



Celebrating our People  
**OUR *SUCCESS***

Annual Report 2015

# Setia

livelearnworkplay

MALAYSIA | VIETNAM | AUSTRALIA | SINGAPORE | CHINA | UNITED KINGDOM



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PROXY FORM

# S P SETIA BERHAD

## BY THE NUMBERS

### BUSINESS OPERATIONS



### FINANCIALS

**RM 1.4 BILLION**  
Profit Before Tax

**RM6.7 BILLION**  
Revenue

**RM4.3 BILLION**  
in sales

**RM9.2 BILLION**  
unbilled sales

**RM603.2 MILLION**  
Total Dividend Payout for FY2015

### 2015 ANNUAL REPORT



#### Celebrating our People, our Success

Our people, the dynamic Team Setia, continues to be the driving force of our successes in 2015. They are our greatest asset, the diamond core of our company, representing the true value of the company beyond fiscal strength. The diamond formed by Team Setia references our highest commitment to continuously strive for excellence as we remain a strongly bonded team in conquering challenges and obstacles that cross our path.



**Dato' Khor Chap Jen**  
President & CEO

**Datuk Wong Tuck Wai**  
Deputy President & COO

**Choy Kah Yew**  
Chief Financial Officer



**Datuk Koe Peng Kang**  
Executive Vice President

**Tan Hon Lim**  
Executive Vice President

**Paul Soh**  
Divisional General Manager

**Kow Choong Ming**  
Executive Vice President



**Teoh Guat Lin**  
General Manager,  
Group Contracts

**Salim Bin Mohamad  
Shafie**  
Head of Facilities  
Management

**Adelene Wong**  
Head of Group Branding  
and Communications

**June Lee**  
Senior Manager,  
Corporate Secretariat

**Belinda Tan**  
Head of Risk  
Management

**Chandrasegaran A/L  
Govindasamy**  
General Manager, Group  
Security Services



**Ng Han Seong**  
General Manager,  
Property Division North

**Stanley Saw**  
General Manager,  
Property Division South

**Paul Chan**  
Divisional General Manager,  
Group Hospitality



**Brian Tan**  
Project Director,  
Setia Precast

**Kam Tek Kong**  
Deputy General Manager,  
Niche Development

**Awang Ahmad Bin Kari**  
Project Director,  
KL Eco City

**Saniman Bin Amat Yusof**  
Deputy General Manager,  
Setia Tropika



**Tan Siow Chung**  
Deputy General Manager,  
Bandar Setia Alam

**Dianne Chan**  
Deputy General Manager,  
Setia Eco Templer

**Desmond Ong**  
Deputy General Manager,  
Setia Eco Park

**Koh Sooi Meng**  
Deputy General Manager,  
Setia EcoHill

**Goh Tzen Sernz**  
Deputy General Manager,  
Setia Eco Glades



**Chan Tah Seong**  
Deputy General Manager,  
Aeropod

**Choong Kai Wai**  
CEO, Setia Melbourne  
Development

**Azlin Binti Mohd Aris**  
Head, Estate Management  
& Club

**Lam Shuh Pow**  
Group Financial Controller

**Tan Mui Hiang**  
General Counsel, Group  
Corporate Services

**Kelly Mah**  
Deputy General Manager,  
Group Human Resources



**Tony Ling**  
General Manager,  
KL Eco City

**Neo Keng Hoe**  
General Manager,  
Property Division Singapore

**Ricky Yeo**  
General Manager,  
Setia Sky 88

**Leong Swee Chow**  
General Director,  
Property Division Vietnam



**Justine Jiew**  
Senior Manager,  
Corporate Affairs

**Necia Binti Abdullah**  
Head of Corporate  
Relations

**Tay Yong Chee**  
Acting Head,  
MIS

**William J.  
Rachaganathan**  
General Manager,  
Group Landscape

**Goh Gek Ling**  
General Manager,  
Group Quality Management

**Jeffrey Thum**  
Chief Internal Auditor



**Shanthan Suppiah**  
General Manager,  
Setia Wood

**Sha'ari Bin Hanapi**  
General Manager,  
Niche Development, QSPH

**Ng Wei Ling**  
Head of Group Leasing

**Daniel Ong**  
Head of Sales & Marketing,  
Commercial & Niche Development,  
KL Eco City



# PROMOTING A BALANCED LIFESTYLE

S P SETIA'S LIVELEARNWORKPLAY  
DEVELOPMENT PHILOSOPHY  
ALSO APPLIES TO TEAM SETIA  
ENSURING A BALANCED LIFESTYLE  
FOR THE TEAM.



# CORPORATE PROFILE

The growth of the Group's impressive portfolio has been nothing short of hard work, dedication and a mission to ensure the best is provided for its customers.

Incorporated in 1974, S P Setia was established as a construction company and was subsequently listed on the Kuala Lumpur Stock Exchange (now Bursa Malaysia) in 1993. In 1996, the company refocused its core business to property development with supporting businesses in construction, infrastructure and wood-based manufacturing.

The Group 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 developments.

Its property projects which are well known for its ecological features and considerations apart from its aesthetic values have received overwhelming response from its customers. Following the success of its eco-themed developments here in Malaysia, it was decided that all future projects be it local or international shall comprise of the eco brand concept.

## VISION

To be the **BEST** in all we do

## MISSION

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

## SETIA VALUES

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



Damnsselfly Creek at Setia Eco Park, Selangor



Battersea Power Station, London

Among some of the Group’s notable projects are Setia Alam, Setia Eco Park, Setia EcoHill, Setia Eco Glades and KL Eco City in the Klang Valley, Setia Pearl Island and Setia V Residences in Penang and Bukit Indah, Setia Indah, Setia Eco Gardens and Setia Eco Cascadia in Johor.

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

Through S P Setia Foundation, its Corporate Responsibility arm, the Group reaches out to the society through education centred activities. In an effort to help young children receive holistic education, S P Setia Foundation introduced its Setia Caring School programme in April 2015. The programme aims to nurture a more empathetic, morally grounded and caring society rooted on the core idea of cultivating a “caring society”. The programme started with the Foundation adopting three underperforming schools in the Klang Valley. Plans are already underway to adopt more schools in the state of Penang and Johor.

Besides the Setia Caring School Programme, S P Setia Foundation also promotes a sense of nationalism through its various welfare activities to reach out to Malaysia’s multi-racial society without discrimination.

As one of the pioneers of the industry in Malaysia, S P Setia will continue to lead in developing world-class developments driven by its commitment to enrich people and communities guided by its development philosophy of LiveLearnWorkPlay.

As globalisation and rising affluence continue to drive the need for better lifestyles environment, S P Setia is ready and able to seize the opportunities for growth today and in the future.



Launch of Setia Caring School Programme



# GLOBAL PRESENCE



Setia Eco Glades, Cyberjaya



Setia Sky Ville, Penang



Setia Eco Gardens, Johor



Battersea Power Station, London



Parque, Melbourne



KL Eco City, Kuala Lumpur



Eco Sanctuary, Singapore



Setia EcoHill, Semenyih



UNITED KINGDOM

London

- Battersea Power Station

List includes on-going projects, projects handed over in FY2015 and upcoming projects.



# MALAYSIA

## CHINA

- Qinzhou Industrial Park

## MALAYSIA

- EcoLakes
- EcoXuan

## VIETNAM

## SINGAPORE

- Eco Sanctuary
- 18 Woodville

## AUSTRALIA

### Melbourne

- Parque
- Fulton Lane
- MAISON

### CENTRAL REGION

- Setia Alam
- Setia City
- Setia Eco Park
- Setia EcoHill
- Setia Eco Glades
- Dwiputra Residences
- KL Eco City
- Setia Sky Residences
- Setia Eco Templar
- Setia EcoHill 2
- Setia Putra Residences
- Setia Sky Seputeh
- Setia Trio
- Setia Federal Hill
- Kenny Hills Grande

### NORTHERN REGION

- Setia Pearl Island
- Setia Vista
- Setia Sky Vista
- Setia Greens
- Setia V Residences
- SPICE
- Setia Sky Ville
- Pangsapuri Rimbun
- Setia Raintrees Residences
- Setia Sky Hill
- Setia Sky Cube
- Setia Eco Forest
- 11 Brook Residences

### SOUTHERN REGION

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

### EASTERN REGION

- Aeropod



# GROUP FINANCIAL SUMMARY

## GROUP FIVE-YEAR SUMMARY

Year Ended (RM'million)	31 December 2015	31 October 2014 Restated	31 October 2013 Restated	31 October 2012 Restated	31 October 2011 Restated
Revenue	6,746 <sup>#</sup>	3,870 <sup>@</sup>	3,365 <sup>@</sup>	2,821 <sup>@</sup>	2,536 <sup>@</sup>
Profit Before Tax	1,426 <sup>#</sup>	760 <sup>@</sup>	855 <sup>@</sup>	677 <sup>@</sup>	510 <sup>@</sup>
Profit After Tax	1,011 <sup>#</sup>	507 <sup>@</sup>	652 <sup>@</sup>	473 <sup>@</sup>	380 <sup>@</sup>
Profit Attributable to Owners of the Company	918 <sup>#</sup>	388 <sup>@</sup>	577 <sup>@</sup>	427 <sup>@</sup>	332 <sup>@</sup>
Share Capital	1,971 <sup>#</sup>	1,904	1,844	1,504	1,375
Equity Attributable to Owners of the Company	7,395 <sup>#</sup>	6,102 <sup>@</sup>	5,737 <sup>@</sup>	4,085 <sup>@</sup>	3,442 <sup>@</sup>
Total Assets Employed	16,423 <sup>#</sup>	13,925 <sup>@</sup>	12,562 <sup>@</sup>	9,701 <sup>@</sup>	6,258 <sup>@</sup>
Total Net Tangible Assets	8,385 <sup>#</sup>	7,057 <sup>@</sup>	6,009 <sup>@</sup>	4,302 <sup>@</sup>	3,601 <sup>@</sup>
Earnings Per Share (sen)	35.7 <sup>#</sup>	15.6 <sup>@</sup>	24.8 <sup>@</sup>	22.2 <sup>@</sup>	19.5 <sup>@</sup>
Dividend Per Share (sen)	23.0	9.7	11.0	14.0	14.0
Net Assets Per Share Attributable to Owners of the Company (RM)	2.81 <sup>#</sup>	2.40 <sup>@</sup>	2.33 <sup>@</sup>	2.04 <sup>@</sup>	1.88 <sup>@</sup>
Return On Equity (%)	12.42%	6.35% <sup>@</sup>	10.06% <sup>@</sup>	10.45% <sup>@</sup>	9.65% <sup>@</sup>
Net Gearing Ratio (times)	0.18	0.28 <sup>@</sup>	0.32 <sup>@</sup>	0.48 <sup>@</sup>	N/A
Dividend Payout Ratio (%)	65.8	63.3 <sup>@</sup>	45.2 <sup>@</sup>	56.4 <sup>@</sup>	59.1 <sup>@</sup>
Share Price - High (RM)	3.58	3.65	3.99	4.10	4.62
Low (RM)	2.99	2.75	2.98	3.49	2.97

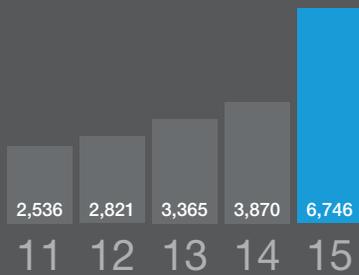
## GROUP QUARTERLY SUMMARY

Period Ended (RM'million)	31 December 2015	31 October 2015	31 July 2015	30 April 2015	31 January 2015
Revenue	1,140 <sup>#</sup>	1,415	1,635	1,630	926
Profit Before Tax	303 <sup>#</sup>	218	406	345	154
Profit After Tax	223 <sup>#</sup>	139	286	244	118
Profit Attributable to Owners of the Company	208 <sup>#</sup>	120	262	227	101
Share Capital	1,971	1,971	1,946	1,907	1,906
Equity Attributable to Owners of the Company	7,395	6,976	6,624	6,268	6,030
Total Assets Employed	16,423	15,479	15,019	14,995	14,434
Total Net Tangible Assets	8,385	7,789	7,431	7,086	6,857
Earnings Per Share (sen)	7.9	4.6	10.2	8.9	4.0
Dividend Per Share (sen)	19.0	-	-	4.0	-
Net Assets Per Share Attributable to Owners of the Company (RM)	2.81	2.65	2.55	2.47	2.37

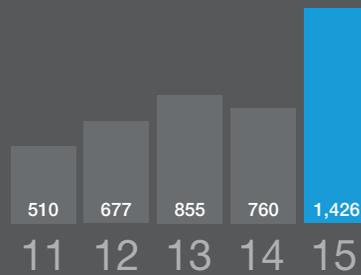
<sup>@</sup> Restated due to effects of change in accounting policies for the financial years ended 31 October 2011 to 31 October 2014

<sup>#</sup> FY2015 represents 14 months period financial results

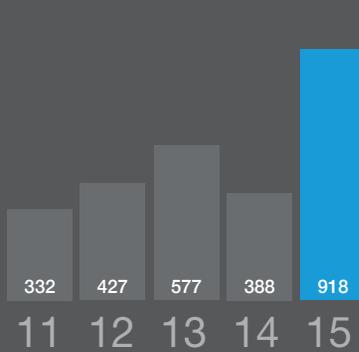
\* 2 months period financial results



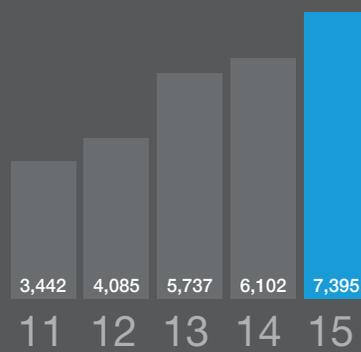
**REVENUE**  
(RM MILLION)



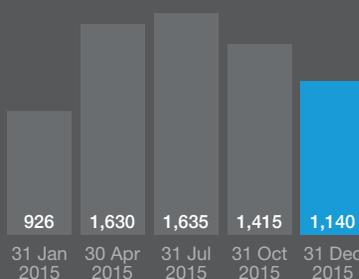
**PROFIT BEFORE TAX**  
(RM MILLION)



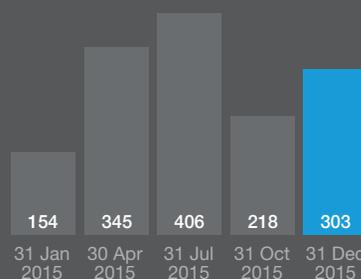
**PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY**  
(RM MILLION)



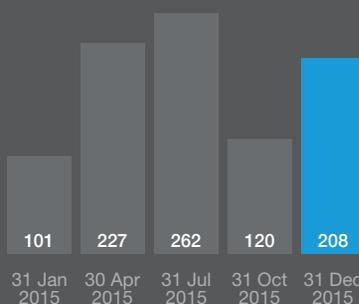
**EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY**  
(RM MILLION)



