are applicable in the ever changing business landscape. The systems and processes that have been put in place are designed to manage our risks.

### FIRST LINE OF DEFENCE: BUSINESS AND SUPPORT UNITS

The first line of defence is made up of the Business Units, Support Units and key Management team (the risk owners) who are accountable for the ownership and management of day to day operations under their respective areas of responsibilities.

The responsibility for managing risk resides at all levels within the Group. The day-to-day project risks (such as health and safety, quality, marketing and statutory compliance, etc.) are mainly managed at the Business Units level and guided by approved standard operating procedures ("SOP"). Key business and operational risks that cut across the organisation (such as new project investments, group finance, contract management, quality standards and human resources, etc.) are managed at the Group level.

Due to the nature of our business, our operational risks are identified on an ongoing basis by the Business and Support Units and concerns/issues are reported immediately to the relevant and authorised parties and appropriate actions will be taken to manage and mitigate the operational risks in a timely manner.

The following are some of the policies and procedures that form the backbone of our risk management and internal control systems and processes and they are applied throughout the Business and Support Units:

- Proactive measures are taken to ensure we continue to maintain our status as Shariah-compliant securities on the Main Market of Bursa Securities. In 2016, the Group appointed Amanie Advisor as the Group's Shariah advisor to provide the necessary advice on Shariah matters.
- Authority Limit SOPs cover all Group operations and form the backbone of all authority limits set by the Board for the Board Committees, Management and operations. The Authority Limit SOPs create clear stewardship responsibilities, delegation of authorities and accountability. In 2016, we carried out a review of the Authority Limit SOPs with the objective of improving operational efficiency. Approval limits and approval processes were updated under the Authority Limit SOPs.
- Annual business plans and operating budgets are prepared by Business Units and are approved by the Board. Key result areas and key performance indicators are established and aligned with the strategic business objectives and are monitored on a quarterly basis.
- The Group places much emphasis on human capital management and talent management with the objective of ensuring staff of all levels are adequately trained and competent to carry out their duties and responsibilities towards achieving the Group's objectives and goals.
- Our Group-wide health and safety policies and procedures ensure a safe working environment. This is achieved through health and safety awareness-raising and training initiatives, continuous improvement of construction methods and communication campaigns with our appointed contractors, more stringent on-site controls and enforcement.
- Various operating policies and SOPs, including codes of conduct, are established for all Business and Support Units. The Group's policies and procedures are reviewed and revised periodically to meet changing business and operational needs and regulatory requirements.

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

## Statement of Risk Management and Internal Controls

### SECOND LINE OF DEFENCE: RISK MANAGEMENT

The second line of defence is provided by the Risk Management Department, with oversight by the Management Risk Team, which is responsible for monitoring the risk management activities of the Group and implementing an effective risk management framework and process.

Facilitated by the Risk Management Department, the Business and Support Units' risk registers are updated on a quarterly basis. The risk registers are the results of the ongoing risk assessments. The major challenges and key risks faced by the Business and Support Units are documented in the risk registers and they are prioritised based on the magnitude of the risks. The risk registers are submitted to the Management Risk Team for further review and deliberation and to make informed decisions. The Management Risk Team (chaired by the President and Chief Executive Officer) is a management committee that oversees the operational risks of the Group.

On a quarterly basis, the Risk Management Department will also present the Group's risk register and reports on significant investments, projects and/or Business Units to the Risk Management Committee for its review and deliberation. The Group's risk register contains the key risks identified from time to time, and sets out the mitigating action plans that have been implemented to address those risks. The Risk Management Committee will also provide guidance and feedback on any shortcomings in the risk management system and ensure the appropriate mitigating controls are put in place.

A summary of issues deliberated by the Risk Management Committee will be presented to the Board and issues requiring the Board's attention will be duly highlighted.

### THIRD LINE OF DEFENCE: GROUP INTERNAL AUDIT

The Group Internal Audit delivers the third line of defence through the provision of an independent view on the efficacy of the risk management and internal control systems. The Group Internal Audit undertakes regular assessment on the Group's operations and the internal control systems to assess and evaluate the adequacy and efficiency of the financial and operating controls. Any gaps or weaknesses on internal control impacting the Business and Support Units are highlighted and recommendations are provided to strengthen the internal control systems.

The Group Internal Audit will apprise the Audit Committee on a quarterly basis on significant matters that require the Audit Committee's attention. Guidance and feedback are provided by the Audit Committee to ensure all measures are put in place to strengthen the Group's internal control systems.

### KEY RISKS

In 2016, we considered the following to be the Group's key risks. These key risks were compiled through aggregation, filtering and prioritisation of the risks from the Group's perspective. The risk assessment process provides an opportunity to highlight emerging risks and/or include new risks into the risk registers. The risk registers also track movement of risks and their specific ratings across the Group, ensuring their proactive management. Details of the key risks are set out in the chart below:

KEY RISKS	KEY CONTROLS AND MANAGEMENT
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#### Slowdown in Market Demand

The Group's business is largely dependent on the performance of the property market in the countries in which we operate. Such performance is affected by, among other factors, domestic and global economies and government regulations. Any adverse developments affecting the property markets such as the deterioration in property demand may also have an adverse impact on our business operations and financial performance.

We constantly monitor the development and changes in the conditions of the property markets we operate in when planning our future developments in order to maintain our competitiveness.

## Statement of Risk Management and Internal Controls

KEY RISKS	KEY CONTROLS AND MANAGEMENT
<p><b>Digital Risk</b> The Group's business and operations may potentially be exposed to rapid digital/information technological advancement. It may affect the manner in which business and operations are conducted.</p>	<p>We ensure proactive measures are taken to build digital resilience to protect our information assets. In tandem with digital transformation trends, the Group constantly keeps abreast with the latest digital developments while leveraging on the relevant digital platforms to connect with our customers and to meet the demand for new business innovation and growth.</p>
<p><b>Competition Risk</b> The Group faces competition from both local and international property developers.</p>	<p>The Group ensures proactive measures are taken to maintain its competitiveness through product differentiation and continues to strengthen its brand value.</p>
<p><b>Regulatory Risk</b> The Group's operations are subject to the jurisdiction of various governmental agencies or ministries. Any changes in prevailing laws or regulations in Malaysia and other countries in which we operate (i.e. Australia, the United Kingdom, China, Vietnam and Singapore) may have an impact on the Group.</p>	<p>The Group proactively keeps abreast with the latest regulatory changes. Management regularly assesses the impact of new or changed regulations that affect the Group's operations and necessary steps are taken to ensure compliance with the regulations.</p>
<p><b>Contractors' Efficiencies</b> Contractors play a key role in the industry in which the Group operates and their efficiency and proficiency to a significant extent influence the Group's delivery of key projects.</p>	<p>The Group endeavours to mitigate this risk by putting in place various policies and procedures which include stringent selection criteria on contractors, having regular performance assessments to ensure product quality and timely completion of projects. A sufficient pool of reputable contractors with good track records is also maintained within the Group.</p>
<p><b>Contractors' Efficiencies</b> Contractors play a key role in the industry in which the Group operates and their efficiency and proficiency to a significant extent influence the Group's delivery of key projects.</p>	<p>The Group endeavours to mitigate this risk by putting in place various policies and procedures which include stringent selection criteria on contractors, having regular performance assessments to ensure product quality and timely completion of projects. A sufficient pool of reputable contractors with good track records is also maintained within the Group.</p>
<p><b>Workplace Health and Safety</b> The Group is potentially exposed to workplace health and safety (including environmental) risks during the period of construction.</p>	<p>The Group is committed to ensuring a safe working environment. These risks are managed by the Group through the strong promotion of a health and safety culture. We remain focused on continuously enhancing the high standard of health and safety on-site. This aim is expressed in several initiatives such as having well defined health and safety policies and procedures, health and safety awareness-raising and training initiatives, continuous improvement of construction methods and communication campaigns with our appointed contractors, and more stringent on-site controls and enforcement.</p> <p>The Group respects the surrounding eco-system/environment where the Group's property development projects are located. The Group ensures that environmental factors are incorporated into the design, construction, operation and maintenance of structures to safeguard the sustainability and the future viability of the property development upon its completion and handover to the purchasers.</p>

## Statement of Risk Management and Internal Controls

### REVIEW OF THIS STATEMENT

The External Auditors have reviewed this Statement for inclusion in the Annual Report for the financial year ended 31 December 2016, and reported to the Board that nothing has come to their attention that causes them to believe that this Statement is inconsistent with their understanding of the processes adopted by the Board in reviewing the adequacy and integrity of the systems of internal control.

### ASSURANCE FROM MANAGEMENT

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

Taking into consideration the information and assurance given by the President and Chief Executive Officer, Deputy President and Chief Operating Officer and Chief Financial Officer, the Board is satisfied that the risk management and internal control systems in place for the year under review and up to the date of approval of this Statement are sound and effective to safeguard the interest of all shareholders, the Group's assets, and other stakeholders. The Board has deliberated and approved the recommendations brought forth by the Risk Management Committee and Audit Committee.

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

This Statement was approved by the Board of Directors on 2 March 2017.

# Audit Committee Report

## MEMBERS OF THE AUDIT COMMITTEE

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

**Philip Tan Puay Koon** (Independent Non-Executive Director)

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

Two-thirds of the members of the Audit Committee ("AC") are Independent Non-Executive Directors. Puan Noraini binti Che Dan, who is the Chairman of the AC, is a member of the Malaysian Institute of Accountants and Malaysian Institute of Certified Public Accountants. The composition of the AC is in compliance with Paragraph 15.09 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Listing Requirements"). Details of the AC members' attendance at the AC meetings held during the financial year ended 31 December 2016 ("FY2016") are disclosed on [page 75](#) in the Corporate Governance Statement of this Annual Report.

 For more information.

## TERMS OF REFERENCE

The Terms of Reference ("TOR") of the AC are available for reference on the Company's website at: [www.spsetia.com](http://www.spsetia.com)

## SUMMARY OF ACTIVITIES OF THE AC DURING THE YEAR

The AC met six (6) times during FY2016. The President and Chief Executive Officer, Deputy President and Chief Operating Officer, Chief Financial Officer, Group Financial Controller, Chief Internal Auditor and External Auditors attended the meetings, where applicable, together with the AC members.

The activities of the AC for FY2016 with regard to the matters relating to the financial statements of the Company and External Auditors were as follows:

- (a) Reviewed the quarterly financial results announcements and the year-end financial statements of the Group prior to the Board of Directors of the Company ("Board")'s approval, focusing particularly on:
  - the overall performance of the S P Setia Group ("Group"), which included among others, sales, method of recognition of revenue and profit, land held for property development, cashflow position, amount of receivables and payables and level of gearing;
  - the prospects for the Group;
  - the changes in and implementation of major accounting policies and practices and prior year adjustments; and
  - compliance with accounting standards and other legal requirements.
- (b) Discussed significant accounting and auditing issues in respect of the financial statements of the Group for the financial period ended 31 December 2015 with the External Auditors and assessed the actions and procedures taken by the External Auditors in respect of those areas.
- (c) Reviewed the performance of the External Auditors, guided by the External Auditors Policy and independence of the External Auditors, and recommended their re-appointment to the Board. The assessment was done in conjunction with the Group Financial Controller via a questionnaire where performance of the External Auditors was rated based on a five-point scale. Areas of performance review included the quality of service rendered, sufficiency of resources, level of communication and interaction of the audit team and independence, objectivity and professionalism of the audit team. Upon conclusion of the audit, the External Auditors had reconfirmed to the AC their independence in carrying out the audit of the financial statements of the Company for the financial period ended 31 December 2015 vide the report of audit results submitted to the AC as well as confirmation obtained at the AC Meeting.

The Board had recommended the re-appointment of Messrs Ernst & Young as External Auditors of the Company for the financial year ended 31 December 2016 at the Company's 41st Annual General Meeting held on 18 May 2016, which was approved by the shareholders thereat.

## Audit Committee Report

- (d) Held two (2) private sessions with the External Auditors without the presence of the Executive Director and Management. There were no areas of concern that warranted escalation to the Board.
- (e) Reviewed the audit planning memorandum for FY2016 with the External Auditors including the adequacy of the external audit team and audit fees. The areas of audit emphasis and action plans were discussed at length with the External Auditors and the Management to ensure that adequate actions were carried out to ascertain compliance with the relevant accounting standards, prior to finalising the audited financial statements of the Company.
- (f) Kept abreast of changes in reporting requirements, namely, the revised auditor reporting standards particularly on the Key Audit Matters report and Going Concern requirements, financial reporting and regulatory developments, so as to ensure that disclosure requirements imposed by relevant bodies were complied with by the Group.
- (g) Received the declaration of independence by the External Auditors in respect of the audit for FY2016.
- (h) Reviewed the amount of audit and non-audit fees paid or payable by the Company and its subsidiaries to the External Auditors and their affiliated companies for FY2016 and recommended the amount to the Board for approval. The total amount of audit and non-audit fees for FY2016 was compared against the previous year and any increase or decrease in fees was appropriately justified by the Management taking into consideration the level of activities of the Group, inflationary factors and reference to the fees payable by other companies in the same industry.

The activities of the AC for FY2016 with regard to the matters relating to the internal audit function, internal controls and operations were as follows:

- (a) Reviewed the Audit Committee Report and Statement of Risk Management and Internal Control for inclusion in the Annual Report 2015.
- (b) Reviewed the reports prepared by the Internal Auditors on the state of internal control of the Group. The AC also reviewed and approved the three (3) year internal audit plan from 2016, 2017 and 2018.
- (c) Reviewed the related party transactions entered or to be entered into by the Company. Reviewed the procedures for recurrent related party transactions for purposes of ensuring that the processes and controls were in place to ensure that recurrent related party transactions were not more favourable to the related parties than those generally available to the public and were not to the detriment of the minority shareholders.
- (d) Reviewed the transfer pricing policies governing inter-company transactions to establish that the significant inter-company transactions of the Group under review complied with the transfer pricing guidelines, which was confirmed by an external independent consultant.
- (e) Reviewed its TOR to ensure that it had performed its functions in accordance to the TOR and proposed changes, where necessary, taking into consideration the changes to the Listing Requirements and recommended the changes to the Board for approval.
- (f) Reviewed the impact of Goods and Services Tax on the performance of Corporate Financial Guarantees to the subsidiaries of the Company for recommendation of appropriate actions to be undertaken by the Group.
- (g) Reviewed, in co-operation with the Risk Management Committee, various policies for adoption and implementation by the Management to further strengthen internal controls of the Group and recommended the policies to the Board for approval.
- (h) Reviewed the rationalisation of dormant or inactive companies within the S P Setia Group of Companies with the aim of optimising the Group's corporate structure and recommended the same to the Board for approval.
- (i) Reviewed the adequacy of the internal audit function and involved in the selection and recommendation for the appointment of critical position in the internal audit function.

## Audit Committee Report

### INTERNAL AUDIT FUNCTION

The Group has an in-house independent internal auditing function, Group Internal Audit ("GIA") that reports directly to the AC. Its principal responsibility is to provide objective assurance and consulting activity designed to add value and improve the efficiency and effectiveness of the Group's operations. It helps the Group to accomplish its objectives by bringing a systematic and disciplined approach to evaluate and improve the effectiveness of the risk management, internal control and governance processes. GIA also conducts ad hoc assurance assignments and special reviews upon request by the AC and Senior Management.

GIA conducts the audit in accordance with the annual internal audit plan, developed based on a risk-based approach, approved annually by the AC. The internal audit scope is then developed based on the approved annual audit plan to focus on the key controls on more significant risks to the organisation, and is relied upon to manage risks associated with critical business objectives. It performs risk-based audits and reviews on all business units emphasising on high risk areas to evaluate the efficiency and effectiveness of the controls in place to mitigate the risks. All major findings and significant control issues and concerns are reported directly to the AC. The GIA also highlights to the Management all issues and concerns, and performs follow-up actions.

During the year, GIA carried out the following activities:

- (a) Reviewed the system of internal controls and compliance framework based on a risk-based approach as per the approved annual plan and provided value added improvements to the existing system on controls.

For planned engagements, the objectives are aligned to those initially identified and approved during the risk assessment process from which the internal audit plan is derived.

For unplanned engagements, the objectives are established prior to the start of the engagement. After identifying the risk, the procedure to be performed and the scope of these procedures are determined.

- (b) Conducted and completed a systematic analysis of business processes and associated controls, and scheduled and special internal audit assignments, focusing on effectiveness of governance, risk and internal controls and providing improvements where necessary.
- (c) Conducted follow-up procedures to determine the status of Management implementation of issues highlighted in previous audit reports and ensured Management actions had been effectively implemented.
- (d) Reviewed the recurring related parties' transactions on a quarterly basis in accordance with the guidelines set out in the Circular to Shareholders dated 26 April 2016.
- (e) Reviewed on an ad hoc basis areas where there were concerns that affected financial reporting, internal controls and governance.
- (f) Reviewed and assessed the Whistleblowing Reports to ensure that all reported cases were thoroughly investigated and appropriate actions were taken to address all concerns raised. There were no reports on fraud and irregularities as the reports received were mainly general complaints.

GIA reported areas where internal controls required improvements and recommended action plans to the appropriate level of Management for implementation. Significant matters were promptly reported directly to the AC and Senior Management. All internal audit activities were performed in-house.

The total cost incurred for the internal audit function for the FY2016 was approximately RM2.46 million.



# Financial Statements

94	Corporate Information
95	Directors' Report
100	Statements of Financial Position
102	Statements of Comprehensive Income
103	Consolidated Statement of Changes in Equity
105	Statement of Changes in Equity
106	Statements of Cash Flows
110	Notes to the Financial Statements
201	Statement by Directors
201	Statutory Declaration
202	Independent Auditors' Report

# Corporate Information

**DOMICILE** : Malaysia

**LEGAL FORM AND PLACE OF INCORPORATION** : Public listed company limited by way of shares incorporated in Malaysia

**REGISTERED OFFICE** : Plaza 138, Suite 18.03  
18th Floor, 138 Jalan Ampang  
50450 Kuala Lumpur

**PRINCIPAL PLACE OF BUSINESS** : S P Setia Berhad Corporate HQ  
No. 12, Persiaran Setia Dagang  
Setia Alam, Seksyen U13  
40170 Shah Alam  
Selangor Darul Ehsan

# Directors' Report

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2016.

## PRINCIPAL ACTIVITIES

The Company is principally an investment holding company. The principal activities and other information relating to the subsidiary companies are indicated in Note 8 to the financial statements.

There have been no significant changes in the nature of these activities during the financial year.

## CHANGE OF FINANCIAL YEAR END

In 2015, the Company changed its financial year from 31 October to 31 December. In this regard, the previous reporting period covered a period of 14 months from 1 November 2014 to 31 December 2015. The current reporting year covers a period of 12 months from 1 January 2016 to 31 December 2016. Consequently, the comparative amounts for the statements of comprehensive income, statements of changes in equity, statements of cash flows and related notes to the financial statements are not comparable.

## RESULTS

	Group RM'000	Company RM'000
Net profit for the financial year	899,279	680,592
Attributable to:		
Owners of the Company	808,030	644,356
Holders of Perpetual bond	36,236	36,236
Non-controlling interests	55,013	-
	899,279	680,592

## DIVIDENDS

At the Extraordinary General Meeting of the Company held on 20 March 2014, the shareholders of the Company resolved to approve the Company's Dividend Reinvestment Plan ("DRP"). The authority granted to the Company to allot and issue new shares of RM0.75 each of the Company pursuant to the DRP was renewed by the shareholders at the 41st Annual General Meeting ("AGM") of the Company held on 18 May 2016.

The DRP provides an option to the shareholders to reinvest either all or a portion of the declared dividends in new shares in lieu of receiving cash. Shareholders who elect not to participate in the option to reinvest, will receive the entire dividend wholly in cash.

During the financial year, the Company paid the following dividends:

- A single-tier final dividend of 19 sen per share each amounting to RM499,416,016 in respect of the financial period ended 31 December 2015. A total of 179,964,772 new ordinary shares of RM0.75 each were issued on 3 August 2016 at an issue price of RM2.65 per share under the DRP and the remaining portion of RM22,509,370 was paid in cash on 3 August 2016; and
- A single-tier interim dividend of 4 sen per share each amounting to RM112,738,145 in respect of the financial year ended 31 December 2016. A total of 34,367,408 new ordinary shares of RM0.75 each were issued on 22 November 2016 at an issue price of RM3.11 per share under the DRP and the remaining portion of RM5,855,506 was paid in cash on 22 November 2016.

The Directors now recommend a single-tier final dividend of 16 sen per share amounting to RM456,563,186 in respect of the financial year ended 31 December 2016. The financial statements for the current financial year do not reflect this proposed dividend, which if approved by the shareholders at the 42nd AGM of the Company, will be accounted for in equity as an appropriation of retained earnings for the financial year ending 31 December 2017.

## Directors' Report

### RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year except as disclosed in the statements of changes in equity set out on pages 103 to 105.

### ISSUE OF SHARES AND DEBENTURES

During the financial year, the Company increased its issued and paid-up share capital from RM1,971,266,510 to RM2,151,416,185 by way of:

- (a) Issuance of 214,332,180 new shares pursuant to the DRP that provides shareholders with an option to reinvest their cash dividend in new ordinary shares at the following issue prices:

		5 <sup>th</sup> DRP	6 <sup>th</sup> DRP
<b>Issue price</b>	<b>(RM)</b>	2.65	3.11
<b>No. of shares issued</b>		179,964,772	34,367,408

- (b) Allotment of 9,129,207 shares pursuant to the vesting of shares under the Employee Share Grant Plan ("ESGP");
- (c) Issuance of 1,703,180 new shares pursuant to the exercise of options under the Employee Share Option Scheme ("ESOS") at the following option prices:

		ESOS 1	ESOS 2	ESOS 3	ESOS 4
<b>Exercise price</b>	<b>(RM)</b>	3.07	3.03	3.02	2.72
<b>No. of shares issued</b>		585,500	133,500	413,200	570,980

The new shares rank pari passu in all respects with the then existing ordinary shares of the Company.

- (d) Issuance of 1,127,625,002 islamic redeemable convertible preference shares ("RCPS-i") of RM0.01 each.

### EMPLOYEE SHARE GRANT PLAN AND EMPLOYEE SHARE OPTION SCHEME

The Company's Long Term Incentive Plan ("LTIP" or "Scheme") is governed by the By-Laws which was approved by the shareholders on 28 February 2013 and is administered by the Nomination and Remuneration Committee ("NRC") which is appointed by the Board of Directors, in accordance with the By-Laws of LTIP. The LTIP shall be in force for a period of 5 years up to 9 April 2018. On 23 February 2017, the Board of Directors approved the extension of the LTIP for another 5 years up to 9 April 2023 pursuant to By-Laws 18.2 of the By-Laws of LTIP.

The LTIP comprises the ESGP and ESOS. The salient features, terms and details of the LTIP are disclosed in Note 19 to the financial statements.

During the financial year, the Company granted 5,428,892 shares under the ESGP and 9,586,440 options under the ESOS to eligible Executive Directors and eligible employees of the Company and/or its eligible subsidiaries. The details of the shares and options granted under LTIP and its vesting conditions during the financial year and the number of shares outstanding at the end of the financial year are disclosed in Note 19 to the financial statements.

## Directors' Report

### DIRECTORS

The Directors in office since the beginning of the financial year to the date of this report are:

Tan Sri Dato' Seri Dr Wan Mohd Zahid Bin Mohd Noordin  
Dato' Khor Chap Jen  
Dato' Halipah Binti Esa  
Dato' Ahmad Pardas Bin Senin  
Dato' Seri Ir. Hj. Mohd Noor Bin Yaacob  
Dato' Zuraidah Binti Atan  
Tengku Dato' Ab. Aziz Bin Tengku Mahmud  
Puan Noraini Binti Che Dan  
Mr Philip Tan Puay Koon  
Dato' Azmi Bin Mohd Ali (appointed on 3 March 2016)  
Tun Dato' Seri Zaki Bin Tun Azmi (resigned on 25 February 2016)  
Encik Zainal Abidin Bin Jamal (resigned on 25 February 2016)

### DIRECTORS' INTEREST IN SHARES AND LTIP

According to the Register of Directors' Shareholdings required to be kept under Section 59 of the Companies Act, 2016, none of the Directors who held office at the end of the financial year held any shares or debentures in the Company or its subsidiaries during the financial year except for the following:

	No. of ordinary shares of RM0.75 each			
	At 1.1.2016	Addition	Disposal	At 31.12.2016
Dato' Khor Chap Jen - direct	287,811	274,779	-	562,590

	No. of Islamic redeemable convertible preference shares ("RCPS-i") of RM0.01 each			
	At 1.1.2016	Addition	Disposal	At 31.12.2016
Dato' Khor Chap Jen - direct	-	222,178	-	222,178

The following Director had an interest in LTIP during the financial year:

	No. of shares under the ESGP				
	At 1.1.2016	Granted	Vested	Lapsed	At 31.12.2016
Dato' Khor Chap Jen	456,200	150,000	(247,000)	-	359,200

	No. of share options under the ESOS				
	At 1.1.2016	Granted	Exercised	Lapsed	At 31.12.2016
Dato' Khor Chap Jen	8,000,000	1,600,000	-	-	9,600,000

## Directors' Report

### 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 included in the aggregate amount of emoluments received or due and receivable by the Directors as shown in the financial statements or the fixed salary of a full-time employee of the Company as shown in Note 31 to the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest except for any benefit which may be deemed to have arisen from the transactions disclosed in Note 37 to the financial statements.

Neither during nor at the end of the financial year was the Company a party to any arrangement whose object is to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, other than those arising from the shares or share options granted under the LTIP.

### OTHER STATUTORY INFORMATION

- (a) Before the financial statements of the Group and of the Company were prepared, the Directors took reasonable steps:
- (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and adequate allowance had been made for doubtful debts; and
  - (ii) to ensure that any current assets which were unlikely to realise in the ordinary course of business including the values of current assets as shown in the accounting records of the Group and of the Company had been written down to an amount which the current assets might be expected so to realise.
- (b) At the date of this report, the Directors are not aware of any circumstances:
- (i) which would render the amount written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or
  - (ii) which would render the values attributed to the current assets in the financial statements of the Group and of the Company misleading; or
  - (iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (c) At the date of this report, there does not exist:
- (i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
  - (ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.
- (d) No contingent or other liability of the Group or of the Company has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may affect the ability of the Group or of the Company to meet their obligations as and when they fall due.
- (e) At the date of this report, the Directors are not aware of any circumstances, not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the respective financial statements misleading.
- (f) In the opinion of the Directors:
- (i) the results of the operations of the Group and of the Company for the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and
  - (ii) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature 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.

## Directors' Report

### AUDITORS' REMUNERATION

Details of auditors' remuneration are set out in Note 31 to the financial statements.

### SIGNIFICANT EVENTS

In addition to the significant events disclosed elsewhere in this report, other significant events are disclosed in Note 44 to the financial statements.

### AUDITORS

The auditors, Ernst & Young, have expressed their willingness to continue in office.

This report was approved by the Board of Directors on 23 February 2017.

Signed on behalf of the Board of Directors

**TAN SRI DATO' SERI DR WAN MOHD ZAHID BIN MOHD NOORDIN**  
Chairman

Kuala Lumpur, Malaysia

**DATO' KHOR CHAP JEN**  
Director

# Statements of Financial Position

31 December 2016

	Note	Group		Company	
		2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment	2	<b>271,508</b>	260,051	<b>2</b>	29
Investment properties	3	<b>1,015,951</b>	726,378	<b>1,728</b>	1,738
Land held for property development	4	<b>5,579,638</b>	5,304,330	-	-
Intangible asset	5	<b>11,633</b>	7,215	-	-
Investments in associated companies	6	<b>121,873</b>	120,217	<b>95,621</b>	95,621
Investments in jointly controlled entities	7	<b>1,677,723</b>	1,086,835	<b>33,375</b>	34,992
Investments in subsidiary companies	8	-	-	<b>4,908,273</b>	3,730,189
Amounts owing by subsidiary companies	9	-	-	<b>1,790,889</b>	1,392,759
Deferred tax assets	11	<b>165,485</b>	126,529	<b>569</b>	619
<b>Total non-current assets</b>		<b>8,843,811</b>	7,631,555	<b>6,830,457</b>	5,255,947
<b>Current assets</b>					
Property development costs	12	<b>2,105,675</b>	2,111,798	-	-
Inventories	13	<b>877,905</b>	878,926	-	-
Accrued billings		<b>1,007,928</b>	615,517	-	-
Other receivables, deposits and prepayments	14	<b>227,120</b>	230,056	<b>1,480</b>	5,945
Trade receivables	15	<b>690,278</b>	604,967	-	-
Gross amount due from customers	16	<b>3,825</b>	14,189	-	-
Amounts owing by jointly controlled entities	10	<b>633,669</b>	510,293	<b>341,677</b>	298,950
Amounts owing by associated companies		<b>138</b>	107	<b>138</b>	-
Amounts owing by subsidiary companies	9	-	-	<b>759,561</b>	741,692
Current tax assets		<b>129,464</b>	73,203	<b>9,030</b>	9,107
Short-term deposits	17	<b>2,704,840</b>	2,019,912	<b>1,582,554</b>	613,316
Cash and bank balances	18	<b>1,465,287</b>	1,732,218	<b>15,512</b>	32,760
<b>Total current assets</b>		<b>9,846,129</b>	8,791,186	<b>2,709,952</b>	1,701,770
<b>TOTAL ASSETS</b>		<b>18,689,940</b>	16,422,741	<b>9,540,409</b>	6,957,717

## Statements of Financial Position

31 December 2016

	Note	Group		Company	
		2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
<b>EQUITY AND LIABILITIES</b>					
<b>Equity</b>					
Share capital	19	2,140,140	1,971,266	2,140,140	1,971,266
Share capital - RCPS-i	20	11,276	-	11,276	-
Share premium ( <i>non-distributable</i> )		2,945,523	2,496,683	2,945,523	2,496,683
Share premium - RCPS-i ( <i>non-distributable</i> )		1,115,632	-	1,115,632	-
Share based payment reserve ( <i>non-distributable</i> )		65,316	63,037	65,316	63,037
Exchange translation reserve ( <i>non-distributable</i> )		204,486	341,343	-	-
Retained earnings ( <i>distributable</i> )		2,718,191	2,522,315	557,885	525,683
Equity attributable to owners of the Company		9,200,564	7,394,644	6,835,772	5,056,669
Perpetual bond	21	610,787	610,787	610,787	610,787
Non-controlling interests		431,730	387,008	-	-
<b>Total equity</b>		<b>10,243,081</b>	<b>8,392,439</b>	<b>7,446,559</b>	<b>5,667,456</b>
<b>Non-current liabilities</b>					
Redeemable cumulative preference shares	22	53,513	53,770	-	-
Other payables and accruals	25	40,000	-	-	-
Long term borrowings	23	3,798,538	3,414,000	1,247,767	469,705
Deferred tax liabilities	11	13,114	40,476	-	-
<b>Total non-current liabilities</b>		<b>3,905,165</b>	<b>3,508,246</b>	<b>1,247,767</b>	<b>469,705</b>
<b>Current liabilities</b>					
Gross amount due to customers	16	5,707	125	-	-
Trade payables	24	1,363,670	1,241,441	-	-
Other payables and accruals	25	516,509	550,675	11,428	10,735
Progress billings		65,594	341,879	-	-
Provision for affordable housing	26	504,258	458,540	-	-
Short term borrowings	23	1,973,771	1,782,898	736,072	646,271
Current tax liabilities		112,185	146,498	-	-
Amounts owing to subsidiary companies	9	-	-	98,583	163,550
<b>Total current liabilities</b>		<b>4,541,694</b>	<b>4,522,056</b>	<b>846,083</b>	<b>820,556</b>
<b>Total liabilities</b>		<b>8,446,859</b>	<b>8,030,302</b>	<b>2,093,850</b>	<b>1,290,261</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>18,689,940</b>	<b>16,422,741</b>	<b>9,540,409</b>	<b>6,957,717</b>

The accompanying notes form an integral part of the financial statements

# Statements of Comprehensive Income

For The Financial Year Ended 31 December 2016

	Note	Group		Company	
		1.1.2016 to 31.12.2016 RM'000	1.11.2014 to 31.12.2015 RM'000	1.1.2016 to 31.12.2016 RM'000	1.11.2014 to 31.12.2015 RM'000
Revenue	27	<b>4,957,165</b>	6,746,343	-	-
Cost of sales	28	<b>(3,515,750)</b>	(4,683,055)	-	-
Gross profit		<b>1,441,415</b>	2,063,288	-	-
Other income	29	<b>257,359</b>	223,447	<b>780,676</b>	587,625
Selling and marketing expenses		<b>(172,151)</b>	(314,212)	-	-
Administrative and general expenses		<b>(295,258)</b>	(330,793)	<b>(25,047)</b>	(22,399)
Share of results of jointly controlled entities		<b>68,715</b>	(109,530)	-	-
Share of results of associated companies		<b>4,877</b>	4,533	-	-
Finance costs	30	<b>(120,288)</b>	(110,292)	<b>(72,760)</b>	(59,337)
Profit before tax	31	<b>1,184,669</b>	1,426,441	<b>682,869</b>	505,889
Tax expense	32	<b>(285,390)</b>	(415,433)	<b>(2,277)</b>	(13,932)
Profit for the year/period		<b>899,279</b>	1,011,008	<b>680,592</b>	491,957
Other comprehensive income, net of tax: <i>(Items that may be reclassified subsequently to profit or loss)</i>					
Exchange differences on translation of foreign operations		<b>(136,950)</b>	329,915	-	-
Total comprehensive income for the year/period		<b>762,329</b>	1,340,923	<b>680,592</b>	491,957
Profit attributable to:					
Holders of Perpetual bond		<b>36,236</b>	42,291	<b>36,236</b>	42,291
Non-controlling interests		<b>55,013</b>	50,459	-	-
		<b>91,249</b>	92,750	<b>36,236</b>	42,291
Owners of the Company		<b>808,030</b>	918,258	<b>644,356</b>	449,666
		<b>899,279</b>	1,011,008	<b>680,592</b>	491,957
Total comprehensive income attributable to:					
Holders of Perpetual bond		<b>36,236</b>	42,291	<b>36,236</b>	42,291
Non-controlling interests		<b>54,920</b>	50,989	-	-
		<b>91,156</b>	93,280	<b>36,236</b>	42,291
Owners of the Company		<b>671,173</b>	1,247,643	<b>644,356</b>	449,666
		<b>762,329</b>	1,340,923	<b>680,592</b>	491,957
Basic earnings per share (sen)	33	<b>29.82</b>	35.66		
Diluted earnings per share (sen)	33	<b>26.47</b>	35.30		

# Consolidated Statement of Changes In Equity

For The Financial Year Ended 31 December 2016

	Attributable to owners of the Company										
	Share capital RM'000	Share capital - RCPS-i RM'000	Non-distributable				Distributable		Perpetual bond RM'000	Non-controlling interests RM'000	Total equity RM'000
			Share premium RM'000	Share premium - RCPS-i RM'000	Share-based payment reserve RM'000	Exchange translation reserve RM'000	Retained earnings RM'000	Total RM'000			
Balance at 31.10.2014	1,903,748	-	2,290,486	-	43,363	11,958	1,852,776	6,102,331	622,998	338,337	7,063,666
Total other comprehensive income for the period, represented by exchange differences on translation of foreign operations	-	-	-	-	-	329,385	-	329,385	-	530	329,915
Profit for the period	-	-	-	-	-	-	918,258	918,258	-	50,459	968,717
Distribution for the period	-	-	-	-	-	-	-	-	42,291	-	42,291
Distribution paid	-	-	-	-	-	-	-	-	(54,502)	-	(54,502)
Transactions with owners:											
Issuance of ordinary shares											
- DRP	56,859	-	169,241	-	-	-	-	226,100	-	-	226,100
- Exercise of ESGP	5,124	-	16,321	-	(21,445)	-	-	-	-	-	-
- Exercise of ESOS	5,535	-	20,873	-	(3,768)	-	-	22,640	-	-	22,640
Share issuance expenses	-	-	(238)	-	-	-	-	(238)	-	-	(238)
Liquidation of subsidiaries	-	-	-	-	-	-	-	-	-	5,182	5,182
Dividends paid	-	-	-	-	-	-	(248,719)	(248,719)	-	(7,500)	(256,219)
Share-based payment under the LTIP	-	-	-	-	44,887	-	-	44,887	-	-	44,887
Balance at 31.12.2015	1,971,266	-	2,496,683	-	63,037	341,343	2,522,315	7,394,644	610,787	387,008	8,392,439

34

## Consolidated Statement Of Changes In Equity

For The Financial Year Ended 31 December 2016

Note	Attributable to owners of the Company										Total equity RM'000
	Share capital RM'000	Share capital - RCPS-i RM'000	Non-distributable				Distributable		Perpetual bond RM'000	Non-controlling interests RM'000	
			Share premium RM'000	Share premium - RCPS-i RM'000	Share-based payment reserve RM'000	Exchange translation reserve RM'000	Retained earnings RM'000	Total RM'000			
Balance at 31.12.2015	1,971,266	-	2,496,683	-	63,037	341,343	2,522,315	7,394,644	610,787	387,008	8,392,439
Total other comprehensive income for the year, represented by exchange differences on translation of foreign operations	-	-	-	-	-	(136,857)	-	(136,857)	-	(93)	(136,950)
Profit for the year	-	-	-	-	-	-	808,030	808,030	-	55,013	863,043
Distribution for the year	-	-	-	-	-	-	-	-	36,236	-	36,236
Distribution paid	-	-	-	-	-	-	-	-	(36,236)	-	(36,236)
Transactions with owners: Issuance of ordinary shares	160,749	-	423,040	-	-	-	-	583,789	-	-	583,789
- DRP	6,848	-	21,444	-	(28,292)	-	-	-	-	-	-
- Exercise of ESGP	1,277	-	4,638	-	(912)	-	-	5,003	-	-	5,003
- Exercise of ESOS	-	11,276	-	1,116,349	-	-	-	1,127,625	-	-	1,127,625
Issuance of RCPS-i	-	-	(282)	(717)	-	-	-	(999)	-	-	(999)
Share issuance expenses	-	-	-	-	-	-	-	(612,154)	-	(10,198)	(622,352)
Dividends paid	-	-	-	-	-	-	-	-	-	-	-
Share-based payment under the LTIP	-	-	-	-	31,483	-	-	31,483	-	-	31,483
Balance at 31.12.2016	2,140,140	11,276	2,945,523	1,115,632	65,316	204,486	2,718,191	9,200,564	610,787	431,730	10,243,081

The accompanying notes form an integral part of the financial statements

# Statement of Changes In Equity

For The Financial Year Ended 31 December 2016

	Note	Share capital RM'000	Share capital - RCPS-i RM'000	Non-distributable			Distributable		Perpetual bond RM'000	Total RM'000
				Share premium RM'000	Share premium - RCPS-i RM'000	Share-based payment reserve RM'000	Retained earnings RM'000			
Balance at 31.10.2014		1,903,748	-	2,290,486	-	43,363	324,736	622,998	5,185,331	
Total other comprehensive income for the period, represented by profit for the period		-	-	-	-	-	449,666	-	449,666	
Distribution for the period		-	-	-	-	-	-	42,291	42,291	
Distribution paid		-	-	-	-	-	-	(54,502)	(54,502)	
Transactions with owners:										
Issuance of ordinary shares:										
- DRP		56,859	-	169,241	-	-	-	-	226,100	
- Exercise of ESGP		5,124	-	16,321	-	(21,445)	-	-	-	
- Exercise of ESOS		5,535	-	20,873	-	(3,768)	-	-	22,640	
Share issuance expenses		-	-	(238)	-	-	-	-	(238)	
Dividends paid	34	-	-	-	-	-	(248,719)	-	(248,719)	
Share-based payment under the LTIP		-	-	-	-	44,887	-	-	44,887	
<b>Balance at 31.12.2015</b>		<b>1,971,266</b>	<b>-</b>	<b>2,496,683</b>	<b>-</b>	<b>63,037</b>	<b>525,683</b>	<b>610,787</b>	<b>5,667,456</b>	
Total other comprehensive income for the year, represented by profit for the year		-	-	-	-	-	644,356	-	644,356	
Distribution for the year		-	-	-	-	-	-	36,236	36,236	
Distribution paid		-	-	-	-	-	-	(36,236)	(36,236)	
Transactions with owners:										
Issuance of ordinary shares:										
- DRP		160,749	-	423,040	-	-	-	-	583,789	
- Exercise of ESGP		6,848	-	21,444	-	(28,292)	-	-	-	
- Exercise of ESOS		1,277	-	4,638	-	(912)	-	-	5,003	
Issuance of RCPS-i		-	11,276	-	1,116,349	-	-	-	1,127,625	
Share issuance expenses		-	-	(282)	(717)	-	-	-	(999)	
Dividends paid	34	-	-	-	-	-	(612,154)	-	(612,154)	
Share-based payment under the LTIP		-	-	-	-	31,483	-	-	31,483	
<b>Balance at 31.12.2016</b>		<b>2,140,140</b>	<b>11,276</b>	<b>2,945,523</b>	<b>1,115,632</b>	<b>65,316</b>	<b>557,885</b>	<b>610,787</b>	<b>7,446,559</b>	

# Statements of Cash Flows

For The Financial Year Ended 31 December 2016

	Group		Company	
	1.1.2016 to 31.12.2016 RM'000	1.11.2014 to 31.12.2015 RM'000	1.1.2016 to 31.12.2016 RM'000	1.11.2014 to 31.12.2015 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Profit before tax	<b>1,184,669</b>	1,426,441	<b>682,869</b>	505,889
Adjustments for:				
Allowance for doubtful debts no longer required	-	(17)	-	-
Bad and doubtful debts	<b>4,075</b>	7,220	<b>3,672</b>	794
Depreciation of property, plant and equipment and investment properties	<b>26,028</b>	33,006	<b>12</b>	17
Net gain on disposal of property, plant and equipment	<b>(210)</b>	(49)	<b>(25)</b>	(1)
Gain on disposal of investment properties	<b>(229)</b>	-	-	-
Gain on liquidation/disposal of subsidiary companies	<b>(1,123)</b>	(636)	-	-
Property, plant and equipment written off	<b>52</b>	482	<b>17</b>	1
Share of results of jointly controlled entities	<b>(68,715)</b>	109,530	-	-
Share of results of associated companies	<b>(4,877)</b>	(4,533)	-	-
Interest income from financial assets measured at amortised cost	<b>(266)</b>	-	<b>(5,583)</b>	(5,471)
Interest expense on financial liabilities measured at amortised cost	<b>3,349</b>	3,196	-	-
Loss from fair value adjustment of financial assets	<b>4,006</b>	-	<b>1,089</b>	1,825
Gain from fair value adjustment of financial liabilities	-	-	<b>(2,793)</b>	-
Share-based payment	<b>31,483</b>	44,887	<b>643</b>	961
Unrealised foreign exchange gain	<b>(32,625)</b>	(3,718)	<b>(31,789)</b>	(1,558)
Interest expense	<b>116,939</b>	107,096	<b>72,760</b>	59,337
Dividend income	-	-	<b>(622,767)</b>	(420,468)
Interest income	<b>(118,985)</b>	(133,309)	<b>(108,628)</b>	(149,576)
Rental income	<b>(57,660)</b>	(19,363)	-	-
Operating profit/(loss) before working capital changes	<b>1,085,911</b>	1,570,233	<b>(10,523)</b>	(8,250)
Changes in property development costs	<b>562,324</b>	1,046,449	-	-
Changes in accrued billings/progress billings	<b>(730,861)</b>	(216,187)	-	-
Changes in gross amount due from/to customers	<b>19,058</b>	2,568	-	-
Changes in inventories	<b>234,742</b>	216,974	-	-
Changes in receivables	<b>(257,370)</b>	(449,607)	<b>3,408</b>	382
Changes in payables	<b>151,065</b>	51,936	<b>693</b>	2,082
Cash generated from/(used in) operations	<b>1,064,869</b>	2,222,366	<b>(6,422)</b>	(5,786)
Rental received	<b>1,565</b>	2,253	-	-
Interest received	<b>60,765</b>	64,574	<b>774</b>	90
Interest paid	<b>(262,240)</b>	(302,625)	<b>(2,168)</b>	(2,421)
Net tax paid	<b>(443,409)</b>	(301,573)	<b>(2,150)</b>	(15,133)
Net cash generated from/(used in) operating activities	<b>421,550</b>	1,684,995	<b>(9,966)</b>	(23,250)

## Statements of Cash Flows

For The Financial Year Ended 31 December 2016

	Group		Company	
	1.1.2016 to 31.12.2016 RM'000	1.11.2014 to 31.12.2015 RM'000	1.1.2016 to 31.12.2016 RM'000	1.11.2014 to 31.12.2015 RM'000
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Additions to land held for property development	<b>(701,094)</b>	(604,647)	-	-
Purchase of property, plant and equipment	<b>(49,215)</b>	(55,478)	-	(17)
Purchase of investment properties	<b>(303,810)</b>	(108,072)	-	-
Proceeds from disposal of property, plant and equipment	<b>1,152</b>	1,061	<b>33</b>	1
Proceeds from disposal of investment properties	<b>315</b>	42,901	-	-
Net outflow from liquidation of subsidiary companies	-	(2,822)	-	-
Acquisition of additional shares in existing subsidiary companies	-	-	<b>(2,760)</b>	(12,299)
Acquisition of additional shares in an existing jointly controlled entity	<b>(696,566)</b>	(363,697)	-	-
Repayment from/(Capital contribution) to a jointly controlled entity	<b>970</b>	(566)	<b>1,617</b>	(943)
Capital contribution to an associated company	-	(1,472)	-	(1,472)
Advances to an associated company	<b>(31)</b>	(107)	<b>(138)</b>	-
Advances to subsidiary companies	-	-	<b>(940,207)</b>	(182,693)
Advances to jointly controlled entities	<b>(38,527)</b>	(151,764)	<b>(34,535)</b>	(133,226)
Placement of sinking fund, debt service reserve, escrow and revenue accounts	<b>(16,331)</b>	(2,747)	-	-
Redeemable cumulative preference share dividends received	-	-	<b>2,968</b>	2,968
Interest received	<b>58,486</b>	68,735	<b>19,907</b>	29,656
Dividend received	-	-	<b>12,278</b>	7,500
Rental received	<b>56,095</b>	17,110	-	-
Net cash used in investing activities	<b>(1,688,556)</b>	(1,161,565)	<b>(940,837)</b>	(290,525)

## Statements of Cash Flows

For The Financial Year Ended 31 December 2016

	Group		Company	
	1.1.2016 to 31.12.2016 RM'000	1.11.2014 to 31.12.2015 RM'000	1.1.2016 to 31.12.2016 RM'000	1.11.2014 to 31.12.2015 RM'000
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Proceeds from issuance of ordinary shares				
- Exercise of ESOS	<b>5,003</b>	22,640	<b>5,003</b>	22,640
Payment of share issuance expenses	<b>(999)</b>	(238)	<b>(999)</b>	(238)
Repayment to non-controlling shareholders of a subsidiary company	<b>(25,725)</b>	(5,517)	-	-
Drawdown of bank borrowings	<b>2,594,186</b>	2,490,212	<b>1,288,423</b>	321,263
Repayment of bank borrowings	<b>(1,966,480)</b>	(1,693,852)	<b>(350,000)</b>	(200,000)
Proceeds from issuance of RCPS-i	<b>1,127,625</b>	-	<b>1,127,625</b>	-
Perpetual bond distribution paid	<b>(36,236)</b>	(54,502)	<b>(36,236)</b>	(54,502)
Interest paid	<b>(761)</b>	(1,357)	<b>(63,887)</b>	(55,457)
Redeemable cumulative preference share dividends paid to non-controlling interests	<b>(1,272)</b>	(1,272)	-	-
Dividends paid to non-controlling interests	<b>(10,198)</b>	(7,500)	-	-
Dividends paid	<b>(28,365)</b>	(22,619)	<b>(28,365)</b>	(22,619)
Net cash generated from financing activities	<b>1,656,778</b>	725,995	<b>1,941,564</b>	11,087
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>389,772</b>	1,249,425	<b>990,761</b>	(302,688)
<b>EFFECT OF EXCHANGE RATE CHANGES</b>	<b>26,924</b>	75,187	<b>(572)</b>	-
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR/PERIOD</b>	<b>3,659,414</b>	2,334,802	<b>589,805</b>	892,493
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR/PERIOD</b>	<b>4,076,110</b>	3,659,414	<b>1,579,994</b>	589,805

## Statements of Cash Flows

For The Financial Year Ended 31 December 2016

	Group		Company	
	1.1.2016 to 31.12.2016 RM'000	1.11.2014 to 31.12.2015 RM'000	1.1.2016 to 31.12.2016 RM'000	1.11.2014 to 31.12.2015 RM'000
Short-term deposits	<b>2,704,840</b>	2,019,912	<b>1,582,554</b>	613,316
Cash and bank balances	<b>1,420,627</b>	1,703,889	<b>15,512</b>	32,760
Bank overdrafts	<b>(49,357)</b>	(64,387)	<b>(18,072)</b>	(56,271)
	<b>4,076,110</b>	3,659,414	<b>1,579,994</b>	589,805
Cash and cash equivalents included in the cash flows comprise the following amounts:				
Short-term deposits	<b>2,704,840</b>	2,019,912	<b>1,582,554</b>	613,316
Cash and bank balances	<b>1,465,287</b>	1,732,218	<b>15,512</b>	32,760
Bank overdrafts	<b>(49,357)</b>	(64,387)	<b>(18,072)</b>	(56,271)
	<b>4,120,770</b>	3,687,743	<b>1,579,994</b>	589,805
Less: Amounts restricted in Sinking Fund, Debt Service Reserve, Escrow and Revenue Accounts	<b>(44,660)</b>	(28,329)	-	-
	<b>4,076,110</b>	3,659,414	<b>1,579,994</b>	589,805

# Notes To The Financial Statements

For The Financial Year Ended 31 December 2016

## 1. SIGNIFICANT ACCOUNTING POLICIES

### (a) Basis of preparation

The financial statements of the Group and the Company have been prepared in accordance with Financial Reporting Standards ("FRSs") issued by the Malaysian Accounting Standards Board ("MASB") and the requirements of the Companies Act, 1965.

The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below.

In the previous financial period, the Company changed its financial year end from 31 October to 31 December. The previous reporting period covered a period of 14 months from 1 November 2014 to 31 December 2015. Consequently, the comparative amounts for the statements of comprehensive income, statements of changes in equity, statements of cash flows and related notes to the financial statements are not comparable.

The financial statements of the Group and of the Company are presented in Ringgit Malaysia ("RM"), which is also the Company's functional currency.

The accounting policies adopted by the Group and the Company are consistent with those of the previous financial period except for the adoption of the following new/revised FRS and amendments to FRSs:

FRS 14	Regulatory Deferral Accounts
Amendments to FRS 5, FRS 7, FRS 119 and FRS 134	Annual Improvements to FRSs 2012-2014 Cycle
Amendments to FRS 10, FRS 12 and FRS 128	Investment Entities: Applying the Consolidation Exception
Amendments to FRS 11	Accounting for Acquisitions of Interests in Joint Operations
Amendments to FRS 101	Disclosure Initiative
Amendments to FRS 116 and 138	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to FRS 127	Equity Method in Separate Financial Statements

The adoption of the above Amendments to FRSs does not have any material impact on the financial statements of the Group and the Company.

### (b) Amendments to FRSs that are not yet effective

The Group and the Company have not applied the following Amendments to FRSs that have been issued by MASB but are not yet effective:

Amendments to FRSs		Effective for financial periods beginning on or after
Amendments to FRS 107	Disclosure Initiative	1 January 2017
Amendments to FRS 112	Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017
Amendments to FRS 12	Annual Improvements to FRSs 2014-2016 Cycle	1 January 2017
Amendments to FRS 2	Classification and Measurement of Share-Based Payment Transactions	1 January 2018
Amendments to FRS 9	Financial Instruments	1 January 2018
Amendments to FRS 10 and FRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

The Amendments to FRSs are expected to have no material impact on the financial statements of the Group and the Company upon their initial application except as discussed below:

#### FRS 107: Disclosure Initiative

The Amendments to FRS107 *Statement of Cash Flows* requires an entity to provide disclosures that enable users of the financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. On initial application of this amendment, entities are not required to provide comparative information for preceding periods. These amendments are effective for annual periods beginning on or after 1 January 2017, with early application permitted. Application of amendments will result in additional disclosures to be provided by the Group and the Company.

## Notes To The Financial Statements

For The Financial Year Ended 31 December 2016

### 1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

#### (b) Amendments to FRSs that are not yet effective (cont'd.)

##### Malaysian Financial Reporting Standards (MFRS Framework)

On 19 November 2011, the MASB issued a new approved accounting framework, the MFRS framework.

MFRS is to be applied by all entities other than private entities for annual periods beginning on or after 1 January 2012, with the exception of entities subject to the application of MFRS 141 *Agriculture* and/or IC Interpretation 15 *Agreements for Construction of Real Estate*, including the entities' parent, significant investor and venturer (referred to as "Transitioning Entities" collectively). Transitioning Entities are allowed to defer adoption of MFRS framework, and continue to use the existing FRS framework until the MFRS framework is effective. The Group falls within the definition of Transitioning Entities and has opted to defer adoption of MFRS framework.

Based on the MASB announcement on 2 September 2014, the effective date for the adoption of MFRS Framework by the Transitioning Entities was deferred from annual periods beginning on or after 1 January 2015 to annual periods beginning on or after 1 January 2017.

On the same day, MASB also issued MFRS 15 *Revenue from Contracts with Customers* and *Agriculture: Bearer Plants (Amendments to MFRS 116 and MFRS 141)*. MFRS 15 is effective for annual periods beginning on or after 1 January 2018 while the *Agriculture: Bearer Plants* amendment is effective for annual periods beginning on or after 1 January 2016. On 17 November 2014, MASB issued MFRS 9 *Financial Instruments*, which is effective for annual periods beginning on or after 1 January 2018.

Based on the MASB announcement on 8 September 2015, the effective date for the adoption of MFRS Framework by the Transitioning Entities was deferred from annual periods beginning on or after 1 January 2017 to annual periods beginning on or after 1 January 2018.

Accordingly, the Group has elected to continue to apply the FRS framework up to its financial year ending 31 December 2017. The Group will adopt the MFRS framework and prepare its first set of MFRS framework financial statements for the financial year ending 31 December 2018.

The Directors of the Company do not anticipate that the application of these amendments will have a material impact on the Group's and the Company's financial statements.

#### (c) Significant accounting judgements and estimates

The preparation of financial statements requires management to exercise judgement in the process of applying the accounting policies. It also requires the use of accounting estimates and assumptions that affect reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the reporting date, and reported amounts of income and expenses during the financial year.

Although these estimates are based on management's best knowledge of current events and actions, historical experiences and various other factors, including expectations for future events that are believed to be reasonable under the circumstances, actual results may ultimately differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

## Notes To The Financial Statements

For The Financial Year Ended 31 December 2016

### 1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

#### (c) Significant accounting judgements and estimates (cont'd.)

##### (i) Critical judgement made in applying accounting policies

The following are judgements made by management in the process of applying the Group's accounting policies that have the most significant effect on amounts recognised in the financial statements:

##### *Classification between investment properties and owner-occupied properties*

The Group determines whether a property qualifies as an investment property, and has developed certain criteria based on FRS 140 *Investment Property* in making that judgement.

In making its judgement, the Group considers whether a property generates cash flows largely independently of other assets held by the Group. Owner-occupied properties generate cash flows that are attributable not only to the property, but also to other assets used in the production or supply process.

Some properties comprise a portion that is held to earn rental or for capital appreciation and another portion that is held for use in the production or supply of goods and services or for administrative purposes.

If these portions could be sold separately (or leased out separately under a finance lease), the Group accounts for the portions separately.

If the portions could not be sold separately, the property is accounted for as an investment property only if an insignificant portion is held for use in the production and supply of goods and services or for administrative purposes.

Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as an investment property.

##### (ii) Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources associated with estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period are discussed below:

##### *Depreciation and useful life of property, plant and equipment and investment properties*

Property, plant and equipment and investment properties are depreciated on a straight-line basis to write off their costs to their residual values over their estimated useful lives. Management estimates the useful lives of these assets to be within 3 to 99 years for property, plant and equipment and 10 to 99 years for investment properties.

The carrying amounts of the Group's and the Company's property, plant and equipment and investment properties as at 31 December 2016 are disclosed in Notes 2 and 3 to the financial statements.

Changes in the expected level of usage, physical wear and tear and technological development could impact the economic useful lives and the residual values of these assets, and therefore future depreciation charges could be revised.

##### *Allowance for stock obsolescence and inventories write down*

Inventories are stated at the lower of cost and net realisable value. The Group estimates the net realisable value of inventories based on an assessment of expected sales prices.

Inventories are reviewed on a regular basis and the Group will make an allowance for excess or obsolete inventories based primarily on historical trends and management estimates of expected and future product demand and related pricing.

The carrying amounts of the Group's inventories as at 31 December 2016 are disclosed in Note 13 to the financial statements.

Demand levels, technological advances and pricing competition could change from time to time. If such factors result in an adverse effect on the Group's products, the Group might be required to reduce the value of its inventories and additional allowances for slow moving inventories may be required.

## Notes To The Financial Statements

For The Financial Year Ended 31 December 2016

### 1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

#### (c) Significant accounting judgements and estimates (cont'd.)

##### (ii) Key sources of estimation uncertainty (cont'd.)

###### *Impairment of loans and receivables*

The Group assesses at each reporting date whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtors and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics.

The carrying amounts of the Group's and the Company's trade and other receivables as at 31 December 2016 are disclosed in Notes 9, 10, 14 and 15 to the financial statements.

###### *Impairment of non-financial assets*

The Group assesses whether there are any indicators of impairment for all non-financial assets at each reporting date. Non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

The carrying amounts of the Group's non-financial assets as at 31 December 2016 are as disclosed in Notes 2, 3, 4, 5, 6, 7, 8, 12 and 16 to the financial statements.

###### *Income taxes*

Significant judgement is involved in determining the capital allowances and deductibility of certain expenses during the estimation of the provision for income tax. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business.

The Group and the Company recognise liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

The carrying amounts of the Group's and the Company's tax assets as at 31 December 2016 were RM129,464,000 and RM9,030,000 (2015: RM73,203,000 and RM9,107,000), respectively.

The carrying amount of the Group's tax liabilities as at 31 December 2016 was RM112,185,000 (2015: RM146,498,000).

###### *Deferred tax assets*

Deferred tax assets are recognised for all deductible temporary differences, unabsorbed capital allowances and unutilised tax losses to the extent that it is probable that taxable profit will be available in future against which the deductible temporary differences, capital allowances and tax losses can be utilised.

Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

The carrying amount of the Group's and the Company's recognised and unrecognised deferred tax assets as at 31 December 2016 are disclosed in Note 11 to the financial statements.

## Notes To The Financial Statements

For The Financial Year Ended 31 December 2016

### 1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

#### (c) Significant accounting judgements and estimates (cont'd.)

##### (ii) Key sources of estimation uncertainty (cont'd.)

###### *Revenue recognition of property development activities and construction contracts*

The Group recognises certain property development activities and construction contracts based on the percentage of completion method. The stage of completion of the property development activities and construction contracts is measured in accordance with the accounting policies set out in Notes 1(l) and 1(m) below.

Significant judgement is required in determining the percentage of completion, the extent of the development project and contract costs incurred, the estimated total revenue and total costs and the recoverability of the development project and contract. In making these judgements, management relies on past experience and the work of specialists.

###### *Provision for affordable housing*

The Group recognises a provision for affordable housing as required under FRSIC Consensus 17 *Development of Affordable Housing*. The provision for affordable housing represents the shortfall between the cost of constructing affordable housing and the economic benefits expected to be received from the purchasers of affordable housing in the development of affordable housing on involuntary basis. This provision is capitalised in the form of common costs for development of premium housing based on the master and building plans approved.

In determining the provision for affordable housing, judgements and assumptions are made by the Group on the structure and construction costs in constructing the affordable housing. In making those judgements, the Group evaluates the provisions based on past experience and by relying on the work of specialists.

The carrying amount of the Group's provision for affordable housing as at 31 December 2016 is disclosed in Note 26 to the financial statements.

#### (d) Subsidiary companies

In the Company's separate financial statements, investments in subsidiary companies are stated at cost less impairment losses. Impairment losses are charged to profit or loss.

On disposal, the difference between the net disposal proceeds and the carrying amount of the subsidiary company disposed off is taken to profit or loss.

#### (e) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and of all its subsidiary companies made up to the end of the financial year. The consolidated financial statements are prepared using uniform accounting policies for like transactions in similar circumstances.

The Group controls an investee if and only if the Group has all the followings:

- (i) power over the entity;
- (ii) exposure, or rights, to variable returns from its involvement with the entity; and
- (iii) the ability to use its power over the entity to affect the amount of the investor's returns.

When the Company has less than a majority of the voting rights of an investee, the Company considers the following in assessing whether or not the Company's voting rights in an investee are sufficient to give it power over the investee:

- (i) the size of the Company's holding of voting rights relative to the size and dispersion of holdings of other vote holders;
- (ii) potential voting rights held by the Company, other vote holders or other parties;
- (iii) rights arising from other contractual arrangements; and
- (iv) any additional facts and circumstances that indicated that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meeting.

## Notes To The Financial Statements

For The Financial Year Ended 31 December 2016

### 1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

#### (e) Basis of consolidation (cont'd.)

The Group reassesses whether it controls an entity if facts and circumstances indicate that there are changes to one or more of the three elements of control.

All intra-group balances, transactions, income and expenses are eliminated in full on consolidation and the consolidated financial statements reflect external transactions only.

All subsidiary companies are consolidated on the acquisition method of accounting from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases except for Syarikat Kemajuan Jerai Sdn Bhd and Wawasan Indera Sdn Bhd which are acquired under common control.

Business combinations under common control are accounted using the pooling of interests method, where the results of entities or businesses under common control are accounted for as if the acquisition had occurred at the date that common control was established. The assets and liabilities acquired are included in the consolidated statements of financial position at their existing carrying amounts.

Under the acquisition method of accounting, the cost of an acquisition is measured as the aggregate of the fair values of the assets acquired, liabilities incurred or assumed and equity instruments issued at the date of exchange. Identifiable assets acquired and liabilities and contingent liabilities assumed are measured at their fair values at the acquisition date.

The consideration transferred for the acquisition of a subsidiary comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes the fair value of any contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary.

Acquisition-related costs are expensed as incurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree at the date of acquisition either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

The excess of the fair value of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition date fair value of any previous equity interest in the acquiree over the fair value of the net identifiable assets acquired is recorded as goodwill. Goodwill is stated at cost less accumulated impairment losses. Any excess of the Group's share in the net fair value of the acquired subsidiary's identifiable assets, liabilities and contingent liabilities over the cost of business combination is recognised as income in profit or loss on the date of acquisition.

Non-controlling interests are that part of the net results of operations and of net assets of a subsidiary attributable to the interests which are not owned directly or indirectly by the shareholders of the Company. They are shown separately in the consolidated statement of comprehensive income, statement of changes in equity and statement of financial position. Total comprehensive income is attributed to the non-controlling interests based on their respective interests in a subsidiary, even if this results in the non-controlling interests having a deficit balance.

When a change in the Company's ownership interest in a subsidiary results in a loss of control over the subsidiary, the assets and liabilities of the subsidiary including any goodwill are derecognised. Amounts recognised in other comprehensive income in respect of that entity are also reclassified to profit or loss or transferred directly to retained earnings if required by a specific standard.

Any retained interest in the entity is remeasured at fair value. The difference between the carrying amount of the retained investment at the date when control is lost and its fair value is recognised in profit or loss.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control over the subsidiary are accounted for as transactions with equity owners of the Group. Any difference between the change in the carrying amounts of the non-controlling interest and the fair value of the consideration paid or received is recognised in retained earnings within equity attributable to the shareholders of the Company.

## Notes To The Financial Statements

For The Financial Year Ended 31 December 2016

### 1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

#### (f) Investments in associated companies and jointly controlled entities

An associated company is an entity in which the Group has significant influence and that is neither a subsidiary company nor an interest in a joint arrangement. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group has significant influence.

A jointly controlled entity is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

In the Company's separate financial statements, investments in associated companies and jointly controlled entities are stated at cost less impairment losses. Impairment losses are recognised in profit or loss.

On disposal, the difference between the net disposal proceeds and the carrying amount of the associated companies and the jointly controlled entities are included in profit or loss.

Investments in associated companies and jointly controlled entities are accounted for in the consolidated financial statements by the equity method of accounting. Under the equity method, the investments in associated companies and jointly controlled entities are initially recognised at cost and adjusted thereafter for post-acquisition changes in the Group's share of net assets of the associated companies and jointly controlled entities. Distribution received from associated companies and jointly controlled entities reduce the carrying amount of the investment. Where there has been change recognised in other comprehensive income by the associated companies and jointly controlled entities, the Group recognised its share of such changes in other comprehensive income.

An investment in an associated company or a jointly controlled entity is accounted for using the equity method from the date on which the Group obtains significant influence or joint control until the date the Group ceases to have a significant influence or joint control over the associated company or jointly controlled entity.

Discount on acquisition is excluded from the carrying amount of the investment and is instead included as income in the determination of the Group's share of the associated companies' or jointly controlled entities' profit or loss in the period in which the investment is acquired.

Unrealised gains on transactions between the Group and its associated companies or jointly controlled entities are eliminated to the extent of the Group's interest in the associated companies or jointly controlled entities. Unrealised losses are also eliminated unless the transaction provides evidence of impairment of the asset transferred.

Equity accounting is discontinued when the carrying amount of the investment in an associated company or a jointly controlled entity diminishes by virtue of losses to zero, unless the Group has incurred legal or constructive obligations or made payments on behalf of the associated company or the jointly controlled entity.

The results and reserves of associated companies or jointly controlled entities are accounted for in the consolidated financial statements based on audited and/or unaudited management financial statements made up to the end of the financial year and prepared using accounting policies that conform to those used by the Group for like transactions in similar circumstances.

When changes in the Group's interests in an associated company do not result in a loss of significant influence, the retained interests in the associated company are not remeasured. Any gain or loss arising from the changes in the Group's interests in the associated company is recognised in profit or loss.

When the Group ceases to have significant influence over an associated company, any retained interest in the former associated company is recognised at fair value on the date when significant influence is lost. Any gain or loss arising from the loss of significant influence over an associated company is recognised in profit or loss.

## Notes To The Financial Statements

For The Financial Year Ended 31 December 2016

### 1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

#### (g) Property, plant and equipment

##### (i) Measurement basis

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any.

The cost of property, plant and equipment includes expenditure that is directly attributable to the acquisition of an asset.

Subsequent costs are included in the asset's carrying amount when it is probable that future economic benefits associated with the asset will flow to the Group and to the Company and the cost of the asset can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial year in which they are incurred.

Property, plant and equipment are derecognised upon disposal or when no future economic benefits are expected from their use or disposal. On disposal, the difference between the net disposal proceeds and the carrying amount is recognised in profit or loss.

##### (ii) Depreciation

Freehold land and capital work-in-progress are not depreciated.

Depreciation is calculated to write off the depreciable amount of other property, plant and equipment on a straight-line basis over their estimated useful lives. The depreciable amount is determined after deducting residual value from cost.

The principal annual rates used for this purpose are:

Freehold buildings	2%
Leasehold land	Lease term of 99 years
Plant, machinery, cranes and trucks	20%
Renovations, computer equipment, office equipment, furniture and fittings	10% - 33%
Motor vehicles	20%

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

#### (h) Investment properties

Investment properties are properties held to earn rental income or for capital appreciation or both rather than for use in the production or supply of goods and services or for administrative purposes, or sale in the ordinary course of business. Investment properties include properties that are being constructed or developed for future use as investment properties.

##### (i) Measurement basis

Investment properties are stated at cost less accumulated depreciation and impairment losses, if any.

The cost of investment properties includes expenditure that is directly attributable to the acquisition of the asset.

Subsequent costs are included in the asset's carrying amount when it is probable that future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial year in which they are incurred.