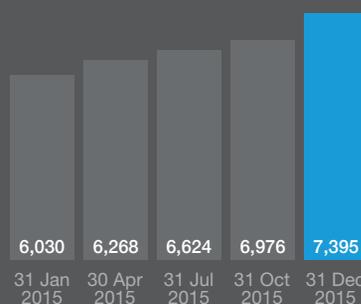
**GROUP QUARTERLY REVENUE**  
(RM MILLION)



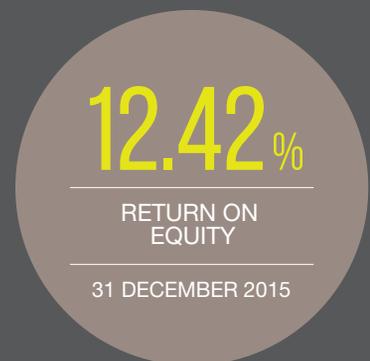
**GROUP QUARTERLY PROFIT BEFORE TAX**  
(RM MILLION)



**GROUP QUARTERLY PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY**  
(RM MILLION)



**GROUP QUARTERLY EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY**  
(RM MILLION)





# CORPORATE INFORMATION

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## BOARD OF DIRECTORS

**Tan Sri Dato' 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)

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

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

**Tengku Dato' Ab. Aziz Bin Tengku 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**  
(Chairperson)

**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' Dr. Wan Mohd Zahid Bin Mohd Noordin**

**Philip Tan Puay Koon**

## AUDIT COMMITTEE

**Noraini Binti Che Dan**  
(Chairperson)

**Dato' Halipah Binti Esa**

**Philip Tan Puay Koon**

## RISK MANAGEMENT COMMITTEE

**Dato' Ahmad Pardas Bin Senin**  
(Chairman)

**Dato' Seri Ir. Hj. Mohd Noor Bin Yaacob**

**Tengku Dato' Ab. Aziz Bin Tengku Mahmud**

## SECRETARIES

**Lee Wai Ngan** (LS 00184)

**Lee Wai Kim** (MAICSA 7036446)

## REGISTERED OFFICE

Plaza 138, Suite 18.03  
18<sup>th</sup> 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  
18<sup>th</sup> Floor, 138 Jalan Ampang  
50450 Kuala Lumpur  
Tel: +603-2161 5466  
Fax: +603-2163 6968

## BANKERS

Affin Bank Berhad  
Alliance Bank Malaysia Berhad  
AmBank (M) Berhad  
CIMB Bank Berhad  
Hong Leong Bank Berhad  
HSBC Bank Malaysia Berhad  
Malayan Banking Berhad  
Public Bank Berhad  
RHB Bank Berhad

## AUDITORS

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

## SOLICITORS

Shearn Delamore & Co  
Cheong Kee Fong & Co  
Cheang & Ariff

## STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad

## INDICES

FTSE Bursa Malaysia Indices  
Standard & Poor's Indices

## WEBSITE

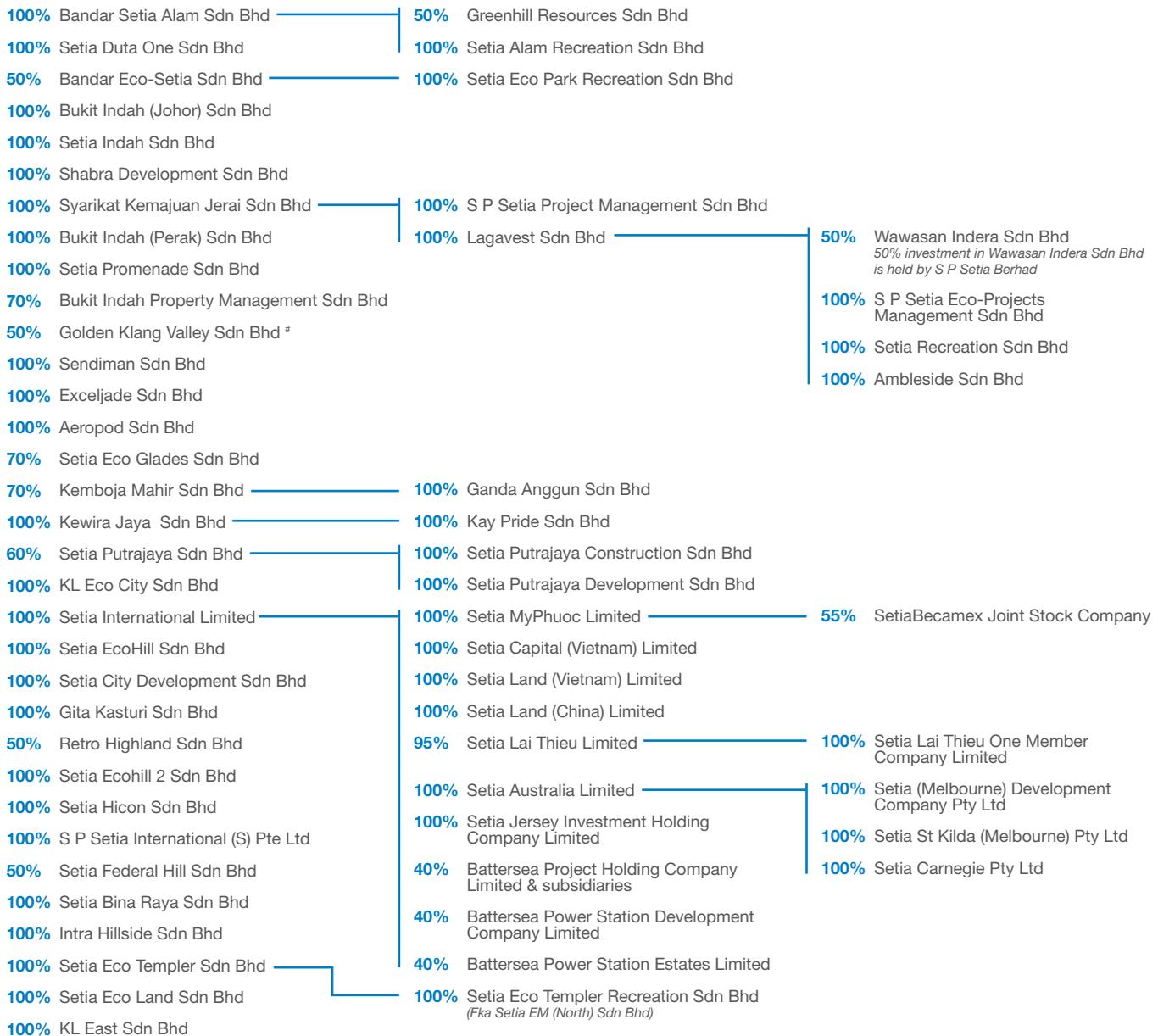
[www.spsetia.com](http://www.spsetia.com)



# CORPORATE STRUCTURE



## PROPERTY DEVELOPMENT



## CONSTRUCTION

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

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

- 100% Setia-Wood Industries Sdn Bhd
  - 100% S P Setia Marketing Sdn Bhd
- 100% S P Setia Management Services Sdn Bhd
- 60% S P Setia Estate Management Sdn Bhd
- 100% S P Setia Property Holdings Sdn Bhd
- 100% S P Setia PMC Sdn Bhd
- 100% S P Setia Technology Sdn Bhd
- 100% Futurecrest (M) Sdn Bhd
  - 70% Kesas Kenangan Sdn Bhd
- 100% S P Setia (Indonesia) Sdn Bhd
- 100% Setiahomes (MM2H) Sdn Bhd
- 99.9% Kenari Kayangan Sdn Bhd
  - 49% PTB Property Developer Sdn Bhd
- 100% Tenaga Raya Sdn Bhd
- 100% Setia Eco Green Sdn Bhd
- 45% Qinzhou Development (Malaysia) Consortium Sdn Bhd
  - 100% Qinzhou Development (Hong Kong) Limited
  - 49% China-Malaysia Qinzhou Industrial Park (Guangxi) Development Co, Ltd
- 100% Pelita Mentari Sdn Bhd
- 100% Flexrise Projects Sdn Bhd
- 100% S P Setia Property Services Sdn Bhd
- 100% Cosmotek Sdn Bhd
  - 60% SJ Classic Land Sdn Bhd
- 100% Indera Perasa Sdn Bhd
  - 100% Dian Mutiara Sdn Bhd
- 100% Setia Eco Heights Sdn Bhd
- 100% S P Setia Development Pte Ltd
- 100% S P Setia DMC Sdn Bhd
- 100% Setia EM (Central) Sdn Bhd
- 100% Setia IP Holdings Sdn Bhd (*Fka Setia EM (South) Sdn Bhd*)
- 100% Eco Meridian Sdn Bhd

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



# OUR AWARDS



## 8-TIME WINNER

### 1. THE EDGE MALAYSIA TOP PROPERTY DEVELOPERS AWARDS

#### Ranked No.1

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

#### Best Qualitative Attributes Category

2013, 2012

#### The Edge-PEPS Value Creation Excellence Awards

2013 – SetiaWalk, Selangor

#### The Edge-PAM Green Excellence Awards

2015 – S P Setia Berhad Corporate HQ, Setia Alam, Selangor  
2013 – Setia City Mall, Setia Alam, Selangor

#### The Edge Most Notable Achievement Awards

2015 – Setia Eco Park, Selangor

## 6-TIME WINNER

### 2. FIABCI PRIX D'EXCELLENCE AWARDS

#### Best Retail Development

2014 – Setia City Mall, Setia Alam, 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 Berhad Corporate HQ, Setia Alam, Selangor

#### Best Retail Development

2013 – Setia City Mall, Setia Alam, 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

#### Property Man of the Year

2007 – Tan Sri Liew Kee Sin



#### 4. BCI ASIA TOP 10 DEVELOPERS AWARDS

2015, 2014, 2013, 2012, 2011

#### 5. PUTRA BRAND AWARDS

2015 – Silver Award in Property Development

2014, 2013, 2012 – Gold Award in Property Development

2014 – Most Enterprising Brand of the Year

#### 6. READER'S DIGEST ASIA TRUSTED BRANDS AWARDS

2015, 2014, 2013, 2012, 2011 – Gold Awards for Property Development

#### 7. REHDA RECOGNITION AWARDS

2013 – Outstanding Developer

#### 8. SOUTH EAST ASIA PROPERTY AWARD

**Best Developer in Malaysia**  
2015 – S P Setia Berhad

**Best Green Development Award**  
2015 – KL Eco City, Kuala Lumpur

**Best Luxury Condo Development (Central Malaysia)**  
2015 – Vogue Suites 1, KL Eco City, Kuala Lumpur

**Best Residential Architectural Design**  
2015 – Vogue Suites 1, KL Eco City, Kuala Lumpur

#### Best Mid-Range Housing Development (South Malaysia)

2015 – Foresta Precinct, Setia Eco Cascadia, Johor

#### Best Condo Development (Malaysia)

2014 – Setia Sky Residences, Kuala Lumpur

#### 9. BCA GREEN MARK

##### Platinum Award

2012 – Eco Sanctuary, Singapore

##### Gold Award

2014 – 18 Woodsville, Singapore

2014 – Provisional Certification for KL Eco City – Residential Tower 1 (Vogue Suites One), Kuala Lumpur

2012 – Setia City Mall, Setia Alam, Selangor

2010 – Eco Gallery, Setia Eco Gardens, Johor

#### 10. GREEN BUILDING INDEX (GBI)

##### Platinum (Provisional)

2012 – S P Setia Berhad Corporate HQ, Setia Alam, Selangor

##### Gold (Provisional)

2012 – KL Eco City Sales Gallery, Kuala Lumpur

#### 11. GREENRE RATING

##### Platinum Certification (Provisional) in the non-residential category

2015 – S P Setia Berhad Corporate HQ, Setia Alam, Selangor

#### 12. MALAYSIA GREENTECH AWARD

##### Top 30 Green Catalyst in Malaysia

2015 - Setia Eco Park, Selangor

#### 13. MGBC LEADERSHIP IN SUSTAINABILITY AWARD

2014 – Winner, Business Leadership Award for S P Setia Bhd

#### 14. AON HEWITT BEST EMPLOYERS STUDY

**Best Employers in Malaysia**  
2015, 2009, 2005, 2003

2013 – Best of the Best Employer in Malaysia

2011 – Overall Best Employers in Malaysia & Best Employers in Asia Pacific

#### 15. MALAYSIA'S LEADING GRADUATE EMPLOYERS AWARDS

2015 - Most popular graduate employer award in the Property and Construction sector

2015 - Top 15 Leading Graduate Employers in Malaysia

#### 16. MALAYSIA LANDSCAPE ARCHITECTURE AWARDS

2014 – Setia Eco Cascadia, Johor

#### 17. CLASSIC EXCELLENCE AWARD

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

#### 18. THE EMIRATES GLASS LEADING EUROPEAN ARCHITECTURE FORUM (LEAF) AWARDS

##### Developer of the Year

2015 – Battersea Power Station, London

#### 19. ESTATES GAZETTE AWARDS

##### London Award

2015 – Battersea Power Station, London



# BOARD OF DIRECTORS

*left to right:*

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

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

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

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

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



*left to right:*

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

**Tan Sri Dato' Dr. Wan Mohd Zahid Bin Mohd Noordin**  
(Non-Independent Non-Executive Chairman)

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

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

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





## PROFILE OF BOARD OF DIRECTORS



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

(Non-Independent Non-Executive Chairman)

Malaysian, 76 years of age

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

Masters from Stanford University, Palo Alto, California

PhD from University of California, Berkeley

Completed an Advanced Management Programme from Harvard Business School

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

Tan Sri Dato' 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' Dr. Wan Mohd Zahid was an advisor with special functions to the Minister of Education and also an advisor to Sekolah Bahasa Teikyo.

His directorships in other public companies include Amanah Saham Nasional Berhad, Perbadanan Usahawan Nasional Berhad and Amanah Mutual Berhad. He is a member of the Investment Committee of Amanah Mutual 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 and has not been convicted of any offences over the past 10 years.



## DATO' KHOR CHAP JEN

(President and Chief Executive Officer)

Malaysian, 56 years of age

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 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 and 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 Divisions, the Construction Division of the Group as well as 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, highways and infrastructure projects. Among the notable projects are 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 (Selangor Branch) Chairman. He is also an EXCO member of REHDA National and Chairman of the Planning Policies & Standards Committee.

He does not have any family relationship with any Director and/or major shareholder, nor any conflict of interest with the Company. He has no convictions for any offences over the past 10 years.



## PROFILE OF BOARD OF DIRECTORS



### DATO' HALIPAH BINTI ESA

(Non-Independent Non-Executive Director)

Malaysian, 66 years of age

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 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 had 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, Cagamas Berhad and Malaysia Deposit Insurance Corporation. 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 and has not been convicted of any offences over the past 10 years.



## DATO' AHMAD PARDAS BIN SENIN

(Senior Independent Non-Executive Director)

Malaysian, 63 years of age

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

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 had more than 40 years' experience in the corporate sector, including 21 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 had held various key positions including as Managing Director of UEM World Berhad, Renong Berhad, TIME Engineering Berhad, TIME dotCom Berhad, EPE Power Corporation Berhad, and had also served as 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, The Malaysian Industry-Government Group for High Technology and Universiti Teknologi MARA.

Prior to UEM Group, he worked for the British American Tobacco (BAT) Group for more than 17 years, including a 3-year stint 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, Sime Darby Energy Sdn Bhd, Silterra Malaysia Sdn Bhd, Themed Attractions Resorts & Hotels Sdn Bhd, and Universiti Malaysia Kelantan, and a member of the Board of Advisers of AKEPT (Higher Education Leadership Academy).

He does not have any family relationship with any Director and/or major shareholder, nor any conflict of interest with the Company. He has no convictions for any offences over the past 10 years.



## PROFILE OF BOARD OF DIRECTORS



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

(Independent Non-Executive Director)

Malaysian, 62 years of age

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

Bachelor of Engineering, Universiti Teknologi Malaysia

Dato' Seri Ir. Hj. Mohd Noor Bin Yaacob was previously the Director-General of the Public Works Department, a position he held since 2011 until 31 March 2014. He had joined the civil service in 1977 as a works Engineer in the Public Works Department and has 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 Bhd and several private limited companies.

He does not have any family relationship with any Director and/or major shareholder, nor any conflict of interest with the Company. He has no convictions for any offences over the past 10 years.



# DATO' ZURAIDAH BINTI ATAN

(Non-Independent Non-Executive Director)

Malaysian, 57 years of age

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

LL.B (Hons) from the University of Buckingham, England

Certificate in Legal Practice, Malaysia

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 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 Government of Malaysia (via Ministry of Higher Education).

She is an Independent member of the Consultation and Corruption Prevention Panel of Malaysian Anti-Corruption Commission.

Her directorships in other public companies include Bursa Malaysia Berhad, Petron Malaysia Refining and Marketing Bhd, Kenanga Islamic Investors Berhad, Bursa Malaysia Derivatives Berhad and Bursa Malaysia Derivatives Clearing 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 and has not been convicted of any offences over the past 10 years.



## PROFILE OF BOARD OF DIRECTORS



# TENGGU DATO' AB. AZIZ BIN TENGGU MAHMUD

(Non-Independent Non-Executive Director)

Malaysian, 59 years of age

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

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

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

Diploma in Management with Merit from Malaysian Institute of Management

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 Warisan Merdeka project, comprising 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 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 Malaysian Institute of Management.

He does not have any family relationship with any Director and/or major shareholder of S P Setia Berhad. He does not have any conflict of interest with the Company and has not been convicted of any offences over the past 10 years.



## NORAINI BINTI CHE DAN

(Independent Non-Executive Director)

Malaysian, 60 years of age

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

Honours Degree in Economics, University of Manchester, UK

Member of the Malaysian Institute of Accountants

Member of the Malaysian Institute of Certified Public Accountants

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 and BIMB Holdings Berhad. She is also a director of few private limited companies.

She does not have any family relationship with any Director and/or major shareholder, nor any conflict of interest with the Company. She has no convictions for any offences over the past 10 years.



## PROFILE OF BOARD OF DIRECTORS



### PHILIP TAN PUAY KOON

(Independent Non-Executive Director)

Malaysian, 59 years of age

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

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

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 (ALCO) of Citibank Berhad. While serving in the Citibank Regional Treasury Office in Singapore, he helped establish and streamlined 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, nor any conflict of interest with the Company. He has no convictions for any offences over the past 10 years.



## DATO' AZMI BIN MOHD ALI

(Non-Independent Non-Executive Director)

Malaysian, 55 years of age

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

Law Degree 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 is currently the Senior Partner of Azmi and Associates. He has over 30 years of experience in corporate and commercial law.

He is a director of the South East Asia Leadership Academy based in Atlanta, USA and a member of the Board of Trustees of Universiti Teknologi Malaysia Endowment Fund. He is currently an Adjunct Professor at the University Kebangsaan Malaysia Law School.

His directorships in other public companies include Cliq Energy Berhad (Chairman), Chemical Company of Malaysia Berhad and Perbadanan 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 and has not been convicted of any offences over the past 10 years.



# CHAIRMAN'S STATEMENT



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

Non-Independent Non-Executive Chairman

## DEAR VALUED SHAREHOLDERS,

### INTRODUCTION

On behalf of the Board of Directors, it is my pleasure to present to you S P Setia’s Annual Report for the 14-month financial period ended 31 December 2015 (“FY2015”). It has been a commendable year for the Group as we achieved the strongest profit and revenue to date, maintained our lead by achieving RM4.3 billion sales for the year under review and holding RM9.2 billion unbilled sales which is the highest in the industry. The Group also received multiple awards in the year under review, a testament to the quality and delivery of our products and services.



Caffra, three-storey linked terraces in Setia Alam was sold out during its launch

### EXCELLENT PROFIT AND REVENUE RESULTS

The Group achieved a profit before taxation (PBT) of RM1.4 billion on the back of revenue totalling RM6.7 billion. This represents an 88% increase in PBT and 74% increase in revenue as compared to the preceding 12-month financial period ended 31 October 2014.

We achieved RM4.3 billion sales for FY2015, a commendable feat for the year. Approximately 67% of the overall sales performance was derived from the local market, surpassing our initial target for Malaysia’s operations and the remaining was derived from international sales, of which, RM1.2 billion came from Battersea Power Station, London, UK.

The sales performance was boosted by S P Setia’s “40th Anniversary” campaign followed by the “Jet Set with Setia” campaign which saw the Group rewarding loyal customers with attractive and affordable promotion packages.

### GOOD PROFIT VISIBILITY AND STRATEGIC PRODUCT OFFERINGS

Unbilled sales stands at RM9.2 billion as of 31 December 2015. This large pipeline of unbilled sales that will be delivered within the next few years provides good profit visibility for the Group and will stand us in good stead with the challenging market conditions we are facing.

↑ **88%**

**Profit Before Tax**  
RM1.4 billion

**RM 4.3 BILLION**

sales for the year under review

↑ **74%**

**Revenue**  
RM6.7 billion



## CHAIRMAN'S STATEMENT

“  
THE GROUP'S STRATEGIC  
DIRECTION TO LAUNCH  
MORE MID-PRICED RANGE  
AND PRODUCTS FOR THE  
UNDERSERVED SEGMENTS  
IN MALAYSIA PROVED  
SUCCESSFUL AS THE TAKE UP  
RATE FOR THESE PRODUCTS  
WERE VERY GOOD DUE TO  
STRONG DEMAND.  
”

The Group's strategic direction to launch more mid-priced range and products for the underserved segments in Malaysia proved successful as the take up rate for these products were very good due to strong demand.

### DELIVERING PROMISES

Delivering on promises was the main drive for the Group in the year under review. Key phases and projects that were completed and delivered are Trefoil in Setia Alam, Setia EcoHill Phase 1 in Semenyih, Setia Eco Glades Phase 1 in Cyberjaya, Setia Sky Peak in Johor, 18 Woodsville in Singapore and Fulton Lane in Melbourne, Australia. Both projects in Singapore and Australia were handed over two months ahead of schedule.

Firstly, S P Setia officially opened the RM80 million Lekas-EcoHill Link to the public in August 2015. Besides easing the traffic for the Semenyih communities, this new connectivity will enhance the value of Setia EcoHill and the upcoming Setia EcoHill 2 townships. The new interchange links both townships directly to the Lekas, SKVE, Silk, PLUS and LDP highways making travelling to Kuala Lumpur's city centre as well as other parts of the Klang Valley easier.

The Group also witnessed the topping out ceremony of its second development in Singapore, Eco Sanctuary in September 2015. The ceremony marked another milestone for the Group's foray into the Lion City. Earlier, the Group handed over the apartments to the owners two months ahead of schedule for its first development in Singapore, 18 Woodsville, a freehold condominium located near Potong Pasir MRT station.

In October 2015, Setia SPICE Canopy and Aquatic Centre, Penang were completed and had its soft opening in December 2015. The aquatic centre features sports facilities such as an Olympic-sized swimming pool and diving pool, a children's water theme park, badminton courts, squash courts, function rooms, cafes, a sports clinic as well as a swimming school. In the near future, the centre will also see the addition of a gymnasium. Setia SPICE Canopy is the retail component of the 24 acres Setia SPICE project and consists of 59 retail and F&B outlets with a total lettable floor area of 98,000 square feet. The convention centre, which is the fourth component of the project is targeted to be completed by end of 2016 and the 453-room business-class hotel, which is the last component, is targeted to open to the public by 2019.

Adding another feather to the cap is KL Eco City (KLEC), which is the Group's first integrated mixed-use development. KLEC had its first topping out ceremony for its 35-storey strata office tower in November 2015. The tower is expected to be completed by the second half of 2016.

# 1<sup>ST</sup>

topping out ceremony for  
KL Eco City in November 2015



Artist Impression of the flyovers serving Aeropod in Kota Kinabalu, Sabah



Dec 2015 – RM1.07 billion Syndicated Financing Facilities for Setia Federal Hill Sdn Bhd

“  
**AEROPOD IS ONE OF THE LARGEST PRIVATELY FUNDED INFRASTRUCTURE PROJECTS FOR PUBLIC USE TO BE BUILT IN SABAH AND S P SETIA IS PLEASED TO CONTRIBUTE TO SUCH A MAJOR TRANSPORTATION INFRASTRUCTURE THAT WILL HAVE WIDE-RANGING BENEFITS FOR THE PEOPLE OF KOTA KINABALU, SABAH.**  
 ”

In the same month, the Group broke ground for two flyovers at Aeropod, Kota Kinabalu, Sabah. Aeropod is one of the largest privately funded infrastructure projects for public use to be built in Sabah and S P Setia is pleased to contribute to such a major transportation infrastructure that will have wide-ranging benefits for the people of Kota Kinabalu, Sabah. The Jabatan Keretapi Negeri Sabah (JKNS) Headquarters located within this central transportation hub is targeted to be handed over to the government by mid-2016.

In December, the Group through its associate company, Setia Federal Hill Sdn Bhd inked a RM1.07 billion syndicated financing facilities agreement with CIMB Investment Bank Bhd, Malayan Banking Bhd, AmInvestment Bank Bhd, Industrial and Commercial Bank of China (Malaysia) Bhd, for a land swap development transaction under the government’s Public Private Bank Partnership Programme. Setia Federal Hill undertook the development of a new integrated health and research institute known as the National Institute of Health (1NIH) in Setia Alam, Shah Alam. In return, the government provided Setia Federal Hill, a 52-acre site on Federal Hill for the development of a mixed residential and commercial project worth RM15 billion in gross development value (GDV).

Setia Federal Hill Sdn Bhd inked

**RM 1.07 BILLION** 

Syndicated Financing  
 Facilities Agreement



## CHAIRMAN'S STATEMENT



Nov 2015 – Setia Corporate HQ awarded Best Sustainable Development at the prestigious FIABCI Malaysia Property Award 2015

### SEIZING GOLDEN OPPORTUNITIES

While the current economic environment is challenging, it also offers opportunities to the Group to possibly acquire strategic landbanks at reasonable prices. As of 31 December 2015, the Group has 3,907 acres of landbank with an estimated RM70.6 billion GDV.

We are on an active look-out to grow our landbanks both locally and abroad and to this end, we have acquired a third piece of land in Melbourne, Australia. This AUD6.7 million site with an estimated GDV of AUD34 million will fit nicely with our quick turnaround strategy as it came with planning permission to develop apartments. A launch date in the first half of 2016 is anticipated.

### DIVIDEND

In line with the strong financial performance, it is my pleasure to announce that the board has declared a single tier final dividend of 19 sen per share making the total dividend payout including the interim dividend of 4 sen per share for the 14-month financial period ended 31 December 2015 to be 23 sen per share amounting to RM603.2 million, representing a dividend payout ratio of 65.8% of profit attributable to shareholders.

### STRENGTHENING OUR BRAND

In an effort to remain competitive and relevant, the Group launched its new brand identity and guidelines. The simplified logotype picturing only the word 'SETIA' is easily distinguishable and it is this instant recognition that will continue to make it a powerful symbol and brand.

The new identity is supported by a detailed set of guidelines ensuring that its representation in all our projects is consistent for stronger brand recall. We are convinced that this new identity will give us all a great opportunity for new impetus, getting re-energised and involved with the brand.

### RECOGNISING EXCELLENCE

In the year under review, the dedicated Team Setia continued to deliver excellence with the efforts being recognised by various esteemed organisations locally and abroad.

The Setia Corporate HQ in Setia Alam tops the list of recipients with multiple awards accorded. They are the Platinum Certification (Provisional) in the non-residential category by GreenRe, the Edge-PAM Green Excellence Award, the Best Sustainable Development Award from FIABCI Malaysia and the QLASSIC Excellence Award by the Construction Industry Development Board (CIDB) Malaysia.

The Group took home Malaysia's Top 10 Developer 2015 by BCI Asia, Malaysia's Top 10 Property Developer at The Edge Property Excellence Award 2015, Reader's Digest Trusted Brand Award, was nominated as the most popular graduate employer in Property & Construction sector at the country's Leading Graduate Employers Awards and was ranked Top 15 Leading Graduate Employers in Malaysia by GTI Media & Trendence.

These achievements are a testament to S P Setia's sterling reputation for delivering excellence in quality and innovative products, continuous value creation, reliable and timely delivery underlined by a united and dedicated Team Setia.

### CARING FOR OUR COMMUNITIES

Since 2008, S P Setia has been commemorating World Environment Day (WED) in order to create public awareness on major environmental issues. The 2015 WED activities by S P Setia saw the campaign, themed "Planting Positivity" being brought to schools within its townships in Selangor and Johor, at Tenby International School at Setia Eco Park and Tenby International School at Setia Eco Gardens. S P Setia will continue on its quest to create greater awareness towards environment conservation through this annual campaign.

“  
**S P SETIA FOCUSES ITS EFFORTS  
 IN EDUCATION AND AIDING THE  
 LESS FORTUNATE THROUGH S P  
 SETIA FOUNDATION.**  
 ”

Total Dividend

**23** <sup>SEN</sup> 

per share

**3,907**  
 ACRES

of landbank as of  
 31 December 2015

The Group's commitment to sustainability is however, not confined to purely creating awareness. It also pioneers the introduction of Building-integrated Photovoltaics (BiPV) in its developments. As part of its commitment, Setia Eco Park equips BiPV panels in the semi-detached units and bungalows which produce renewable energy. It is the biggest BiPV system amongst residential developments across the nation.