Investment properties are derecognised upon disposal or when they are permanently withdrawn from use and no future economic benefits are expected from their disposal. On disposal, the difference between the net disposal proceeds and the carrying amount is recognised in profit or loss.

## Notes To The Financial Statements

For The Financial Year Ended 31 December 2016

### 1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

#### (h) Investment properties (cont'd.)

##### (ii) Depreciation

Freehold land and investment properties under construction are not depreciated.

Depreciation is calculated to write off the depreciable amount of other investment properties on a straight-line basis over their estimated useful lives. Depreciable amount is determined after deducting the residual value from the cost of the investment property.

The principal annual rates used for this purpose are:

Freehold buildings	2% to 10%
Leasehold land	Lease term of 99 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

#### (i) Build-Operate-Transfer ("BOT") agreement

The Group recognises revenue from the construction and upgrading of infrastructure projects under BOT agreement in accordance with the accounting policy for construction contracts set out in Note 1(m) below. Where the Group performs more than one service under the arrangement, consideration received or receivable is allocated to the components by reference to the relative fair values of the services delivered, when the amounts are separately identifiable.

The Group recognises the consideration received or receivable as a financial asset to the extent that it has an unconditional right to receive cash or another financial asset for the construction services. Financial assets are accounted for in accordance with the accounting policy set out in Note 1(o) below.

When the consideration receivable does not represent an unconditional right to receive cash or another financial asset, the Group recognises the consideration receivable as either development rights or as intangible assets, based on the allocation of the fair value of the construction services rendered. The accounting policies for the development rights and intangible assets are disclosed in Notes 1(l)(iii) and 1(j) respectively.

Subsequent costs and expenditures related to infrastructure and equipment arising from the Group's commitments to the BOT agreement or that increase future revenue are recognised as additions to the intangible asset and are stated at cost. Capital expenditures necessary to support the Group's operation as a whole are recognised as property, plant and equipment, and accounted for in accordance with the policy stated under property, plant and equipment in Note 1(g) above. When the Group has contractual obligations that it must fulfil as a condition of its license to:

- maintain the infrastructure to a specified standard; or
- restore the infrastructure when the infrastructure has deteriorated below a specified condition

It recognises and measures these contractual obligations in accordance with the accounting policy for provisions in Note 1(w) below. Repairs and maintenance and other expenses that are routine in nature are expensed and recognised in profit or loss as incurred.

#### (j) Intangible assets

Intangible assets are recognised to the extent that the Group has acquired a right (a licence) to charge users of public services.

Intangible assets are stated at cost less accumulated amortisation and impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 1(p)(iii) below.

Amortisation of the intangible assets begins when it is available for use, which means when it is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceed and the carrying amount of the asset and is recognised in profit or loss when the asset is derecognised.

## Notes To The Financial Statements

For The Financial Year Ended 31 December 2016

### 1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

#### (k) Leases

A lease is an agreement whereby the lessor conveys to the lessee in return for a payment or series of payments for the right to use an asset for an agreed period of time.

##### (i) Finance lease

A finance lease is a lease that transfers substantially all the risks and rewards incidental to ownership of an asset. Title may or may not eventually be transferred.

Property, plant and equipment acquired by way of finance leases are stated at amounts equal to the lower of their fair values and the present value of minimum lease payments at the inception of the leases, less accumulated depreciation and any impairment losses.

In calculating the present value of the minimum lease payments, the discount rate is the interest rate implicit in the lease, if this is determinable; if not, the Group's incremental borrowing rate is used.

##### (ii) Operating lease

An operating lease is a lease other than a finance lease.

Operating lease income or operating lease rentals are credited or charged to profit or loss on a straight-line basis over the period of the lease.

#### (l) Development properties

Development properties are classified under three categories, i.e. land held for property development, property development costs and development rights.

##### (i) Land Held for Property Development

Land held for property development is defined as land on which development is not expected to be completed within the normal operating cycle. Usually, no significant development work would have been undertaken on these lands other than infrastructure work, earth work and landscape work incurred to put the land ready for development. Accordingly, land held for property development is classified as non-current assets on the statement of financial position and is stated at cost plus incidental expenditure incurred to put the land in a condition ready for development.

##### (ii) Property Development Costs

Land on which development has commenced and is expected to be completed within the normal operating cycle is included in property development costs. Property development costs comprise all costs that are directly attributable to development activities or that can be allocated on a reasonable basis to such activities.

Where the outcome of a development can be reasonably estimated, revenue is recognised on the percentage of completion method. The stage of completion is determined by the proportion that costs incurred to-date bear to the estimated total costs. In applying this method of determining stage of completion, only those costs that reflect actual development work performed are included as costs incurred.

## Notes To The Financial Statements

For The Financial Year Ended 31 December 2016

### 1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

#### (l) Development properties (cont'd.)

##### (ii) Property Development Costs (cont'd.)

For certain overseas development projects, revenue will be recognised upon the transfer of significant risks and rewards of ownership, which generally coincides with the time the development units are delivered to the purchasers.

Where the outcome of a development cannot be reasonably estimated, revenue is recognised to the extent of property development costs incurred that is probable will be recoverable, and the property development costs on the development units sold shall be recognised as an expense in the period in which they are incurred.

When it is probable that total costs will exceed total revenue, the foreseeable loss is immediately recognised in profit or loss irrespective of whether development work has commenced or not, or of the stage of completion of development activity, or of the amounts of profits expected to arise on other unrelated development projects.

The excess of revenue recognised in profit or loss over the billings to purchasers of properties is recognised as accrued billings under current assets. The excess of billings to purchasers of properties over revenue recognised in profit or loss is recognised as progress billings under current liabilities.

When there is a financial assistance given by authority, the amount will be deducted against the property development costs.

##### (iii) Development rights

Development rights represent the rights to additional density over and above the maximum permissible density for the Group's development projects within the island of Penang, granted pursuant to a BOT agreement for the construction and refurbishment of the subterranean Penang International Convention & Exhibition Centre ("SPICE") and complementary retail, food and beverage outlets and offices.

Development rights are recognised to the extent that the Group has performed the construction services for the BOT agreement. Development rights are initially measured at cost, which is represented by the allocated fair value of the construction services rendered.

Development rights recognised are included as part of the cost of the land held for property development or the property development costs of the Group, based on the allocation of the expected utilisation of the development rights for the planned property development projects of the Group.

#### (m) Long term construction contracts

The Group's long term construction contracts are all fixed price contracts and where their outcome can be reasonably estimated, revenue is recognised on the percentage of completion method. The stage of completion is determined by the proportion that costs incurred to-date bear to the estimated total costs, and for this purpose, only those costs that reflect actual contract work performed are included as costs incurred.

Where the outcome of a long term construction contract cannot be reasonably estimated, revenue is recognised only to the extent of contract costs incurred that are expected to be recoverable. At the same time, all contract costs incurred are recognised as an expense in the period in which they are incurred.

Costs that relate directly to a contract and which are incurred in securing the contract are also included as part of contract costs if they can be separately identified and measured reliably and it is probable that the contract will be secured.

When it is probable that total costs will exceed total revenue, the foreseeable loss is immediately recognised in profit or loss irrespective of whether contract work has commenced or not, or of the stage of completion of contract activity, or of the amounts of profits expected to arise on other unrelated contracts.

On the statement of financial position, contracts in progress are reflected either as gross amounts due from or due to customers, where a gross amount due from customers is the surplus of (i) costs incurred plus profits recognised under the percentage of completion method over (ii) recognised foreseeable losses plus progress billings. A gross amount due to customers is the surplus of (ii) over (i).

## Notes To The Financial Statements

For The Financial Year Ended 31 December 2016

### 1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

#### (n) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average basis. In the case of finished goods and work-in-progress, cost comprises materials, direct labour, other direct charges and an appropriate proportion of factory overheads.

In the case of completed properties held for sale, cost is determined based on specific identification method.

Net realisable value represents the estimated selling price in the ordinary course of business, less selling and distribution costs and all other estimated cost to completion.

#### (o) Financial instruments

A financial instrument is any contract that gives rise to both a financial asset of one enterprise and a financial liability or equity instrument of another enterprise.

##### (i) Initial recognition and measurement

A financial instrument is recognised in the financial statements when the Company or any of its subsidiaries becomes a party to the contractual provisions of the instrument.

A financial instrument is recognised initially, at its fair value plus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial instrument.

##### (ii) Financial instrument categories and subsequent measurement

###### Financial assets

Financial assets are classified as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments or available-for-sale financial assets, as appropriate. Management determines the classification of the financial assets upon initial recognition as set out below. The Group and the Company only have financial assets categorised as loans and receivables.

###### *Loans and receivables*

This category comprises debt instruments that are not quoted in an active market, trade and other receivables and cash and cash equivalents. They are included in current assets, except for maturities longer than 12 months after the reporting period, which are classified as non-current assets.

The subsequent measurement of financial assets in this category is at amortised cost using the effective interest method, less allowance for impairment losses. Any gains or losses arising from derecognition or impairment, and through the amortisation process of loans and receivables are recognised in profit or loss.

Known bad debts are written off and allowance is made for any receivables considered to be doubtful of collection.

###### Financial liabilities

Financial liabilities are classified as either financial liabilities at fair value through profit or loss or financial liabilities at amortised cost.

The Group and the Company only have financial liabilities categorised as financial liabilities at amortised cost which are measured using the effective interest method and are recognised in profit or loss.

## Notes To The Financial Statements

For The Financial Year Ended 31 December 2016

### 1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

#### (o) Financial instruments (cont'd.)

##### (iii) Derecognition of financial assets and liabilities

A financial asset or part of it is derecognised when the contractual rights to the cash flows from the financial asset expire or the financial asset is transferred to another party without retaining control or substantially all risks and rewards of the asset.

On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received together with any cumulative gain or loss that has been recognised in other comprehensive income is recognised in profit or loss.

A financial liability or part of it is derecognised when the obligation specified in the contract is discharged, cancelled or expired.

On derecognition of a financial liability, the difference between the carrying amount and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

#### (p) Impairment of assets

The Group and the Company assess at each reporting date whether there is any objective evidence that a financial asset is impaired.

##### (i) Trade and other receivables and other financial assets carried at amortised cost

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group and the Company consider factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payment. For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis based on similar risk characteristics. Objective evidence of impairment for a portfolio of receivables could include the Group's and the Company's past experience of collecting payment, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with default on receivables.

If any such evidence exists, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The impairment loss is recognised in profit or loss.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable becomes uncollectible, it is written off against the allowance account.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

##### (ii) Unquoted equity securities carried at cost

If there is objective evidence (such as significant adverse changes in the business environment where the issuer operates, probability of insolvency or significant financial difficulties of the issuer) that an impairment loss on financial assets carried at cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial assets. Such impairment losses are not reversed in subsequent period.

## Notes To The Financial Statements

For The Financial Year Ended 31 December 2016

### 1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

#### (p) Impairment of assets (cont'd.)

(iii) *Property, plant and equipment, investment properties, intangible asset, land held for property development and investments in subsidiary companies, associated companies and jointly controlled entities*

Property, plant and equipment, investment properties, intangible asset, land held for property development and investments in subsidiary companies, associated companies and jointly controlled entities are assessed at each reporting date to determine whether there is any indication of impairment.

If such an indication exists, the asset's recoverable amount is estimated. The recoverable amount is the higher of an asset's fair value less cost to sell and its value in use. Value in use is the present value of the future cash flows expected to be derived from the asset. Recoverable amounts are estimated for individual assets or, if it is not possible, for the cash-generating unit to which the asset belongs.

An impairment loss is recognised whenever the carrying amount of an asset or a cash-generating unit exceeds its recoverable amount. Impairment losses are charged to profit or loss immediately.

Any reversal of an impairment loss as a result of a subsequent increase in recoverable amount should not exceed the carrying amount that would have been determined (net of amortisation or depreciation, if applicable) had no impairment loss been previously recognised for the asset. Such reversals are recognised as income immediately in profit or loss.

#### (q) Share capital, Islamic redeemable cumulative preference shares ("RCPS-i") and Sukuk Musharakah ("Perpetual bond")

Ordinary shares, RCPS-i and Perpetual bond are classified as equity when there is no contractual obligation to deliver cash or other financial assets to another person or entity or to exchange financial assets or liabilities with another person or entity that are potentially unfavourable to the issuer.

Ordinary shares and RCPS-i are recorded at nominal value and proceeds received in excess, if any, of the nominal value of shares issued, are accounted for as share premium. Share premium are classified as equity. Costs incurred directly attributable to the issuance of the shares are accounted for as a deduction from share premium, if any, otherwise it is charged to profit or loss.

The proceeds received net of any directly attributable transaction costs are credited to share capital or perpetual capital securities.

Dividends on ordinary shares and RCPS-i as well as distribution on Perpetual bond are recognised in equity in the period in which they are declared.

#### (r) Redeemable cumulative preference shares

Redeemable cumulative preference shares ("RCPS") are classified as financial liabilities in accordance with the substance of the contractual arrangement of the RCPS. Dividends to shareholders of the RCPS are recognised as finance costs, on an accrual basis.

RCPS are measured at amortised cost.

#### (s) Income recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the Company, and the revenue can be reliably measured, regardless of when the payment is made. Revenue is measured at the fair value of consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty.

## Notes To The Financial Statements

For The Financial Year Ended 31 December 2016

### 1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

#### (s) Income recognition (cont'd.)

##### (i) Sale of development properties and construction contracts

Revenue from sale of development properties and construction contracts which are under development is recognised on the percentage of completion method, where the outcome of the contracts and development projects can be reliably estimated as described in Notes 1(l) and 1(m) respectively.

Revenue from the sale of development properties represents the proportionate sales value of development properties sold attributable to the percentage of development work performed during the financial year.

Revenue from construction contracts represents the proportionate contract value on construction contracts attributable to the percentage of contract work performed during the financial year.

##### (ii) Sale of completed development properties

Revenue from the sale of completed development properties is measured at the fair value of the consideration receivable and is recognised in profit or loss when the significant risks and rewards of ownership have been transferred to the buyer.

##### (iii) Sale of goods

Revenue from the sale of goods is measured at the fair value of the consideration receivable and is recognised in profit or loss when the significant risks and rewards of ownership have been transferred to the buyer.

##### (iv) Dividend income

Dividend income is recognised when the Group's and the Company's right to receive payment is established.

##### (v) Interest income

Interest income is recognised on a time proportion basis.

##### (vi) Rental income

Rental income is accounted for on a straight-line basis over the lease terms. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

##### (vii) Subscription fees

Club subscription fees are recognised on an accrual basis.

##### (viii) Management fees

Management fees are recognised when services are rendered.

#### (t) Foreign currencies

##### (i) Functional currency

Functional currency is the currency of the primary economic environment in which an entity operates.

The financial statements of each entity within the Group are measured using their respective functional currencies.

## Notes To The Financial Statements

For The Financial Year Ended 31 December 2016

### 1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

#### (t) Foreign currencies (cont'd.)

##### (ii) *Transactions and balances in foreign currencies*

Transactions in currencies other than the functional currency ("foreign currencies") are translated to the functional currency at the rate of exchange ruling at the date of the transaction.

Monetary items denominated in foreign currencies at the reporting date are translated at foreign exchange rates ruling at that date.

Non-monetary items which are measured in terms of historical costs denominated in foreign currencies are translated at foreign exchange rates ruling at the date of the transaction.

Non-monetary items which are measured at fair values denominated in foreign currencies are translated at the foreign exchange rates ruling at the date when the fair values were determined.

Exchange differences arising on the settlement of monetary items and the translation of monetary items are included in profit or loss for the period.

When a gain or loss on a non-monetary item is recognised directly in equity, any corresponding exchange gain or loss is recognised directly in equity. When a gain or loss on a non-monetary item is recognised in profit or loss, any corresponding exchange gain or loss is recognised in profit or loss.

##### (iii) *Translation of foreign operations*

For consolidation purposes, all assets and liabilities of foreign operations that have a functional currency other than RM (including goodwill and fair value adjustments arising from the acquisition of the foreign operations) are translated at the exchange rates ruling at the reporting date.

Income and expense items are translated at exchange rates approximating those ruling on transactions dates.

All exchange differences arising from the translation of the financial statements of foreign operations are dealt with through the exchange translation reserve account within equity. On the disposal of a foreign operation, the exchange translation differences relating to that foreign operation are recognised in profit or loss as part of gain or loss on disposal.

#### (u) Employee benefits

##### (i) *Short term employee benefits*

Wages, salaries, paid annual leave, paid sick leave, maternity leave, bonuses and non-monetary benefits are recognised as an expense in the period in which the associated services are rendered by employees other than those that are attributable to property development activities or construction contract in which case such expenses are recognised in the property development costs or contract costs.

##### (ii) *Post-employment benefits*

The Company and its subsidiaries incorporated in Malaysia make contributions to the Employees Provident Fund ("EPF") and foreign subsidiaries make contributions to their respective countries' statutory pension schemes. The contributions are recognised as a liability after deducting any contributions already paid and as expenses in the period in which the employees render their services.

## Notes To The Financial Statements

For The Financial Year Ended 31 December 2016

### 1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

#### (u) Employee benefits (cont'd.)

##### (iii) Share-based payment transactions

The Group operates an equity-settled share-based long term incentive plan ("LTIP" or "Scheme"), which comprises the Employee Share Grant Plan ("ESGP") and Employee Share Option Scheme ("ESOS") for its employees and Executive Directors.

##### ESGP

Employees and Executive Directors are entitled to ESGP in the form of Restricted Share Plan ("RSP") and Performance Share Plan ("PSP") as consideration for services rendered. The RSP is a restricted share plan for employees and Executive Directors, while the PSP is a performance share plan for selected senior management and Executive Directors.

The RSP and PSP are settled by way of issuance and transfer of new shares upon vesting. The total fair value of RSP and PSP granted is recognised as an employee cost with a corresponding increase in the share options reserve within equity over the vesting period after taking into account the probability that the RSP and PSP will vest.

The fair value of RSP and PSP is measured at grant date, taking into account, if any, the market vesting conditions upon which the RSP and PSP were granted but excluding the impact of any non-market vesting conditions. Non-market vesting conditions are included in assumptions about the number of shares that are expected to vest on the vesting date.

At each reporting date, the Group revises its estimates of the number of RSP and PSP that are expected to vest on vesting date. It recognises the impact of the revision of original estimates, if any, in profit or loss and a corresponding adjustment to equity over the remaining vesting period. The equity amount is recognised in the share-based payment reserve.

##### ESOS

The ESOS allows the Group's employees and Executive Directors to acquire shares of the Company. The total fair value of share options granted is recognised as an employee cost with a corresponding increase in the share options reserve within equity over the vesting period and taking into account the probability that the options will vest.

The fair value of share options is measured at grant date using the binomial model, taking into account, if any, the market vesting conditions upon which the options were granted but excluding the impact of any non-market vesting conditions. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable on vesting date.

At each reporting date, the Group revises its estimates of the number of options that are expected to become exercisable on vesting date. It recognises the impact of the revision of original estimates, if any, in profit or loss and a corresponding adjustment to equity over the remaining vesting period. The equity amount is recognised in the share-based payment reserve.

The fair value of the share options recognised in the share-based payment reserve is transferred to share premium when the share options are exercised, or transferred to retained earnings upon expiry of the share-based payment options.

The proceeds received net of any direct attributable transaction costs are credited to equity when the option are exercised.

## Notes To The Financial Statements

For The Financial Year Ended 31 December 2016

### 1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

#### (v) Borrowing costs

Borrowing costs incurred on assets under development that take a substantial period of time for completion are capitalised into the carrying value of the assets. Capitalisation of borrowing costs ceases when that assets are completed or during extended periods when active development is interrupted.

All other borrowing costs are charged to profit or loss in the period in which they are incurred.

#### (w) Provisions

Provisions are recognised when the Group and the Company have a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as finance cost.

#### (x) Income tax

##### (i) Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

##### (ii) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiary companies, associated companies and jointly controlled entities, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

## Notes To The Financial Statements

For The Financial Year Ended 31 December 2016

### 1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

#### (x) Income tax (cont'd.)

##### (ii) *Deferred tax (cont'd.)*

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiary companies, associated companies and jointly controlled entities, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

#### (y) Cash and cash equivalents

Cash and cash equivalents consist of cash and bank balances, short-term deposits with licensed banks, fixed income trust funds and other licensed financial institutions, which are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value.

For the purposes of the statements of cash flows, cash and cash equivalents are presented net of bank overdrafts and exclude sinking fund, debt service reserve, escrow and revenue accounts pledged to secure banking facilities.

#### (z) Operating segments

Segment reporting in the financial statements is presented on the same basis as it is used by management internally for evaluating operating segment performance and in deciding how to allocate resources to each operating segment. Operating segments are distinguishable components of the Group that engage in business activities from which they may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's results are reviewed regularly by the chief operating decision maker to decide how to allocate resources to the segment and assess its performance, and for which discrete financial information is available.

Segment revenues, expenses, assets and liabilities are those amounts resulting from operating activities of a segment that are directly attributable to the segment and a relevant portion that can be allocated on a reasonable basis to the segment.

Segment revenues, expenses, assets and liabilities are determined before intra-group balances and intra-group transactions are eliminated as part of the consolidation process, except to the extent that such intra-group balances and transactions are between group entities within a single segment.

## Notes To The Financial Statements

For The Financial Year Ended 31 December 2016

### 1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

#### (aa) Current versus non-current classification

The Group presents assets and liabilities in statement of financial position based on current/non-current classification. An asset is classified as current when it is:

- (i) expected to be realised or intended to be sold or consumed in normal operating cycle;
- (ii) held primarily for the purpose of trading;
- (iii) expected to be realised within twelve months after the reporting period; or
- (iv) cash or cash equivalents unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current when:

- (i) it is expected to be settled in normal operating cycle;
- (ii) it is held primarily for the purpose of trading;
- (iii) it is due to be settled within twelve months after the reporting period; or
- (iv) there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

## Notes To The Financial Statements

For The Financial Year Ended 31 December 2016

### 2. PROPERTY, PLANT AND EQUIPMENT

Group 2016	Freehold land RM'000	Freehold buildings RM'000	Leasehold land RM'000	Plant, machinery, cranes and trucks RM'000	Computer equipment, office equipment, renovations, furniture and fittings RM'000	Motor vehicles RM'000	Capital work-in- progress RM'000	Total RM'000
<b>Cost</b>								
At 1.1.2016	7,887	188,532	13,670	21,481	117,868	30,455	22,558	402,451
Additions	-	1,136	572	5,063	7,467	3,903	31,074	49,215
Disposals	-	-	-	(62)	(150)	(4,394)	-	(4,606)
Write-offs	-	-	-	-	(336)	(139)	-	(475)
Reclass to land held for property development (see Note 4)	-	-	-	-	-	-	(15,039)	(15,039)
Reclass (to)/from investment properties (see Note 3)	(56)	-	-	-	-	-	293	237
Reclassification	166	(166)	-	-	942	-	(942)	-
Exchange differences	-	101	-	1	173	-	-	275
At 31.12.2016	7,997	189,603	14,242	26,483	125,964	29,825	37,944	432,058
<b>Accumulated depreciation</b>								
At 1.1.2016	-	21,191	35	16,926	85,125	18,773	-	142,050
Charge for the year	-	3,897	148	2,469	12,837	2,780	-	22,131
Disposals	-	-	-	(62)	(144)	(3,458)	-	(3,664)
Write-offs	-	-	-	-	(222)	(90)	-	(312)
Exchange differences	-	19	-	-	87	-	-	106
At 31.12.2016	-	25,107	183	19,333	97,683	18,005	-	160,311
<b>Accumulated impairment losses</b>								
At 1.1.2016	-	202	-	-	148	-	-	350
Write-offs	-	-	-	-	(111)	-	-	(111)
At 31.12.2016	-	202	-	-	37	-	-	239
<b>Net carrying amount</b>								
At 31.12.2016	7,997	164,294	14,059	7,150	28,244	11,820	37,944	271,508

## Notes To The Financial Statements

For The Financial Year Ended 31 December 2016

### 2. PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

Group 2015	Freehold land RM'000	Freehold buildings RM'000	Leasehold land RM'000	Plant, machinery, cranes and trucks RM'000	Computer equipment, office equipment, renovations, furniture and fittings RM'000	Motor vehicles RM'000	Capital work-in- progress RM'000	Total RM'000
<b>Cost</b>								
At 1.11.2014	7,887	178,828	-	22,732	108,535	30,126	5,381	353,489
Additions	-	6,006	13,670	511	11,872	4,248	19,171	55,478
Disposals	-	-	-	(59)	(1,271)	(3,774)	-	(5,104)
Write-offs	-	-	-	(1,704)	(3,912)	(145)	-	(5,761)
Transfer from property development costs (see Note 12)	-	3,393	-	-	-	-	-	3,393
Reclassification	-	-	-	-	1,994	-	(1,994)	-
Exchange differences	-	305	-	1	650	-	-	956
At 31.12.2015	7,887	188,532	13,670	21,481	117,868	30,455	22,558	402,451
<b>Accumulated depreciation</b>								
At 1.11.2014	-	16,206	-	15,981	72,636	18,126	-	122,949
Charge for the period	-	4,957	35	2,683	16,815	3,582	-	28,072
Disposals	-	-	-	(36)	(1,176)	(2,880)	-	(4,092)
Write-offs	-	-	-	(1,703)	(3,521)	(55)	-	(5,279)
Exchange differences	-	28	-	1	371	-	-	400
At 31.12.2015	-	21,191	35	16,926	85,125	18,773	-	142,050
<b>Accumulated impairment losses</b>								
At 1.11.2014/31.12.2015	-	202	-	-	148	-	-	350
<b>Net carrying amount</b>								
At 31.12.2015	7,887	167,139	13,635	4,555	32,595	11,682	22,558	260,051

## Notes To The Financial Statements

For The Financial Year Ended 31 December 2016

### 2. PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

Company	Plant, machinery, cranes and trucks RM'000	Computer equipment, office equipment, renovations, furniture and fittings RM'000	Motor vehicles RM'000	Total RM'000
<b>2016</b>				
<b>Cost</b>				
At 1.1.2016	-	2,365	246	2,611
Disposals	-	-	(238)	(238)
Write-offs	-	(21)	-	(21)
At 31.12.2016	-	2,344	8	2,352
<b>Accumulated depreciation</b>				
At 1.1.2016	-	2,345	237	2,582
Charge for the year	-	2	-	2
Disposals	-	-	(230)	(230)
Write-offs	-	(4)	-	(4)
At 31.12.2016	-	2,343	7	2,350
<b>Net carrying amount</b>				
At 31.12.2016	-	1	1	2
<b>2015</b>				
<b>Cost</b>				
At 1.11.2014	1,706	3,830	261	5,797
Additions	-	17	-	17
Disposals	-	-	(15)	(15)
Write-offs	(1,706)	(1,482)	-	(3,188)
At 31.12.2015	-	2,365	246	2,611
<b>Accumulated depreciation</b>				
At 1.11.2014	1,705	3,821	252	5,778
Charge for the period	-	6	-	6
Disposals	-	-	(15)	(15)
Write-offs	(1,705)	(1,482)	-	(3,187)
At 31.12.2015	-	2,345	237	2,582
<b>Net carrying amount</b>				
At 31.12.2015	-	20	9	29

Freehold land and buildings, including capital work-in-progress of the Group included above at a net carrying amount of RM99,574,000 (2015: RM101,267,000) have been charged to banks to partially secure the long term borrowings, revolving credits and bank overdrafts referred to in Note 23 below.

## Notes To The Financial Statements

For The Financial Year Ended 31 December 2016

### 3. INVESTMENT PROPERTIES

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
<b>Cost</b>				
At beginning of the year/period	759,431	631,125	2,349	2,349
Additions	325,136	129,143	-	-
Disposals	(399)	-	-	-
Reclass to property, plant and equipment (see Note 2)	(237)	-	-	-
Reclass to land held for property development (see Note 4)	(20,432)	(837)	-	-
Reclass to property development costs (see Note 12)	(7,799)	-	-	-
At end of the year/period	1,055,700	759,431	2,349	2,349
<b>Accumulated depreciation</b>				
At beginning of the year/period	23,040	16,170	168	157
Charge for the year/period	7,009	6,870	10	11
Disposals	(115)	-	-	-
At end of the year/period	29,934	23,040	178	168
<b>Accumulated impairment losses</b>				
At beginning of the year/period	10,013	10,013	443	443
Disposals	(198)	-	-	-
At end of the year/period	9,815	10,013	443	443
<b>Net carrying amount</b>				
At end of the year/period	1,015,951	726,378	1,728	1,738
Comprising:				
Investment properties under construction	488,494	273,299	-	-
Freehold land	112,225	100,813	928	928
Freehold buildings	343,612	283,234	-	-
Leasehold land	71,620	69,032	800	810
	1,015,951	726,378	1,728	1,738
Fair value at 31 December	1,053,006	1,006,594	3,243	3,196

## Notes To The Financial Statements

For The Financial Year Ended 31 December 2016

### 3. INVESTMENT PROPERTIES (CONT'D.)

The Group's investment properties at a net carrying amount of RM781,372,000 (2015: RM565,269,000) have been charged to banks to secure the borrowings referred to in Note 23 below.

Included under the Group's investment properties is borrowing costs of RM21,326,000 (2015: RM21,071,000) incurred during the financial year/period.

The fair values of the investment properties of the Group were assessed based on reference to open market value of properties in the vicinity. The fair value of the investment properties as at 31 December 2016 was substantially arrived at via valuation performed by certified external valuers based on the following valuation techniques depending on the location and types of properties.

- (i) The market comparison approach uses prices and other relevant information generated by market transactions involving identical or comparable assets and liabilities.
- (ii) The comparison/cost method of valuation entails separate valuations of the land and buildings to arrive at the market value of the subject property. The land is valued by reference to transactions of similar lands in surrounding with appropriate adjustments made for differences in the relevant characteristics of the land. Completed buildings are valued by reference to the current estimates on constructional costs to erect equivalent buildings, taking into consideration of similar accommodation in terms of size, construction, finishes contractors' overheads, fees and profits. Appropriate adjustments are then made for the factors of obsolescence and existing physical condition of the building.

The fair value of investment properties under construction amounting to RM488,494,000 (2015: RM273,299,000) cannot be reliably and separately determined until the construction is completed or the fair value becomes reliably determinable, whichever is earlier.

### 4. LAND HELD FOR PROPERTY DEVELOPMENT

Group	Freehold land RM'000	Leasehold land RM'000	Development expenditure RM'000	Total RM'000
<b>2016</b>				
<b>Cost</b>				
At 1.1.2016	2,709,054	385,672	2,209,604	5,304,330
Additions	44,946	136,726	639,595	821,267
Reclass from investment property (see Note 3)	8,210	-	12,222	20,432
Transfer to property development costs (see Note 12)	(263,217)	(75,151)	(335,582)	(673,950)
Reclass from property, plant & equipment (see Note 2)	-	-	15,039	15,039
Transfer from other receivables	20,579	40,000	28,780	89,359
Exchange differences	1,583	2,491	(913)	3,161
At 31.12.2016	2,521,155	489,738	2,568,745	5,579,638
<b>2015</b>				
<b>Cost</b>				
At 1.11.2014	2,848,060	382,192	2,029,912	5,260,164
Additions	116,621	-	409,104	525,725
Reclass from investment property (see Note 3)	-	-	837	837
Transfer to property development costs (see Note 12)	(255,627)	(1,849)	(232,607)	(490,083)
Exchange differences	-	5,329	2,358	7,687
At 31.12.2015	2,709,054	385,672	2,209,604	5,304,330

## Notes To The Financial Statements

For The Financial Year Ended 31 December 2016

#### 4. LAND HELD FOR PROPERTY DEVELOPMENT (CONT'D.)

Included in additions are borrowing costs and development rights of RM74,455,000 and RM168,487,000 (2015: RM82,888,000 and RM171,231,000) respectively incurred during the financial year/period.

Land held for property development of the Group included above with a carrying amount of RM2,447,479,000 (2015: RM2,357,135,000) have been charged to banks to partially secure the borrowings referred to in Note 23 below.

#### 5. INTANGIBLE ASSET - RIGHT TO OPERATE SPICE

	Group	
	2016 RM'000	2015 RM'000
<b>Cost/Net carrying amount</b>		
At beginning of the year/period	<b>7,215</b>	6,628
Additions	<b>4,418</b>	587
At end of the year/period	<b>11,633</b>	7,215

The Group has entered into a BOT agreement with Majlis Perbandaran Pulau Pinang ("MPPP") to construct the subterranean Penang International Convention & Exhibition Centre ("SPICE") and complementary retail/food and beverage outlets/offices. The terms of the arrangement also require the Group to improve and refurbish the existing Penang International Sports Arena indoor stadium and aquatic centre.

The terms of the arrangement allow the Group to operate SPICE for up to a period of thirty years ("Concession Period") soon after the completion of construction. Upon expiry of the concession arrangement, subject to the agreement between the Group and MPPP, the Group may be able to operate SPICE for two further terms, consisting of a period of not less than fifteen years each.

The BOT agreement also grants the Group the right to additional density for the Group's development project within the island of Pulau Pinang. Such development rights are limited to 1,500 residential units. The development rights are only exercisable during the Concession Period and any right not exercised by the end of the Concession Period shall lapse.

#### 6. INVESTMENTS IN ASSOCIATED COMPANIES

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Unquoted ordinary shares, at cost	<b>2,272</b>	2,272	<b>900</b>	900
Capital contribution to an associated company, at cost	<b>94,721</b>	94,721	<b>94,721</b>	94,721
Group's share of post-acquisition profits less losses	<b>8,499</b>	3,622	-	-
Group's share of non-distributable reserves	<b>17,753</b>	20,974	-	-
Impairment losses	<b>(1,372)</b>	(1,372)	-	-
	<b>121,873</b>	120,217	<b>95,621</b>	95,621

## Notes To The Financial Statements

For The Financial Year Ended 31 December 2016

### 6. INVESTMENTS IN ASSOCIATED COMPANIES (CONT'D.)

The details of the individual Group's associated companies are not disclosed as they are deemed to be immaterial to the Group. The summarised aggregate financial information of the Group's share of individually non-material associated companies as at 31 December is set out below:

	2016 RM'000	2015 RM'000
Profit for the year/period	4,877	4,533
Other comprehensive income for the year/period	-	-
<b>Total comprehensive income for the year/period</b>	<b>4,877</b>	4,533
Carrying amount of the Group's interest in individually non-material associated companies	27,152	25,496
Capital contribution to an associated company, at cost*	94,721	94,721
	<b>121,873</b>	120,217

\* This amount relates to the capital contribution to Qinzhou Development (Malaysia) Consortium Sdn Bhd, an associated company which holds the investment in China-Malaysia Qinzhou Industrial Park (Guangxi) Development Co. Ltd. in China.

The capital contribution is unsecured, interest free and is not expected to be recalled within the next 12 months.

The associated companies are as follows:

	Equity interest				Country of incorporation	Principal activities
	Direct		Indirect			
	2016 %	2015 %	2016 %	2015 %		
PTB Property Developer Sdn Bhd	-	-	49	49	Malaysia	Property development
Qinzhou Development (Malaysia) Consortium Sdn Bhd	45	45	-	-	Malaysia	Investment holding
* Qinzhou Development (Hong Kong) Limited	-	-	45	45	Hong Kong	Investment holding
* China-Malaysia Qinzhou Industrial Park (Guangxi) Development Co. Ltd	-	-	22	22	China	Property development

\* Audited by member firms of Ernst & Young Global in the respective countries

The financial year end of the associates are co-terminous with those of the Group.

For the purpose of applying the equity method of accounting, the management accounts of these associates for the year ended 31 December 2016 have been used.

### 7. INVESTMENTS IN JOINTLY CONTROLLED ENTITIES

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Unquoted ordinary shares, at cost	1,828,946	1,132,380	33,250	33,250
Premium on acquisition	6,879	6,879	-	-
Group's share of post-acquisition profits less losses	(189,324)	(243,385)	-	-
Group's share of non-distributable reserves	31,147	189,916	-	-
LTIP granted to employees of jointly controlled entities	75	1,045	125	1,742
	<b>1,677,723</b>	1,086,835	<b>33,375</b>	34,992

## Notes To The Financial Statements

For The Financial Year Ended 31 December 2016

### 7. INVESTMENTS IN JOINTLY CONTROLLED ENTITIES (CONT'D.)

The jointly controlled entities are as follows:

	Proportion of ownership interest				Country of incorporation	Principal activities
	Direct		Indirect			
	2016 %	2015 %	2016 %	2015 %		
Setia Putrajaya Sdn Bhd	<b>60</b>	60	-	-	Malaysia	Property development, building construction and investment holding
Setia Putrajaya Construction Sdn Bhd	-	-	<b>60</b>	60	Malaysia	Building construction
Setia Putrajaya Development Sdn Bhd	-	-	<b>60</b>	60	Malaysia	Property development
Greenhill Resources Sdn Bhd	-	-	<b>50</b>	50	Malaysia	Property investment
Setia Federal Hill Sdn Bhd	<b>50</b>	50	-	-	Malaysia	Property development and property investment holding
# SetiaBecamex Joint Stock Company	-	-	<b>55</b>	55	Vietnam	Property development
Retro Highland Sdn Bhd	<b>50</b>	50	-	-	Malaysia	Property development
^* Battersea Project Holding Company Limited	-	-	<b>40</b>	40	Jersey	Investment holding
^* Battersea Project Land Company Limited	-	-	<b>40</b>	40	Jersey	Property development and property investment holding
* Battersea Power Station Development Company Limited	-	-	<b>40</b>	40	United Kingdom	Project development management
^* Battersea Power Station Malaysia Sdn Bhd	-	-	<b>40</b>	40	Malaysia	Promotion, marketing and other activities related to property development
^* Battersea Phase 1 Holding Company Limited	-	-	<b>40</b>	40	Jersey	Property investment holding
^* Battersea Project Phase 1 Company Limited	-	-	<b>40</b>	40	Jersey	Property investment holding
^* Battersea Project Phase 1 Management Company Limited	-	-	<b>40</b>	40	Jersey	Dormant
^* Battersea Project Phase 1 Retail, Leisure, F&B Nominee Limited (formerly known as Battersea Project Phase 1 Nominee Company Limited)	-	-	<b>40</b>	40	Jersey	Property investment holding
^* Battersea Project Phase 1 Retail, Leisure, F&B GP Limited (formerly known as Battersea Project Phase 1 GP Limited)	-	-	<b>40</b>	40	Jersey	Property development and property investment holding

## Notes To The Financial Statements

For The Financial Year Ended 31 December 2016

### 7. INVESTMENTS IN JOINTLY CONTROLLED ENTITIES (CONT'D.)

The jointly controlled entities are as follows (cont'd.):

	Proportion of ownership interest				Country of incorporation	Principal activities
	Direct		Indirect			
	2016 %	2015 %	2016 %	2015 %		
^* Battersea Project Phase 1 Retail, Leisure, F&B LP Limited ( <i>formerly known as Battersea Project Phase 1 LP Limited</i> )	-	-	<b>40</b>	40	Jersey	Property development and property investment holding
^* Battersea Project Phase 1 Retail, Leisure, F&B Limited Partnership ( <i>formerly known as Battersea Project Phase 1 Commercial Limited Partnership</i> )	-	-	<b>40</b>	40	United Kingdom	Property development and property investment holding
^* Battersea Project Phase 1 Office Nominee Limited	-	-	<b>40</b>	-	Jersey	Property development and property investment holding
^* Battersea Project Phase 1 Office GP Limited	-	-	<b>40</b>	-	Jersey	Property development and property investment holding
^* Battersea Project Phase 1 Office LP Limited	-	-	<b>40</b>	-	Jersey	Property development and property investment holding
^* Battersea Phase 2 Holding Company Limited	-	-	<b>40</b>	40	Jersey	Investment holding
^* Battersea Project Phase 2 Company Limited	-	-	<b>40</b>	40	Jersey	Property development
^* Battersea Project Phase 2 Development Company Limited	-	-	<b>40</b>	40	Jersey	Property development
^* Battersea Project Phase 2 Residential Company Limited	-	-	<b>40</b>	40	Jersey	Property development
^* Battersea Project Phase 2 Nominee Company Limited	-	-	<b>40</b>	40	Jersey	Property investment holding
^* Battersea Project Phase 2 Management Company Limited	-	-	<b>40</b>	40	Jersey	Dormant
^* Battersea Power Station Energy Company Limited	-	-	<b>40</b>	40	Jersey	Dormant
^* Battersea Project Phase 2 GP Limited	-	-	<b>40</b>	40	Jersey	Property development and property investment holding
^* Battersea Project Phase 2 LP Limited	-	-	<b>40</b>	40	Jersey	Property development and property investment holding

## Notes To The Financial Statements

For The Financial Year Ended 31 December 2016

### 7. INVESTMENTS IN JOINTLY CONTROLLED ENTITIES (CONT'D.)

The jointly controlled entities are as follows (cont'd.):

	Proportion of ownership interest				Country of incorporation	Principal activities
	Direct		Indirect			
	2016 %	2015 %	2016 %	2015 %		
^* Battersea Project Phase 2 Commercial Limited Partnership	-	-	40	40	United Kingdom	Property development and property investment holding
^* Battersea Phase 3 Holding Company Limited	-	-	40	40	Jersey	Property investment holding
^* Battersea Project Phase 3 Company Limited	-	-	40	40	Jersey	Property investment holding
^* Battersea Project Phase 3 Development Company Limited	-	-	40	40	Jersey	Property development
^* Battersea Project Phase 3 Residential Company Limited	-	-	40	40	Jersey	Property development
^* Battersea Project Phase 3 Nominee Company Limited	-	-	40	40	Jersey	Property investment holding
^* Battersea Project Phase 3 Management Company Limited	-	-	40	40	Jersey	Dormant
^* Battersea Project Phase 3 GP Limited	-	-	40	40	Jersey	Property development and property investment holding
^* Battersea Project Phase 3 LP Limited	-	-	40	40	Jersey	Property development and property investment holding
^* Battersea Project Phase 3 Commercial Limited Partnership	-	-	40	40	United Kingdom	Property development and property investment holding
^* Battersea Phase 4 Holding Company Limited	-	-	40	40	Jersey	Investment holding
^* Battersea Project Phase 4 Company Limited	-	-	40	40	Jersey	Property development
^* Battersea Project Phase 4 Development Company Limited	-	-	40	40	Jersey	Dormant
^* Battersea Project Phase 4 Residential Company Limited	-	-	40	40	Jersey	Property development
^* Battersea Project Phase 4 Nominee Company Limited	-	-	40	40	Jersey	Property investment holding

## Notes To The Financial Statements

For The Financial Year Ended 31 December 2016

### 7. INVESTMENTS IN JOINTLY CONTROLLED ENTITIES (CONT'D.)

The jointly controlled entities are as follows (cont'd.):

	Proportion of ownership interest				Country of incorporation	Principal activities
	Direct		Indirect			
	2016 %	2015 %	2016 %	2015 %		
^* Battersea Project Phase 4 Management Company Limited	-	-	<b>40</b>	40	Jersey	Dormant
^* Battersea Project Phase 4 GP Limited	-	-	<b>40</b>	40	Jersey	Property development and property investment holding
^* Battersea Project Phase 4 LP Limited	-	-	<b>40</b>	40	Jersey	Property development and property investment holding
^* Battersea Project Phase 4 Commercial Limited Partnership	-	-	<b>40</b>	40	United Kingdom	Property development and property investment holding
^* Battersea Project Phase 4a Company Limited	-	-	<b>40</b>	40	Jersey	Dormant
^* Battersea Phase 5 Holding Company Limited	-	-	<b>40</b>	40	Jersey	Property investment holding
^* Battersea Project Phase 5 Company Limited	-	-	<b>40</b>	40	Jersey	Property investment holding
^* Battersea Project Phase 5 Development Company Limited	-	-	<b>40</b>	40	Jersey	Dormant
^* Battersea Phase 6 Holding Company Limited	-	-	<b>40</b>	40	Jersey	Investment holding
^* Battersea Project Phase 6 Residential Company Limited	-	-	<b>40</b>	40	Jersey	Property development and property investment holding
^* Battersea Project Phase 6 Nominee Company Limited	-	-	<b>40</b>	40	Jersey	Property investment holding
^* Battersea Project Phase 6 Company Limited	-	-	<b>40</b>	40	Jersey	Property development
^* Battersea Project Phase 6 Development Company Limited	-	-	<b>40</b>	40	Jersey	Dormant
^* Battersea Project Phase 6 Management Company Limited	-	-	<b>40</b>	40	Jersey	Dormant
^* Battersea Project Phase 6 GP Limited	-	-	<b>40</b>	40	Jersey	Property development and property investment holding

## Notes To The Financial Statements

For The Financial Year Ended 31 December 2016

### 7. INVESTMENTS IN JOINTLY CONTROLLED ENTITIES (CONT'D.)

The jointly controlled entities are as follows (cont'd.):

	Proportion of ownership interest				Country of incorporation	Principal activities
	Direct		Indirect			
	2016 %	2015 %	2016 %	2015 %		
^* Battersea Project Phase 6 LP Limited	-	-	40	40	Jersey	Property development and property investment holding
^* Battersea Project Phase 6 Commercial Limited Partnership	-	-	40	40	United Kingdom	Property development and property investment holding
^* Battersea Phase 7 Holding Company Limited	-	-	40	40	Jersey	Property investment holding
^* Battersea Project Phase 7 Company Limited	-	-	40	40	Jersey	Property investment holding
^* Battersea Project Phase 7 Development Company Limited	-	-	40	40	Jersey	Dormant
^* Battersea Project Phase 7 Residential Company Limited	-	-	40	40	Jersey	Dormant
^* Battersea Project Phase 7 Nominee Company Limited	-	-	40	40	Jersey	Property development and property investment holding
^* Battersea Project Phase 7 Management Company Limited	-	-	40	40	Jersey	Dormant
^* Battersea Project Phase 7 GP Limited	-	-	40	40	Jersey	Property development and property investment holding
^* Battersea Project Phase 7 LP Limited	-	-	40	40	Jersey	Property development and property investment holding
^* Battersea Project Phase 7 Commercial Limited Partnership	-	-	40	40	United Kingdom	Property development and property investment holding
^* Battersea Project Residual Land Company Limited	-	-	40	40	Jersey	Dormant
^* Battersea Project Phase 2 Refurbishment Company Limited	-	-	40	40	Jersey	Property development

## Notes To The Financial Statements

For The Financial Year Ended 31 December 2016

### 7. INVESTMENTS IN JOINTLY CONTROLLED ENTITIES (CONT'D.)

The jointly controlled entities are as follows (cont'd.):

	Proportion of ownership interest				Country of incorporation	Principal activities
	Direct		Indirect			
	2016 %	2015 %	2016 %	2015 %		
* Battersea Power Station Estates Limited	-	-	40	40	United Kingdom	Property management services
** Battersea Power Station Estate Management Limited	-	-	40	-	United Kingdom	Estate management services
** Battersea Power Station Asset Management Limited	-	-	40	-	United Kingdom	Asset management services
** Battersea Power Station Management Services Limited	-	-	40	-	United Kingdom	Management services
** Battersea Academy for Skills Excellence	-	-	40	-	United Kingdom	Community interest

# Audited by a firm other than Ernst & Young

\* The financial year of these jointly controlled entities ends on 30 June (2015: 31 October) and audited by a firm other than Ernst & Young

^ Subsidiaries consolidated in Battersea Project Holding Company Limited Group

~ Subsidiaries consolidated in Battersea Project Development Company Limited Group

Notwithstanding that the Group is having ownership of more than half of the equity shareholding in certain companies, they are treated as jointly controlled entities pursuant to the contractual rights and obligations of the respective joint venture agreements.

The Group's jointly controlled entities are accounted for using the equity method in the financial statements.

The Group's share of capital commitments of the jointly controlled entities at the reporting date are as below:

	2016 RM'000	2015 RM'000
Capital commitments:		
- Commitments in relation to development work	499,673	55,773
- Purchase of development land	116,736	135,093

There is no share of contingent liability and operating lease commitment of the jointly controlled entities of the Group as at the reporting date.

## Notes To The Financial Statements

For The Financial Year Ended 31 December 2016

### 7. INVESTMENTS IN JOINTLY CONTROLLED ENTITIES (CONT'D.)

Summarised financial information in respect of the Group's material jointly controlled entities is set out below. The summarised financial information below represents amounts shown in the jointly controlled entities' financial statements prepared in accordance with the Group accounting policies.

Battersea Project Holding Company Limited Group	2016 RM'000	2015 RM'000
Non-current assets	<b>3,229,097</b>	2,365,725
Current assets	<b>8,164,602</b>	5,516,042
Non-current liabilities	<b>(4,779,563)</b>	(3,273,445)
Current liabilities	<b>(2,286,057)</b>	(1,804,012)
Net assets	<b>4,328,079</b>	2,804,310

	1.1.2016 to 31.12.2016 RM'000	1.11.2014 to 31.12.2015 RM'000
Revenue	<b>1,335,093</b>	-
Profit/(loss) for the year/period	<b>225,334</b>	(125,807)
Other comprehensive income for the year/period	-	-
Total comprehensive income/(loss) for the year/period	<b>225,334</b>	(125,807)

Reconciliation of the above summarised financial information to the carrying amount of the interest in the jointly controlled entities recognised in the consolidated financial statements:

	2016 RM'000	2015 RM'000
Net assets	<b>4,328,079</b>	2,804,310
Proportion of ownership interest held by the Group	<b>40%</b>	40%
Carrying amount of the Group's interest in the jointly controlled entity	<b>1,731,232</b>	1,121,724

There is no dividend paid by Battersea Project Holding Company Limited Group during the financial year (2015: RM Nil).

## Notes To The Financial Statements

For The Financial Year Ended 31 December 2016

### 7. INVESTMENTS IN JOINTLY CONTROLLED ENTITIES (CONT'D.)

The summarised aggregate financial information of the Group's share of other individually non-material jointly controlled entities as at 31 December is set out below:

	1.1.2016 to 31.12.2016 RM'000	1.11.2014 to 31.12.2015 RM'000
Loss for the year/period	<b>(21,418)</b>	(59,207)
Other comprehensive income for the year/period	-	-
Total comprehensive loss for the year/period	<b>(21,418)</b>	(59,207)

	2016 RM'000	2015 RM'000
Carrying amount of the Group's interest in individually non-material jointly controlled entities	<b>(53,509)</b>	(34,889)

### 8. INVESTMENTS IN SUBSIDIARY COMPANIES

	Company	
	2016 RM'000	2015 RM'000
Unquoted shares in subsidiary companies, at cost	<b>511,908</b>	509,148
Capital contribution to subsidiary companies, at cost	<b>4,376,644</b>	3,212,163
LTIP granted to employees of subsidiary companies	<b>80,729</b>	69,886
Impairment losses	<b>(61,008)</b>	(61,008)
	<b>4,908,273</b>	3,730,189

The capital contribution to subsidiary companies represents additional shareholders' net investment. The capital contribution is unsecured, interest free and the repayment of such balances are not expected in the foreseeable future until such time the subsidiary companies are in the position to repay the amount without impairing its liquidity position.

## Notes To The Financial Statements

For The Financial Year Ended 31 December 2016

### 8. INVESTMENTS IN SUBSIDIARY COMPANIES (CONT'D.)

The subsidiary companies are as follows:

	Equity interest				Country of incorporation	Principal activities
	Direct		Indirect			
	2016 %	2015 %	2016 %	2015 %		
Bandar Setia Alam Sdn Bhd	<b>100</b>	100	-	-	Malaysia	Property development and property investment holding
Setia Indah Sdn Bhd	<b>100</b>	100	-	-	Malaysia	Property development and property investment holding
Setia Duta One Sdn Bhd	<b>100</b>	100	-	-	Malaysia	Property development
Syarikat Kemajuan Jerai Sdn Bhd	<b>100</b>	100	-	-	Malaysia	Property development and investment holding
S P Setia Project Management Sdn Bhd	-	-	<b>100</b>	100	Malaysia	Property development project management
Lagavest Sdn Bhd	-	-	<b>100</b>	100	Malaysia	Investment holding
Wawasan Indera Sdn Bhd	<b>50</b>	50	<b>50</b>	50	Malaysia	Property development
S P Setia Eco-Projects Management Sdn Bhd	-	-	<b>100</b>	100	Malaysia	Property development project management
Setia Recreation Sdn Bhd	<b>100</b>	-	-	100	Malaysia	Property development
Ambleside Sdn Bhd	-	-	<b>100</b>	100	Malaysia	Property development
Bukit Indah (Johor) Sdn Bhd	<b>100</b>	100	-	-	Malaysia	Property development and property investment holding
Setia Bina Raya Sdn Bhd	<b>100</b>	100	-	-	Malaysia	Inactive
Setia Precast Sdn Bhd	-	-	<b>100</b>	100	Malaysia	Building contractors
Setia-Wood Industries Sdn Bhd	<b>100</b>	100	-	-	Malaysia	Prefabrication, installation, sale of wood products and provision of kiln dry services
S P Setia Marketing Sdn Bhd	-	-	<b>100</b>	100	Malaysia	Sale of wood products and building materials
S P Setia Estate Management Sdn Bhd	<b>60</b>	60	-	-	Malaysia	Property management services
Setia Readymix Sdn Bhd	<b>100</b>	100	-	-	Malaysia	Building contractors and manufacturing and sale of building materials

## Notes To The Financial Statements

For The Financial Year Ended 31 December 2016

### 8. INVESTMENTS IN SUBSIDIARY COMPANIES (CONT'D.)

The subsidiary companies are as follows (cont'd.):

	Equity interest				Country of incorporation	Principal activities
	Direct		Indirect			
	2016 %	2015 %	2016 %	2015 %		
Bukit Indah (Perak) Sdn Bhd	<b>100</b>	100	-	-	Malaysia	Property development
S P Setia Management Services Sdn Bhd	<b>100</b>	100	-	-	Malaysia	Investment holding
Futurecrest (M) Sdn Bhd	<b>100</b>	100	-	-	Malaysia	Investment holding
Shabra Development Sdn Bhd	<b>100</b>	100	-	-	Malaysia	Property development
KL Eco City Sdn Bhd	<b>100</b>	100	-	-	Malaysia	Property development and property investment holding
Setia Prefab Sdn Bhd	<b>100</b>	100	-	-	Malaysia	Investment holding
Manih System Construction Sdn Bhd	-	-	<b>100</b>	100	Malaysia	Investment holding
Tenaga Raya Sdn Bhd	<b>100</b>	100	-	-	Malaysia	Dormant
Cosmotek Sdn Bhd	<b>100</b>	100	-	-	Malaysia	Investment holding
SJ Classic Land Sdn Bhd	-	-	<b>60</b>	60	Malaysia	Dormant
Indera Perasa Sdn Bhd	<b>100</b>	100	-	-	Malaysia	Investment holding
Dian Mutiara Sdn Bhd	-	-	<b>100</b>	100	Malaysia	Dormant
KL East Sdn Bhd	<b>100</b>	100	-	-	Malaysia	Dormant
Setia Eco Templer Recreation Sdn Bhd	-	100	<b>100</b>	-	Malaysia	Club operator
Setia IP Holdings Sdn Bhd (formerly known as Setia EM (South) Sdn Bhd)	<b>100</b>	100	-	-	Malaysia	Custodian and management of intellectual property rights
Kenari Kayangan Sdn Bhd	<b>99.99</b>	99.99	-	-	Malaysia	Investment holding
Setia Ecohill 2 Sdn Bhd	<b>100</b>	100	-	-	Malaysia	Property development and property investment holding
S P Setia Property Holdings Sdn Bhd	<b>100</b>	100	-	-	Malaysia	Dormant
Setia Hicon Sdn Bhd	<b>100</b>	100	-	-	Malaysia	Property development
S P Setia Technology Sdn Bhd	<b>100</b>	100	-	-	Malaysia	Dormant
S P Setia PMC Sdn Bhd	<b>100</b>	100	-	-	Malaysia	General management and administration services
Setia Promenade Sdn Bhd	<b>100</b>	100	-	-	Malaysia	Property development and property investment holding

## Notes To The Financial Statements

For The Financial Year Ended 31 December 2016

### 8. INVESTMENTS IN SUBSIDIARY COMPANIES (CONT'D.)

The subsidiary companies are as follows (cont'd.):

	Equity interest				Country of incorporation	Principal activities
	Direct		Indirect			
	2016 %	2015 %	2016 %	2015 %		
Bukit Indah Property Management Sdn Bhd	<b>70</b>	70	-	-	Malaysia	Property development
Kewira Jaya Sdn Bhd	<b>100</b>	100	-	-	Malaysia	Property development
Kay Pride Sdn Bhd	-	-	<b>100</b>	100	Malaysia	Property development and property investment holding
Aeropod Sdn Bhd	<b>100</b>	100	-	-	Malaysia	Property development and property investment holding
Setiahomes (MM2H) Sdn Bhd	<b>100</b>	100	-	-	Malaysia	Dormant
Eco Meridian Sdn Bhd	<b>100</b>	100	-	-	Malaysia	Construction and operation of concession asset and property investment holding
Setia Ecohill Sdn Bhd	<b>100</b>	100	-	-	Malaysia	Property development and property investment holding
S P Setia (Indonesia) Sdn Bhd	<b>100</b>	100	-	-	Malaysia	Representative office in Indonesia
Setia City Development Sdn Bhd	<b>100</b>	100	-	-	Malaysia	Property development and property investment holding
Gita Kasturi Sdn Bhd	<b>100</b>	100	-	-	Malaysia	Property development and property investment holding
Intra Hillside Sdn Bhd	<b>100</b>	100	-	-	Malaysia	Property development and property investment holding
Setia Alam Recreation Sdn Bhd	-	-	<b>100</b>	100	Malaysia	Club operator
Setia Eco Green Sdn Bhd	<b>100</b>	100	-	-	Malaysia	Dormant
Setia Eco Heights Sdn Bhd	<b>100</b>	100	-	-	Malaysia	Dormant
Setia Eco Land Sdn Bhd	<b>100</b>	100	-	-	Malaysia	Property development and property investment holding
S P Setia Property Services Sdn Bhd	<b>100</b>	100	-	-	Malaysia	Operation of convention centre

## Notes To The Financial Statements

For The Financial Year Ended 31 December 2016

### 8. INVESTMENTS IN SUBSIDIARY COMPANIES (CONT'D.)

The subsidiary companies are as follows (cont'd.):

	Equity interest				Country of incorporation	Principal activities
	Direct		Indirect			
	2016 %	2015 %	2016 %	2015 %		
Flexrise Projects Sdn Bhd	<b>100</b>	100	-	-	Malaysia	Investment holding
Pelita Mentari Sdn Bhd	<b>100</b>	100	-	-	Malaysia	Investment holding
Setia Eco Templer Sdn Bhd	<b>100</b>	100	-	-	Malaysia	Property development
Setia EM (Central) Sdn Bhd	<b>100</b>	100	-	-	Malaysia	Property management services
S P Setia DMC Sdn Bhd	<b>100</b>	100	-	-	Malaysia	Investment holding
Exceljade Sdn Bhd	<b>100</b>	100	-	-	Malaysia	Property development
Sendiman Sdn Bhd	<b>100</b>	100	-	-	Malaysia	Property development
Kemboja Mahir Sdn Bhd	<b>70</b>	70	-	-	Malaysia	Property development
Bandar Eco-Setia Sdn Bhd	<b>50</b>	50	-	-	Malaysia	Property development and property investment holding
Setia Eco Park Recreation Sdn Bhd	-	-	<b>50</b>	50	Malaysia	Club operator
Ganda Anggun Sdn Bhd	-	-	<b>70</b>	70	Malaysia	Property development
Kesas Kenangan Sdn Bhd	-	-	<b>70</b>	70	Malaysia	Property development and property investment holding
Setia Eco Glades Sdn Bhd	<b>70</b>	70	-	-	Malaysia	Property development and property investment holding
Setia International Limited	<b>100</b>	100	-	-	British Virgin Islands	Investment holding
Setia MyPhuoc Limited	-	-	<b>100</b>	100	British Virgin Islands	Investment holding
Setia Capital (Vietnam) Limited	-	-	<b>100</b>	100	British Virgin Islands	Investment holding
Setia Land (Vietnam) Limited	-	-	<b>100</b>	100	British Virgin Islands	Investment holding
Setia Australia Limited	-	-	<b>100</b>	100	British Virgin Islands	Investment holding
Setia Lai Thieu Limited	-	-	<b>95</b>	95	British Virgin Islands	Investment holding
Setia Jersey Investment Holding Company Limited	-	-	-	100	Jersey	Dissolved

## Notes To The Financial Statements

For The Financial Year Ended 31 December 2016

### 8. INVESTMENTS IN SUBSIDIARY COMPANIES (CONT'D.)

The subsidiary companies are as follows (cont'd.):

	Equity interest				Country of incorporation	Principal activities
	Direct		Indirect			
	2016 %	2015 %	2016 %	2015 %		
+ Setia Lai Thieu One Member Company Limited	-	-	<b>95</b>	95	Vietnam	Property development
+ Setia (Melbourne) Development Company Pty Ltd	-	-	<b>100</b>	100	Australia	Property development
+ Setia St Kilda (Melbourne) Pty Ltd	-	-	<b>100</b>	100	Australia	Property development
+ Setia Carnegie Pty Ltd	-	-	<b>100</b>	100	Australia	Property development
* Setia Land (China) Limited	-	-	<b>100</b>	100	Hong Kong	Investment holding
+ S P Setia International (S) Pte Ltd	<b>100</b>	100	-	-	Singapore	Promotion, marketing and other activities related to property development
+ S P Setia Development Pte Ltd	<b>100</b>	100	-	-	Singapore	Dormant
◊ <sup>μ</sup> S P Setia Foundation	-	-	-	-	Malaysia	Promotion and advancement of education, research and dissemination of knowledge
*◊ <sup>μ</sup> Setia Badminton Academy	-	-	-	-	Malaysia	Promotion of badminton

\* Audited by a firm other than Ernst & Young

+ Audited by member firms of Ernst & Young Global in the respective countries

◊ A trust established under the Trustees (Incorporation) Act 1952

<sup>μ</sup> S P Setia Berhad has effective interest of 100%

## Notes To The Financial Statements

For The Financial Year Ended 31 December 2016

### 8. INVESTMENTS IN SUBSIDIARY COMPANIES (CONT'D.)

#### Subsidiaries that have material non-controlling interests

Details of the Group's subsidiaries that have material non-controlling interests at the end of the reporting period are as follows:

Name of subsidiary	Place of incorporation and operation	Proportion of ownership interests held by non-controlling interests		Profit allocated to non-controlling interests		Carrying amount of non-controlling interests	
		2016	2015	1.1.2016 to 31.12.2016	1.11.2014 to 31.12.2015	2016	2015
				RM'000	RM'000	RM'000	RM'000
Bandar Eco-Setia Sdn Bhd	Malaysia	<b>50%</b>	50%	<b>45,855</b>	32,075	<b>337,746</b>	300,529
Setia Eco Glades Sdn Bhd	Malaysia	<b>30%</b>	30%	<b>8,063</b>	15,810	<b>49,648</b>	43,145
Kesas Kenangan Sdn Bhd	Malaysia	<b>30%</b>	30%	<b>1,326</b>	6,997	<b>44,611</b>	43,285
Individually immaterial subsidiaries with non-controlling interests						<b>(275)</b>	49
						<b>431,730</b>	387,008

Summarised financial information of the Group's subsidiaries that have material non-controlling interests (amounts before intra-group elimination) is as follows:

	2016	2015
	RM'000	RM'000
<u>Bandar Eco-Setia Sdn Bhd</u>		
Non-current assets	<b>391,800</b>	359,170
Current assets	<b>431,987</b>	359,463
Non-current liabilities	<b>(16,577)</b>	(15,400)
Current liabilities	<b>(131,718)</b>	(102,176)
Net assets	<b>675,492</b>	601,057

## Notes To The Financial Statements

For The Financial Year Ended 31 December 2016

### 8. INVESTMENTS IN SUBSIDIARY COMPANIES (CONT'D.)

Subsidiaries that have material non-controlling interests (cont'd.)

	1.1.2016 to 31.12.2016 RM'000	1.11.2014 to 31.12.2015 RM'000
<u>Bandar Eco-Setia Sdn Bhd (cont'd.)</u>		
Revenue	<b>196,987</b>	151,371
Profit for the year/period	<b>91,711</b>	64,150
Other comprehensive income for the year/period	-	-
<b>Total comprehensive income for the year/period</b>	<b>91,711</b>	64,150
Dividends paid to owners of non-controlling interests	<b>8,638</b>	7,500
Net cash generated from operating activities	<b>62,848</b>	52,250
Net cash (used in)/generated from investing activities	<b>(42,116)</b>	3,693
Net cash used in financing activities	<b>(19,602)</b>	(37,311)
<b>Net increase in cash and cash equivalents</b>	<b>1,130</b>	18,632

	2016 RM'000	2015 RM'000
<u>Setia Eco Glades Sdn Bhd</u>		
Non-current assets	<b>426,762</b>	373,770
Current assets	<b>189,162</b>	214,463
Non-current liabilities	<b>(264,987)</b>	(305,103)
Current liabilities	<b>(185,444)</b>	(139,314)
<b>Net assets</b>	<b>165,493</b>	143,816

	1.1.2016 to 31.12.2016 RM'000	1.11.2014 to 31.12.2015 RM'000
Revenue	<b>187,998</b>	363,882
Profit for the year/period	<b>26,878</b>	52,700
Other comprehensive income for the year/period	-	-
<b>Total comprehensive income for the year/period</b>	<b>26,878</b>	52,700
Dividends paid to owners of non-controlling interests	<b>1,560</b>	-
Net cash generated from operating activities	<b>82,439</b>	105,322
Net cash used in investing activities	<b>(47,042)</b>	(47,816)
Net cash used in financing activities	<b>(25,663)</b>	(53,551)
<b>Net increase in cash and cash equivalents</b>	<b>9,734</b>	3,955

## Notes To The Financial Statements

For The Financial Year Ended 31 December 2016

### 8. INVESTMENTS IN SUBSIDIARY COMPANIES (CONT'D.)

Subsidiaries that have material non-controlling interests (cont'd.)

	2016 RM'000	2015 RM'000
Kesas Kenangan Sdn Bhd		
Non-current assets	349,699	349,399
Current assets	211,005	229,749
Non-current liabilities	(162,087)	(111,833)
Current liabilities	(249,912)	(323,030)
Net assets	148,705	144,285

	1.1.2016 to 31.12.2016 RM'000	1.11.2014 to 31.12.2015 RM'000
Revenue	110,460	184,651
Profit for the year/period	4,420	23,323
Other comprehensive income for the year/period	-	-
Total comprehensive income for the year/period	4,420	23,323
Dividends paid to owners of non-controlling interests	-	-
Net cash generated from operating activities	10,550	15,773
Net cash (used in)/generated from investing activities	(120,816)	11,151
Net cash generated from/(used in) financing activities	84,592	(22,304)
Net (decrease)/increase in cash and cash equivalents	(25,674)	4,620

### 9. AMOUNT OWING BY/TO SUBSIDIARY COMPANIES

Amounts owing by subsidiary companies included under non-current assets

The amounts owing by subsidiary companies included under non-current assets represent unsecured advances which are not expected to be recalled within the next 12 months and are analysed as follows:

	Company	
	2016 RM'000	2015 RM'000
Bearing interest at 4.70% to 8.00% (2015: 4.34% to 8.00%) per annum	1,657,999	1,130,111
Interest free	68,371	170,471
Unquoted redeemable cumulative preference shares	74,200	101,858
	1,800,570	1,402,440
Allowance for doubtful debts	(9,681)	(9,681)
	1,790,889	1,392,759

## Notes To The Financial Statements

For The Financial Year Ended 31 December 2016

### 9. AMOUNT OWING BY/TO SUBSIDIARY COMPANIES (CONT'D.)

Amounts owing by subsidiary companies included under current assets

	Company	
	2016 RM'000	2015 RM'000
Trade accounts:		
- management fee	-	16,143
- staff secondment fee	<b>1,986</b>	5,965
- retention sums receivable	-	807
- allowance for doubtful debts	-	(795)
	<b>1,986</b>	22,120
Unsecured advances:		
- bearing interest at 4.70% to 8.00% (2015: 4.34% to 8.85%) per annum	<b>177,781</b>	256,045
- interest free	<b>529,531</b>	441,854
- unquoted redeemable cumulative preference shares	<b>50,263</b>	21,673
	<b>759,561</b>	741,692

The trade accounts are expected to be settled within the normal credit periods. Unsecured advances are repayable on demand.