Solar photovoltaic (PV) panels worth RM4 million which can generate up to 980 megawatt hour (MWh) per year have also been added onto the roof of both the Setia SPICE Aquatic Centre and the Setia SPICE Canopy. This makes Setia SPICE the biggest commercial solar PV farm in Penang and will help to supplement its electricity consumption.

Finally in the sustainability drive, Setia Corporate HQ, which is a GBI Platinum certified building, generates renewable energy through 55 kW PV panels which make up part of total energy consumption.

Taking on our role as a caring and responsible corporate citizen seriously, S P Setia focuses its efforts in education and aiding the less fortunate through S P Setia Foundation which was established as the vehicle for fulfilling its corporate social responsibilities.

Since its inception in 2000, the Foundation has made an indelible impact on the society, focused on implementing meaningful, long-term projects while proactively respond to emergencies when aid is needed. It has to date raised over RM73 million from its annual charity dinner to help underprivileged Malaysians.

In 2015, the Foundation took its dedication for education to the next level with the launch of the Setia Caring School Programme aimed at cultivating and promoting the idea of a "Caring" society among school students, teachers and parents of underperforming schools. The programme seeks to instil good human virtues, strong moral values and a sense of nationalism amongst the future leaders of Malaysia.

The Foundation is also committed to promoting integration and national unity through various initiatives. In this regard, the S P Setia Foundation undertook numerous welfare activities to reach out to the nation's multi-racial communities in times of need during the year in review.

Students from the Setia Caring School Programme's adopted schools participated in various recycling and seedling planting activities on top of a series of workshops on the importance of caring for the environment to instil in the students a caring culture towards Mother Nature.

Birthday celebrations, group events and collective dance performances performed during the S P Setia Foundation Charity Dinner inculcated a sense of camaraderie among students of various age, races and religious background, taught them to respect each other and encouraged a sense of "Caring For Your Friends".

Grounded by the belief that unity is vital to bring everyone together, collaborative efforts such as bringing multi-racial students together under one programme should be emulated at large to ensure continuous peace and unity in the country. As a continuum to these efforts, the Foundation will be extending its Caring School Programme to Penang and Johor Bahru.

#### SUSTAINING TALENTS' GROWTH

Honing talent, creativity and execution power of Team Setia will continue to be key to the Group's success. To this extent, human capital development is a high priority with the Group spending 2% of total salary budgeted on trainings for continuous employee development. Team Setia is encouraged to attend training sessions, which are included in their Key Performance Index (KPI). A comprehensive yearly training calendar focusing on various competencies is made available to employees at the beginning of every year.



## CHAIRMAN'S STATEMENT

S P Setia also administers the People Pulse Survey on a yearly basis, which provides valuable insights into its people issues and engagement level. Information from the survey helps the company innovate initiatives which target the core of people issues within the organisation.

### PROSPECTS AND OUTLOOK

With the Group's sales for the financial year ended 31 December 2015 totalled RM4.3 billion, unbilled sales of RM9.2 billion, anchored by 27 ongoing projects and effective remaining landbank of 3,907 acres with a GDV of RM70.6 billion, we are confident that the Group will perform well in FY2016.

Robust revenue is expected to be recognised from the various completion stages and delivery of residential properties of our flagship projects, namely RM1.0 billion from Setia Alam, Setia EcoHill, Setia Eco Park and Setia Eco Glades. Furthermore, we are also anticipating the completion and delivery of the RM306 million GDV Strata Office Tower in KL Eco City by second half 2016 and also completion and delivery of Eco Sanctuary, Singapore with a GDV of SGD473 million by second half of 2016. In addition, we are also hopeful to complete Parque, Melbourne with a GDV of AUD247 million

and staged completion of a substantial part of Battersea Power Station, Phase 1, which has a GDV of £846 million in December 2016, to name a few.

The Group's maiden property project in Melbourne, Fulton Lane, was completed ahead of schedule and the second project, Parque, which was fully sold and making significant construction progress further underscores the Group's conviction to be on the lookout for strategic acquisition in Australia. In November 2015, we successfully acquired a parcel of land in Carnegie, a suburb located 11km away from Melbourne's central business district. The parcel of land in Carnegie is targeted to be launched in FY2016.

On the local front, the Group targets to launch two new townships, namely Setia Eco Templer and Setia EcoHill 2 and leveraged on our strength and experience in establishing townships by rolling out mid-priced and affordable residential products – the products of the day. In addition to the townships, the Group will also launch medium density Setia Sky Seputeh serviced apartments in high affluent area of Taman Seputeh and continue to launch high impact development products to capitalise on the niche and underserved markets such as single-storey bungalows in Setia Eco Park.

The Group recognises it will face a challenging environment in FY2016 but nevertheless, the Board is confident that with the Group's strong Setia brand name, established townships and right product strategies, the Group will continue to move forward resiliently, swiftly capturing market share and perform well.

### ACKNOWLEDGEMENT

On behalf of the Board, I wish to extend our appreciation to Team Setia for their continuous dedication, perseverance, commitment and valuable contributions to the Group. With our solid foundation that is predicated on a culture of excellence, we remain unwavering to our vision of being the best in what we do, and that is to continue to build world-class and sustainable developments as we soldier on.

The Board would like to put on record its appreciation to YA Bhg Tun Dato' Seri Zaki Bin Tun Azmi, former Chairman of S P Setia. The Board would also like to put on record its appreciation to the Company's former directors namely, YBhg Tan Sri Dato' Hari Narayanan A/L Govindasamy,



Setia Eco Templer is slated for its maiden launch in 1H2016



Artist impression of MAISON at Carnegie, Melbourne which is S P Setia's third development in Australia



Setia Sky Seputeh, a tropical oasis themed development featuring the longest "sky beach"



360 Clubhouse located at the highest point of Setia EcoHill, providing a spectacular 360° view of the eco township

YBhg Datuk Ismail, YBhg Dato' Noor Farida Binti Mohd Ariffin, Mr. Ng Soon Lai @ Ng Siek Chuan and Encik Zainal Abidin Bin Jamal, former Directors of S P Setia, for their invaluable contributions to the Group during their tenure of office with S P Setia.

We would like to congratulate Dato' Khor Chap Jen and Datuk Wong Tuck Wai on the recent confirmation of their posts as President & Chief Executive Officer and Deputy President & Chief Operating Officer. We are confident that they will continue to contribute positively to the sustainable growth of the company.

We would also like to thank all our valued customers, suppliers, business partners, bankers and the respective government authorities for their confidence and unwavering support towards S P Setia and we hope that the relationships built will grow from strength to strength in the coming years.

To all our shareholders, we thank you for your continuous support and commitment.

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

Non-Independent Non-Executive Chairman



# PRESIDENT'S REPORT

**DATO' KHOR  
CHAP JEN**

President and Chief Executive Officer



## DEAR VALUED SHAREHOLDERS,

### DELIVERING RESULTS

Team Setia has delivered a laudable results in 2015 despite a challenging operating environment locally as well as globally.



Jet Set with Setia campaign contributed to FY2015 sales

The overall review of financial year 2015 saw S P Setia achieving positive sales despite volatility in the global economy. Sales from projects in Malaysia contributed RM2.9 billion from the total sales achieved, out of which, the Central region contributing RM2.2 billion, Southern region clocked in sales of RM482 million, Northern region RM151 million and Aeropod in Sabah contributed RM28 million respectively. Sales from our international projects in Singapore, Vietnam, Australia and the United Kingdom contributed RM1.4 billion to the overall Group sales.

RM **2.9** BILLION



total sales from Malaysia

RM **1.4** BILLION



sales from international projects

The 67% of local sales representation of the overall Group sales is in line with the Group's strategy to focus our efforts on marketing balance stock as well as selectively launched mid-priced range products to suit the market condition. The demand for affordable landed properties with good connectivity and ready infrastructure that are surrounded by amenities are still strong especially within the Klang Valley. This was proven through the sold out sales of our 3-storey terraces units in Setia Alam – Caffra, Crista and Fusca, launched throughout the year in January, April and September respectively. On top of that, Elizabeth Falls at Setia Eco Park, semi-detached homes within the gated and guarded enclave which was launched in October 2015 also saw a 100% take up rate within the



## PRESIDENT'S REPORT

“  
**BACKED BY A STRONG TEAM, 18 WOODSVILLE IN SINGAPORE AND FULTON LANE IN MELBOURNE, AUSTRALIA WERE HANDED OVER TWO MONTHS AHEAD OF COMPLETION SCHEDULE TO SATISFIED CUSTOMERS.**  
”

Total unbilled sales of

**RM 9.2 BILLION**

Total of

**8,496 UNITS**

handed over in FY2015

weekend it was launched. Other than that, Horizon Residences in Setia EcoHill has also attracted high take up rate since their respective launches last year.

On the international front, the regeneration of the Battersea Power Station is making headway in turning the vast 42 acres former industrial brownfield site into becoming home to a community of homes, shops, cafes, offices and public space. The overall project is divided into seven phases, with each designed and constructed by a range of specialist architects and contractors. These include SimpsonHaugh & Partners, Fosters + Partners, Gehry Partners and Bouygues. Construction work has begun and the first major milestone has been reached with the successful reconstruction of the first of four iconic Battersea Power Station chimneys.

Phase 1 which comprises Circus West is 99% taken up and targeted for completion in 4Q FY2016. Phase 2 which is the regeneration of the power station itself is 90% taken up and targeted for completion in 2Q 2020 while Electric Boulevard (Phase 3) which was launched in October 2014 is 60% taken up and targeted for completion in 4Q 2019. The combined take up rate for Battersea Power Station averages to 85%, with an unbilled sales of £1.6 billion. Setia's 40% share in the joint venture with Sime Darby Berhad and the Employees Provident Fund (EPF) is equivalent to £626 million.

Also to date, lifestyle hotel giants art'otel has signed up to be an integral part of Battersea Power Station's Phase 3. Fusing art and life, the hotel will add that extra touch of class, service and luxury to the locality.

In Melbourne, Australia, Parque, located at St. Kilda Road in the heart of Melbourne is 50% completed. It is 100% taken up with a GDV of AUD247 million and expected to be completed in 4Q of 2016.

The Group's total unbilled sales of RM9.2 billion also helps to carry us through especially during this soft market condition.

### DRIVING PROGRESS

Besides concentrating on sales, Team Setia also focused our efforts on delivering our promises to our customers in the financial year under review. Backed by a strong team, 18 Woodsville in Singapore and Fulton Lane in Melbourne, Australia were handed over two months ahead of completion schedule to satisfied customers.

Locally, S P Setia handed over more than 5,500 units of properties in the Central region from its Setia Alam, Setia EcoHill and Setia Eco Glades townships. Over in the Southern region, the Group completed and handed over 1,593 units which include Setia Sky Peak serviced apartments and two-storey cluster homes in Setia Tropika. In the Northern region of Penang, 11 Brook Residences and Setia Triangle were completed and handed over to happy customers.

Construction work on KL Eco City, an environmentally friendly city-within-a-city mixed-used integrated development with three blocks of luxurious serviced residences, a 40-storey hotel, strata offices and 12 blocks of boutique offices with private lift lobbies located on a retail podium are in progressive stages. The Strata office tower which had its topping out ceremony in November 2015 will be handed over to purchasers by the second half of 2016. The tower is already 100% sold and is one of seven office towers and boutique offices planned for the 25 acres KL Eco City development. It will officially open its doors and will be handed over to purchasers by July 2016. Boutique Office 1 and Boutique Office 2 are 88% sold. Boutique Office 3 is 87% sold. All three developments are targeted to be handed over by 2017. Vogue Suites 1, a residential tower is 99% sold and targeted for handover in 2017 as well.

Keeping our promises to our community in the Northern region of Penang, the refurbishment of the Setia SPICE project in Penang has been progressing according to schedule. Setia SPICE Aquatic Centre had its soft opening in December 2015 featuring sports facilities such as an Olympic-

sized swimming pool and diving pool, a children's water theme park, badminton courts, squash courts, function rooms, cafes, a sports clinic as well as a swimming school. In the near future, the centre will also see the addition of a gymnasium. In the same month, Setia SPICE Canopy comprising 59 retail and F&B outlets with a total lettable floor area of 98,000 square feet also opened its door to public. As for the convention centre, it will be able to host large scale events of up to 400 banquet tables and will boast a sprawling 6-acre green rooftop where the public can jog, walk and exercise once opened when it is completed. The convention centre is targeted to be operational by March 2017. A final component of Setia SPICE would be a 25-storey, 453-room business class hotel. Construction of the hotel will commence upon approvals from the respective authority and it is targeted to open in 2019.

In the metropolitan city of Singapore, the Group has also topped out Eco Sanctuary, our second project in Singapore, marking its near completion. The ceremony also marks a significant milestone and is in appreciation of the collaborative effort by all parties involved in the project. A Green Mark Platinum development as awarded by the Building and Construction Authority (BCA), Eco Sanctuary stands tall as the Group's pride in Singapore showcasing our strengths in eco-themed developments. Construction of Eco Sanctuary is in its final phase and will be completed by third quarter of 2016.

#### ENHANCING VALUES

We had also enhanced the value of our developments with better connectivity and infrastructure leading into and out of our developments. The Group is in the midst of constructing six new bridges and ramps to provide better connectivity apart from easing traffic and congestion in the area around KL Eco City, Kuala Lumpur. Construction for these bridges and ramps



Setia SPICE Canopy in Penang opened its doors to public in December 2015



9 Nov 2015 - Topping Out Ceremony at Level 36 of the Strata Office at KL Eco City

are already in the advanced stages and is scheduled to be completed by 2016. Upon completion, these multiple entry and exit points will provide excellent accessibility to and from Federal Highway, New Pantai Expressway and Jalan Bangsar.

The Group also invested RM80 million to build the Lekas-EcoHill Link in Semenyih which was opened to public in August 2015 to help reduce traffic congestion for approximately 50,000 people around the Semenyih, Rinching and Beranang vicinities. The link consists of a dual two-lane urban highway stretching over 2.7km with provision for a future third lane. Plans are now underway to build a second link for the upcoming 1,010 acres Setia EcoHill 2 to connect both areas to create convenience and connectivity for communities in both our townships in Semenyih, Selangor. The second link is currently in the tendering stage and estimated to cost approximately RM60 million.



7 Aug 2015 - Opening of Lekas-EcoHill Link to ease traffic congestion for the community

“ WE HAD ALSO ENHANCED THE VALUE OF OUR DEVELOPMENTS WITH BETTER CONNECTIVITY AND INFRASTRUCTURE LEADING INTO AND OUT OF OUR DEVELOPMENTS. ”



## PRESIDENT'S REPORT

In November 2015, S P Setia broke ground for two out of four flyovers leading into and out of Aeropod, a re-development project of the Tanjung Aru Train Station. The two flyovers which are targeted to be completed by 2018 will ensure good, quick and safe accessibility via private and public transport giving seamless connection to the external urban arterial road of Jalan Kepayan and are part of the overall traffic dispersal scheme for this project. Total cost of construction for all four flyovers is approximately RM72.5 million.