Amounts owing to subsidiary companies included under current liabilities

	Company	
	2016 RM'000	2015 RM'000
Trade accounts - retention sums payable	<b>1,310</b>	1,310
Unsecured advances:		
- bearing interest at 5.00% per annum	-	55,700
- interest free	<b>97,273</b>	106,540
	<b>98,583</b>	163,550

The trade accounts are expected to be settled within the normal credit period. The unsecured interest free advances are payable on demand.

## Notes To The Financial Statements

For The Financial Year Ended 31 December 2016

### 10. AMOUNTS OWING BY JOINTLY CONTROLLED ENTITIES

Amounts owing by jointly controlled entities included under current assets

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Trade accounts	<b>176,504</b>	94,350	-	-
Unsecured advances:				
- bearing interest at 6.0% to 10.0% (2015: 6.0% to 10.0%) per annum	<b>215,833</b>	200,401	<b>104,664</b>	93,981
- interest free	<b>241,332</b>	215,542	<b>237,013</b>	204,969
	<b>633,669</b>	510,293	<b>341,677</b>	298,950

The trade accounts are expected to be settled within the normal credit period. Unsecured advances are repayable on demand.

### 11. DEFERRED TAX

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Deferred tax assets	<b>165,485</b>	126,529	<b>569</b>	619
Deferred tax liabilities	<b>(13,114)</b>	(40,476)	-	-
	<b>152,371</b>	86,053	<b>569</b>	619
At beginning of the year/period	<b>86,053</b>	99,966	<b>619</b>	(3)
Credited/(charged) to profit or loss	<b>65,984</b>	(11,403)	<b>(50)</b>	622
Exchange rate differences	<b>334</b>	(2,510)	-	-
At end of the year/period	<b>152,371</b>	86,053	<b>569</b>	619

The Group has recognised the deferred tax assets as it is probable that its existing construction contracts and development projects would generate sufficient taxable profits in future against which the deferred tax assets can be utilised.

## Notes To The Financial Statements

For The Financial Year Ended 31 December 2016

### 11. DEFERRED TAX (CONT'D.)

The temporary differences on which deferred tax assets/liabilities have been recognised are as follows:

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Tax effects of:				
- unabsorbed capital allowances	<b>3,612</b>	1,086	-	-
- unutilised tax losses	<b>22,520</b>	25,250	-	-
- property development and construction profits	<b>113,206</b>	68,776	-	-
- excess of capital allowances claimed over accumulated depreciation on property, plant and equipment	<b>(13,058)</b>	(9,725)	-	(5)
- others	<b>26,091</b>	666	<b>569</b>	624
	<b>152,371</b>	86,053	<b>569</b>	619

Unutilised tax losses, unabsorbed capital allowances and other temporary differences exist as at 31 December of which deferred tax assets have not been recognised in the financial statements are as follows:

	Group	
	2016 RM'000	2015 RM'000
Unutilised tax losses	<b>80,189</b>	66,400
Unabsorbed capital allowances	<b>1,290</b>	1,858
Others	<b>17,240</b>	10,661
	<b>98,719</b>	78,919

Deferred tax assets of certain subsidiaries have not been recognised in respect of these items as it is not probable that taxable profits of the subsidiaries would be available against which the deductible temporary differences could be utilised.

## Notes To The Financial Statements

For The Financial Year Ended 31 December 2016

### 12. PROPERTY DEVELOPMENT COSTS

	Group	
	2016 RM'000	2015 RM'000
Freehold land at cost	2,016,981	1,866,497
Leasehold land at cost	317,656	300,604
Development costs	9,284,051	6,964,313
Costs recognised as an expense in previous years	(9,506,890)	(6,469,491)
<b>At 1 January/1 November</b>	<b>2,111,798</b>	<b>2,661,923</b>
Costs transferred to property, plant and equipment (see Note 2)		
- development costs	-	(3,393)
Costs transferred from land held for property development (see Note 4)		
- freehold land	263,217	255,627
- leasehold land	75,151	1,849
- development costs	335,582	232,607
Costs reclassified from investment properties (see Note 3)		
- freehold land	4,307	-
- development costs	3,492	-
Costs incurred during the year/period		
- freehold land	4,751	21,002
- leasehold land	10,808	-
- development costs	2,408,486	3,295,101
Exchange differences	6,864	105,746
	<b>3,112,658</b>	<b>3,908,539</b>
Less: Completed development projects		
- freehold land	(598,640)	(206,228)
- leasehold land	(69,326)	-
- development costs	(3,125,296)	(681,937)
- accumulated costs recognised as expense	3,793,262	888,165
	-	-
Costs recognised as an expense in current year/period	(2,885,687)	(3,925,564)
Unsold completed properties transferred to inventories	(233,094)	(533,100)
<b>At 31 December</b>		
Freehold land at cost	1,651,598	2,016,981
Leasehold land at cost	295,459	317,656
Development costs	8,901,615	9,284,051
Costs recognised as an expense	(8,742,997)	(9,506,890)
	<b>2,105,675</b>	<b>2,111,798</b>

## Notes To The Financial Statements

For The Financial Year Ended 31 December 2016

### 12. PROPERTY DEVELOPMENT COSTS (CONT'D.)

Property development costs at a carrying amount of RM545,976,000 (2015: RM735,346,000) included above, have been charged to various banks to partially secure borrowings referred to in Note 23 below.

Included under development and construction costs are borrowing costs and development rights of RM55,582,000 and RM132,025,000 (2015: RM91,838,000 and RM20,014,000) respectively incurred and financial assistance of RM40,897,000 deducted against property development costs (2015: RM Nil) during the financial year/period.

### 13. INVENTORIES

	Group	
	2016 RM'000	2015 RM'000
At cost:		
Stock of completed properties	<b>871,796</b>	871,831
Raw materials	<b>5,887</b>	6,922
Consumable goods	<b>222</b>	173
	<b>877,905</b>	878,926

During the financial year/period, the amount of inventories recognised as an expense in cost of sales of the Group was RM233,757,000 (2015: RM163,009,000).

### 14. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Refundable deposits and part purchase considerations paid for the acquisition of development land in				
- Seberang Perai Utara, Pulau Pinang	<b>62,012</b>	-	-	-
- 308-326 Exhibition Street, Melbourne, Australia	<b>32,714</b>	-	-	-
- Kota Kinabalu, Sabah	<b>4,300</b>	-	-	-
- Pekan Templer, District of Gombak	-	40,000	-	-
- 247-251 Neerim Road Carnegie, Australia	-	20,957	-	-
Prepaid development expenditure	-	28,779	-	-
Dividend receivable	-	-	<b>927</b>	927
Deposits	<b>40,803</b>	63,019	<b>142</b>	2,700
Value Added Tax/Goods and Services Tax receivables	<b>12,097</b>	10,295	-	-
Other sundry receivables and prepayments	<b>78,294</b>	70,510	<b>411</b>	2,318
	<b>230,220</b>	233,560	<b>1,480</b>	5,945
Allowance for doubtful debts	<b>(3,100)</b>	(3,504)	-	-
	<b>227,120</b>	230,056	<b>1,480</b>	5,945

## Notes To The Financial Statements

For The Financial Year Ended 31 December 2016

### 14. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS (CONT'D.)

The refundable deposits and part purchase considerations were paid for the acquisition of development lands that have not been completed as at end of financial year/period. The balance of these purchase considerations is disclosed as other commitments in Note 38(b) below.

The movements in the allowance for impairment losses of other receivables during the financial year/period are as follows:

	Group	
	2016 RM'000	2015 RM'000
At beginning of the year/period	<b>3,504</b>	2,797
Allowance for impairment loss during the year/period	-	719
Reversal of allowance for impairment loss during the year/period	-	(12)
Write off during the year/period	<b>(404)</b>	-
At end of the year/period	<b>3,100</b>	3,504

The currency exposure profile of other receivables, deposits and prepayments after allowance for impairment losses is as follows:

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Malaysian Ringgit	<b>185,123</b>	180,225	<b>1,480</b>	5,945
Australian Dollar	<b>39,240</b>	48,557	-	-
Vietnamese Dong	<b>2,091</b>	800	-	-
Singapore Dollar	<b>654</b>	460	-	-
United States Dollar	<b>8</b>	14	-	-
Hong Kong Dollar	<b>4</b>	-	-	-
	<b>227,120</b>	230,056	<b>1,480</b>	5,945

### 15. TRADE RECEIVABLES

	Group	
	2016 RM'000	2015 RM'000
Gross progress billings receivable	<b>501,204</b>	398,016
Gross retention sums receivable	<b>170,869</b>	185,781
Other gross receivables	<b>19,297</b>	21,859
Total gross receivables	<b>691,370</b>	605,656
Allowance for doubtful debts	<b>(1,092)</b>	(689)
	<b>690,278</b>	604,967

## Notes To The Financial Statements

For The Financial Year Ended 31 December 2016

### 15. TRADE RECEIVABLES (CONT'D.)

The progress billings are due within 14 to 90 days (2015: 14 to 90 days) as stipulated in construction contracts and sale and purchase agreements. The retention sums are due upon the expiry of the defect liability period stated in the respective construction contracts or sale and purchase agreements. The defect liability periods range from 6 to 24 months (2015: 6 to 24 months).

Other gross receivables are collectible within 14 to 90 days (2015: 14 to 90 days).

Ageing analysis of the Group's trade receivables are as follows:

	Group	
	2016 RM'000	2015 RM'000
Neither past due nor impaired	<b>530,747</b>	412,559
1 to 30 days past due not impaired	<b>94,321</b>	57,815
31 to 60 days past due not impaired	<b>23,655</b>	85,539
61 to 90 days past due not impaired	<b>7,942</b>	22,245
91 to 120 days past due not impaired	<b>5,504</b>	12,252
More than 121 days past due not impaired	<b>28,109</b>	14,557
	<b>690,278</b>	604,967
Individually impaired	<b>1,092</b>	689
	<b>691,370</b>	605,656

The movements in the allowance for impairment losses of trade receivables during the financial year/period are as follows:

	Group	
	2016 RM'000	2015 RM'000
At beginning of the year/period	<b>689</b>	694
Allowance for impairment loss during the year/period	<b>403</b>	-
Reversal of allowance for impairment losses during the year/period	-	(5)
At end of the year/period	<b>1,092</b>	689

The currency exposure profile of trade receivables after allowance for impairment losses is as follows:

	Group	
	2016 RM'000	2015 RM'000
Malaysian Ringgit	<b>686,649</b>	584,706
Singapore Dollar	<b>3,629</b>	20,261
	<b>690,278</b>	604,967

## Notes To The Financial Statements

For The Financial Year Ended 31 December 2016

### 16. GROSS AMOUNT DUE FROM/TO CUSTOMERS

	Group	
	2016 RM'000	2015 RM'000
Aggregate contract expenditure incurred to-date	<b>318,917</b>	325,287
Attributable profit recognised to-date	<b>19,991</b>	53,282
	<b>338,908</b>	378,569
Progress billings	<b>(340,790)</b>	(364,505)
	<b>(1,882)</b>	14,064
Gross amount due from customers	<b>3,825</b>	14,189
Gross amount due to customers	<b>(5,707)</b>	(125)
	<b>(1,882)</b>	14,064
Progress billings comprise:		
Progress billings		
- received	<b>220,698</b>	323,939
- receivable	<b>115,435</b>	37,462
Retention sums	<b>4,657</b>	3,104
	<b>340,790</b>	364,505

Contract expenditure includes the following expenses incurred during the financial year/period:

	Group	
	1.1.2016 to 31.12.2016 RM'000	1.11.2014 to 31.12.2015 RM'000
Depreciation	<b>3,112</b>	1,936
Hire of machinery	<b>13,086</b>	13,523
Rental expense	<b>15</b>	25

## Notes To The Financial Statements

For The Financial Year Ended 31 December 2016

### 17. SHORT-TERM DEPOSITS

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Short-term deposits:				
- with licensed banks	<b>764,961</b>	736,257	<b>250,000</b>	59,325
- with other licensed financial institutions	<b>1,939,879</b>	1,283,655	<b>1,332,554</b>	553,991
	<b>2,704,840</b>	2,019,912	<b>1,582,554</b>	613,316

Included in short-term deposits of the Group and the Company are amounts of RM5,000,000 and RM Nil respectively (2015: RM44,325,000 and RM39,325,000) which have been charged to banks as security for banking facilities.

Included in short-term deposits of the Group in financial period 2015 is an amount of RM61,374,000 which is held under Housing Development (Project Account Rules) Control and Licensing Act in Singapore. Funds maintained in the Project Account Rules earn interest rate at 0.45% per annum.

The effective interest rates for the Group's and the Company's short-term deposits range from 0.60% to 3.84% and 3.20% to 3.84% per annum (2015: 0.40% to 4.80% and 3.10% to 4.62% per annum) respectively. All short-term deposits have maturity periods of less than a year.

The currency exposure profile of short-term deposits is as follows:

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Malaysian Ringgit	<b>2,271,618</b>	1,414,359	<b>1,582,554</b>	613,316
Australian Dollar	<b>431,803</b>	540,716	-	-
Singapore Dollar	-	61,374	-	-
Vietnamese Dong	-	2,337	-	-
United States Dollar	<b>1,419</b>	1,126	-	-
	<b>2,704,840</b>	2,019,912	<b>1,582,554</b>	613,316

## Notes To The Financial Statements

For The Financial Year Ended 31 December 2016

### 18. CASH AND BANK BALANCES

	Group	
	2016 RM'000	2015 RM'000
Cash and bank balances include monies in:		
- Housing Development Accounts	<b>608,678</b>	1,005,388
- Sinking Fund Accounts	<b>22,572</b>	5,798
- Debt Service Reserve Accounts	<b>20,747</b>	21,642
- Escrow Accounts	<b>66,122</b>	274,707
- Revenue Accounts	<b>5,764</b>	779

Withdrawals from the Housing Development Accounts are restricted in accordance with the Housing Developers (Housing Development Account) Regulations 1991.

Funds maintained in the Housing Development Accounts earn interest ranging from 0.25% to 2.50% (2015: 1.90% to 2.25%) per annum.

The sinking fund, debt service reserve, escrow and revenue accounts were opened in accordance with the terms and conditions set out in the term loan agreements referred to in Note 23 below.

The currency exposure profile of cash and bank balances is as follows:

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Malaysian Ringgit	<b>946,820</b>	1,578,700	<b>9,229</b>	32,760
Singapore Dollar	<b>352,236</b>	85,044	-	-
Australian Dollar	<b>153,033</b>	63,927	-	-
Vietnamese Dong	<b>4,109</b>	2,480	-	-
United States Dollar	<b>2,804</b>	2,067	-	-
Great British Pound	<b>6,283</b>	-	<b>6,283</b>	-
Indonesian Rupiah	<b>2</b>	-	-	-
	<b>1,465,287</b>	1,732,218	<b>15,512</b>	32,760

## Notes To The Financial Statements

For The Financial Year Ended 31 December 2016

### 19. SHARE CAPITAL

	Group/Company			
	2016		2015	
	Number of shares '000	Amount RM'000	Number of shares '000	Amount RM'000
<i>Authorised:</i>				
Ordinary shares of RM0.75 each				
At beginning of the year/period	<b>3,000,000</b>	<b>2,250,000</b>	3,000,000	2,250,000
Created during the year/period	<b>500,00</b>	<b>375,000</b>	-	-
At end of the year/period	<b>3,500,000</b>	<b>2,625,000</b>	3,000,000	2,250,000
<i>Issued and fully paid:</i>				
Ordinary shares of RM0.75 each				
At beginning of the year/period	<b>2,628,356</b>	<b>1,971,266</b>	2,538,332	1,903,748
Issuance of shares:				
- DRP	<b>214,332</b>	<b>160,749</b>	75,812	56,859
- exercise of ESGP	<b>9,129</b>	<b>6,848</b>	6,832	5,124
- exercise of ESOS	<b>1,703</b>	<b>1,277</b>	7,380	5,535
At end of the year/period	<b>2,853,520</b>	<b>2,140,140</b>	2,628,356	1,971,266

During the financial year, the issued and paid-up ordinary share capital of the Company was increased from RM1,971,266,510 to RM2,140,139,936 by way of:

- (a) Issuance of 214,332,180 new ordinary shares of RM0.75 each pursuant to the DRP that provides shareholders with an option to reinvest their cash dividend in new ordinary shares at the following issue prices:

		5 <sup>th</sup> DRP	6 <sup>th</sup> DRP
Issue price	(RM)	2.65	3.11
No. of shares issued	('000)	179,965	34,367

- (b) Allotment of 9,129,207 new ordinary shares of RM0.75 each pursuant to the vesting of ESGP; and

- (c) Issuance of 1,703,180 new ordinary shares of RM0.75 each pursuant to the exercise of ESOS at the following option prices:

		ESOS 1	ESOS 2	ESOS 3	ESOS 4
Exercise price	(RM)	3.07	3.03	3.02	2.72
No. of shares issued	('000)	586	133	413	571

All new ordinary shares rank pari passu in all respect with the then existing ordinary shares of the Company.

## Notes To The Financial Statements

For The Financial Year Ended 31 December 2016

### 19. SHARE CAPITAL (CONT'D.)

The Long Term Incentive Plan ("LTIP" or "Scheme") was implemented on 10 April 2013. The LTIP, which comprises the ESGP and ESOS allows the Company to grant shares and/or share options under the ESGP and ESOS respectively to eligible employees and Executive Directors of the Group of up to 15% of the issued and paid-up share capital of the Company. The LTIP is governed by the By-Laws of the LTIP which was approved by the shareholders on 28 February 2013 and is administered by the NRC which is appointed by the Board, in accordance with the By-Laws. The LTIP shall be in force for a period of 5 years up to 9 April 2018 and pursuant to By-Laws 18.2 of the By-Laws of LTIP, the Board of Directors shall have the discretion to extend the duration of the LTIP for another 5 years up to 9 April 2023.

The main features of the Scheme are as follows:

- (a) The maximum number of new ordinary shares which may be made available under the Scheme at the point in time when an LTIP award is offered shall not be more than fifteen percent (15%) of the issued and paid-up ordinary share capital of the Company.
- (b) The LTIP awards shall be awarded after taking into consideration the employee's position, contribution and performance (where applicable) or such criteria as the NRC may deem fit subject to the following:
  - (i) that the number of new ordinary shares made available under the Scheme shall not exceed the amount stipulated in (a) above; and
  - (ii) that not more than ten percent (10%) of the total new ordinary shares to be issued under the Scheme at the point in time when an LTIP award is offered be allocated to any employee or Executive Director who, either singly or collectively through persons connected with him, holds twenty percent (20%) or more in the issued and paid-up share capital of the Company.
- (c) In the case of the ESGP, the shares will be vested with the grantee at no consideration on the vesting date; while in the case of the ESOS, the option price will be determined based on the five (5) days volume weighted average market price of the ordinary shares on the date the ESOS award is offered with a potential discount of not more than ten percent (10%) or at the par value of the ordinary shares, whichever is higher.
- (d) The shares granted under the ESGP will vest over four (4) years from the date of the LTIP award and the share options granted under ESOS will vest over three (3) years from the date of the LTIP award.

The movement during the financial year in the number of shares and share options in which employees of the Group and the Company is entitled to are as follows:

#### ESGP

	At 1.1.2016	Granted	Vested	Lapsed	At 31.12.2016
	'000	'000	'000	'000	'000
Offer 1	2,762	-	(2,738)	(24)	-
Offer 2	194	-	(192)	(2)	-
Offer 3	6,981	-	(3,384)	(209)	3,388
Offer 4	8,726	-	(2,815)	(346)	5,565
Offer 5	-	5,429	-	(82)	5,347
	<b>18,663</b>	<b>5,429</b>	<b>(9,129)</b>	<b>(663)</b>	<b>14,300</b>

## Notes To The Financial Statements

For The Financial Year Ended 31 December 2016

### 19. SHARE CAPITAL (CONT'D.)

#### ESOS

	At 1.1.2016	Granted	Exercised	Lapsed	At 31.12.2016
	'000	'000	'000	'000	'000
Offer 1	26,340	-	(586)	-	25,754
Offer 2	133	-	(133)	-	-
Offer 3	2,380	-	(413)	(450)	1,517
Offer 4	15,500	-	(571)	-	14,929
Offer 5	-	9,586	-	-	9,586
	<b>44,353</b>	<b>9,586</b>	<b>(1,703)</b>	<b>(450)</b>	<b>51,786</b>

The fair values of the shares and share options granted under the ESGP and ESOS to which FRS 2 applies were determined using the binomial model. The significant inputs into the model were as follows:

	ESGP					ESOS				
	Offer 1	Offer 2	Offer 3	Offer 4	Offer 5	Offer 1	Offer 2	Offer 3	Offer 4	Offer 5
Exercise price	*	*	*	*	*	RM3.07 <sup>#</sup>	RM3.03 <sup>#</sup>	RM3.02	RM2.72	RM2.86
Date of grant	6 May 2013	19 August 2013	31 October 2014	20 August 2015	17 August 2016	6 May 2013	19 August 2013	31 October 2014	20 August 2015	17 August 2016
Fair value at grant date	RM3.15	RM3.14	RM3.13	RM3.01	RM3.27	RM0.51	RM0.52	RM0.53	RM0.57	RM0.55
Vesting period/ Option life	2 years	2 years	2 years	2 years	1 year 5 months	3 years 6 months	3 years 6 months	2 years 6 months	1 year 6 months	1 year 3 months
Weighted average share price at grant date	RM3.42	RM3.37	RM3.35	RM3.02	RM3.17	RM3.42	RM3.37	RM3.35	RM3.02	RM3.17
Expected dividend yield	4.1%	4.2%	3.3%	3.0%	5.3%	4.1%	4.2%	3.3%	3.0%	5.3%
Risk free interest rates	3.21%	3.67%	3.71%	4.01%	3.40%	3.21%	3.67%	3.71%	4.01%	3.40%
Expected volatility	18.62%	18.82%	18.51%	21.34%	22.88%	18.62%	18.82%	18.51%	21.34%	22.88%

\* The shares under the ESGP will vest with the grantee at no consideration on the vesting date

# Adjusted for effect of DRP

The expected life of the shares and share options are based on historical data and is not necessarily indicative of the exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome. No other features of the shares and/or share options granted were incorporated into the measurement of fair value.

## Notes To The Financial Statements

For The Financial Year Ended 31 December 2016

## 20. ISLAMIC REDEEMABLE CUMULATIVE PREFERENCE SHARES ("RCPS-i")

	Group/Company			
	2016		2015	
	Number of shares '000	Amount RM'000	Number of shares '000	Amount RM'000
<i>Authorised:</i>				
RCPS-i of RM0.01 each				
At beginning of the year/period	-	-	-	-
Created during the year/period	<b>1,200,000</b>	<b>12,000</b>	-	-
At end of year/period	<b>1,200,000</b>	<b>12,000</b>	-	-
<i>Issued and fully paid:</i>				
RCPS-i of RM0.01 each				
At beginning of the year/period	-	-	-	-
Issuance of shares	<b>1,127,625</b>	<b>11,276</b>	-	-
At end of the year/period	<b>1,127,625</b>	<b>11,276</b>	-	-

The RCPS-i issued by the Company to the shareholders are convertible at any time at the discretion of the holder commencing 2 December 2016 ("Issue Date") up to such date no later than nine (9) market days prior to the relevant redemption date into such number of fully paid new S P Setia shares without payment of any consideration (cash or otherwise) and with the conversion ratio of two (2) new S P Setia shares for seven (7) RCPS-i held.

The Company may at any time on or after the 15th anniversary of the Issue Date, at its discretion, redeem all (and not some only of) the outstanding RCPS-i in cash at the redemption price which shall be the aggregate of the issue price of RM1.00, any preferential dividends declared but unpaid as at the redemption date and any Deferred Dividends (as defined below) as at the redemption date.

The RCPS-i confers on holders, the following rights and privileges:

- (i) The right to receive preferential dividends, out of distributable profits of the Company earned from the first day of the calendar month following the Issue Date ("Profits") when declared and approved by the Board of the Company, at an expected preferential dividend rate of 6.49%.

From the period commencing on and including the 15th anniversary of the Issue Date until the redemption date, an additional stepped-up preferential dividend rate of 1.0% per annum above the expected rate abovementioned, shall be payable on the RCPS-i on an annual basis, provided that the aggregate of the expected preferential dividend rate (including the stepped-up preferential dividends, if applicable) ("Expected Preferential Dividend Rate") shall not exceed a total rate of 20%. The maximum amount of preferential dividends that can be declared and paid on each preferential dividend entitlement date ("Expected Preferential Dividend Amount") shall be capped at such Expected Preferential Dividend Rate unless otherwise decided by the Board of the Company.

## Notes To The Financial Statements

For The Financial Year Ended 31 December 2016

### 20. ISLAMIC REDEEMABLE CUMULATIVE PREFERENCE SHARES ("RCPS-i") (CONT'D.)

- (i) On any preferential dividend entitlement date:
- i. In the event that the Profits are lower than the Expected Preferential Dividend Amount and the Company does not declare the preferential dividends up to the Expected Preferential Dividend Amount (in whole or in part):
    - (a) The Company may, at its discretion, declare and pay any amount of preferential dividends up to an amount equal to the Profits as at such preferential dividend entitlement date. The amount of Profits declared as preferential dividends by the Company on a particular preferential dividend entitlement date, if any shall be referred to as ("Declared Sum"); and
    - (b) The amount equivalent to the difference between the Profits as at such preferential dividend entitlement date and Declared Sum, shall be cumulative ("Deferred Dividends 1"), so long as the RCPS-i remains unredeemed.
  - ii. In the event that the Profits are more than the Expected Preferential Dividend Amount and the Company does not declare the preferential dividends up to the Expected Preferential Dividend Amount (in whole or in part), the amount equivalent to the difference between the Expected Preferential Dividend Amount and the Declared Sum, shall be cumulative ("Deferred Dividends 2"), so long as the RCPS-i remains unredeemed.

Deferred Dividends 1 & 2 (as the case may be) ("Deferred Dividends") may be declared and/or paid, at the discretion of the Company, on any subsequent preferential dividend entitlement date, provided that the Cumulative Condition (as defined below) is fulfilled on such preferential dividend entitlement date.

"Cumulative Condition" of the RCPS-i means on any preferential dividend entitlement date, the Company:

- i. has sufficient Profits that is at least equivalent to the aggregate of the Declared Sum and any Deferred Dividends accumulated as at and on such preferential dividend entitlement date;
- ii. has maintained books and records that evidence the Company having Profits that is at least equivalent to the aggregate of the Declared Sum and any Deferred Dividends accumulated as at and on such preferential dividend entitlement date; and
- iii. makes an announcement on the Main Market of Bursa Malaysia Securities Berhad that such amount of Deferred Dividends on such preferential dividend entitlement date shall be cumulative.

Where there is no Profit available for the declaration and payment of dividends, the Company shall have no obligation to declare or distribute any preferential dividends on the relevant preferential dividend entitlement date. Such preferential dividends shall not be cumulative.

Each Holder will cease to receive any preferential dividends from and including the date the RCPS-i is converted into new S P Setia Shares save for preferential dividends declared but unpaid up to the date of conversion.

- (ii) The rights as regards to the receipt of notices (including that of general meetings), reports and audited financial statements, to attend meetings and to receive shareholders' resolutions in writing, but shall not be entitled to vote or approve any shareholders' resolutions or vote at any general meeting of the Company, save and except in the respect of any resolution made:
- i. when the preferential dividends or any part thereof is in arrears and unpaid for more than six (6) months;
  - ii. on a proposal to reduce the Company's share capital;
  - iii. on a proposal for the disposal of substantially the whole of the Company's property, business and undertaking;
  - iv. on a proposal to wind up the Company;
  - v. during the winding up of the Company; or
  - vi. on any proposal that affects the rights and privileges attached to the RCPS-i, including the amendments to the Memorandum & Articles of Association of the Company.

In any of the aforesaid circumstances, each RCPS-i holder shall be entitled to vote at all general meetings of the members of its class, and on a poll at any such general meetings to one (1) vote for each RCPS-i held.

## Notes To The Financial Statements

For The Financial Year Ended 31 December 2016

### 21. PERPETUAL BOND

On 13 December 2013, the Company issued a total of RM609 million in nominal value of unrated subordinated Islamic Perpetual Notes ("Sukuk Musharakah") via private placement on a best effort basis without prospectus pursuant to a Sukuk Musharakah Programme ("Perpetual bond") of up to RM700 million in nominal value. The Perpetual bond is established to raise funds as and when required to be utilised for Shariah-compliant purposes which include the Company's investments and working capital.

The salient features of the Perpetual bond are as follows:

- (i) The Perpetual bond is issued under the Islamic principle of Musharakah, while the principle of Commodity Musawamah will be employed to effect the deferral of the periodic distributions, if any;
- (ii) Perpetual in tenure, where the Company has a call option to redeem the Perpetual bond at the end of the fifth year and on each periodic distribution date thereafter;
- (iii) The Company also has the option to redeem the Perpetual bond if there is a change in accounting standards resulting in the Perpetual bond no longer being classified as equity;
- (iv) The expected periodic distribution up to year 5 is 5.95% per annum payable semi-annually. If the Company does not exercise its option to redeem at the end of the 5th year, the periodic distribution increases by 1% per annum subject to a maximum rate of 20%;
- (v) Deferred periodic distribution, if any, will be cumulative but will not earn additional profits (i.e. there will be no compounding);
- (vi) Payment obligations on the Perpetual bond will at all times, rank ahead of other share capital instruments for the time being outstanding, but junior to the claims of present and future creditor of the Company (other than obligations ranking pari passu with the Perpetual bond); and
- (vii) The Perpetual bond is not rated and is unsecured.

### 22. REDEEMABLE CUMULATIVE PREFERENCE SHARES (UNSECURED)

The redeemable cumulative preference shares ("RCPS") issued by subsidiaries of the Company ("the Subsidiaries") are redeemable at any time at the discretion of the Subsidiaries after 3rd to 5th anniversary but before the 6th to 8th anniversary of the issue date, provided always that the redemption sum to be determined shall not be less than the nominal value of RM0.01 plus share premium of RM0.99 and any amount of dividend payable on the redemption date (including the aggregate amount of any arrears or accruals of dividend, whether or not declared, at the time of redemption).

The preference shares confer on their holders the following rights and privileges:

- (i) The right to be paid, a cumulative preferential dividend of 4% to 7% per annum on the issue price, or at 500% per annum gross based on its nominal value;
- (ii) The right in a winding up or return of capital (other than on the redemption of the preference shares) to receive, in priority to the holders of any other class of shares in the capital of the Subsidiaries, repayment in full of the nominal value plus share premium of RM0.99 and the payment of any cumulative preferential dividend calculated up to the date of commencement of the winding up or return of capital, but no further right to share in surplus assets; and
- (iii) The right to receive notice of and attend all general meetings of the Subsidiaries, and shall have the right on a poll at any general meeting of the Subsidiaries to one vote for each preference share held:
  - (a) upon any resolution which varies or is deemed to vary the rights attached to the preference shares;
  - (b) upon any resolution for the reduction of capital of the Subsidiaries; and
  - (c) upon any resolution for the winding up of the Subsidiaries, but shall otherwise have no right to vote at general meetings of the Subsidiaries.

## Notes To The Financial Statements

For The Financial Year Ended 31 December 2016

### 23. BORROWINGS

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
<b>Non-current</b>				
<i>Secured:</i>				
Term loans	<b>1,978,381</b>	1,979,552	-	-
Bridging loans	<b>278,290</b>	385,820	-	-
Revolving credits	<b>66,000</b>	248,923	-	-
Medium term note and Commercial paper	<b>228,100</b>	330,000	-	-
<i>Unsecured:</i>				
Term loans	<b>1,097,767</b>	469,705	<b>1,097,767</b>	469,705
Revolving credits	<b>150,000</b>	-	<b>150,000</b>	-
	<b>3,798,538</b>	3,414,000	<b>1,247,767</b>	469,705
<b>Current</b>				
<i>Secured:</i>				
Term loans	<b>284,385</b>	543,823	-	-
Bridging loans	<b>93,825</b>	112,488	-	-
Revolving credits	<b>630,602</b>	402,200	-	-
Medium term note and Commercial paper	<b>63,500</b>	30,000	-	-
Bank overdrafts	<b>31,285</b>	8,116	-	-
<i>Unsecured:</i>				
Term loans	<b>358,000</b>	300,000	<b>358,000</b>	300,000
Bridging loans	<b>134,102</b>	-	-	-
Revolving credits	<b>360,000</b>	330,000	<b>360,000</b>	290,000
Bank overdrafts	<b>18,072</b>	56,271	<b>18,072</b>	56,271
	<b>1,973,771</b>	1,782,898	<b>736,072</b>	646,271
Total borrowings	<b>5,772,309</b>	5,196,898	<b>1,983,839</b>	1,115,976
The borrowings are repayable as follows:				
Not later than one year	<b>1,973,771</b>	1,782,898	<b>736,072</b>	646,271
Later than one year but not later than five years	<b>2,691,544</b>	2,929,855	<b>533,704</b>	469,705
Later than five years	<b>1,106,994</b>	484,145	<b>714,063</b>	-
	<b>5,772,309</b>	5,196,898	<b>1,983,839</b>	1,115,976

## Notes To The Financial Statements

For The Financial Year Ended 31 December 2016

### 23. BORROWINGS (CONT'D.)

The range of interest rates at the reporting date for borrowings are as follows:

	Group		Company	
	2016 %	2015 %	2016 %	2015 %
Term loans	<b>2.45 - 7.80</b>	1.59 - 8.00	<b>2.45 - 4.91</b>	2.98 - 4.76
Bridging loans	<b>4.22 - 4.52</b>	4.40 - 5.21	-	-
Revolving credits	<b>4.27 - 5.16</b>	4.10 - 5.15	<b>4.27 - 5.16</b>	4.38 - 4.76
Medium term note and Commercial paper	<b>4.13 - 4.55</b>	4.33 - 4.39	-	-
Bank overdrafts	<b>4.14 - 7.47</b>	4.23 - 7.60	<b>4.36 - 4.70</b>	4.23 - 4.70

The borrowings are secured by:

- various fixed charges and deeds of assignment over various lands belonging to the Group as indicated in Notes 2, 3, 4 and 12 above; and
- short-term deposits, sinking fund, debt service reserve, escrow and revenue accounts as indicated in Notes 17 and 18 above.

#### Medium Term Notes ("MTN") and Commercial Paper ("CP")

In 2012, a wholly owned subsidiary of the Group, Setia Ecohill Sdn Bhd ("Setia Ecohill") issued MTN and CP with a total nominal value of RM505 million (the "Programmes"). The Programmes comprise the issuance of two tranches, collectively known CP/MTN Programme:

- Tranche 1: MTN Issuance - Up to RM305 million to part finance the purchase of freehold land with tenure of up to 7 years from the date of the first issuance; and
- Tranche 2: CP Issuance - Up to RM200 million to finance the working capital requirement with tenure of up to 7 years from the date of the first issuance.

In 2016, the total nominal value of issued MTN and CP increased to RM580 million, with the issuance of tranche below:

- Tranche 3: CP Issuance - Up to RM75 million to finance the infrastructure costs, earth works and development costs with tenure up to 7 years from the date of first issuance.

The interest payment is due every month with the interest rate between 4.13% to 4.55% per annum, commencing from the issue date of the relevant tranches.

The MTN/CP are secured by a first party fixed charge over the freehold land belonging to Setia Ecohill and a corporate guarantee from the Company.

As at 31 December 2016, Setia Ecohill has utilised the entire issuance of the Tranche 1 MTN of RM305 million, Tranche 2 CP of RM200 million and Tranche 3 CP of RM75 million.

## Notes To The Financial Statements

For The Financial Year Ended 31 December 2016

### 23. BORROWINGS (CONT'D.)

#### Medium Term Notes ("MTN") and Commercial Paper ("CP") (cont'd.)

As at 31 December 2016, Tranche 1 MTN nominal value of RM234.9 million, Tranche 2 CP nominal value of RM37.5 million and Tranche 3 CP nominal value of RM16 million were redeemed.

The currency exposure profile of borrowings is as follows:

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Malaysian Ringgit	<b>5,048,785</b>	4,837,159	<b>1,269,776</b>	1,077,690
Great British Pound	<b>714,063</b>	38,286	<b>714,063</b>	38,286
United States Dollar	<b>8,587</b>	19,181	-	-
Vietnamese Dong	<b>874</b>	1,986	-	-
Singapore Dollar	-	196,670	-	-
Australian Dollar	-	103,616	-	-
	<b>5,772,309</b>	5,196,898	<b>1,983,839</b>	1,115,976

### 24. TRADE PAYABLES

	Group	
	2016 RM'000	2015 RM'000
Sub-contractors' claims	<b>272,179</b>	216,538
Retention sums	<b>364,803</b>	322,504
Accrued construction costs	<b>709,784</b>	664,685
Others	<b>16,904</b>	37,714
	<b>1,363,670</b>	1,241,441

The normal credit terms extended by sub-contractors and suppliers range from 15 to 90 days (2015: 15 to 90 days). The retention sums are repayable upon the expiry of the defect liability period of 6 to 36 months (2015: 6 to 36 months).

Other trade payables are required to be settled within 14 to 60 days (2015: 14 to 60 days).

## Notes To The Financial Statements

For The Financial Year Ended 31 December 2016

### 24. TRADE PAYABLES (CONT'D.)

The currency exposure profile of trade payables is as follows:

	Group	
	2016 RM'000	2015 RM'000
Malaysian Ringgit	<b>1,275,298</b>	1,201,435
Singapore Dollar	<b>86,906</b>	38,959
Vietnamese Dong	<b>1,466</b>	1,047
	<b>1,363,670</b>	1,241,441

### 25. OTHER PAYABLES AND ACCRUALS

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
<b>Non-current</b>				
Unpaid consideration for acquisition of development land	<b>40,000</b>	-	-	-
<b>Current</b>				
Unsecured advances	<b>18,094</b>	43,884	-	-
Interest accrued	<b>8,576</b>	4,548	<b>5,583</b>	1,646
Deposits received	<b>14,828</b>	8,521	-	-
Deferred revenue	<b>9,319</b>	5,858	-	-
Unpaid consideration for acquisition of development land	<b>6,600</b>	6,600	-	-
Accrued selling and marketing costs	<b>92,271</b>	115,402	-	-
Other sundry payables and accruals	<b>366,821</b>	365,862	<b>5,845</b>	9,089
	<b>516,509</b>	550,675	<b>11,428</b>	10,735
Total	<b>556,509</b>	550,675	<b>11,428</b>	10,735

The unsecured advances are from minority shareholders of a subsidiary company. These advances are interest free and payable on demand.

## Notes To The Financial Statements

For The Financial Year Ended 31 December 2016

### 25. OTHER PAYABLES AND ACCRUALS (CONT'D.)

The currency exposure profile of other payables and accruals is as follows:

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Malaysian Ringgit	<b>469,799</b>	519,566	<b>11,428</b>	10,735
Singapore Dollar	<b>5,546</b>	13,569	-	-
Australian Dollar	<b>69,425</b>	10,324	-	-
Vietnamese Dong	<b>11,730</b>	7,197	-	-
United States Dollar	<b>2</b>	11	-	-
Hong Kong Dollar	<b>4</b>	8	-	-
Indonesian Rupiah	<b>3</b>	-	-	-
	<b>556,509</b>	550,675	<b>11,428</b>	10,735

### 26. PROVISION FOR AFFORDABLE HOUSING

	Group	
	2016 RM'000	2015 RM'000
<b>Current</b>		
At beginning of the year/period	<b>458,540</b>	615,358
Addition	<b>146,382</b>	41,532
Reversal	<b>(77,236)</b>	(168,296)
Utilised	<b>(23,428)</b>	(30,054)
At end of the year/period	<b>504,258</b>	458,540

The provision for affordable housing represents the present obligation for construction of low cost houses.

### 27. REVENUE

	Group	
	1.1.2016 to 31.12.2016 RM'000	1.11.2014 to 31.12.2015 RM'000
Sale of development properties	<b>4,484,432</b>	6,222,802
Contract revenue	<b>305,997</b>	280,856
Sale of other goods and services	<b>166,736</b>	242,685
	<b>4,957,165</b>	6,746,343

## Notes To The Financial Statements

For The Financial Year Ended 31 December 2016

### 28. COST OF SALES

	Group	
	1.1.2016 to 31.12.2016 RM'000	1.11.2014 to 31.12.2015 RM'000
Cost of properties sold	<b>3,077,240</b>	4,226,872
Contract cost recognised as expense	<b>293,557</b>	265,072
Cost of other goods and services sold	<b>144,953</b>	191,111
	<b>3,515,750</b>	4,683,055

### 29. OTHER INCOME

	Group		Company	
	1.1.2016 to 31.12.2016 RM'000	1.11.2014 to 31.12.2015 RM'000	1.1.2016 to 31.12.2016 RM'000	1.11.2014 to 31.12.2015 RM'000
Gross dividends from:				
- subsidiary companies	-	-	<b>622,767</b>	420,468
Interest income from:				
- subsidiary companies	-	-	<b>80,346</b>	112,404
- jointly controlled entities	<b>17,579</b>	15,567	<b>7,601</b>	7,426
- deposits	<b>58,486</b>	68,735	<b>19,907</b>	29,656
- financial assets measured at amortised cost	<b>266</b>	-	<b>5,583</b>	5,471
- others	<b>42,920</b>	49,007	<b>774</b>	90
Rental income from:				
- investment properties	<b>56,095</b>	17,110	-	-
- other operating leases	<b>1,565</b>	2,253	-	-
Allowance for doubtful debts no longer required	-	17	-	-
Gain on disposal of investment properties	<b>229</b>	-	-	-
Gain on disposal of property, plant and equipment	<b>265</b>	197	<b>25</b>	1
Gain arising from fair value adjustment on financial liabilities carried at amortised cost	-	-	<b>2,793</b>	-
Gain on disposal of subsidiary company	-	636	-	-
Gain on liquidation of subsidiary company	<b>1,123</b>	-	-	-
Liquidated and ascertained damages income on late completion	<b>13,856</b>	19,492	-	-
Forfeiture income	<b>3,190</b>	2,207	-	-
Gain on foreign exchange				
- realised	<b>13,926</b>	1,701	-	-
- unrealised	<b>32,625</b>	3,718	<b>31,789</b>	1,558
Recoveries and other miscellaneous income	<b>15,234</b>	42,807	<b>9,091</b>	10,551
	<b>257,359</b>	223,447	<b>780,676</b>	587,625

## Notes To The Financial Statements

For The Financial Year Ended 31 December 2016

### 30. FINANCE COSTS

	Group		Company	
	1.1.2016 to 31.12.2016 RM'000	1.11.2014 to 31.12.2015 RM'000	1.1.2016 to 31.12.2016 RM'000	1.11.2014 to 31.12.2015 RM'000
Bank overdraft interest	3,326	3,231	2,168	2,421
Revolving credit interest	31,446	27,990	13,783	14,243
Term loan interest	71,615	67,074	46,192	39,786
Preference share dividend	2,325	1,485	-	-
Interest expense to:				
- subsidiary companies	-	-	6,705	1,458
Interest expense on financial liabilities measured at amortised cost	3,349	3,196	-	-
Others	8,227	7,316	3,912	1,429
	<b>120,288</b>	110,292	<b>72,760</b>	59,337

### 31. PROFIT BEFORE TAX

	Group		Company	
	1.1.2016 to 31.12.2016 RM'000	1.11.2014 to 31.12.2015 RM'000	1.1.2016 to 31.12.2016 RM'000	1.11.2014 to 31.12.2015 RM'000
Profit before tax is stated after charging/(crediting):				
Auditors' remuneration				
- current year	1,632	1,334	130	123
- underprovision in prior period/year	300	50	50	-
- other services	502	975	293	975
Bad debts	3,672	6,501	3,672	-
Doubtful debts	403	719	-	794
Depreciation				
- property, plant and equipment	19,019	26,136	2	6
- investment properties	7,009	6,870	10	11
Direct operating expenses on				
- income generating investment properties	4,907	6,600	-	-
- non-income generating investment properties	8	8	8	8

## Notes To The Financial Statements

For The Financial Year Ended 31 December 2016

### 31. PROFIT BEFORE TAX (CONT'D.)

	Group		Company	
	1.1.2016 to 31.12.2016 RM'000	1.11.2014 to 31.12.2015 RM'000	1.1.2016 to 31.12.2016 RM'000	1.11.2014 to 31.12.2015 RM'000
Directors' remuneration				
- Company's Directors				
- fees and other emoluments	<b>6,827</b>	12,953	<b>2,071</b>	2,333
- share-based payment under LTIP	<b>945</b>	1,793	-	-
- Other key management personnel				
- fees	<b>9</b>	12	-	-
- other emoluments	<b>19,392</b>	22,009	-	-
- share-based payment under LTIP	<b>7,758</b>	7,219	-	-
Property, plant and equipment written off	<b>52</b>	482	<b>17</b>	1
Loss from fair value adjustment of financial assets/liabilities	<b>4,006</b>	-	<b>1,089</b>	1,825
Loss on disposal of property, plant and equipment	<b>55</b>	148	-	-
Rental expense on:				
- equipment	<b>9,223</b>	11,571	<b>111</b>	100
- premises	<b>1,563</b>	3,823	-	-
Loss on foreign exchange				
- realised	-	-	<b>706</b>	-

Directors' remuneration does not include the estimated monetary value of benefits-in-kind as follows:

	Group		Company	
	1.1.2016 to 31.12.2016 RM'000	1.11.2014 to 31.12.2015 RM'000	1.1.2016 to 31.12.2016 RM'000	1.11.2014 to 31.12.2015 RM'000
Company's Directors	<b>18</b>	15	<b>18</b>	15
Subsidiaries' Directors	<b>1,277</b>	474	-	-

## Notes To The Financial Statements

For The Financial Year Ended 31 December 2016

### 32. TAX EXPENSE

	Group		Company	
	1.1.2016 to 31.12.2016 RM'000	1.11.2014 to 31.12.2015 RM'000	1.1.2016 to 31.12.2016 RM'000	1.11.2014 to 31.12.2015 RM'000
Tax based on results for the year/period				
- Malaysian income tax	261,244	298,267	3,711	13,234
- foreign income tax	81,175	105,031	-	-
- deferred tax	(71,422)	44,941	50	(622)
	<b>270,997</b>	448,239	<b>3,761</b>	12,612
Under/(over) provision in prior period/years				
- Malaysian income tax	12,488	732	(1,484)	1,320
- foreign income tax	(3,533)	-	-	-
- deferred tax	5,438	(33,538)	-	-
	<b>285,390</b>	415,433	<b>2,277</b>	13,932

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2015: 25%) of the estimated assessable profit for the year/period. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

The provision for taxation differs from the amount of taxation determined by applying the applicable statutory tax rate on the profit before tax as a result of the following differences:

	Group		Company	
	1.1.2016 to 31.12.2016 RM'000	1.11.2014 to 31.12.2015 RM'000	1.1.2016 to 31.12.2016 RM'000	1.11.2014 to 31.12.2015 RM'000
Accounting profit (excluding share of results in jointly controlled entities and associated companies)	1,111,077	1,531,438	682,869	505,889
Taxation at applicable 24% (2015: 25%) tax rate	266,658	382,859	163,889	126,472
Tax effects arising from:				
Non-deductible expenses	16,757	65,665	3,867	10,362
Perpetual bond distribution	(8,697)	(10,573)	(8,697)	(10,573)
Non-taxable income				
- interest income	(10,467)	(13,500)	(5,834)	(8,558)
- single tier dividend income	-	-	(149,464)	(105,117)
Deferred tax assets not recognised	12,079	12,601	-	-
Utilisation of tax losses brought forward from previous period/years	(7,327)	(3,687)	-	-
Effect on different tax rate used	1,994	14,874	-	26
Under/(over) provision in prior period/years	14,393	(32,806)	(1,484)	1,320
	<b>285,390</b>	415,433	<b>2,277</b>	13,932

## Notes To The Financial Statements

For The Financial Year Ended 31 December 2016

### 32. TAX EXPENSE (CONT'D.)

	Group		Company	
	1.1.2016 to 31.12.2016 RM'000	1.11.2014 to 31.12.2015 RM'000	1.1.2016 to 31.12.2016 RM'000	1.11.2014 to 31.12.2015 RM'000
Tax savings during the financial year/period arising from:				
Utilisation of current year/period tax losses	<b>1,133</b>	906	-	-
Utilisation of tax losses brought forward from previous period/years	<b>7,327</b>	3,687	-	-

The Company is on the single tier income tax system; accordingly the entire retained earnings of the Company are available for distribution by way of dividend without incurring additional tax liability.

### 33. EARNINGS PER SHARE

#### Basic earnings per share

The basic earnings per share has been calculated by dividing the Group's profit for the year/period attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year/period. The weighted average number of ordinary shares in issue is calculated as follows:

	Group	
	1.1.2016 to 31.12.2016 '000	1.11.2014 to 31.12.2015 '000
Profit for the financial year/period attributable to owners of the Company (RM)	<b>808,030</b>	918,258
Number of ordinary shares at beginning of the year/period	<b>2,628,356</b>	2,538,332
Effect of shares issued pursuant to:		
- DRP	<b>76,833</b>	29,272
- vesting of ESGP	<b>4,315</b>	2,904
- exercise of ESOS	<b>399</b>	4,785
Weighted average number of ordinary shares	<b>2,709,903</b>	2,575,293
Basic Earnings Per Share (sen)	<b>29.82</b>	35.66

## Notes To The Financial Statements

For The Financial Year Ended 31 December 2016

### 33. EARNINGS PER SHARE (CONT'D.)

#### Diluted earnings per share

The diluted earnings per share has been calculated by dividing the Group's profit for the year/period attributable to owners of the Company by the weighted average number of ordinary shares that would have been in issue upon full exercise of the options under the LTIP, adjusted for the number of such shares that would have been issued at fair value, as well as full conversion of RCPS-i at the conversion ratio of 2 ordinary shares for 7 RCPS-i, calculated as follows:

	Group	
	1.1.2016 to 31.12.2016 '000	1.11.2014 to 31.12.2015 '000
Profit for the financial year/period attributable to owners of the Company (RM)	<b>808,030</b>	918,258
Weighted average number of ordinary shares calculated above	<b>2,709,903</b>	2,575,293
Weighted average number of unissued shares under the LTIP	<b>20,197</b>	25,761
Weighted average number of unissued shares under RCPS-i	<b>322,178</b>	-
Adjusted weighted average number of ordinary shares that would have been in issue	<b>3,052,278</b>	2,601,054
Diluted Earnings Per Share (sen)	<b>26.47</b>	35.30

## Notes To The Financial Statements

For The Financial Year Ended 31 December 2016

### 34. DIVIDENDS

	1.1.2016 to 31.12.2016 RM'000	1.11.2014 to 31.12.2015 RM'000
<i>In respect of the financial year ended 31 October 2014</i>		
Single-tier final dividend of 5.7 sen per share:		
- Reinvested into 42,786,880 new ordinary shares at an issue price of RM3.10 per ordinary share pursuant to the DRP	-	132,639
- Payment in cash	-	12,271
<i>In respect of the financial period ended 31 December 2015</i>		
Single-tier interim dividend of 4 sen per share:		
- Reinvested into 33,025,020 new ordinary shares at an issue price of RM2.83 per ordinary share pursuant to the DRP	-	93,461
- Payment in cash	-	10,348
Single-tier final dividend of 19 sen per share:		
- Reinvested into 179,964,772 new ordinary shares at an issue price of RM2.65 per ordinary share pursuant to the DRP	<b>476,907</b>	-
- Payment in cash	<b>22,509</b>	-
<i>In respect of the financial year ended 31 December 2016</i>		
Single-tier interim dividend of 4 sen per share:		
- Reinvested into 34,367,408 new ordinary shares at an issue price of RM3.11 per ordinary share pursuant to the DRP	<b>106,882</b>	-
- Payment in cash	<b>5,856</b>	-
	<b>612,154</b>	248,719

Subsequent to 31 December 2016, the Directors recommended a single tier final dividend of 16 sen per ordinary shares amounting to RM456,563,186 in respect of the financial year ended 31 December 2016, subject to approval in the next Annual General Meeting.

## Notes To The Financial Statements

For The Financial Year Ended 31 December 2016

### 35. EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	1.1.2016 to 31.12.2016 RM'000	1.11.2014 to 31.12.2015 RM'000	1.1.2016 to 31.12.2016 RM'000	1.11.2014 to 31.12.2015 RM'000
Employee benefits expense	<b>275,042</b>	342,398	<b>11,301</b>	17,376

Included in employee benefits expense are the following:

	Group		Company	
	1.1.2016 to 31.12.2016 RM'000	1.11.2014 to 31.12.2015 RM'000	1.1.2016 to 31.12.2016 RM'000	1.11.2014 to 31.12.2015 RM'000
EPF	<b>18,599</b>	29,306	<b>725</b>	1,275
Share-based payment under the LTIP	<b>31,483</b>	44,887	<b>643</b>	961

### 36. CHANGES IN THE COMPOSITION OF THE GROUP

Dissolution of subsidiary

During the financial year, the Group has dissolved its wholly owned subsidiary, Setia Jersey Investment Holding Company Limited ("Setia Jersey").

The Group recognises a net gain of RM1,123,000 from the dissolution of Setia Jersey. Setia Jersey has been dormant since its incorporation and accordingly, no disclosures were made on the effects of dissolution as the financial impact is immaterial to the financial position of the Group.

## Notes To The Financial Statements

For The Financial Year Ended 31 December 2016

### 37. RELATED PARTY DISCLOSURES

The following significant related party transactions took place at terms agreed between the parties during the financial year/period:

(a) Significant related party transactions during the financial year/period are as follows:

	Transaction value				Balance outstanding			
	Group		Company		Group		Company	
	1.1.2016 to 31.12.2016	1.11.2014 to 31.12.2015	1.1.2016 to 31.12.2016	1.11.2014 to 31.12.2015	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Transactions with subsidiary companies</b>								
Interest received and receivable	-	-	<b>80,346</b>	112,404	-	-	<b>71,472</b>	163,414
Interest paid and payable	-	-	<b>6,705</b>	1,458	-	-	-	-
Management fee received and receivable	-	-	-	-	-	-	-	16,143
Event service fee received and receivable	-	-	<b>24</b>	22	-	-	-	-
Staff secondment fee received and receivable	-	-	<b>9,007</b>	10,404	-	-	<b>1,986</b>	5,965
Rental paid and payable	-	-	-	6	-	-	-	-
<b>Transactions with jointly controlled entities</b>								
Management fee received and receivable	<b>6,066</b>	22,153	-	-	<b>1,040</b>	20,840	-	-
Management fee paid and payable	<b>240</b>	280	-	-	<b>20</b>	280	-	-
Construction services rendered	<b>231,255</b>	132,317	-	-	<b>175,452</b>	73,754	-	-
Interest received and receivable	<b>22,174</b>	10,146	<b>7,601</b>	7,426	<b>20,547</b>	9,445	<b>17,038</b>	9,437
Rental received and receivable	<b>735</b>	1,352	-	-	<b>70</b>	352	-	-
Staff secondment fee paid and payable	<b>350</b>	1,090	-	-	<b>32</b>	36	-	-
Event service fee paid and payable	<b>122</b>	160	-	-	-	16	-	-
Advertisement fee paid and payable	<b>138</b>	-	-	-	<b>2</b>	-	-	-
Group marketing fee paid and payable	<b>10</b>	225	-	-	<b>363</b>	-	-	-

## Notes To The Financial Statements

For The Financial Year Ended 31 December 2016

### 37. RELATED PARTY DISCLOSURES (CONT'D.)

(a) Significant related party transactions during the financial year/period are as follows (cont'd.):

	Transaction value				Balance outstanding			
	Group		Company		Group		Company	
	1.1.2016 to 31.12.2016 RM'000	1.11.2014 to 31.12.2015 RM'000	1.1.2016 to 31.12.2016 RM'000	1.11.2014 to 31.12.2015 RM'000	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
<b>Transactions with Directors of the Company and close family members of the Directors</b>								
Sale of development properties to								
- Dato' Khor Chap Jen	1,550	-	-	-	-	-	-	-
- Dato' Ahmad Pardas Bin Senin and close family members	4,824	-	-	-	(10)	-	-	-
- Dato' Halipah Binti Esa and close family members	4,066	-	-	-	(30)	-	-	-
- Dato' Azmi bin Mohd Ali	1,410	-	-	-	(10)	-	-	-
- Philip Tan Puay Koon	1,536	-	-	-	-	-	-	-
<b>Transactions with Directors of subsidiary companies and close family members of the Directors</b>								
Sale of development properties to								
- Datuk Wong Tuck Wai	1,735	1,787	-	-	67	199	-	-
- Datuk Koe Peng Kang	2,942	1,820	-	-	221	36	-	-
- Yeo Cheng Jway	-	-	-	-	-	10	-	-
- Jamalullail Bin Abu Bakar	924	-	-	-	-	11	-	-
- Choong Kai Wai	809	1,376	-	-	1	79	-	-

## Notes To The Financial Statements

For The Financial Year Ended 31 December 2016

### 37. RELATED PARTY DISCLOSURES (CONT'D.)

(a) Significant related party transactions during the financial year/period are as follows (cont'd.):

	Transaction value				Balance outstanding			
	Group		Company		Group		Company	
	1.1.2016 to 31.12.2016 RM'000	1.11.2014 to 31.12.2015 RM'000	1.1.2016 to 31.12.2016 RM'000	1.11.2014 to 31.12.2015 RM'000	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
<i>Transactions with Directors of subsidiary companies and close family members of the Directors (cont'd.)</i>								
Sale of development properties to (cont'd.)								
- Datuk Koe Peng Kang and close family member	-	1,877	-	-	-	36	-	-
- Tan Hon Lim and close family member	-	1,787	-	-	-	225	-	-
- Neo Keng Hoe and close family member	-	-	-	-	-	17	-	-
- Saw Kim Suan and close family member	-	-	-	-	-	13	-	-
- Choy Kah Yew	-	784	-	-	-	(55)	-	-
- Soh Hee Pin and close family member	-	1,787	-	-	-	12	-	-
- Sha'ari Bin Hanapi	-	233	-	-	24	-	-	-
- Close family member of Kow Choong Ming	-	1,787	-	-	-	10	-	-
- Tan Mui Hiang	2,000	-	-	-	108	-	-	-
Estate management fee charged to								
- Datuk Wong Tuck Wai	-	13	-	-	-	-	-	-
Personal training fee charged to								
- Close family members of Datuk Koe Peng Kang	12	-	-	-	-	-	-	-

## Notes To The Financial Statements

For The Financial Year Ended 31 December 2016

### 37. RELATED PARTY DISCLOSURES (CONT'D.)

(a) Significant related party transactions during the financial year/period are as follows (cont'd.):

	Transaction value				Balance outstanding			
	Group		Company		Group		Company	
	1.1.2016 to 31.12.2016	1.11.2014 to 31.12.2015	1.1.2016 to 31.12.2016	1.11.2014 to 31.12.2015	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Transactions with former Director of the Company</b>								
Sale of development properties to								
- Tun Dato' Seri Zaki Bin Tun Azmi	-	-	-	-	-	48	-	-
<b>Transactions with former Director of subsidiary companies</b>								
Estate management fee charged to								
- Norhayati Binti Subali	-	17	-	-	-	-	-	-
<b>Transactions with Director of jointly controlled entities and close family members of the Director</b>								
Sale of development property to								
- Ling Thou Lung and close family member	1,275	-	-	-	-	-	-	-

#### Transactions with shareholders and Government

Permodalan Nasional Berhad ("PNB"), a government-linked entity, is a shareholder of the Company, with direct shareholding of 27.98% (2015: 51.05%). PNB and entities directly controlled by PNB are collectively referred to as government-related entities to the Group and the Company.

On 2 December 2016, PNB subscribed RM575,157,532 of the RCPS-i issued by the Company (see Note 20).

The transactions entered into with these government-linked corporations have been established on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties.

## Notes To The Financial Statements

For The Financial Year Ended 31 December 2016

### 37. RELATED PARTY DISCLOSURES (CONT'D.)

(b) Key management personnel compensation

	Group		Company	
	1.1.2016 to 31.12.2016 RM'000	1.11.2014 to 31.12.2015 RM'000	1.1.2016 to 31.12.2016 RM'000	1.11.2014 to 31.12.2015 RM'000
<i>Directors</i>				
Fees, salary, bonuses and other emoluments	<b>6,317</b>	11,815	<b>2,071</b>	2,333
Estimated monetary value of benefits-in-kind	<b>18</b>	15	<b>18</b>	15
Share-based payment under the LTIP	<b>945</b>	1,793	-	-
Total short-term employee benefits	<b>7,280</b>	13,623	<b>2,089</b>	2,348
Post-employment benefits				
- EPF and SOCSO	<b>510</b>	1,138	-	-
	<b>7,790</b>	14,761	<b>2,089</b>	2,348
<i>Other key management personnel</i>				
Fees	<b>9</b>	12	-	-
Salary, allowances and bonuses	<b>17,244</b>	22,244	-	-
Estimated monetary value of benefits-in-kind	<b>1,277</b>	474	-	-
Share-based payment under the LTIP	<b>7,758</b>	7,219	-	-
Total short-term employee benefits	<b>26,288</b>	29,949	-	-
Post-employment benefits				
- EPF and SOCSO	<b>2,148</b>	2,342	-	-
	<b>28,436</b>	32,291	-	-
Total compensation	<b>36,226</b>	47,052	<b>2,089</b>	2,348

#### Shares and share options granted to Directors and other key management personnel

1,291,179 ESGP and 8,145,000 ESOS were granted to the Company's Executive Directors and other key management personnel during the financial year (2015: 1,088,880 ESGP and 13,515,480 ESOS).

## Notes To The Financial Statements

For The Financial Year Ended 31 December 2016

### 38. COMMITMENTS

#### (a) Operating lease commitments

##### *The Group as lessee*

The Group leases premises from various parties under operating leases. These leases are cancellable and typically run for a period ranging from 1 to 3 years, with the option to renew upon expiry. None of the leases includes contingent rentals. There are no restrictions placed upon the Group by entering into these leases.

Future minimum rentals payable under non-cancellable operating leases at the reporting date are as follows:

	Group	
	2016 RM'000	2015 RM'000
Not later than one year	<b>1,258</b>	1,400
Later than one year but not later than five years	<b>1,611</b>	824
	<b>2,869</b>	2,224

##### *The Group as lessor*

The Group leases out its investment properties to third parties under non-cancellable operating leases. These leases typically run for a period of 2 to 30 years with the option to renew upon expiry. Certain of the leases include contingent rental arrangements computed based on sales achieved by tenants.

Future minimum rentals receivable under non-cancellable operating leases at the reporting date are as follows:

	Group	
	2016 RM'000	2015 RM'000
Not later than one year	<b>22,851</b>	16,373
Later than one year but not later than five years	<b>62,354</b>	54,280
Later than five years	<b>324,261</b>	358,268
	<b>409,466</b>	428,921

## Notes To The Financial Statements

For The Financial Year Ended 31 December 2016

### 38. COMMITMENTS (CONT'D.)

#### (b) Other commitments

	Group	
	2016 RM'000	2015 RM'000
Commitments to purchase development land		
- Contracted		
- Seberang Perai Utara, Pulau Pinang	<b>558,110</b>	-
- 308-326 Exhibition Street, Melbourne, Australia	<b>294,425</b>	-
Contractual commitment for construction of investment properties	<b>306,692</b>	496,898
Commitment to acquire property, plant and equipment - approved and contracted	<b>2,238</b>	192
Contractual commitments in relation to Development Agreement	-	100,000
	<b>1,161,465</b>	597,090

### 39. CONTINGENT LIABILITIES (UNSECURED)

	Company	
	2016 RM'000	2015 RM'000
Guarantees given to banks to secure banking facilities granted to subsidiary companies	<b>3,343,809</b>	3,526,639
Guarantees given to banks for performance bonds granted to subsidiary companies	<b>97,411</b>	19,002
Guarantees given to the suppliers of goods for credit terms granted to subsidiary companies	<b>3,341</b>	641
	<b>3,444,561</b>	3,546,282

## Notes To The Financial Statements

For The Financial Year Ended 31 December 2016

### 40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's and the Company's activities are exposed to a variety of financial risks, including interest rate risk, credit risk, foreign currency exchange risk, liquidity and cash flow risks. The Group's and the Company's overall financial risk management objective is to minimise potential adverse effects on the financial performance of the Group and the Company.

Financial risk management is carried out through risk review, internal control systems and adherence to the Group's and the Company's financial risk management policies. The Board regularly reviews these risks and approves the policies covering the management of these risks. The Group and the Company do not trade in derivative instruments.

#### (a) Interest rate risk

The Group and the Company are exposed to interest rate risk which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates.

Surplus funds are placed with licensed financial institutions to earn interest income based on prevailing market rates. The Group and the Company manage its interest rate risks by placing such funds on short tenures of 12 months or less.

The Group's and the Company's policy is to borrow principally on a floating rate basis but to retain a proportion of fixed rate borrowings. The objective of a mix of fixed and floating rate borrowings is to reduce the impact of a rise in interest rates and to enable savings to be enjoyed if interest rates fall. The Group and the Company do not generally hedge interest rate risks. The Group and the Company have a policy to ensure that interest rates obtained are competitive.

#### Sensitivity analysis for interest rate risk

The weighted average interest rate for bank borrowings of the Group and the Company are as follows:

	Group		Company	
	2016 %	2015 %	2016 %	2015 %
Weighted average interest rate	<b>4.40</b>	4.21	<b>3.89</b>	4.49

A sensitivity analysis has been performed based on the outstanding floating rate bank borrowings of the Group and the Company as at 31 December 2016. If interest rates were to increase or decrease by 50 basis points with all other variables held constant, the Group's and the Company's profit before tax would decrease or increase by RM14,189,000 and RM9,829,000 (2015: RM8,114,000 and RM3,580,000) respectively.

For those interest expense incurred and capitalised as part of the expenditure on investment property under construction, land held for property development and property development costs during the financial year, if the interest rates were to increase or decrease by 50 basis points with all other variables held constant, those assets of the Group would increase or decrease by RM14,426,000 (2015: RM15,870,000).

## Notes To The Financial Statements

For The Financial Year Ended 31 December 2016

### 40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

#### (b) Credit risk

Credit risk arises from the possibility that a counter party may be unable to meet the terms of a contract in which the Group has a gain position.

The Group and the Company minimise and monitor its credit risk by dealing with credit worthy counter-parties and applying credit approval controls for material contracts. If necessary, the Group may obtain collaterals from counter-parties as a means of mitigating losses in the event of default.

In respect of trade receivables arising from the sale of development properties, the Group mitigates its credit risk by maintaining its name as the registered owner of the development properties until full settlement by the purchaser of the self-financed portion of the purchase consideration or upon undertaking of end-financing by the purchaser's end-financier.

At the reporting date, the Group did not have any significant concentration of credit risk that may arise from exposure to a single debtor or to group of debtors.

The ageing analysis of receivables which are trade in nature is disclosed in Note 15 to the financial statements. Short-term deposits with banks and other financial institutions that are neither past due nor impaired are placed with or entered into with reputable financial institutions with high credit ratings and no history of default.

#### (c) Foreign currency exchange risk

The Group is exposed to currency translation risk arising from its net investments in foreign operations, mainly United Kingdom, Australia, Singapore and China.

##### Sensitivity analysis for foreign currency risk

The closing rates used in translation are as follows:

	2016	2015
Great British Pound	<b>5.514</b>	6.381
Australian Dollar	<b>3.239</b>	3.137
Singapore Dollar	<b>3.099</b>	3.044
Chinese Yuan	<b>0.645</b>	0.663

## Notes To The Financial Statements

For The Financial Year Ended 31 December 2016

### 40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

#### (c) Foreign currency exchange risk (cont'd.)

The following table demonstrates the sensitivity of the Group's equity to a reasonably possible change in the exchange rates, with all other variables held constant.