Aeropod is one of the largest privately funded infrastructure projects for public use to be built in Sabah and the Group is pleased to contribute to such a major transportation infrastructure that will have wide-ranging benefits for the people of Sabah.

Another infrastructure which is recently completed and ready to serve our community in Cyberjaya, Selangor, is the Eco Glades Interchange. The Eco Glades Interchange, which stretches 1.4km costs RM30 million to construct. It will be the nearest gateway in Cyberjaya to major highways such as the ELITE highway and the Maju Expressway.

### EXPANDING FOOTPRINTS

In November 2015, S P Setia announced the acquisition of our 3rd piece of land in Melbourne, Australia. This site is 2,074 square metres and purchased for AUD6.68 million. The estimated gross development value (GDV) is AUD34 million. This acquisition is part of Setia's growth strategy for Australia. The Group aspires to be a prominent developer in Australia and will continue to be on the lookout for good opportunities in the major cities of Australia. Named MAISON, this boutique development will offer no more than 150 apartment units and is targeted for launch in May 2016.



Setia's Annual Family Day is a great platform to strengthen team spirit

### ENHANCING TEAM SETIA

With the growing workforce at S P Setia, the focus was to inculcate a strong team spirit amongst the team as well as motivate Team Setia towards achieving the strategic directions and shared goals which the Group has set out for the year. Our current position would not have been possible if not for the hard work from our staff.

Emphasis was put into activities that encourage team interaction such as team building, S P Setia's Family Day, S P Setia's Annual Dinner and the bi-annually CEO's dialogue where closer bond amongst colleagues as well as senior managements were organised. These programmes provided a fun yet interactive platforms for Team Setia to get to know each other better while at the same time allow senior management to ensure that employees are constantly engaged and committed to the well-being of the business. With that, a culture of excellence has been created and all employees strive to be the best they can deliver to the success of the business. Above all, this all-inclusive approach breaks down barriers between senior management and executive level employees as it encourages all employees to create a culture of mutual trust and integrity without fear of a hierarchical management style. This includes employees who are based in our overseas development. At S P Setia,



Bi-annually CEO Dialogue ensures the entire Team Setia is clear on the company's direction

we believe that good communication flow is crucial in order to create a highly engaged workforce and we encourage a two-way communication where senior managements' doors are always open for employees' feedback.

Besides strengthening the team spirit, investment into staff training and talent development remain a high priority at S P Setia. With the Group's steady expansion locally as well as overseas, competencies such as being a visionary leader, passionate and inspiring, strategic thinking, on top of willingness to develop people is pertinent to the team. On-going training sessions to improve such competencies are made available to employees year round through a set training calendar.



Artist Impression of De Kiara *Rumah Selangorku* at Setia Alam. S P Setia plans to launch 3,450 units of quality yet affordable housing in FY2016

Our constant focus to develop Team Setia ensures that we have depth in our management bench strength. In addition, we actively identify talents for leadership succession and will continue to provide a positive and dynamic work environment for staff to grow together at S P Setia.

### WELL POSITIONED TO MOVE AHEAD

Despite the market challenges, S P Setia will strive to deliver robust performances in the next financial year and hereby would like to announce a sales target of RM4.0 billion for FY2016. S P Setia aims to retain our market leadership as Malaysia's top property developer in terms of sales.

In order to achieve that, the Group will be focusing on a three-pronged strategy which is to leverage on the strong S P Setia brand and continue to strategically launch products which suits market demand to focus on delivering quality products on a timely manner and keep an active lookout for strategic landbank.

Amongst key launches to look forward to in FY2016 are the launches of two upcoming eco-themed townships – Setia Eco Templer in Rawang with a GDV of RM2 billion and Setia EcoHill 2 in Semenyih with a total GDV of RM5.2 billion. Launches in Setia Eco Templer includes two-storey linked

villas with built-ups of 2,394 sq ft, 2,626 sq ft and 2,965 sq ft, two-storey semi-detached homes with built-ups of 3,492 sq ft and 3,482 sq ft or two-storey bungalows with a built-up of 4,214 sq ft, surrounded by lush greenery with a background of the majestic Templer Rainforest Reserve and Kanching Rainforest Reserve.

On the other side of the city, we have Setia EcoHill 2, a 1,010-acre of expansive highlands, woodlands and wetlands which are a reflection of its natural geographical terrain. Setia EcoHill 2's maiden launch will comprise of 354 units of two-storey terrace houses and cluster semi-detached homes.

S P Setia plans to launch 3,450 units of quality yet affordable housing such as apartments, flats, *Rumah Mampu Milik* and *Rumah Selangorku* in FY2016 to cater to the increasing demand for affordable homes. In the same year, we are also targeting to launch approximately 2,800 units of mid-priced range properties within S P Setia's established townships.

Purchasers can look forward to the launches of terrace houses and *Rumah Selangorku* affordable homes in Setia Alam, superlink terrace houses and affordable apartments in Setia EcoHill, Setia Trio in Bukit Tinggi, Klang, Isle of Palm in Setia Pearl Island and Setia Sky Ville in Penang.

### ACKNOWLEDGEMENT

I would like to take this opportunity to thank the Board for their vote of confidence in Team Setia. It has been an incredible experience working hand-in-hand with the team to deliver on the KPIs set for the Group, listening to the team, motivating and inspiring greater achievements and celebrating our achievements together. I hope the team will continue to put their best efforts forth and continue to encourage each other towards excellence in terms of product and service quality for our customers.

Lastly, I would also like to thank all our purchasers, for their unwavering support as well as valuable feedback to which we listen and continue to grow on our path towards excellence. Through the Jet Set with Setia campaign last year, we have had the treasured opportunity to spend quality time with more than 60 winners on yacht cruises and visiting Setia's international developments in Singapore, Vietnam, Australia, China and the United Kingdom. We will continue to innovate on our products and services quality to create value for your property investments and to serve you better. Thank you and may 2016 be a smooth sailing year for all.

### DATO' KHOR CHAP JEN

President and Chief Executive Officer



# REVIEW OF OPERATIONS



MALAYSIA | VIETNAM | AUSTRALIA | SINGAPORE | CHINA | UNITED KINGDOM

## KLANG VALLEY

FOR THE YEAR UNDER REVIEW, PROJECTS IN THE CENTRAL REGION WITHIN KLANG VALLEY RECORDED THE STRONGEST SALES PERFORMANCE AMONGST THE OTHER REGIONS WITH A TOTAL COMBINED SALES OF RM2.9 BILLION DESPITE THE VOLATILE MARKET CONDITION. THE PROJECT THAT CONTRIBUTED TO THE COMMENDABLE SALES RESULTS ARE SETIA ALAM, SETIA ECOHILL, SETIA ECO PARK, SETIA ECO GLADES, SETIA SKY RESIDENCES, DWIPUTRA RESIDENCES AND KL ECO CITY.

### Setia Alam, Shah Alam

### Setia Eco Park, Shah Alam

### Setia Sky Residences, Kuala Lumpur

### KL Eco City, Kuala Lumpur

### Setia Eco Glades, Cyberjaya

### Setia EcoHill, Semenyih

### Dwiputra Residences

### Setia Alam, Shah Alam

The 2,525 acres self-contained township of Setia Alam located in Shah Alam, Selangor continues to deliver high sales performance, recording RM727 million sales in FY2015. Projects that contributed to the sales in Setia Alam are Caffra, Crista and Fusca, three-storey terrace, Serrata, Elmeri, Montana three-storey linked semi-detached, Seri Pinang apartment, and De Palma Apartment. Caffra which was launched in February 2015 was fully sold within the weekend it was launched while Serrata is 95% taken up. Crista, Elmeri and Fusca recorded high take up rate of 98%, 94% and 95% respectively.

During the year under review, Setia Alam also successfully handed over a total of 3,914 units from Setia Taipan 1, Seri Baiduri apartment, Duta Villa 2, Trefoil, Seri Intan and Seri Kasturi apartments.

S P Setia's Corporate Headquarters which is located in Setia City, the green heart of Setia Alam received outstanding industry recognition further cementing S P Setia's commitment to be a responsible and eco developer in its pursuit to create a sustainable future for all. The Green Building Index (Platinum) rated office development was awarded another Platinum Rating by the GreenRE. It also won FIABCI Malaysia Property Award 2015 for Best Sustainable Development, The Edge-PAM Green Excellence Award 2015 and the QCLASSIC Excellence Award 2014 organised by the Construction Industry Development Board.

Construction work for the National Institute of Health (1NIH) comprising office buildings, health management institutions, medical research centre, facilities blocks, a kindergarten and staff quarters is fast in progress and is targeted to be completed by October 2017. Once completed it will house more than 5,000 personnel from the Ministry of Health. The opening of this new complex in 2017 is envisage to bring new vitality and increase footfall to the growing population of Setia Alam.

### Setia Eco Park, Shah Alam

Spread across 791 acres of prime freehold land is Setia Eco Park, S P Setia's brainchild of an eco-themed township, which set the trend for other eco developments across the country. This green enclave with over 25% of its land space dedicated to waterways, lakes, creeks, landscape-themed parks, lush walkways and a 56-acre forest park to trek in, continues to draw affluent purchasers to its green enclave.

For the year under review, Setia Eco Park launched Phase 12, Victoria Springs in September and Phase 16, Elizabeth Falls in Q3 of 2015. Elizabeth Falls semi-detached homes were fully taken up during the launch period while Victoria Springs single-storey bungalows were 50% taken up as at 31 December 2015.

To continuously create value for purchasers and residents, Setia Eco Park invested in the upgrading of the security system on the external fencing for Precinct 2 and Precinct 5 of the township. On top of that, it also invested on the upgrade of an internal road within the Setia Eco Park enclave, ensuring residents' safety and comfort at all times.



Artist Impression of the Infinity Pool at the upcoming Serviced Residences at KL Eco City



Setia City Residences in Setia Alam, launched in November 2015



Elizabeth Falls semi-detached homes in Setia Eco Park is fully taken up

For the year under review, Setia Eco Park recorded sales of RM307 million.

**Setia Sky Residences, Kuala Lumpur**

Alia, Boheme, Celeste and Divina are names of the four towers representing the spectacular Setia Sky Residences in Kuala Lumpur. Strategically located in the capital city of Kuala Lumpur, Setia Sky Residences is just within a 1.5km radius from the Kuala Lumpur City Centre (KLCC) where the renowned Petronas Twin Towers are located. The development is also well-connected to other parts of the city via major highways, namely Ampang-Kuala Lumpur Elevated Highway (AKLEH) and Duta-Ulu Kelang Expressway (DUKE). It is also close to the central business district, hospitals, Titiwangsa Lake Gardens, The National Library, National Art Gallery, Istana Budaya and Embassy Row.

Despite its location in the heart of the city, Setia Sky Residences still embodies S P Setia's development philosophy of LiveLearnWorkPlay. Winner of the

Special Honour Award from the Malaysia Landscape Architecture Award 2013, the high-rise residential development boasts lush foliage and a host of recreational facilities located at the open-air Sky Deck at level 5 and the Sky Club level 33A for residents' indulgence.

Three out of the four towers were already handed over with Divina targeted to be completed and handed over by Q4 2016. In FY2015, Setia Sky Residences recorded a total of RM76 million in sales.

**KL Eco City, Kuala Lumpur**

KL Eco City is an environmentally friendly city-within-a-city, setting a new benchmark for a city of the future. This integrated green luxury development with about a third of the overall open area within this 25-acre project reserved for aesthetic landscaping comprise of three tower blocks of luxurious serviced apartments, a 40-storey hotel & residences, strata offices and 12 blocks of boutique offices with exclusive lift lobbies located on a retail podium.

Caffra  
**100%** SOLD  
on launch weekend

Total sales in Central region  
**RM 2.2** BILLION



## REVIEW OF OPERATIONS

The envisioned 'City of Tomorrow' has high connectivity via the new KL Eco City Integrated Rail Hub, which includes the existing LRT station and a new KTM Komuter station. It is also linked by a pedestrian bridge to the shopping and entertainment centres of The Gardens and Mid Valley Megamall.

Ensuring smooth egress and ingress traffic flow to and from the development, KL Eco City was masterfully designed to be supported by six new ramps and bridges linking the development's internal two-tier road systems to the highways. These ramps will be opened in July 2016.

During the year under review, KL Eco City also topped out its Strata Offices in November 2015, which signifies it's on schedule construction timeline as well as near completion for handover in 2016. KL Eco City recorded a total sales of RM265 million in FY2015.

### Setia Eco Glades, Cyberjaya

Coming home to refreshing water and fertile land are best used to describe the quiet haven tucked within Cyberjaya that is named Setia Eco Glades, an exciting waterfront eco-development with eight distinctive islands overlooking a calm lake. A sanctuary where over 150 species of flora and fauna find their homes here.

In Q32015, Setia Eco Glades launched another one of its eight distinctive islands with a Mediterranean flavour – Isle of Kamares island villa suites which is a gated and guarded development featuring the Hammock Club, the exclusive residents' club and beautiful fountains adorning the island. A total of 240 units of low rise villas were launched.

Started in 2012 with the launch of Lepironia East Garden and Liu Li Garden, the Setia Eco Glades township has grown by leaps and bounds with proper landscaping and waterscapes adorning the development and a resident clubhouse ready for residents' usage. In Q42015, Setia Eco Glades has also started to handover its



Liu Li Garden at Setia Eco Glades handed over to customers in Q42015

Lepironia East Garden comprising semi-detached units, Charm of Nusantara which comprise villas and semi-detached units and two-storey linked villa at Liu Li Garden to satisfied customers.

In FY2015, Setia Eco Glades recorded a total of RM166 million in sales.

### Setia EcoHill, Semenyih

S P Setia prided itself with the ability to create living spaces that our customers are proud to call home, a place that offers value creation on top of providing quality lifestyle that holistically interspersed good infrastructures, connectivity, conveniences, comfortable environment, lush landscaping and waterscapes all in one. At Setia EcoHill, it is more than just creating living spaces for the community, it is about providing the setting and the space to create their own sustainable lifestyle for their loved ones and for generations to come.

On top of providing a comfortable and secure home for its community, Setia EcoHill in Semenyih cultivates a sustainable lifestyle for its community. It organises activities for its community that generate awareness towards creating a sustainable future such as reducing carbon footprint comes hand-in-hand and everyone has a role to play in their daily lives. To help residents kick start a holistic lifestyle, Setia EcoHill created opportunities for residents

to lower their energy consumption, from planning a township complete with a network of pedestrian and bicycle paths and ensuring that facilities are within walking distance.