		Group	
		2016 RM'000	2015 RM'000
Great British Pound/RM	- strengthened by 10%	<b>161,518</b>	99,632
	- weakened by 10%	<b>(161,518)</b>	(99,632)
Australian Dollar/RM	- strengthened by 10%	<b>84,049</b>	73,137
	- weakened by 10%	<b>(84,049)</b>	(73,137)
Singapore Dollar/RM	- strengthened by 10%	<b>48,021</b>	48,024
	- weakened by 10%	<b>(48,021)</b>	(48,024)
Chinese Yuan/RM	- strengthened by 10%	<b>12,187</b>	12,022
	- weakened by 10%	<b>(12,187)</b>	(12,022)

#### (d) Liquidity and cash flow risks

Liquidity and cash flow risks are the risks that the Group and the Company will not be able to meet its financial obligations when they fall due. The Group's and the Company's exposure to liquidity risk arises principally from its various payables and borrowings.

The Group and the Company seek to ensure all business units maintain optimum levels of liquidity at all times, sufficient for their operating, investing and financing activities.

Therefore, the policy seeks to ensure that each business unit, through efficient working capital management (i.e. inventory, accounts receivable and accounts payable management), must be able to convert its current assets into cash to meet all demands for payment as and when they fall due.

Owing to the nature of its businesses, the Group and the Company always maintain sufficient credit lines available to meet their liquidity requirements while ensuring an effective working capital management within the Group and the Company.

## Notes To The Financial Statements

For The Financial Year Ended 31 December 2016

### 40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

#### (d) Liquidity and cash flow risks (cont'd.)

##### Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and the Company's financial liabilities at the reporting date based on contractual undiscounted repayment obligations.

	2016			
	RM'000			
	On demand or within one year	One to five years	Over five years	Total
<b>Group</b>				
<b>Financial liabilities:</b>				
Trade payables	1,363,670	-	-	1,363,670
Other payables and accruals	516,509	40,000	-	556,509
Long term borrowings	101,749	3,036,162	1,234,042	4,371,953
Short term borrowings	2,100,647	-	-	2,100,647
Redeemable cumulative preference shares	2,141	54,809	-	56,950
<b>Total undiscounted financial liabilities</b>	<b>4,084,716</b>	<b>3,130,971</b>	<b>1,234,042</b>	<b>8,449,729</b>
<b>Company</b>				
<b>Financial liabilities:</b>				
Amounts owing to subsidiary companies	98,583	-	-	98,583
Other payables and accruals	11,428	-	-	11,428
Long term borrowings	19,828	551,745	794,063	1,365,636
Short term borrowings	786,996	-	-	786,996
<b>Total undiscounted financial liabilities</b>	<b>916,835</b>	<b>551,745</b>	<b>794,063</b>	<b>2,262,643</b>

## Notes To The Financial Statements

For The Financial Year Ended 31 December 2016

### 40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

#### (d) Liquidity and cash flow risks (cont'd.)

Analysis of financial instruments by remaining contractual maturities (cont'd.)

	2015			Total
	RM'000			
	On demand or within one year	One to five years	Over five years	
<b>Group</b>				
<b>Financial liabilities:</b>				
Trade payables	1,241,441	-	-	1,241,441
Other payables and accruals	550,675	-	-	550,675
Long term borrowings	52,717	3,348,863	489,243	3,890,823
Short term borrowings	1,944,423	-	-	1,944,423
Redeemable cumulative preference shares	2,151	56,363	-	58,514
<b>Total undiscounted financial liabilities</b>	<b>3,791,407</b>	<b>3,405,226</b>	<b>489,243</b>	<b>7,685,876</b>
<b>Company</b>				
<b>Financial liabilities:</b>				
Amounts owing to subsidiary companies	166,335	-	-	166,335
Other payables and accruals	10,735	-	-	10,735
Long term borrowings	10,797	496,561	-	507,358
Short term borrowings	681,920	-	-	681,920
<b>Total undiscounted financial liabilities</b>	<b>869,787</b>	<b>496,561</b>	<b>-</b>	<b>1,366,348</b>

## Notes To The Financial Statements

For The Financial Year Ended 31 December 2016

### 41. FAIR VALUE OF FINANCIAL INSTRUMENTS

#### (a) Classification of financial instruments

The Group's and the Company's financial assets are categorised as loans and receivables except for property development costs, gross amount due from customers, inventories, accrued billings and prepayments which are categorised as other current assets.

The Group's and the Company's financial liabilities are categorised as financial liabilities measured at amortised cost except for gross amount due to customers and progress billings which are categorised as other current liabilities.

#### (b) Determination of fair value

The fair value of a financial instrument is the amount at which the instrument could be exchanged or settled between knowledgeable and willing parties in an arm's length transaction, other than in forced or liquidation sale.

##### Fair value hierarchy

The table below analyses financial instruments carried at fair value, by revaluation method. The fair value hierarchy has the following levels:

Level 1 : Quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 : Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3 : Inputs for the asset or liability that is not based on observable market data (unobservable inputs).

The carrying amounts and fair values of the long term financial assets and liabilities of the Group and of the Company at the reporting date are as follows:

	Group		Company	
	Carrying amount RM'000	Fair value RM'000 Level 2	Carrying amount RM'000	Fair value RM'000 Level 2
<b>2016</b>				
<b>Financial assets:</b>				
Amounts owing by subsidiary companies	-	-	1,790,889	#
<b>Financial liabilities:</b>				
Redeemable cumulative preference shares	53,513	46,537	-	-
Floating rate long term borrowings	3,798,538	*	1,247,767	*

## Notes To The Financial Statements

For The Financial Year Ended 31 December 2016

### 41. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONT'D.)

#### (b) Determination of fair value (cont'd.)

	Group		Company	
	Carrying amount RM'000	Fair value RM'000 Level 2	Carrying amount RM'000	Fair value RM'000 Level 2
<b>2015</b>				
<b>Financial assets:</b>				
Amounts owing by subsidiary companies	-	-	1,392,759	#
<b>Financial liabilities:</b>				
Redeemable cumulative preference shares	53,770	48,677	-	-
Fixed rate long term borrowings	200,000	184,006	200,000	184,006
Floating rate long term borrowings	3,214,000	*	269,705	*

\* The carrying amounts are reasonable approximation of fair values because they are floating rate instruments which are repriced to market interest rates.

# The carrying amounts are reasonable approximation of fair value.

The carrying amounts of all other financial assets and liabilities of the Group and of the Company at the reporting date approximated or were at their fair values. The fair values of the financial assets and financial liabilities above are determined using discounted cash flow method. The most significant input being the discount rate that reflects the credit risk of the counterparties.

### 42. CAPITAL MANAGEMENT

The primary objectives of the Group's and the Company's capital management are to ensure that it maintains a strong capital base and healthy capital ratios in order to support its existing business operations and enable future development of the businesses as well as maximise shareholders' value.

The capital structure of the Group and the Company consists of equity attributable to the shareholders of the Company (i.e. share capital, RCPS-i, reserve and retained earnings), Perpetual bond and total debts, which include borrowings.

Management reviews and manages the capital structure regularly and makes adjustments to address changes in the economic environment and risk characteristics inherent in its business operations. These initiatives may include equity capital raising exercises and adjustments to the amount of dividends distributed to shareholders. No changes were made in the objectives, policies and processes during the financial year ended 31 December 2016 and period ended 31 December 2015.

## Notes To The Financial Statements

For The Financial Year Ended 31 December 2016

### 42. CAPITAL MANAGEMENT (CONT'D.)

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
<b>Debt:</b>				
Long term borrowings	<b>3,798,538</b>	3,414,000	<b>1,247,767</b>	469,705
Redeemable cumulative preference shares	<b>53,513</b>	53,770	-	-
Short term borrowings	<b>1,973,771</b>	1,782,898	<b>736,072</b>	646,271
<b>Total debt</b>	<b>5,825,822</b>	5,250,668	<b>1,983,839</b>	1,115,976
<b>Short-term deposits, cash and bank balances:</b>				
Short-term deposits	<b>2,704,840</b>	2,019,912	<b>1,582,554</b>	613,316
Cash and bank balances	<b>1,465,287</b>	1,732,218	<b>15,512</b>	32,760
	<b>4,170,127</b>	3,752,130	<b>1,598,066</b>	646,076
<b>Net debt</b>	<b>(1,655,695)</b>	(1,498,538)	<b>(385,773)</b>	(469,900)
<b>Total Equity</b>	<b>10,243,081</b>	8,392,439	<b>7,446,559</b>	5,667,456
<b>Gross gearing ratio</b>	<b>0.57</b>	0.63	<b>0.27</b>	0.20
<b>Net gearing ratio</b>	<b>0.16</b>	0.18	<b>0.05</b>	0.08

### 43. SEGMENTAL ANALYSIS

Primary reporting format - business segment

The operations of the Group are primarily organised in Malaysia into three main segments:

- (i) Property development - Property development
- (ii) Construction - Building construction
- (iii) Others - Manufacturing, trading and investing

Transactions between segments were entered into in the normal course of business and were established on terms and conditions that are not materially different from that obtainable in transactions with unrelated parties. The effects of such inter-segmental transactions are eliminated on consolidation.

The operations of the Group are primarily carried out in Malaysia. Group income taxes are presented on a group basis and are not allocated to operating segments.

## Notes To The Financial Statements

For The Financial Year Ended 31 December 2016

### 43. SEGMENTAL ANALYSIS (CONT'D.)

#### (a) Segment results

	Property Development RM'000	Construction RM'000	Others RM'000	Eliminations RM'000	Consolidated RM'000
<b>1.1.2016 to 31.12.2016</b>					
<b>REVENUE</b>					
External sales	4,484,432	305,997	166,736	-	4,957,165
Inter-segment sales	345,843	356,026	25,342	(727,211)	-
Total revenue	4,830,275	662,023	192,078	(727,211)	4,957,165
<b>RESULTS</b>					
Gross profit	1,407,192	12,440	21,783	-	1,441,415
Other income	231,685	8,960	16,714	-	257,359
Operating expenses	(430,486)	(14,829)	(22,094)	-	(467,409)
Share of results of jointly controlled entities	68,625	-	90	-	68,715
Share of results of associated companies	4,877	-	-	-	4,877
Finance costs	(108,983)	(627)	(10,678)	-	(120,288)
Profit before tax	1,172,910	5,944	5,815	-	1,184,669
Tax expense					(285,390)
Profit for the year					899,279
<b>1.11.2014 to 31.12.2015</b>					
<b>REVENUE</b>					
External sales	6,222,802	280,856	242,685	-	6,746,343
Inter-segment sales	193,714	398,724	61,922	(654,360)	-
Total revenue	6,416,516	679,580	304,607	(654,360)	6,746,343
<b>RESULTS</b>					
Gross profit	1,995,930	15,784	51,574	-	2,063,288
Other income	199,102	4,452	19,893	-	223,447
Operating expenses	(609,457)	(11,674)	(23,874)	-	(645,005)
Share of results of jointly controlled entities	(108,644)	-	(886)	-	(109,530)
Share of results of associated companies	4,533	-	-	-	4,533
Finance costs	(101,133)	(42)	(9,117)	-	(110,292)
Profit before tax	1,380,331	8,520	37,590	-	1,426,441
Tax expense					(415,433)
Profit for the period					1,011,008

## Notes To The Financial Statements

For The Financial Year Ended 31 December 2016

### 43. SEGMENTAL ANALYSIS (CONT'D.)

#### (b) Segment assets, liabilities and other information

	Property Development RM'000	Construction RM'000	Others RM'000	Consolidated RM'000
<b>2016</b>				
Segment assets	<b>13,558,287</b>	<b>225,102</b>	<b>2,812,006</b>	<b>16,595,395</b>
Investments in jointly controlled entities	<b>1,736,092</b>	-	<b>(58,369)</b>	<b>1,677,723</b>
Investments in associated companies	<b>121,873</b>	-	-	<b>121,873</b>
Current and deferred tax assets	<b>276,005</b>	<b>2,560</b>	<b>16,384</b>	<b>294,949</b>
Consolidated total assets				<b>18,689,940</b>
Segment liabilities	<b>7,450,753</b>	<b>178,791</b>	<b>692,016</b>	<b>8,321,560</b>
Current and deferred tax liabilities	<b>122,029</b>	<b>3,207</b>	<b>63</b>	<b>125,299</b>
Consolidated total liabilities				<b>8,446,859</b>
Additions to non-current assets* (other than financial instruments and deferred tax assets)	<b>913,735</b>	<b>6,036</b>	<b>280,030</b>	
Interest income	<b>98,184</b>	<b>8,290</b>	<b>12,777</b>	
Depreciation	<b>(22,310)</b>	<b>(58)</b>	<b>(3,660)</b>	
Other non-cash items	<b>72,949</b>	<b>(3,453)</b>	<b>(4,682)</b>	
<b>2015</b>				
Segment assets	12,403,987	118,580	2,493,390	15,015,957
Investments in jointly controlled entities	1,145,293	-	(58,458)	1,086,835
Investments in associated companies	120,217	-	-	120,217
Current and deferred tax assets	185,788	2,366	11,578	199,732
Consolidated total assets				16,422,741
Segment liabilities	7,362,925	125,837	354,566	7,843,328
Current and deferred tax liabilities	172,917	658	13,399	186,974
Consolidated total liabilities				8,030,302
Additions to non-current assets* (other than financial instruments and deferred tax assets)	603,500	1,624	106,009	
Interest income	119,424	3,939	9,946	
Depreciation	(27,510)	(1,319)	(4,177)	
Other non-cash items	(152,925)	(4,051)	614	

\* Non-current assets comprise property, plant and equipment, investment properties, intangible asset and land held for property development.

## Notes To The Financial Statements

For The Financial Year Ended 31 December 2016

### 43. SEGMENTAL ANALYSIS (CONT'D.)

#### (c) Segment by geographical location

Revenue and non-current assets other than financial instruments and deferred tax assets, by location of the Group's operations are analysed as follows:

	Revenue		Non-current assets (other than financial instruments and deferred tax assets)	
	1.1.2016 to 31.12.2016	1.11.2014 to 31.12.2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Malaysia	<b>4,127,820</b>	4,800,538	<b>6,906,720</b>	6,385,031
Singapore	<b>430,378</b>	681,014	<b>224</b>	351
Australia	<b>393,617</b>	1,250,787	<b>37,087</b>	2,469
Vietnam	<b>5,350</b>	14,004	<b>119,114</b>	120,860
United Kingdom	-	-	<b>1,615,181</b>	996,315
	<b>4,957,165</b>	6,746,343	<b>8,678,326</b>	7,505,026

#### (d) Information about major customers

There is no significant concentration of revenue from any major customers as the Group sells its development properties to individual end purchasers.

### 44. SIGNIFICANT EVENTS PENDING COMPLETION

The following status of corporate proposal has been announced by the Group and the Company but not completed as at 31 December 2016:

- (i) On 22 December 2016, S P Setia Berhad, vide its wholly owned subsidiary, Setia Recreation Sdn Bhd, entered into a sale and purchase agreement ("SPA") with CIMB Islamic Trustee Berhad (acting solely in the capacity as trustee for Boustead Plantations Berhad ("Boustead Plantations")) in relation to the proposed acquisition of 5 adjoining parcels of freehold land measuring approximately 1,675 acres in Seberang Perai Utara ("Land") for the purchase consideration of RM620.1 million (or RM8.50 per square foot) ("Purchase Consideration") subject to the terms and conditions of the SPA ("Proposed Acquisition"). The Proposed Acquisition is subject to amongst others the approval from the shareholders of Boustead Plantations. A payment of RM62.0 million, being 10% of the Purchase Consideration has been paid thus far.

## Notes To The Financial Statements

For The Financial Year Ended 31 December 2016

### 45. AUTHORISATION FOR ISSUE OF FINANCIAL STATEMENTS

These financial statements were authorised for issue on 23 February 2017 by the Board of Directors.

### 46. DISCLOSURE OF REALISED AND UNREALISED RETAINED PROFITS

The disclosure of realised and unrealised profits or losses is compiled in accordance to the Malaysian Institute of Accountants Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements.

The breakdown of retained profits of the Group and the Company as at the reporting date, into realised and unrealised profits, pursuant to the directive, are as follows:

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Total retained profits of the Company and its subsidiaries:				
- realised	<b>3,375,336</b>	3,241,953	<b>525,528</b>	523,507
- unrealised	<b>246,525</b>	152,575	<b>32,357</b>	2,176
	<b>3,621,861</b>	3,394,528	<b>557,885</b>	525,683
Total share of (accumulated losses)/retained profits from jointly controlled entities:				
- realised	<b>(186,961)</b>	(245,967)	-	-
- unrealised	<b>(2,363)</b>	2,582	-	-
	<b>(189,324)</b>	(243,385)	-	-
Total share of retained profits from associated companies:				
- realised	<b>8,498</b>	3,621	-	-
- unrealised	<b>1</b>	1	-	-
	<b>8,499</b>	3,622	-	-
Less: Consolidation adjustments	<b>(722,845)</b>	(632,450)	-	-
Total Group's and Company's retained profits as per statements of financial position	<b>2,718,191</b>	2,522,315	<b>557,885</b>	525,683

# Statement by Directors

Pursuant to Section 251(2) of the Companies Act, 2016

In the opinion of the Directors, the financial statements set out on pages 100 to 200 have been drawn up:

- (a) so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2016 and financial performance of the Group and of the Company for the financial year ended 31 December 2016; and
- (b) in accordance with Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

The information set out in Note 46 on page 200 to the financial statements have been prepared in accordance with the Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysia Institute of Accountants.

Signed on behalf of the Board of Directors in accordance with a Directors' resolution dated 23 February 2017

**TAN SRI DATO' SERI DR WAN MOHD ZAHID  
BIN MOHD NOORDIN**  
Chairman

**DATO' KHOR CHAP JEN**  
Director

Kuala Lumpur, Malaysia

# Statutory Declaration

Pursuant to Section 251(1) of the Companies Act, 2016

I, Choy Kah Yew, being the officer primarily responsible for the financial management of S P Setia Berhad, do solemnly and sincerely declare that to the best of my knowledge and belief, the financial statements set out on pages 100 to 200 and the supplementary information set out on page 200 are correct, and make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by  
the abovenamed Choy Kah Yew  
at Kuala Lumpur in the Federal Territory  
on 23 February 2017

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**CHOY KAH YEW**

Before me:

Commissioner for Oaths

# Independent Auditors' Report

To The Members Of S P Setia Berhad (Incorporated In Malaysia)

## REPORT ON AUDIT OF THE FINANCIAL STATEMENTS

We have audited the financial statements of S P Setia Berhad, which comprise the statements of financial position as at 31 December 2016 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 100 to 200.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2016, and of their financial performance and their cash flows for the year then ended in accordance with Financial Reporting Standards ("FRS") and the requirements of the Companies Act, 1965 in Malaysia.

### *Basis for opinion*

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditor's 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 IESBA Code.

### *Key Audit Matters*

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditors' responsibilities for the audit of the financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis of our audit opinion on the accompanying financial statements.

#### (a) Revenue and cost of sales from property development activities recognised on percentage of completion method

For the financial year ended 31 December 2016, revenue of RM4,484,432,000 and cost of sales of RM3,077,240,000 from property development activities account for approximately 90% and 88% of the total Group's revenue and cost of sales respectively. Where the Group uses percentage of completion method to recognise revenue and profit from its property development activities, the amount of revenue and profit recognised are dependent on, amongst others, the extent of costs incurred to the total estimated costs of construction to derive the percentage of completion, the actual number of units sold and the estimated total revenue for each of the respective projects.

We identified revenue and cost of sales recognised on percentage of completion method from property development activities as matters requiring audit focus as these areas involved significant management's judgement and estimates in estimating the total property development costs (which is used to determine the percentage of completion and gross profit margin of property development activities undertaken by the Group).

## Independent Auditors' Report

To The Members Of S P Setia Berhad (Incorporated In Malaysia)

### REPORT ON AUDIT OF THE FINANCIAL STATEMENTS (CONT'D.)

#### Key Audit Matters (cont'd.)

(a) Revenue and cost of sales from property development activities recognised on percentage of completion method (cont'd.)

In assessing the appropriateness of the extent of costs incurred, total estimated costs of construction and total estimated revenue collectively, we have:

- Obtained an understanding of the process in deriving the stage of completion which includes verifying the certified work done such as examining the progress claims from contractors and architect certification. We also observed the progress of the property development phases by performing site visits for individually significant ongoing projects.
- Verified the project development budgeted costs against the letter of award issued to contractors.
- Verified the gross development value against the signed sales and purchase agreement and estimated selling price of the unsold development to the latest transacted selling price.
- Considered the stage of completion of individually significant ongoing development projects to the expected handover date to determine the adequacy of provision for late ascertained damages, if any.
- Checked the mathematical accuracy of the revenue and profit based on the percentage of completion calculations and considered the implications of identified errors and changes in estimates.

The Group's accounting policies and disclosures on property development activities based on percentage of completion method are disclosed in Notes 1(s)(i), 1(c)(ii), 12, 27 and 28 respectively to the financial statements.

(b) Capitalisation of borrowing costs

The Group capitalise borrowing costs during the period in which development activities are being undertaken or there is ongoing development activities which benefits the entire township. During the financial year ended 31 December 2016, borrowing costs of RM55,582,000, RM74,455,000 and RM21,326,000 were capitalised to property development costs, land held for property development and investment properties respectively.

We identified capitalisation of borrowing costs as an area requiring audit focus as it involves significant management judgement in determining whether the development activities meet the criteria of an active development. In addition, there is also significant management estimates in determining the apportionment of borrowing cost that is entitled to be capitalised.

Our procedures in relation to management assessment of the capitalisation of borrowing costs includes:

- Reading loan agreements to obtain understanding of the purpose of the loan, as only the borrowing costs that arose from loan that is drawn down for development purposes are allowed to be capitalised.
- Checking the calculation of borrowing costs capitalised by verifying the inputs of the calculation such as basis of allocation, interest rates and principal amounts.

The Group's accounting policies and disclosures on capitalisation of borrowing costs are disclosed in Notes 1(v), 3, 4 and 12 respectively to the financial statements.

## Independent Auditors' Report

To The Members Of S P Setia Berhad (Incorporated In Malaysia)

### REPORT ON AUDIT OF THE FINANCIAL STATEMENTS (CONT'D.)

#### *Key Audit Matters (cont'd.)*

(c) Net realisable value of completed properties

As at 31 December 2016, the carrying amount of completed projects stood at RM871,796,000 which represents 10% of the Group's total current assets. Management's annual impairment assessment of carrying value of completed properties is significant to our audit because it is based on assumptions that are affected by expected future market and economic conditions.

Our procedures in relation to management assessment of the net realisable value of completed properties includes:

- Comparing the recent transacted prices of comparable completed properties, after taken into consideration of the discount given. We focused our evaluation on those completed properties that are slow moving.
- Physical sighting on individually significant completed properties and assessed the related cost of maintenance to assess any potential write down due to physical obsolescence.

The Group's accounting policies and disclosures on completed properties are disclosed in Notes 1(n), 1(c)(ii) and 13 respectively to the financial statements.

#### *Information other than the financial statements and auditor's report thereon*

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Group and of the Company and our auditor's 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 identified above when it becomes available 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.

#### *Responsibilities of directors for the financial statements*

The directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with FRS and the requirements of the Companies Act, 1965 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 to cease operations, or has no realistic alternative to do so.

## Independent Auditors' Report

To The Members Of S P Setia Berhad (Incorporated In Malaysia)

### REPORT ON AUDIT OF THE FINANCIAL STATEMENTS (CONT'D.)

#### *Auditor's 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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's 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 auditor's report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities and 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.

## Independent Auditors' Report

To The Members Of S P Setia Berhad (Incorporated In Malaysia)

### REPORT ON AUDIT OF THE FINANCIAL STATEMENTS (CONT'D.)

#### *Auditor's responsibilities for the audit of the financial statements (cont'd.)*

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current year and are therefore the key audit matters. We describe these matters in our auditor's 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.

#### *Other reporting responsibilities*

The supplementary information set out in Note 46 on page 200 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

#### *Other matters*

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act, 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

#### **Ernst & Young**

AF: 0039

Chartered Accountants

Kuala Lumpur, Malaysia

23 February 2017

#### **Ismed Darwis bin Bahatlar**

No. 2921/04/18(J)

Chartered Accountant

# Analysis of Shareholdings

As at 17 March 2017

Issued and Paid-Up Share Capital : RM6,212,914,895.22 divided into 2,853,670,914 ordinary shares ("Ordinary Shares") and 1,127,625,002 islamic redeemable convertible preference shares ("RCPS-i")

Class of Shares : Ordinary Shares and RCPS-i

Voting Rights : One Vote per Ordinary Share or RCPS-i

## DISTRIBUTION OF SHAREHOLDINGS OF ORDINARY SHARES

Size of Shareholdings	No. of Ordinary Shareholders	%	No. of Ordinary Shares	%
less than 100	1,046	18.36	38,839	0.00
100 - 1,000	1,088	19.09	676,571	0.02
1,001 - 10,000	2,526	44.33	9,382,249	0.33
10,001 - 100,000	777	13.64	20,777,683	0.73
100,001 to less than 5% of issued shares	258	4.53	953,062,066	33.40
5% and above of issued shares	3	0.05	1,869,703,506	65.52
<b>Total</b>	<b>5,698</b>	<b>100.00</b>	<b>2,853,640,914</b>	<b>100.00</b>

## LIST OF THIRTY LARGEST SHAREHOLDERS

Name of Ordinary Shareholders	No. of Ordinary Shares	%
1. Permodalan Nasional Berhad	798,387,641	27.98
2. Amanahraya Trustees Berhad - Amanah Saham Bumiputera	794,444,149	27.84
3. Kumpulan Wang Persaraan (Diperbadankan)	276,871,716	9.70
4. Citigroup Nominees (Tempatan) Sdn Bhd - Employees Provident Fund Board	122,223,897	4.28
5. Amanahraya Trustees Berhad - Amanah Saham Malaysia	100,886,699	3.54
6. Amanahraya Trustees Berhad - Amanah Saham Wawasan 2020	88,637,196	3.11
7. Lembaga Tabung Haji	67,715,800	2.37
8. Amanahraya Trustees Berhad - AS 1Malaysia	60,500,000	2.12
9. Amanahraya Trustees Berhad - Amanah Saham Bumiputera 2	41,447,103	1.45
10. HSBC Nominees (Asing) Sdn Bhd - BNP Paribas SECS SVS LUX for Aberdeen Global	35,990,341	1.26
11. Amanahraya Trustees Berhad - Amanah Saham Didik	26,473,495	0.93
12. Valuecap Sdn Bhd	26,097,400	0.91
13. Amsec Nominees (Tempatan) Sdn Bhd - MTrustee Berhad for CIMB Islamic Dali Equity Growth Fund (UT-CIMB-DALI)	17,109,700	0.60
14. Yayasan Gerakbakti Kebangsaan	14,057,445	0.49
15. Amanahraya Trustees Berhad - Public Ittikal Sequel Fund	13,851,994	0.49

## Analysis of Shareholdings

As at 17 March 2017

### LIST OF THIRTY LARGEST SHAREHOLDERS (CONT'D.)

Name of Ordinary Shareholders	No. of Ordinary Shares	%
16. Malaysia Nominees (Tempatan) Sendirian Berhad - Great Eastern Life Assurance (Malaysia) Berhad (PAR 1)	12,641,500	0.44
17. Citigroup Nominees (Tempatan) Sdn Bhd - Employees Provident Fund Board (CIMB PRIN)	12,513,200	0.44
18. DB (Malaysia) Nominee (Asing) Sdn Bhd - SSBT Fund AM4N for Aberdeen Institutional Commingled Funds LLC	11,241,450	0.39
19. Cartaban Nominees (Tempatan) Sdn Bhd - PAMB For Prulink Equity Fund	10,752,878	0.38
20. Amanahraya Trustees Berhad - Amanah Saham Nasional	9,525,594	0.33
21. Citigroup Nominees (Asing) Sdn Bhd - Exempt AN for Citibank New York (Norges Bank 14)	8,035,462	0.28
22. CIMB Group Nominees (Tempatan) Sdn Bhd - Yayasan Hasanah (AUR-VCAM)	7,769,309	0.27
23. Citigroup Nominees (Tempatan) Sdn Bhd - Employees Provident Fund Board (Nomura)	7,400,174	0.26
24. Amanahraya Trustees Berhad - Amanah Saham Gemilang for Amanah Saham Kesihatan	7,378,252	0.26
25. Malaysia Nominees (Tempatan) Sendirian Berhad - Great Eastern Life Assurance (Malaysia) Berhad (DR)	6,430,188	0.23
26. HSBC Nominees (Asing) Sdn Bhd - Exempt AN for JPMorgan Chase Bank, National Association (U.S.A.)	6,320,653	0.22
27. Citigroup Nominees (Tempatan) Sdn Bhd - Kumpulan Wang Persaraan (Diperbadankan) (CIMB Equities)	6,229,600	0.22
28. DB (Malaysia) Nominee (Asing) Sdn Bhd - SSBT Fund WTAU for Wisoomtree Emerging Markets Smallcap Dividend Fund	6,225,300	0.22
29. Amanahraya Trustees Berhad - Amanah Saham Nasional 3 Imbang	6,202,707	0.22
30. Citigroup Nominees (Tempatan) Sdn Bhd - Kumpulan Wang Persaraan (Diperbadankan) (Aberdeen)	5,470,347	0.19
	2,608,831,190	91.42

### DISTRIBUTION OF SHAREHOLDINGS OF RCPS-I

Size of Shareholdings	No. of Holders of RCPS-i	%	No. of RCPS-i	%
less than 100	27	1.86	923	0.00
100 - 1,000	477	32.78	260,996	0.02
1,001 - 10,000	656	45.09	2,220,323	0.20
10,001 - 100,000	166	11.41	5,041,769	0.45
100,001 to less than 5% of issued shares	125	8.59	205,913,085	18.26
5% and above of issued shares	4	0.27	914,187,906	81.07
Total	1,455	100.00	1,127,625,002	100.00

## Analysis of Shareholdings

As at 17 March 2017

### LIST OF THIRTY LARGEST HOLDERS OF RCPS-I

Name of Holders of RCPS-i	No. of RCPS-i	%
1. Permodalan Nasional Berhad	575,157,532	51.01
2. Amanahraya Trustees Berhad - Amanah Saham Bumiputera	174,183,500	15.45
3. Kumpulan Wang Persaraan (Diperbadankan)	108,006,374	9.58
4. Citigroup Nominees (Tempatan) Sdn Bhd - Employees Provident Fund Board	56,840,500	5.04
5. Lembaga Tabung Haji	32,000,000	2.84
6. Amanahraya Trustees Berhad - Amanah Saham Malaysia	17,071,600	1.51
7. HSBC Nominees (Asing) Sdn Bhd - BNP Paribas SECS SVS LUX for Aberdeen Global	16,881,411	1.50
8. Citigroup Nominees (Tempatan) Sdn Bhd - Employees Provident Fund Board (AFFIN-HWG)	15,723,800	1.39
9. Amanahraya Trustees Berhad - Amanah Saham Wawasan 2020	12,737,200	1.13
10. Amanahraya Trustees Berhad - AS 1Malaysia	9,046,800	0.80
11. Amsec Nominees (Tempatan) Sdn Bhd - MTrustee Berhad for CIMB Islamic Dali Equity Growth Fund (UT-CIMB-DALI)	6,443,880	0.57
12. CIMB Group Nominees (Tempatan) Sdn Bhd - CIMB Islamic Trustee Berhad for Affin Hwang Select Dividend Fund	6,118,800	0.54
13. HSBC Nominees (Tempatan) Sdn Bhd - HSBC (M) Trustee Bhd for AMB Dividend Trust Fund (5428-401)	5,282,233	0.47
14. Maybank Nominees (Tempatan) Sdn Bhd - Maybank Trustees Berhad for Manulife Investment – HW Flexi Fund (270519)	4,599,100	0.41
15. DB (Malaysia) Nominee (Asing) Sdn Bhd - SSBT Fund AM4N for Aberdeen Institutional Commingled Funds LLC	4,439,480	0.39
16. Amanahraya Trustees Berhad - Public Ittikal Sequel Fund	3,605,132	0.32
17. Cartaban Nominees (Tempatan) Sdn Bhd - PAMB for Prulink Equity Fund	2,794,066	0.25
18. HSBC Nominees (Tempatan) Sdn Bhd - HSBC (M) Trustee Bhd for CIMB Islamic Dali Equity Theme Fund	2,767,920	0.25
19. Amanahraya Trustees Berhad - Amanah Saham Didik	2,723,000	0.24
20. Maybank Nominees (Tempatan) Sdn Bhd - Affin Hwang Asset Management Berhad for MSIG Insurance (Malaysia) Bhd (210236)	2,663,667	0.24
21. Maybank Nominees (Tempatan) Sdn Bhd - Affin Hwang Asset Management Berhad for Hong Leong Assurance Berhad (PAR-220082)	2,647,800	0.23
22. Hong Leong Assurance Berhad – As beneficial owner (Life Par)	2,274,705	0.20
23. CIMB Commerce Trustee Berhad - Public Focus Select Fund	2,236,606	0.20
24. Malaysia Nominees (Tempatan) Sendirian Berhad - Great Eastern Life Assurance (Malaysia) Berhad (DR)	2,189,548	0.19

## Analysis of Shareholdings

As at 17 March 2017

### LIST OF THIRTY LARGEST HOLDERS OF RCPS-I (CONT'D.)

Name of Holders of RCPS-i	No. of RCPS-i	%
25. Citigroup Nominees (Tempatan) Sdn Bhd - Kumpulan Wang Persaraan (Diperbadankan) (Aberdeen)	2,160,353	0.19
26. Citigroup Nominees (Tempatan) Sdn Bhd - Employees Provident Fund Board (Aberdeen)	2,000,037	0.18
27. Universal Trustee (Malaysia) Berhad - KAF Dana Adib	1,960,000	0.17
28. RHB Nominees (Tempatan) Sdn Bhd - OSK Technology Ventures Sdn Bhd	1,576,000	0.14
29. Citigroup Nominees (Tempatan) Sdn Bhd - Employees Provident Fund Board (ABERISLAMIC)	1,570,204	0.14
30. HSBC Nominees (Asing) Sdn Bhd - Exempt AN for JPMorgan Chase Bank, National Association (Guernsey)	1,479,631	0.13
	1,079,180,879	95.70