A sustainable community must be as self-contained as possible with avenues for residents to buy locally. To this end, Setia EcoHill's masterplan has provisions for a commercial centre that will sustain the community's needs.

Similarly to all S P Setia's eco-themed township, at least 10% of the development has been reserved as green zones, such as parks, gardens and pocket gardens. This is further enhanced by generous streetscapes as well as the turfed and landscaped banks of the engineered waterways and detention ponds. The aim is to create a sustainable ecosystem and protect the water table while providing the community with a wholesome and serene environment.

For the year under review, Setia EcoHill continues to launch its well-received product – the two-storey terrace homes Saraca, Begonia, Bellucia and Bartonia in November 2014. Setia EcoHill also launched its Grandlis and Floris superlink homes, both located within Horizon Residences of Setia EcoHill protected by the advanced AgilFence Perimeter Intrusion Detection System (PIDS) which is also used at the Singapore Changi Airport.



Floris at Setia EcoHill, launched in Q42015

In the same financial year under review, Setia EcoHill also handed over Phase 1 of its projects comprising bungalow lots, two-storey terrace houses, zero lot bungalows and two-storey semi-detached homes with a total GDV of RM1.05 billion.

One of the key achievements at Setia EcoHill for the financial year under review was the official opening of the Lekas-EcoHill Link in August 2015 which was commemorated with an inaugural Setia EcoHill Rescue Run in attendance of over 5,000 people from neighbouring communities including runners who came from the city to join in the 10km run or for some 5km fun run. S P Setia delivered on its promise to provide connectivity to the community and has invested RM80 million for the construction of the Lekas-EcoHill Link which helped approximately 50,000 people in the vicinity reduce traffic congestion.

In FY2015, total sales recorded for Setia EcoHill is RM617 million.

#### Dwiputra Residences

Premium apartments located in the heart of Precinct 15 township in Putrajaya, Dwiputra Residences set a new standard of innovation that caters to future needs. It offers a pleasant and harmonious living environment which is suitable for relaxation and rejuvenation. To further relax and

unwind, this development has adopted a neighbourhood precinct concept with lush parks and family recreation space plus extensive landscaping.

Featuring 440 units in Phase 1 and 440 units in Phase 2 respectively, with a 100% take up rate, Dwiputra Residences offers a choice of Type A – 950 sq ft (3 rooms) or Type B – 1,200 sq ft (3 + 1 rooms) at an affordable price.

Other amenities are just around the corner. Conveniently available to the residents are the Alamanda Shopping Mall, diplomatic enclave and government enclave. Since Putrajaya is strategically located between Kuala Lumpur and Kuala Lumpur International Airport (KLIA) and is served by a network of major highways, access is always easy.

This location also places the spectrum of educational and medical amenities within reach, striking the perfect balance of comfort and lifestyle in a vibrant community.

For the year under review, Dwiputra Residences achieved sales of RM82 million.

“  
**ONE OF THE KEY ACHIEVEMENTS AT SETIA ECOHILL FOR THE FINANCIAL YEAR UNDER REVIEW WAS THE OFFICIAL OPENING OF THE LEKAS- ECOHILL LINK IN AUGUST 2015.**  
 ”

Setia EcoHill sales

**RM 617 MILLION**

KL Eco City sales

**RM 265 MILLION**



## REVIEW OF OPERATIONS

# JOHOR

### Bukit Indah Johor

### Setia Indah

### Setia Tropika

### Setia Eco Gardens

### Setia Business Park II

### Setia Eco Cascadia

### Setia Sky 88

A total of seven projects contributed to the FY2015 sales in the Southern region of Johor. They are Bukit Indah Johor, Setia Tropika, Setia Indah, Setia Eco Gardens, Setia Eco Cascadia, Setia Business Park II and Setia Sky 88.

In FY2015, these projects in Johor recorded cumulative sales of RM482 million.

### Bukit Indah Johor

It has been almost two decades since this township was launched in Johor, S P Setia's maiden township project in the state. However, a visit to Bukit Indah Johor reveals the Group's commitment to keep this township well maintained and bustling. Residents will find everything they need conveniently close at hand – schools, commercial building and offices, shopping centres, hypermarket, restaurants, hotel, even a convention centre. These are complemented by even more amenities and services within 5km radius of the township.

In FY2015, the Group handed over D'Flore, D'Branche and D'Fronde comprising a total of 216 units of cluster homes. Bukit Indah recorded total sales of RM86 million for the year under review.



Sky Breeze Serviced Apartments at Bukit Indah Johor to be delivered in 2016



Cycas, two-storey cluster homes at Setia Tropika featuring spacious built-up

### Setia Indah

Known as the Living Oasis in Johor Bahru, Setia Indah is a township that focuses on communal activities and activities that promotes a healthy and sustainable lifestyle. A signature 18-acre town park at Setia Indah is the focal attraction for residents of this green township.

This vibrant and mature township recorded sales of RM40 million for the year under review and handed over 434 units of serviced apartment aptly named Sky Oasis Residences, designed to combine the sophistication of an urban, luxurious lifestyle with the natural pleasures of lakeside living.

For the year under review, Setia Indah also launched Uptown Hub, three-storey shop office which is already 60% sold with all the international units fully taken up.

### Setia Tropika

A township that strives on innovation to provide a lifestyle that is above the rest. Spread across 740 acres of prime land, Setia Tropika's most defining features are its ground-breaking designs that lend their homes a modernistic look yet remain functional for family-living. Among the

striking architectural elements are rooftop garden terraces, indoor water features, built-in courtyards and double volume porches.

Being touted as one of the fast-growing developments in Johor Bahru, Setia Tropika currently has more than 3,500 units of occupied residences and commercial lots.

In FY2015, another epitome of luxury and tranquillity offered in this thriving township is its new launch, the Cycas two-storey cluster homes, featuring spacious built-up of 2,615 sq ft, seamless living space that opens to outdoor dining terrace and 4.5-metre ceiling height for selected bedrooms. It also comes with a private garden terrace and ecologically friendly designed for maximum natural light and ventilation.

In the same financial year under review, Setia Tropika handed over Glamor two-storey cluster homes and Movint two-storey semi-detached homes. It also handed over two-storey bungalows Cabana, Marbella and Samanna, 482 units of Sky Peak Residences and 85 units of Livistonia VI three-storey shop offices.

Setia Tropika recorded total sales of RM96 million for the year under review.



Setia Business Park offers eco-conscious businesses with a workplace that meets their business value



Cardena Eco Homes at Setia Eco Gardens

“  
**BEING TOUTED AS ONE OF THE  
 FAST-GROWING DEVELOPMENTS  
 IN JOHOR BAHRU, SETIA  
 TROPIKA CURRENTLY HAS MORE  
 THAN 3,500 UNITS OF OCCUPIED  
 RESIDENCES AND COMMERCIAL  
 LOTS.**  
 ”

#### Setia Eco Gardens

Launched in 2007, Setia Eco Gardens provides discerning homeowners with an eco-living experience within a tranquil rainforest environment. Each precinct is gated and guarded to ensure privacy and peace of mind.

The green township has won numerous awards for its innovative eco concept, architecture and landscaping. Most notable is that the township has won the International FIABCI Prix d'Excellence Award, not once but twice. The first was in 2009 when it won the Best Master Plan Development category. The second win was for its unique 28 acres park complex – Eco Greens. It took home the Best Purpose-Built/Specialised Project Award.

For the year under review, Setia Eco Gardens added Cardena and Pandora 1 – located in Eco Village 2 – to its Eco Homes Series.

In the same financial year under review, Setia Eco Gardens handed over 458 units of double-storey terrace homes – Elvira, Avatha 1, Avatha 2 and Radena.

In FY2015, Setia Eco Gardens clocked in sales of RM146 million.

#### Setia Business Park II

Setia Business Park is an innovative business park concept where caring about the environment and working towards a thriving business is made possible. Business owners looking for centrally located office, plant or warehouse that is modern, environmentally friendly and looks nothing like an industrial zone finds comfort and a business location that is aligned with their sustainable business goals in Setia Business Park. Besides high speed broadband and world-class telecommunications, Setia Business Park also offers green designs engineered to reduce heat gain and enhance natural ventilation.

It stands as one of the first ecologically friendly industrial development located in the bustling region of Iskandar Malaysia. International establishments have found great comfort in Setia Business Park.

For the year under review, Setia Business Park II contributed RM14 million sales to the Group.



## REVIEW OF OPERATIONS



Curvy winding walkways surrounded by lush landscape architecture at Setia Eco Cascadia



Altus, the final tower at Setia Sky 88

“  
**SETIA SKY 88 IS AN ICONIC HIGH-RISE RESIDENTIAL DEVELOPMENT IN JOHOR FEATURING IMPRESSIVELY DESIGNED FACADE TO ITS TOWERING HEIGHT.**  
”

**RM 482 MILLION**

Total sales from Southern region

### Setia Eco Cascadia

Another one of Setia's eco-themed and sustainable townships in Johor is Setia Eco Cascadia, where 15% of the entire development is dedicated to lush landscaping and greenery. 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. This allows the residents to experience a deeper connection with nature. Pebbled walkways shaded by tall, leafy trees, impeccably manicured landscapes and picture perfect views are among many fascinations that can be found in this green paradise. For the year under review, this majestically scenic haven contributed RM70 million to the Group sales.

In the same financial year under review, Setia Eco Cascadia handed over 240 units of double-storey terrace homes – Mahogany, Oak, Hazel, Walnut and Bamboo. It also handed over 106 units of three-storey terraces – Aspen, Ebony and Elm as well as The Fig cluster and semi-detached homes.

### Setia Sky 88

Setia Sky 88 is an iconic high-rise residential development in Johor featuring impressively designed facade to its towering height. Every remarkable aspect and minute detail here has been established with meticulous thought and planning.

As with all S P Setia developments, green theme is applied in every possible space, including a delightful array of luxurious facilities. Residents can revel in breathtaking views of the Singapore cityscape underneath starry skies sky.

Adding to Setia Sky 88's allure is its final tower, the Altus. It oozes class, elegance and exquisiteness in every sense. Even a drive by the grand entrance will leave visitors with unforgettable memories.

In FY2015, Setia Sky 88 contributed RM30 million to the overall group sales.

# PENANG

S P SETIA'S ON-GOING DEVELOPMENTS IN PENANG FOR THE FINANCIAL YEAR UNDER REVIEW ARE SETIA PEARL ISLAND, SETIA VISTA, SETIA SKY VISTA, SETIA GREENS, 11 BROOK RESIDENCES AND SETIA V RESIDENCES. THE GROUP IS SET TO LAUNCH ISLE OF PALM AT SETIA PEARL ISLAND AND SETIA SKY VILLE IN THE THRIVING TOWNSHIP OF JELUTONG IN FY2016.

**Setia Pearl Island**

**Setia Greens**

**11 Brook Residences**

**Setia V Residences**

**Setia Vista**

**Setia Sky Vista**

“**SETIA GREENS IS THE FIRST GREEN TOWNSHIP IN THE NORTHERN REGION TO SUBMIT FOR A GREEN CERTIFICATION.**”

Setia Pearl Island sales

**RM 49 MILLION**



Setia Greens, an ecologically friendly townships for a wholesome living

**Setia Pearl Island**

Since its debut eight years ago, Setia Pearl Island has become a well-known location in the island of Penang to be the preferred dwelling address for those seeking a sustainable and comfortable living space where their loved ones can live, learn, work and play. Spread over 112.6 acres of the former Pearl Island Country Club, this tropical island themed development is carefully landscaped, complemented by a resort clubhouse facilities. With six distinctive thematic isles, blooming greenery and abundance of nesting birds, butterflies and dragonflies, the development is enveloped in peace and tranquillity for residents.

Located at the heart of modern conveniences with linkage to a network of roads, bridges and expressways such as the Jelutong and Bayan Lepas Expressway, Penang Bridge and the second bridge link from Batu Maung to Batu Kawan, this development provides easy access to the four corners of the Island as well as the mainland. Setia Pearl Island is also fully guarded with 24 hours security services, CCTV and two-tiered security system.

In FY2015, Setia Pearl Island contributed sales of RM49 million to the overall Group sales. In the same financial year, Setia Pearl Island also handed over Setia Tri-Angle Shop Offices and Setia Tri-Angle apartments to satisfied customers.

**Setia Greens**

True to its name, Setia Greens is the first green township in the Northern region to submit for a green certification, carrying through the Group's eco-themed townships north to the state of Penang.

Carefully planned to include environmental-friendly features wherever possible, such as rain water harvesting system, water efficient fittings, solar water heater, low volatile organic compounds (VOC) paints and cool roof system, all focusing on increasing the efficiency of resource use while reducing building impact on human health and the environment. A firm believer of creating ecologically friendly townships for wholesome living, S P Setia strives to carve another milestone by going for Green Building Index (GBI) certification with this residential project.

Setia Pinnacle, being a part of Setia Greens' residential development with 434 units of Green Building Index (GBI) rated condominium with sizes ranging from 1,050 sq ft – 1,500 sq ft. It comes with full condominium facilities, grand drop-off point and elegant entrance foyer. The development is currently under construction and on target for delivery in FY2016. Only bumiputra units are still available for sale.



## REVIEW OF OPERATIONS



Aerial View of 11 Brook Residences, handed over in FY2015



Japanese Garden at Setia Sky Vista



Dipping Pool with a breathtaking sea view at Setia V Residences

### 11 Brook Residences

11 Brook Residences is S P Setia's prestigious and niche development in Penang. Magnificently dotting the enclave of the exclusive Jesselton Park and set amidst the lush greenery of Mother Nature, this exclusive two and three-storey bungalows with only 11 units made available are Green Building Index (GBI) Gold rated.

For the year under review, the Group has handed over 11 Brook Residences.

### Setia V Residences

At Setia V Residences, one can take their place within an exclusive circle. Built on 1.8 acres of prime freehold land, this luxurious super condominium is set for iconic landmark status along the famed waterfront promenade of Gurney Drive.

Comprising two towers, a plethora of 6-star facilities and picturesque scenery with a majestic sea view becoming a daily companion for residents, this iconic landmark also features at the heart of the development, a restored heritage building, which will serve as the main lobby and guest lounge – embodying a timeless welcome for visitors and residents alike. In FY2015, Setia V Residences accumulated RM48 million in sales.

This soon-to-be definitive symbol of Penang's progress and nostalgic charm is targeted for completion in FY2016.

### Setia Vista

Offering the best of tropical lifestyle living within a guarded low density community, Setia Vista is located in close proximity to some of the best forest reserve in the island. Each home is carefully designed and placed in an excellent location to give the best value while residents enjoy the cool breeze from the hill nearby.

Setia Vista is well located at the heart of modern conveniences with linkage to network of roads, bridges and expressways. The Jelutong and Bayan Lepas Expressway, Penang Bridge and the second bridge link from Batu Maung to Batu Kawan will definitely facilitate easy access to the four corners of the island and mainland. Conveniences are further enhanced with the availability of landmarks such as Penang International Airport, Free Industrial Zone, established shopping complexes, international colleges, golf course and the newly refurbished SPICE.

### Setia Sky Vista

For the year under review, S P Setia launched Setia Sky Vista, freehold apartment comprising two grand towers connected via a majestic Sky Bridge with a choice of the beautiful city view of Bayan Lepas or a view of the lush, hilly expanse. Setia Sky Vista, featuring environmentally friendly features and lush landscaping, garnered sales of RM55 million in FY2015.



Artist Impression of the upgraded Tanjung Aru Railway Station at Aeropod

## SABAH

Aeropod is a 60-acre integrated development and transportation hub comprising of boutique retail offices, a shopping mall, SOVOs, business-class hotels, high-rise luxury residences, green parks and anchored by the redevelopment and modernisation of the existing Tanjung Aru railway station. Approximately one third of the 60 acres land is dedicated to the railway system and public spaces while around 40 acres has been allocated for development of the other components. The Aeropod project is set to transform the city and is one of the first projects to be sanctioned as part of the state government sponsored Sabah Development Corridor.

The project which commenced in 2012, is expected to be fully completed in 2022 with a gross development value (GDV) of RM1.8 billion and approximately 3.8 million sq ft of gross floor area. This will include an approximately 300,000 sq ft lifestyle retail mall.

Aeropod contributed RM28 million in sales in FY2015.

To date, Aeropod has launched Block C, D and H of the boutique retail offices with Block C and Block D fully taken up while Block H is 83% taken up as at 31 December 2015. Aeropod has also launched Block K1 and K2 of the SOVO Exchange with an average take up rate of 84% respectively as at 31 December 2015.

In November 2015, S P Setia also broke ground for two flyovers leading into and out of Aeropod. The two flyovers are targeted to be completed by early 2018. Upon completion, these flyovers will be able to facilitate easy and safe direct access into and exit from both general directions from Kota Kinabalu City Centre and the Kota Kinabalu International Airport to the new and upcoming Tanjung Aru Train Station which is scheduled for completion by mid-2016. These two flyovers are an integral part of a well-conceived traffic system which also incorporates an urban grade separation network for the entire Aeropod project.

Besides these two flyovers, plans are also underway to construct two more flyovers. These flyovers are part of the overall traffic dispersal scheme for this project. Total cost of construction for all four flyovers is approximately RM72.5 million.

“THE AEROPOD PROJECT IS SET TO TRANSFORM THE CITY AND IS ONE OF THE FIRST PROJECTS TO BE SANCTIONED AS PART OF THE STATE GOVERNMENT SPONSORED SABAH DEVELOPMENT CORRIDOR.”

Aeropod contributed  
RM

**28** MILLION

in sales



## REVIEW OF OPERATIONS



Artist Impression of MAISON, the Group's 3rd acquisition in Melbourne



Verdant landscaping at EcoLakes

## AUSTRALIA

Fulton Lane, S P Setia's maiden venture into the land down under recorded RM14 million in sales while Parque, located in St. Kilda recorded RM11 million in sales in FY2015. Both projects are fully sold. For the year under review, S P Setia successfully completed and handed over Fulton Lane, two months ahead of targeted completion schedule.

In November 2015, the Group announced it has acquired its 3rd piece of land in Melbourne, Australia. This site measures 2,074 square metres and was purchased for AUD6.68 million. The estimated Gross Development Value is AUD34 million. This parcel of land is located at 247-251 Neerim Road, Carnegie, just 11 kilometres southeast of the Melbourne Central Business District.

## VIETNAM

EcoLakes is a vision of modern and sustainable living located in the My Phuoc district of Ho Chi Minh, Vietnam. A perfect fusion of township development and ecosystem conservation, this naturally gated enclave, is surrounded by generous natural landscape where one can co-exist with nature while still enjoy all the advantages of modern living.

At EcoLakes, homes are well designed to accommodate the contemporary Vietnamese lifestyle. Well-planned spaces promise maximum flexibility while feature walls emanate an overall sense of simplicity and beauty.

S P Setia's second eco-themed township in Vietnam is EcoXuan, which was launched following the success of EcoLakes. EcoXuan is located at Lai Thieu in Tuan An District, Binh Dong Province.

Both EcoLakes and EcoXuan recorded sales of RM9 million in FY2015.

Effective from 1 July 2015, foreigners, foreign organisations and Vietnamese residing overseas are permitted to purchase and own homes in Vietnam. The new rules state that only foreigners permitted to enter Vietnam are eligible and can own any property for a maximum of 50 years, while enjoying the same rights to lease transfer or sell the property as Vietnamese citizens. This will augur well for both S P Setia's townships in Vietnam.

“ AT ECOLAKES, HOMES ARE WELL DESIGNED TO ACCOMMODATE THE CONTEMPORARY VIETNAMESE LIFESTYLE. ”

Total sales from International region

RM **1.4** BILLION



Island Club featured within the pool at Eco Sanctuary



Renowned restaurant Pedler at the iconic Battersea Power Station will be opened for all day dining in 2017

## SINGAPORE

FY2015 witnessed two milestones for both S P Setia's projects in Singapore. 18 Woodsville, which is the Group's first foray into Singapore was successfully completed and handed over to satisfied customers two months ahead of schedule. Later in the year, in Q32015, S P Setia also topped out its second development, Eco Sanctuary.

Located along Chestnut Avenue, off Upper Bukit Timah Road and adjoining the Zheng Hua Park, this 24-storey condominium offers residents the much sought-after panoramic view of Singapore's largest nature reserve and it has been designed to emulate the ecology of its surroundings. A first-of-its-kind butterfly trail, housing butterflies of various indigenous species amidst an ecosystem of trees, shrubs and flowers, will run the length of this verdant luxurious condominium.

Both 18 Woodsville and Eco Sanctuary recorded total sales of RM165 million for the year under review.

## UNITED KINGDOM

Battersea Power Station is London's largest, most visionary and eagerly anticipated re-development project, which will see this vast 42-acre former industrial brownfield site become home to a community of homes, shops, cafes, offices and public space.

The overall project is divided into seven phases, with each designed and constructed by a range of specialist architects and contractors. These include SimpsonHaugh & Partners for Phase 1, Fosters + Partners for Phase 3a Battersea Roof Garden, Gehry Partners for Phase 3a Prospect Place and Wilkinson Eyre Architects for Phase 2. In September 2015, the Battersea Power Station announced the addition of Bouygues to its growing list of esteemed partners.

For the year under review, Battersea Power Station also announced that the public park at the Battersea Power Station which has obtained detailed planning consent, is due to open in phases from 2017. This new green space the size of nearly three and a half full sized football pitches will play a key role in the over-arching place-making strategy and will connect the Power Station, Circus West and Phase 6 to the River Thames, with a riverside

promenade. This six-acre park shows the shareholders' collective commitment to the public realm and will deliver a new public park for London.

Construction work has also begun and the first major milestone has been reached with the successful reconstruction of the first of four iconic Battersea Power Station chimneys.

Battersea Power Station also announced that renowned lifestyle hotel art'otel has signed up to be an essential part of its Phase 3, bringing art and life to the development. The addition of this luxurious hotel at the Battersea Power Station will add an extra flair of class, service and exclusivity to the locality.

In FY2015, the Battersea Power Station was awarded 'Developer of the Year' at the Leading Europe Architecture Forum (LEAF) Awards. It also picked up the London Award at the Estates Gazette Awards 2015, for having the greatest impact on London and its property industry.

The Group's 40% share in the re-development of this iconic project generated RM1.2 billion in sales for FY2015.



# CORPORATE RESPONSIBILITY

## INTRODUCTION

Corporate Responsibility (CR) has become embedded into the operations of S P Setia as the organisation continue to stay committed to incorporate CR practices into every facet of its business practices to ensure a sustainable environment for its stakeholders. Its corporate responsibility practices are governed by its Corporate Responsibility Charter of “Building Sustainable Communities for All” which promotes principles of integrity, transparency and sustainability in everything it does and is articulated in the acronym ECO, which stands for Environment, Community and Organisation.



ENVIRONMENT



COMMUNITY



WORKPLACE



MARKETPLACE

“ S P SETIA HAS AN ENVIABLE TRACK RECORD OF INCORPORATING SUSTAINABILITY INTO ITS DEVELOPMENTS, DEVELOPING ECO TOWNSHIPS WHICH MEET INTERNATIONAL BENCHMARKS FOR GREEN ARCHITECTURE AND SUSTAINABLE DEVELOPMENTS. ”

Setia Corporate HQ:

**1<sup>ST</sup>** 

Private Sector office building in Malaysia awarded GBI Platinum rating

**ISO 14001** CERTIFIED

in-house building management team





# ENVIRONMENT

Setia Corporate HQ, located in S P Setia's flagship township, Setia Alam, is the first private sector owned office building and only the third building in Malaysia to be awarded a Green Building Index (GBI) Platinum rating echoing the Group's commitment towards a sustainable future.

Its building facilities including the air-conditioning and lift systems as well as all other M&E facilities are managed by an ISO 14001 certified in-house team using an intelligent Building Management System (BMS) and Central Energy Management System (CEMS). The latter is a management standard that is internationally recognised for managing immediate and long-term environmental impacts on the organisation's products, services and processes.

S P SETIA HAS AN ENVIABLE TRACK RECORD OF INCORPORATING SUSTAINABILITY INTO ITS DEVELOPMENTS, DEVELOPING ECO TOWNSHIPS WHICH MEET INTERNATIONAL BENCHMARKS FOR GREEN ARCHITECTURE AND SUSTAINABLE DEVELOPMENTS. FUNDAMENTALLY, CONCEPTION OF EVERY SETIA DEVELOPMENTS WILL TAKE INTO CONSIDERATION KEY SUSTAINABLE FEATURES SUCH AS ENSURING ENERGY AND WATER EFFICIENCY, UTILISATION OF GREEN MATERIALS WHEREVER POSSIBLE, ADVOCACY OF GREEN INITIATIVES WITHIN THE TOWNSHIP AND DEVELOPMENTS AND MEASURES TAKEN TO PRESERVE NATURAL BIODIVERSITY.



Setia Corporate HQ, the first private sector building in Malaysia to be awarded the GBI Platinum rating

Total Energy Consumption

↓ **33%**

at Setia Corporate HQ



PV Panel at Setia Corporate HQ helps reduce energy consumption by 33%



## CORPORATE RESPONSIBILITY

In 2015, Setia Eco Park, S P Setia's first eco-themed township announced that it will add five new fountains to its existing thirty three scattered around the development. These five new fountains will be solar powered and will be located at Phase 12, Victoria Springs. On top of that, Setia Eco Park will also introduce Malaysia's First Hybrid Solar Powered Waterfall at Phase 16, Elizabeth Falls.

Through its on-going collaboration with eco-advisors such as the Penang Butterfly Farm, KL Bird Park and Fisheries Department, conducive breeding environment for butterflies, birds and fishes were created within the parks at Setia Eco Park. The required food and nectar plants that cater to the life-cycle of butterflies were planted in bulk quantity and distributed equally throughout the parks. In addition, to attract birds, suitable species of fruit trees were identified and planted at certain areas within the parks. The existence of local fishes also encourage the birds to establish their colony here.

Replicating its successful eco township in Setia Eco Park, Setia Eco Glades in Cyberjaya is conceptualised and built towards minimising the effects of global warming. A total of 2,000 grown trees and 3,000 saplings have been successfully transplanted, making it possibly the world's largest transplanting and rehabilitation task undertaken by a property developer. Approximately 160 tons of CO<sub>2</sub> is reduced annually due to this effort.



Setia Eco Park launched Malaysia's First Hybrid Solar Powered Waterfall located at Elizabeth Falls

Taking the eco series to Johor, Setia Eco Gardens features the 28 acres Eco Greens comprising a town park and the famed Eco Gallery which was awarded the FIABCI Prix d'Excellence Awards 2012 for Best Purpose-built/Specialised Project. The Eco Gallery, a sales and community learning centre with a unique vertical green wall also has a Singapore Building and Construction Authority (BCA) Green Mark Gold Award.

S P Setia also pioneers the introduction of Building-integrated photovoltaic (BiPV) system that produces renewable energy in its developments. Besides Setia Eco Park which has equipped BiPV in its semi-detached units and bungalows, a RM4 million BiPV which can generate up to 980 megawatt hour (MWh) per year has been added on to the roofs of both

the Setia SPICE Aquatic Centre and the Setia SPICE Canopy. It is the biggest commercial solar PV farm in Penang and will help to supplement Setia SPICE's electricity consumption.

### WORLD ENVIRONMENT DAY

S P Setia has been an avid advocate of World Environment Day (WED) since year 2008. The Group has commemorated the event annually with numerous exciting activities to generate awareness towards pressing environmental issues.

In 2015, WED activities by S P Setia saw the campaign, themed "Planting Positivity" being brought to schools within its townships in Selangor and Johor, at Tenby International Schools at Setia Eco Park and Setia Eco Gardens.

A seed planting activity was held preceded by an interactive talk and fun quiz on natural resources, water and pollution, conducted by the Global Environment Centre. The event was aimed at educating students on the importance of environmental conservation.



The award-winning 28 acres Eco Greens park complex at Setia Eco Gardens



Generating awareness towards earth conservation at Tenby International School, Setia Eco Park, Selangor

At the workshop, students were asked to make a pledge to play a simple role in their daily lives and help reduce their carbon footprint. To remind the youngsters of their pledge, they were given seed pledge packs where they had to plant the seedlings at their school's garden. The main aim of this activity was to encourage the students to nurture their plants and care for its growth. Besides, it also helps remind them of the pledge they made to the environment.

S P Setia will continue on its quest to create greater awareness towards environment conservation through this yearly campaign.



Planting Positivity at Tenby International School, Setia Eco Gardens, Johor in conjunction with WED 2015



Children made their pledges to environment conservation

**2,000+**   
 -----  
 grown trees  
**3,000**

-----  
 saplings transplanted at Setia Eco Glades



## CORPORATE RESPONSIBILITY



# COMMUNITY

IN AN INDUSTRY THAT REVOLVES AROUND BRICK AND MORTAR, S P SETIA IS MORE THAN JUST A BUILDER. WHEREVER IT SETS ITS FOOTPRINTS, THE GROUP STRIVES TO CONNECT WITH ITS COMMUNITIES, CREATING SUSTAINABLE ENVIRONMENTS THAT ENRICH LIVES. THROUGH S P SETIA FOUNDATION, THE CORPORATE RESPONSIBILITY ARM OF S P SETIA, THE GROUP HAS ALWAYS FOCUSES ITS CORPORATE RESPONSIBILITY EFFORTS IN EDUCATION AND AIDING THOSE LESS FORTUNATE.