### SUBSTANTIAL SHAREHOLDERS

Name of Substantial Shareholders	Direct Interest	% of Issued Shares	Indirect Interest	% of Issued Shares
Permodalan Nasional Berhad	798,387,641	27.98	-	-
Amanahraya Trustees Berhad – Amanah Saham Bumiputera	794,219,949	27.83	-	-
Kumpulan Wang Persaraan (Diperbadankan)	276,568,216	9.69	17,623,277	0.62
Employees Provident Fund Board	160,464,320	5.62	-	-
Yayasan Pelaburan Bumiputra	-	-	798,387,641	27.98

### DIRECTORS AND THEIR SHAREHOLDINGS

Name	No. of Ordinary Shares Held				No. of shares under the Employee Share Grant Plan	No. of share options under the Employee Share Option Scheme	No. of RCPS-i held
	Direct	%	Indirect	%			
Tan Sri Dato' Seri Dr. Wan Mohd Zahid Bin Mohd Noordin	-	-	-	-	-	-	-
Dato' Khor Chap Jen	562,590	0.02	-	-	359,200	9,600,000	222,178
Dato' Halipah Binti Esa	-	-	-	-	-	-	-
Dato' Ahmad Pardas Bin Senin	-	-	-	-	-	-	-
Dato' Seri Ir. Hj. Mohd Noor Bin Yaacob	-	-	-	-	-	-	-
Dato' Zuraidah Binti Atan	-	-	-	-	-	-	-
Tengku Dato' Ab. Aziz Bin Tengku Mahmud	-	-	-	-	-	-	-
Noraini Binti Che Dan	-	-	-	-	-	-	-
Philip Tan Puay Koon	-	-	-	-	-	-	-
Dato' Azmi Bin Mohd Ali	-	-	-	-	-	-	-

# List of Material Properties Held By The Group

As at 31 December 2016

No.	Location	Description	Date of Acquisition	Land Area (sq. ft.)	Tenure	Net Book Value (RM'000)
1.	Mukim Bukit Raja, Daerah Petaling, Selangor Darul Ehsan	Land under development and held for development	30/03/2002	15,558,167	Freehold	944,875
2.	Seksyen 95A & 98, Kampung Haji Abdullah Hukum, Kuala Lumpur	Land use right	24/10/2011	-	Leasehold	706,644
3.	Mukim Semenyih, Daerah Hulu Langat, Selangor Darul Ehsan	Land under development and held for development	28/11/2012	13,970,009	Freehold	669,222
4.	Mukim Dengkil, Daerah Sepang, Selangor Darul Ehsan	Land under development and held for development	02/03/2011	7,553,994	Freehold	489,894
5.	Mukim Semenyih, Daerah Hulu Langat, Selangor Darul Ehsan	Land under development and held for development	03/10/2011	6,441,396	Freehold	456,518
6.	Mukim Pulai, Daerah Johor Bahru, Johor Darul Takzim	Land under development and held for development	10/01/2007	30,450,217	Freehold	396,504
7.	Mukim 17& 18, Daerah Timur Laut, Tanjung Bungah, Pulau Pinang	Land held for development	15/05/2012 25/05/2012	1,535,673	Freehold	375,363
8.	Mukim Tebrau, Daerah Johor Bahru, Johor Darul Takzim	Land under development and held for development	09/09/2010	10,115,745	Freehold	354,696
9.	Lot 258, Seksyen 089A, Bandar Kuala Lumpur	Land held for development	05/12/2012	134,076	Freehold	333,072
10.	Mukim Tebrau, Daerah Johor Bahru, Johor Darul Takzim	Land under development and held for development	28/01/2011	9,166,723	Freehold	330,831
						5,057,619

# Notice of Annual General Meeting

## Setia

S P SETIA BERHAD  
(COMPANY NO. 19698-X)  
(INCORPORATED IN MALAYSIA UNDER THE COMPANIES ACT, 2016)

**NOTICE IS HEREBY GIVEN** that the Forty Second (42nd) Annual General Meeting of the Company will be held at **Function Room 1, Setia City Convention Centre, No. 1, Jalan Setia Dagang AG U13/AG, Setia Alam, Seksyen U13, 40170 Shah Alam, Selangor Darul Ehsan on Thursday, 18 May 2017 at 11.00 a.m.** for the following purposes:

### AGENDA

- |                                                                                                                                                                                                                                                                                                         |                                                                   |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------|
| 1. To receive the audited financial statements of the Company for the financial year ended 31 December 2016 together with the reports of the Directors and auditors thereon.                                                                                                                            | <b>Please refer to Explanatory Note A</b>                         |
| 2. To declare a single tier final dividend of 16 sen per share for the financial year ended 31 December 2016.                                                                                                                                                                                           | <b>Resolution 1</b>                                               |
| 3. To re-elect the following Directors who retire in accordance with Article 93 of the Company's Articles of Association and, being eligible, offer themselves for re-election:<br><br>(1) Dato' Ahmad Pardas Bin Senin<br>(2) Dato' Seri Ir. Hj. Mohd Noor Bin Yaacob<br>(3) Dato' Zuraidah Binti Atan | <b>Resolution 2</b><br><b>Resolution 3</b><br><b>Resolution 4</b> |
| 4. To approve the payment of Directors' fees amounting to RM50,000 per month for the Non-Executive Chairman and RM10,000 per month for each of the Non-Executive Directors for the period from 1 January 2017 to 31 December 2017.                                                                      | <b>Resolution 5</b>                                               |
| 5. To re-appoint Messrs Ernst & Young, Chartered Accountants, the retiring auditors, as the auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration.                                                                                                      | <b>Resolution 6</b>                                               |

### AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following Resolutions:-

#### 6. ORDINARY RESOLUTION

##### **PAYMENT OF EXTRA REMUNERATION AND PROVISION OF BENEFITS TO DIRECTORS OF THE COMPANY**

**Resolution 7**

"**THAT** with effect from 31 January 2017, the Directors of the Company be and are hereby authorised to determine at their discretion as they shall deem fit the payment of such extra remuneration by way of salary, bonuses, allowances, percentage of profits or otherwise pursuant to Article 84 of the Company's Articles of Association (including benefits in the form of chauffeur, security services, allowances and insurance coverage)."

## Notice of Annual General Meeting

### 7. ORDINARY RESOLUTION

#### **PROPOSED SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE AS SPECIFIED IN SECTION 2.3.1 OF THE CIRCULAR TO SHAREHOLDERS DATED 26 APRIL 2017**

**Resolution 8**

**"THAT**, subject always to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given to the Company and its subsidiaries ("S P Setia Group") to enter into and give effect to specified recurrent related party transactions of a revenue or trading nature of the S P Setia Group with specified classes of Related Parties (*as defined in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and as specified in Section 2.3.1 of the Circular to Shareholders dated 26 April 2017*) which are necessary for the day to day operations in the ordinary course of business and are carried out at arms' length basis on normal commercial terms of the S P Setia Group and on terms not more favourable to the Related Parties than those generally available to the public and are not detrimental to minority shareholders of the Company and such approval shall continue to be in force until:

- (i) the conclusion of the next Annual General Meeting of the Company ("AGM") at which time it will lapse, unless by a resolution passed at the meeting, the authority is renewed;
- (ii) the expiration of the period within which the next AGM after the date it is required to be held pursuant to Section 340(2) of the Companies Act 2016 ("Act") (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
- (iii) revoked or varied by resolution passed by the shareholders in a general meeting,

whichever is the earlier.

**AND THAT** authority be and is hereby given to the Directors of the Company to complete and do all such acts and things as they may consider necessary or expedient in the best interest of the Company (including executing all such documents as may be required) to give effect to the transactions contemplated and/or authorised by this Ordinary Resolution."

### 8. ORDINARY RESOLUTION

#### **PROPOSED RENEWAL OF THE AUTHORITY TO ALLOT AND ISSUE NEW ORDINARY SHARES IN THE COMPANY ("S P SETIA SHARES"), FOR THE PURPOSE OF THE COMPANY'S DIVIDEND REINVESTMENT PLAN ("DRP") THAT PROVIDES THE SHAREHOLDERS OF THE COMPANY ("SHAREHOLDERS") THE OPTION TO ELECT TO REINVEST THEIR CASH DIVIDEND IN NEW S P SETIA SHARES**

**Resolution 9**

**"THAT** pursuant to the DRP as approved by the Shareholders at the Extraordinary General Meeting held on 20 March 2014 and subject to the approval of the relevant regulatory authority (if any), approval be and is hereby given to the Company to allot and issue such number of new S P Setia Shares from time to time as may be required to be allotted and issued pursuant to the DRP upon such terms and conditions and to such persons as the Directors of the Company at their sole and absolute discretion, deem fit and in the interest of the Company PROVIDED THAT the issue price of the said new S P Setia Shares shall be fixed by the Directors at not more than ten percent (10%) discount to the adjusted five (5) market days volume weighted average market price ("VWAP") of S P Setia Shares immediately prior to the price-fixing date, of which VWAP shall be adjusted ex-dividend before applying the aforementioned discount in fixing the issue price of S P Setia Shares;

**AND THAT** the Directors and the Secretary of the Company be and are hereby authorised to do all such acts and enter into all such transactions, arrangements, deeds, undertakings and documents as may be necessary or expedient in order to give full effect to the DRP with full power to assent to any conditions, modifications, variations and/or amendments as may be imposed or agreed to by any relevant authorities (if any) or consequent upon the implementation of the said conditions, modifications, variations and/or amendments, by the Directors as they, in their absolute discretion, deem fit and in the best interest of the Company."

## Notice of Annual General Meeting

### 9. ORDINARY RESOLUTION

#### **PROPOSED ALLOCATION OF OPTIONS AND SHARES TO DATO' KHOR CHAP JEN UNDER THE COMPANY'S LONG TERM INCENTIVE PLAN ("LTIP") ("LTIP AWARD")**

**Resolution 10**

**"THAT** pursuant to the LTIP as approved by the shareholders of the Company at the Extraordinary General Meeting held on 28 February 2013, the Board (save for the executive director for which the LTIP Award is to be awarded to) be and is hereby authorised at any time and from time to time to award and to grant to Dato' Khor Chap Jen, being the executive director of the Company, the LTIP Award which gives the executive director the right to subscribe for new ordinary shares in the Company ("S P Setia Shares") at a prescribed price upon the vesting of the options under the Employee Share Option Scheme award and/or the allotment of new S P Setia Shares upon the vesting of the Employee Share Grant Plan award under the LTIP, of up to an aggregate of 16,500,000 new S P Setia Shares, in accordance with the By-Laws of the LTIP.

**PROVIDED ALWAYS THAT** not more than ten percent (10%) of the new S P Setia Shares available under the LTIP at the point in time when the award is offered, be allocated to any individual employee and executive director of the Company and its subsidiaries (excluding subsidiaries which are dormant) who fulfils the criteria of eligibility for participation in the LTIP and who is awarded by a committee established to administer the LTIP ("Selected Person") who, either singly or collectively through persons connected (as defined in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad) with the Selected Person, holds twenty percent (20%) or more of the issued and paid-up share capital of the Company (excluding treasury shares, if any);

**AND** subject always to such terms and conditions and/or any adjustments which may be made in accordance with the provision of the By-Laws."

10. To transact any other business of which due notice shall have been given.

By Order of the Board

**LEE WAI NGAN (LS 00184)**  
**LEE WAI KIM (MAICSA 7036446)**  
Company Secretaries

26 April 2017  
Kuala Lumpur

#### **NOTES:**

1. *A member of the Company shall be entitled to appoint another person as his/her proxy to exercise all or any of his/her rights to attend, participate, speak and vote at a meeting of members of the Company.*
2. *A member entitled to attend and vote at the meeting is entitled to appoint not more than two (2) proxies to attend and vote in his/her stead. Where a member appoints two (2) proxies, he/she shall specify the proportion of his/her shareholdings to be represented by each proxy.*
3. *Where a member of the Company is an exempt authorised nominee 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.*
4. *Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint not more than two (2) proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the securities account.*

## Notice of Annual General Meeting

5. *The Form of Proxy, in the case of an individual, shall be signed by the appointor or his attorney, and in the case of a corporation, either under seal or under the hand of an officer or attorney duly authorised.*
6. *The Form of Proxy duly completed and signed must be deposited at the Registered Office of the Company at Plaza 138, Suite 18.03, 18th Floor, 138, Jalan Ampang, 50450 Kuala Lumpur not less than 48 hours before the time for holding the meeting or any adjournment thereof.*
7. *Only members whose names appear in the Record of Depositors on 12 May 2017 shall be entitled to attend, speak and vote at this meeting or appoint proxy/proxies to attend and/or vote on his/her behalf.*

### EXPLANATORY NOTE A

*This Agenda item is meant for discussion only as under the provisions of Section 248(2) of the Act and the Company's Articles of Association, the audited accounts do not require the formal approval of shareholders. As such, this item is not put forward for voting.*

### OTHER EXPLANATORY NOTES

1. *Resolutions 2 and 3 - Re-election of Independent Non-Executive Directors*

*The Board is satisfied that Dato' Ahmad Pardas Bin Senin and Dato' Seri Ir. Hj Mohd Noor Bin Yaacob could continue to bring sound, independent and objective judgment to board deliberations through active participation in discussions in decision making by the Board and their ability to act in the best interest of the Company.*

*In view thereof, the Board supports the re-election of the Independent Non-Executive Directors at the 42nd AGM.*

2. *Resolution 7 - Payment of Extra Remuneration and Provision of Benefits to Directors of the Company*

*The proposed Resolution 7, if approved, will authorize the Directors to determine the payment of such extra remuneration by way of salary, bonuses, allowance, percentage of profits or otherwise as the Directors shall deem fit. In addition to Directors' fees, which shall be subject to shareholders' approval, the Non-Executive Directors will be paid additional allowances should they be appointed as a member of any of the board committees and the board of directors of the Company's significant project/investment and for attendance at Board and Board Committee Meetings. Other benefits to the Directors may include chauffeur, security services, travelling allowance and insurance coverage such as directors' and officers' liability, medical, hospitalization, travel and life insurance in accordance with S P Setia Berhad Group's insurance policies. Please refer to the Corporate Governance Statement in the Annual Report 2016 for more details of the remuneration of Directors for the financial year ended 31 December 2016.*

*The Non-Executive Directors of the Company will abstain from deliberating and voting in respect of Resolution 7 at the 42nd AGM.*

3. *Resolution 8 - Proposed Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature*

*The proposed Resolution 8, if approved, will allow the S P Setia Group to enter into recurrent related party transactions of a revenue and trading nature relating to sale of properties by the S P Setia Group to related parties. The details of the proposal are set out in the Circular to Shareholders dated 26 April 2017 which is circulated together with the Annual Report 2016.*

4. *Resolution 9 - Proposed renewal of the authority to allot and issue new S P Setia Shares for the purpose of the Company's DRP that provides the Shareholders the option to elect to reinvest their cash dividend in new S P Setia Shares*

*The proposed Resolution 9, if approved, will re-new the authority given to the Directors to allot and issue new S P Setia Shares pursuant to the DRP under the resolution passed at the 41st AGM held on 18 May 2016, the authority of which will lapse at the conclusion of the 42nd AGM.*

5. *Resolution 10 - Proposed Allocation of Options and Shares to Dato' Khor Chap Jen under the Company's LTIP*

*The establishment of the LTIP was approved by the shareholders of the Company at the Extraordinary General Meeting held on 28 February 2013. This LTIP was implemented on 10 April 2013 and will be in force for a period of ten (10) years ie 9 April 2023.*

*The proposed allocation to Dato' Khor Chap Jen of the above options and/or grant of S P Setia Shares is pursuant to his entitlement to participate in the LTIP by virtue of his position as the Executive Director of the Company. The proposed Resolution 10, if approved, will give authority to the Directors to allot and issue up to an aggregate of 16,500,000 new S P Setia Shares to Dato' Khor Chap Jen pursuant to the LTIP Award in accordance with the By-Laws of the LTIP.*

*The LTIP shall be subject to the terms and conditions of the By-Laws and therefore any terms as defined in the By-Laws which are mentioned in the Ordinary Resolution 10 or this explanatory note shall have the same meaning herein.*

*Dato' Khor Chap Jen has abstained and will continue to abstain from deliberating and voting on any subject matter pertaining to the LTIP and his entitlement under the LTIP at the Board meetings and will continue to abstain from voting in respect of his direct and/or indirect shareholdings in the Company (if any), on the resolution pertaining to proposed allocation to him under the LTIP to be tabled at the forthcoming AGM. Dato' Khor Chap Jen shall also ensure that persons connected to him will abstain from voting in respect of their direct and/or indirect shareholdings in the Company (if any) on the resolution approving the proposed allocation to him under the LTIP to be tabled at the forthcoming AGM.*

# Group Directory

## HEAD OFFICE

**S P SETIA BERHAD** (19698-X)

**GROUP CONTRACTS**  
**GROUP LEASING**  
**GROUP LANDSCAPE**  
**GROUP SECURITY SERVICES**  
**SETIA PLATINUM PRIVILEGES**

**GROUP QUALITY MANAGEMENT**  
**S P SETIA PROJECT**  
**MANAGEMENT SDN BHD** (246695-X)  
**SETIA IP HOLDINGS SDN BHD** (1122728-W)

**SETIA PRECAST SDN BHD** (347177-A)  
S P Setia Bhd Corporate HQ  
12, Persiaran Setia Dagang  
Setia Alam, Seksyen U13  
40170 Shah Alam  
Selangor Darul Ehsan, Malaysia

**T** +603 3348 2255  
**F** +603 3348 3232  
**E** corp@spsetia.com

**S P SETIA FOUNDATION**  
S P Setia Bhd Corporate HQ  
12, Persiaran Setia Dagang  
Setia Alam, Seksyen U13  
40170 Shah Alam  
Selangor Darul Ehsan, Malaysia

**T** +603 3348 2794  
**F** +603 3348 2795  
**E** setiacare@spsetia.com

**SETIA BADMINTON ACADEMY**  
4, Persiaran Setia Murni  
Setia Alam, Seksyen U13  
40170 Shah Alam  
Selangor Darul Ehsan, Malaysia

**T** +603 3344 1466  
**F** +603 3344 4255  
**E** sba@spsetia.com

**S P SETIA ESTATE MANAGEMENT**  
**SDN BHD** (251637-X)  
5A, Jalan Setia Nusantara U13/17  
Setia Eco Park, Seksyen U13  
40170 Shah Alam  
Selangor Darul Ehsan, Malaysia

**T** +603 3342 7222  
**F** +603 3344 4806  
**E** bes-estate@spsetia.com

## CENTRAL REGION

**SETIA ALAM**  
**BANDAR SETIA ALAM SDN BHD** (566140-D)  
Setia Alam Welcome Centre  
2, Jalan Setia Indah AD U13/AD  
Setia Alam, Seksyen U13  
40170 Shah Alam  
Selangor Darul Ehsan, Malaysia

**T** +603 3343 2255  
**F** +603 3345 2255  
**E** bsa-sales@spsetia.com

**SETIA ECOHILL**  
**SETIA ECOHILL SDN BHD** (903607-T)  
**SETIA ECOHILL 2**  
**SETIA ECOHILL 2 SDN BHD** (466218-P)  
Setia Ecohill Welcome Centre  
2, Jalan Ecohill 1, Setia Ecohill  
43500 Semenyih  
Selangor Darul Ehsan, Malaysia

**T** +603 8724 2255  
**F** +603 8724 2525  
**E** ecohill@spsetia.com

**SETIA ECO PARK**  
**BANDAR ECO-SETIA SDN BHD** (566138-A)  
Setia Eco Park Sales Gallery  
5A, Jalan Setia Nusantara U13/17  
Setia Eco Park, Seksyen U13  
40170 Shah Alam  
Selangor Darul Ehsan, Malaysia

**T** +603 3343 2228  
**F** +603 3343 7228  
**E** eco-sales@spsetia.com

**SETIA ECO GLADES**  
**SETIA ECO GLADES SDN BHD** (767476-H)  
Setia Eco Glades Lifestyle Gallery  
Persiaran Setia Eco Glades  
Setia Eco Glades, Cyber 1  
63000 Cyberjaya  
Selangor Darul Ehsan, Malaysia

**T** +603 8008 2228  
**F** +603 8008 2233  
**E** eco-glades@spsetia.com

**SETIA ECO TEMPLER**  
**SETIA ECO TEMPLER SDN BHD** (1020553-T)  
Setia Eco Templer Sales Gallery  
1, Jalan Ipoh-Rawang, KM-20  
Taman Rekreasi Templer  
48000 Rawang  
Selangor Darul Ehsan, Malaysia

**T** +603 6092 2288  
**F** +603 6092 2289  
**E** eco-templer@spsetia.com

**KL ECO CITY**  
**KL ECO CITY SDN BHD** (185140-X)  
Setia International Centre  
215, Pantai Baru, Jalan Bangsar  
59200 Kuala Lumpur, Malaysia

**T** +603 2287 5522  
**F** +603 2287 5225  
**E** kleccocity@spsetia.com

**SETIA SKY SEPUTEH**  
**GITA KASTURI SDN BHD** (953635-X)  
Setia International Centre  
215, Pantai Baru, Jalan Bangsar  
59200 Kuala Lumpur, Malaysia

**T** +603 2287 2552  
**F** +603 2287 5225  
**E** skyseputeh-sales@spsetia.com

**SETIA CITY CONVENTION CENTRE**  
**S P SETIA PROPERTY SERVICES**  
**SDN BHD** (1007655-H)  
1 & 3, Jalan Setia Dagang AG U13/AG  
Setia Alam Seksyen U13  
40170 Shah Alam  
Selangor Darul Ehsan, Malaysia

**T** +603 3359 5252  
**F** +603 3359 2552  
**E** setiacitycc@spsetia.com

**SETIA PUTRAJAYA**  
**SETIA PUTRAJAYA DEVELOPMENT**  
**SDN BHD** (424955-P)  
Setia Putrajaya Galleria  
14124, Jalan P15H, Presint 15  
62050 Putrajaya  
Wilayah Persekutuan Putrajaya, Malaysia

**T** +603 8861 6500  
**F** +603 8861 7900  
**E** spj-sales@spsetia.com

## Group Directory

### SETIA PUTRAJAYA

#### SETIA PUTRAJAYA SDN BHD (401732-X)

Customer Care Office  
5, Jalan P15H, Presint 15  
62050 Putrajaya  
Wilayah Persekutuan Putrajaya, Malaysia

T +603 8893 0006/0008  
F +603 8893 0301/6868

### TRIO BY SETIA

#### GANDA ANGGUN SDN BHD (537506-W)

Trio Sales Galleria  
No. Lot 82623, Jalan Langat/KS06  
Bandar Bukit Tinggi 1  
41200 Klang Bandar Diraja, Selangor

T +603 3162 3322  
F +603 3162 3323  
E trio\_sales@spsetia.com

### SETIA SKY RESIDENCES

#### EXCELJADE SDN BHD (765480-D)

#### KENNY HILLS GRANDE

#### SENDIMAN SDN BHD (729054-X)

A-1-3, Alia Tower  
76, Jalan Raja Muda Abdul Aziz  
Off Jalan Tun Razak  
50300 Kuala Lumpur, Malaysia

T +603 2714 5252  
F +603 2714 5250  
E sky-sales@spsetia.com  
grande-sales@spsetia.com

### SETIAWALK

#### BANDAR SETIA ALAM SDN BHD (566140-D)

SetiaWalk Customer Care Department  
Unit Aras 6, SetiaWalk Mall (Block K)  
SetiaWalk, Persiaran Wawasan  
Pusat Bandar Puchong  
47160, Puchong  
Selangor Darul Ehsan, Malaysia

T +603 5879 2525  
F +603 5879 2520  
E setiawalk-care@spsetia.com

### SETIA WOOD

#### SETIA-WOOD INDUSTRIES SDN BHD (23725-V)

#### S P SETIA MARKETING SDN BHD (175198-P)

5 & 6, Jalan Indah 1/3  
Taman Industri Rawang Indah  
48000 Rawang  
Selangor Darul Ehsan, Malaysia

T +603 6092 8022  
F +603 6092 0322/1805  
E setiawood@spsetia.com

## SOUTHERN REGION

### BUKIT INDAH

#### BUKIT INDAH (JOHOR) SDN BHD (307260-V)

Wisma S P Setia  
S3-0111, Laman Indah 3  
Jalan Indah 15, Taman Bukit Indah  
81200 Johor Bahru  
Johor Darul Takzim, Malaysia

T +607 241 2255  
F +607 241 5955  
E bij-sales@spsetia.com

### SETIA ECO CASCADIA

#### SETIA INDAH SDN BHD (185555-H)

Wisma S P Setia  
1, Jalan Setia 3/6  
Taman Setia Indah  
81100 Johor Bahru  
Johor Darul Takzim, Malaysia

T +607 351 2255  
F +607 357 9923  
E sec-sales@spsetia.com

### SETIA TROPIKA

#### SETIA INDAH SDN BHD (185555-H)

Tropika Welcome Centre  
Level 3A, No. 10 Jalan Setia Tropika 1/21  
Taman Setia Tropika  
81200 Kempas, Johor Bahru  
Johor Darul Takzim, Malaysia

T +607 237 2255  
F +607 237 2225  
E st-sales@spsetia.com

### SETIA ECO GARDENS

#### KESAS KENANGAN SDN BHD (745817-H)

Pejabat Tapak, Lot 2110, KM 5.5  
Jalan Gelang Patah-Ulu Choh  
81550 Johor Bahru  
Johor Darul Takzim, Malaysia

T +607 555 2525  
F +607 555 2552  
E seg-sales@spsetia.com

### SETIA BUSINESS PARK

#### KESAS KENANGAN SDN BHD (745817-H)

1 & 3, Jalan Persisiran Laman Setia 7/1  
Laman Setia, 81550 Johor Bahru  
Johor Darul Takzim, Malaysia

T +607 509 0186  
F +607 509 0790  
E sbp-sales@spsetia.com

### SETIA BUSINESS PARK II

#### SETIA INDAH SDN BHD (185555-H)

2, Jalan Perniagaan Setia 4  
Taman Perniagaan Setia  
81100 Johor Bahru  
Johor Darul Takzim, Malaysia

T +607 562 4352  
F +607 555 9352  
E sbp-sales@spsetia.com

### SETIA SKY 88

#### SETIA CITY DEVELOPMENT SDN BHD (933887-K)

Setia Sky 88 Sales Gallery  
#03-02, Blok B, Pangsapuri Setia 88  
Jalan Dato Abdullah Tahir  
80300 Johor Bahru  
Johor Darul Takzim, Malaysia

T +607 333 2255  
F +607 333 2552  
E sky88-sales@spsetia.com

## Group Directory

### NORTHERN REGION

**SETIA PEARL ISLAND  
SETIA VISTA  
SETIA PROMENADE SDN BHD** (588384-W)  
**SETIA GREENS  
11 BROOK RESIDENCES  
KEWIRA JAYA SDN BHD** (504851-V)  
**SETIA V RESIDENCES  
SETIA SKYVILLE  
KAY PRIDE SDN BHD** (17772-V)  
Setia Welcome Centre, SPICE  
108, Jalan Tun Dr. Awang  
11900 Penang, Malaysia

**T** +604 641 2255  
**F** +604 642 2255  
**E** spi-sales@spsetia.com

**ECO MERIDIAN SDN BHD** (909427-K)  
SPICE Convention Centre  
SPICE, No. 108C, Jalan Tun Dr. Awang  
11900 Penang

**T** +604 643 2525  
**F** +604 641 2525  
**E** setiaspice@spsetia.com

### EASTERN REGION

**AEROPOD  
AEROPOD SDN BHD** (76765-P)  
B-10-G, Ground Floor, Block B  
KK Times Square, Off Coastal Highway  
88100 Kota Kinabalu  
Sabah, Malaysia

**T** +608 821 8255  
**F** +608 821 9255  
**E** aeropod-sales@spsetia.com

### INTERNATIONAL

#### UNITED KINGDOM

**BATTERSEA POWER STATION  
DEVELOPMENT COMPANY**  
188 Kirtling Street  
London  
SW8 5BN

**T** +44 20 7501 0678  
**F** +44 20 7501 0699  
**E** info@bpsdc.co.uk

#### AUSTRALIA

**SETIA (MELBOURNE) DEVELOPMENT  
COMPANY PTY LTD**  
Level 1, 155 Franklin Street  
Melbourne, VIC 3000, Australia

**T** +613 9616 2525  
**F** +613 9616 2552  
**E** melbourne@spsetia.com

#### SINGAPORE

**S P SETIA INTERNATIONAL (S)  
PTE LTD** (200906303E)  
1 Harbourfront Place #01-06  
Harbourfront Tower One  
Singapore 098633

**T** +65 6271 2255  
**F** +65 6271 3522  
**E** sg-sales@spsetia.com

### VIETNAM

**ECOLAKES, MY PHUOC SETIABECAMEX  
JOINT STOCK COMPANY**  
NE2 Highway, EcoLakes My Phuoc  
Thoi Hoa Ward, Ben Cat Town  
Binh Duong Province, Vietnam

**T** +84 650 3577 255  
**F** +84 650 3577 225  
**E** ecolakes-sales@setiabecamex.vn

**ECOXUAN, LAI THIEU  
SETIA LAI THIEU ONE MEMBER COMPANY  
LIMITED**

1A, NB-N1 Street, EcoXuan  
Lai Thieu  
Lai Thieu Ward, Thuan An Town  
Binh Duong Province, Vietnam

**T** +84 650 366 2255  
**F** +84 650 377 2255  
**E** ecoxuan@spsetia.com.vn

**HO CHI MINH CITY REPRESENTATIVE  
OFFICE**

Room 612ACampus07  
Regus Me Linh Point, Melinh Point Tower  
Floor 6 & 7, 2 Ngo Duc Ke  
Ben Nghe Ward, District 1  
Ho Chi Minh City, Vietnam

**T** +84 650 366 2255  
**F** +84 650 377 2255  
**E** hang.le@spsetia.com

<b>No. of Ordinary Shares Held</b>	
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# FORM OF PROXY

I/We \_\_\_\_\_ NRIC No./Company No. \_\_\_\_\_  
(Full Name in Block Letters)

of \_\_\_\_\_  
(Full Address)

being a member/members of S P SETIA BERHAD, hereby appoint \_\_\_\_\_  
(Full Name in Block Letters)

NRIC No. \_\_\_\_\_ of \_\_\_\_\_  
(Full Address)

and/or failing him/her, \_\_\_\_\_ NRIC No. \_\_\_\_\_  
(Full Name in Block Letters)

of \_\_\_\_\_  
(Full Address)

or failing him/her, the Chairman of the Meeting as \* my/our proxy to attend and vote for \* me/us and on \* my/our behalf at the Forty Second Annual General Meeting of the Company to be held at Function Room 1, Setia City Convention Centre, No. 1, Jalan Setia Dagang AG U13/AG, Setia Alam, Seksyen U13, 40170 Shah Alam, Selangor Darul Ehsan on Thursday, 18 May 2017 at 11.00 a.m. and at any adjournment thereof in the manner as indicated below:-

NO.	RESOLUTION	FOR	AGAINST
1.	Approval of Single Tier Final Dividend.		
2.	Re-election of Dato' Ahmad Pardas Bin Senin.		
3.	Re-election of Dato' Seri. Ir. Hj. Mohd Noor Bin Yaacob.		
4.	Re-election of Dato' Zuraidah Binti Atan.		
5.	Approval of Directors' Fees for the period from 1 January 2017 to 31 December 2017.		
6.	Re-appointment of Messrs Ernst & Young as the Auditors of the Company and to authorize the Directors to fix their remuneration.		
7.	Payment of Extra Remuneration and Provision of Benefits to Directors of the Company.		
8.	Approval of Proposed Shareholders' Mandate as specified in Section 2.3.1 of the Circular to Shareholders dated 26 April 2017.		
9.	Approval of Proposed Authority to Allot and Issue New Ordinary Shares under the Company's Dividend Reinvestment Plan.		
10.	Proposed LTIP Award to Dato' Khor Chap Jen under the Company's Long Term Incentive Plan.		

\* *Strike out whichever is not applicable*

(Please indicate with an "X" in the spaces above how you wish your votes to be cast. If you do not do so, the proxy will vote or abstain from voting at his discretion).

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2017.

\_\_\_\_\_  
 Signature of Member(s) or Common Seal

**Notes:**

- A member of the Company shall be entitled to appoint another person as his/her proxy to exercise all or any of his/her rights to attend, participate, speak and vote at a meeting of members of the Company.
- A member entitled to attend and vote at the meeting is entitled to appoint not more than two (2) proxies to attend and vote in his/her stead. Where a member appoints two (2) proxies, he/she shall specify the proportion of his/her shareholdings to be represented by each proxy.
- Where a member of the Company is an exempt authorised nominee 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.
- Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint not more than two (2) proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the securities account.
- The Form of Proxy, in the case of an individual, shall be signed by the appointor or his attorney, and in the case of a corporation, either under seal or under the hand of an officer or attorney duly authorised.
- The Form of Proxy duly completed and signed must be deposited at the Registered Office of the Company at Plaza 138, Suite 18.03, 18th Floor, 138, Jalan Ampang, 50450 Kuala Lumpur not less than 48 hours before the time for holding the meeting or any adjournment thereof.
- Only members whose names appear in the Record of Depositors on 12 May 2017 shall be entitled to attend, speak and vote at this meeting or appoint proxy/proxies to attend and/or vote on his/her behalf.

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Affix Stamp Here

The Company Secretary  
S P Setia Berhad  
Plaza 138, Suite 18.03  
18th Floor, 138 Jalan Ampang  
50450 Kuala Lumpur

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S P Setia Bhd Corporate HQ,  
No 12, Persiaran Setia Dagang, Setia Alam,  
Seksyen U13, 40170 Shah Alam,  
Selangor Darul Ehsan, Malaysia.  
Tel +603 3348 2255 Fax +603 3344 3232  
Email corp@spsetia.com

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

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