S P Setia raises record breaking RM8.6 million for charity

S P Setia Foundation

**RM > 73** MILLION

raised from Annual Charity Dinner to date

In 2015, the Foundation launched Setia Caring School Programme. Some of the activities undertaken by the Foundation under its Caring School programme includes:

### Caring for the environment

Students from the Setia Caring School Programme's adopted schools, namely SK Meru Jalan Tap, SJK (T) Ladang Vallambrosa and SJK (C) Lee Min participated in a series of recycling and seedling planting activities on top of continuous workshops on importance of caring for the environment to instil a caring nature within the students towards mother nature.

### Caring for your friends

Activities such as birthday celebrations, group activities, and dance performances for S P Setia Foundation Charity Dinner inculcated a sense of friendship among students regardless of ethnicity, religion and age.

### Caring for your teachers

Self-crafted personalised gifts for teachers during teachers' day celebration taught the children to love and respect their teachers who work tirelessly to provide them with solid education.



S P Setia Foundation organised a joint-graduation ceremony for 355 Year Six students from its three adopted schools

### Caring for the society

Students from the Setia Caring School Programme's adopted schools, along with teachers, parents and volunteers visited Rita Home in Kapar, Klang, to spread Diwali festive cheer to the residents of the home. The students also visited Pusat Jagaan Warga Emas LZS in the spirit of Ramadhan. Prior to visiting the homes, students gathered to pack festive goodies and create personalised festive greeting cards for residents of the homes.

The Setia Caring School Programme will continue on its long-term pursuit to educate more students on the values of caring, mutual respect and a strong sense of nationalism by adopting more underperforming schools into the programme.

Besides the Setia Caring School Programme, the Foundation also organised a joint-graduation ceremony for 355 Year Six students from its three adopted schools. The students received their graduation certificates in a multi-racial joint graduation ceremony organised for the first time at Setia City Convention Centre.

Themed "*Celebrating Your Success: Fulfilling Dreams*", the headmasters, headmistress and teachers from the three schools worked hand-in-hand to put together a heart-warming affair to celebrate the achievement of the students before they bid goodbye to their alma mater.

### FESTIVE CELEBRATION

S P Setia celebrated the Lunar New Year with its communities across Penang, Kuala Lumpur, Selangor, Johor and Sabah. Celebration in the Northern region of Penang took place at Setia Welcome Centre SPICE in Bayan Baru while celebration in the Central region took place at KL Eco City, Setia Alam, Setia Eco Park, Setia Eco Glades and Setia EcoHill respectively. Performances such as the auspicious lion dance and dragon dance performances, Chinese Orchestra, stage performances as well as activities such as Feng Shui talk, calligraphy and fun fair games, on top of lunch and dinner welcomed visitors from all walks of life.



A gesture of Caring for the Community - children from S P Setia Foundation's adopted schools cleaning the hands of the elderlies at Persatuan Rumah Warga Emas Klang Selangor

“**THE SETIA CARING SCHOOL PROGRAMME WILL CONTINUE ON ITS LONG-TERM PURSUIT TO EDUCATE MORE STUDENTS ON THE VALUES OF CARING, MUTUAL RESPECT AND A STRONG SENSE OF NATIONALISM BY ADOPTING MORE UNDERPERFORMING SCHOOLS INTO THE PROGRAMME.**”

Joint-Graduation Ceremony organised for

# 355

Year Six Students



## CORPORATE RESPONSIBILITY



S P Setia hosted Raya Open House for its community at Setia Alam, Setia Eco Cascadia and Setia SPICE

In the Southern region of Johor, Setia Eco Gardens welcomed visitors with acrobatic lion dance performance while in Kota Kinabalu, Sabah, Aeropod, S P Setia's maiden project in the state, hosted the public to a sumptuous Chinese New Year luncheon.

During Raya festive celebration, S P Setia again, hosted over 7,000 people simultaneously at Setia Welcome Centre SPICE, Setia City Park, Setia Alam and Setia Eco Cascadia in Johor. Themed *Rumah Kita, Kampung Kita*, the open house featured a fun night of traditional games, celebrity performances, stage games, a rare and spectacular 3D projection mapping presentation followed by stunning fireworks display aside to delectable traditional Raya dishes at Setia City Park, Setia Alam.

### FOSTERING COMMUNITY TIES

Community activities are copious within an S P Setia community with the sole objective to nurture and foster closer neighbourly relationships. Through a series of thoughtfully planned events and activities such as Sunday morning Green-exercise sessions, monthly Farmers' Market and Setia Kids' Club workshops, quarterly health campaign and blood donation drive at Setia EcoHill, purchasers and residents have fostered friendship before they moved into their new homes. In 2015, Setia EcoHill also hosted its inaugural Rescue Run in conjunction with the opening of the Lekas-EcoHill Link. Over 5,000 people from its neighbouring communities attended the run. Other activities hosted by Setia EcoHill included an outdoor movie screening for its residents.



Setia EcoHill hosted its community to a movie under the star to foster closer bond amongst neighbours

S P Setia also showed support towards the National Sports Day 2015 by hosting the inaugural Kuala Lumpur Spartan Race in Setia Alam. This is also the first time the race is being organised in South East Asia. The race attracted an estimated 10,000 people who attended the event as participants or to cheer on those who participated in the race.

Adventure and festive celebration such as Chinese New Year, Raya and Deepavali Open House for its residents. Other on-going community events such as tai-chi, yoga and qi-gong are also provided by the community club.

**SAFETY AND SECURITY**

In conjunction with World Environment Day, Setia Alam also hosted its Setia Eco Fun Ride where registration was free for all. Participants were asked to make a pledge to the environment and were each given an opportunity to adopt a plant to play their part in conservation of Mother Earth.

As part of S P Setia's continuous improvement of its products and services with innovative ideas to meet the evolving needs of customers, Setia Eco Glades signed an agreement with Singapore's ST Electronics to install its state-of-the-art AgilFence Perimeter Intrusion Detection System (PIDS) for the entire Eco Glades development. The AgilFence is a first-of-its-kind perimeter intrusion detection and security system in the world and is currently adopted by Singapore's Changi Airport. The AgilFence PIDS system will also be utilised in Setia EcoHill.

At Setia Eco Park, Setia Kids Club offers monthly workshops namely art & craft, educational field trips and monthly birthday party for the residents' children ages between 3 to 12 years old. Neighbourhood get together are also planned by the customer care team on a quarterly basis. In 2015, Setia Eco Park organised Fruity Fiesta, Couple's Bonding Run, 4WD



Fruity Fiesta at Setia Eco Park provided opportunity for neighbours to mingle and get to know each other



S P Setia hosted inaugural KL Spartan Race at Setia Alam in conjunction with National Sports Day 2015

**>5,000**  
PEOPLE 

Setia EcoHill Rescue Run 2015



## CORPORATE RESPONSIBILITY



# WORKPLACE

S P SETIA PRIDED ITSELF FOR CULTIVATING A NURTURING ORGANISATION WHICH PROVIDES CAREER DEVELOPMENT OPPORTUNITIES AS WELL AS COMPELLING BENEFITS FOR TEAM SETIA, A PLACE WHERE TALENTS ARE GROOMED AND EVERY ACHIEVEMENT ACCREDITED TO THE HARD WORK AND DEDICATION OF THE TEAM WHICH IS THE PILLAR OF STRENGTH FOR THE GROUP.

Recipient of the AON Hewitt's Best Employer in Malaysia Award and the Most Popular Graduate Employer in the Property and Construction sector 2015 by GTI Media Asia and Trendence, Europe's leading research institute has further solidify the Group's efforts in promoting best workplace practices for its Team Setia.

The Group is continuously reviewing its succession planning strategy to identify and develop high potentials in its effort to ensure sufficient talent pool within the organisation at all times.

The Emerging Leadership Development Programme for potential managers and Setia Leadership Programme for potential senior managers and above are part of the strategy, where potential leaders are identified to undergo these programmes which are designed to enhance skills and knowledge required to better perform his/her duty. Short sessions with leaders within the organisation are carried out periodically over the year for these potential leaders to provide valuable mentoring session and experience sharing.

The importance of growing internationally savvy talents, especially in future leaders of the company, is aligned with the company's people initiatives – which is to produce competencies such as the ability to think strategically.



S P Setia is the Most Popular Graduate Employer in the Property and Construction sector

Team Setia is encouraged to attend training sessions, which are included in their Key Performance Index (KPI). Trainings provided range from soft skills, information technology, financial knowledge, technical skills to leadership development. Employees are given discretion to select programs that they wish to attend to further enhance the competency which they think require further improvement.

The Group has also recently implemented flexi working arrangement which provides flexibility for employees to change their working schedule to allow better integration

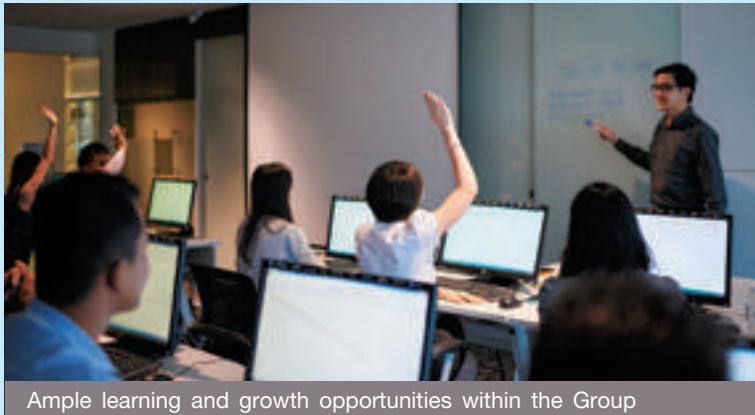
between their work and family/personal commitments. This is especially helpful to female employees with family obligations. Currently, out of the 1,800 employees employed under the Group, 760 or 42.2% represents the female workforce at S P Setia.

The Group also practises equal opportunity and have a healthy multi-cultural mix of employees with approximately 75% of the workforce representing the age group of 21 to 40 years old.

With these good practices in place and setting the right work culture for Team



Team Setia's collective efforts to put up spectacular performances during S P Setia's Annual Dinner



Ample learning and growth opportunities within the Group

Setia, S P Setia staff is committed to "Stay, Say and Strive". A highly engaged team leads to highly loyal and committed team who are also responsible, while a team who feels pride for the company in which they work for are more inclined to promote the brand and be proud to call themselves Team Setia.

**LIVELEARNWORKPLAY CULTURE**

Festive gatherings, family days as well as sports and team building activities are organised year round with S P Setia's annual dinner regarded as the highlight of the year. During this special event, employees from its offices in Penang, Johor, Sabah, and Klang Valley, as well as the international teams from Vietnam, China, Singapore, Australia and the United Kingdom gather for a fun-packed evening with performances by Team Setia from various business divisions.

Aligning human resources' best practices with the company goals, activities such as "Health Month", festive celebration activities, recycling activities, corporate responsibility activities and voluntary services in the S P Setia Foundation Caring School Programme defines the "Live" portion of the philosophy.

**HEALTH, SAFETY AND ENVIRONMENT POLICY**

The nature of the Group's operations create inevitable risks and hazards, not only to those who work with these risks, but also to the public. Therefore, every practical measure to prevent accidental injuries and occupational illness, damage to properties and any adverse effect on the environment, is taken.

It is therefore part of the policy:

- To minimise the adverse health, safety and environmental impacts of our activities, products and services to protect human health and the environment
- To comply with all applicable HSE legislations including the OSHA, FMA, EQA and other requirements to which the organisation subscribes to
- To support pollution prevention and sustainable development by incorporating social responsibility and health, safety and environment excellence into the decision making process
- To set and periodically review the HSE objectives and targets used to promote continuous improvement
- To train and motivate employees and business associates to conduct their activities in a safe and environmentally responsible manner.

This application of sound health, safety and environmental practices for the protection of S P Setia's employees is an essential ingredient in the overall success of its business.

**“ WITH THESE GOOD PRACTICES IN PLACE AND SETTING THE RIGHT WORK CULTURE FOR TEAM SETIA, S P SETIA STAFF IS COMMITTED TO “STAY, SAY AND STRIVE” . ”**



## CORPORATE RESPONSIBILITY



# MARKETPLACE

S P SETIA HAS ALWAYS BEEN COMMITTED TO DO WHAT IS RIGHT BY STAKEHOLDERS IN EVERY LEVEL OF OUR BUSINESS PRACTICES. IT IS A RESPONSIBILITY THAT THE GROUP VIEWS SERIOUSLY, COVERING THE SPAN OF FINANCIAL MANAGEMENT PRACTICES, AN ENTERPRISE RISK MANAGEMENT STRUCTURE THAT GUIDES MANAGEMENT DECISIONS, THE DISSEMINATION OF FAIR AND TIMELY, PLUS EASY TO UNDERSTAND FINANCIAL REPORTS, RESPONSIBLE MARKETING AND SELLING OF SETIA'S PRODUCTS, ENSURING A SUSTAINABLE BUSINESS.

“  
THE GROUP'S OBJECTIVE IS TO CONSISTENTLY MEET AND EXCEED EVERY CUSTOMER'S NEEDS BY PROVIDING EXCEPTIONAL CUSTOMER SERVICES AND PRODUCT QUALITY.  
”

### QUALITY CONTROL

The Group's objective is to consistently meet and exceed every customer's needs by providing exceptional customer services and product quality. To that extent, the Group pledged to inculcate a culture of excellence by instilling in each of every employee a strong sense of commitment to quality, teamwork and professionalism.

Through establishing and maintaining an efficient and effective quality management system at all levels of the organisation, the Group shall continuously improve its product, services and processes leading to total customer satisfaction.

Certification and accreditation also displays the Group's commitment to delivering products of high quality standards.



### UPHOLDING CODE OF CONDUCT & BUSINESS ETHICS

S P Setia is committed to maintain a high standard of code of conduct and business ethics. The value of integrity is the cornerstone of this Code. Hence, everything in this Code is an expression of commitment to performance with integrity.

This Code serves as a road map to help guide actions and behaviours while working for and/or dealing with S P Setia. Every employee, as representative of S P Setia, is expected to fulfil this commitment of good ethical behaviour. Business representatives engaged to act on S P Setia's behalf are also required to adhere to this Code and maintain high standards of conduct and business ethics.

S P Setia conducts its business with honesty and integrity, and respect the integrity of persons with whom it conduct business with. The Group is committed to fair and impartial practices and comply with the laws and regulations. The same principle applies to S P Setia's business activities outside Malaysia.

### BOARD CHARTER

The Board of Directors of S P Setia ("the Board") adopted the Board Charter which sets out the standard and principles governing the Board processes and outlines the roles, functions and responsibilities of the Board in accordance with the authority conferred by the Memorandum and Articles of Association of the Company along

with the provisions of the Companies Act, Bursa Securities Main Market Listing Requirements (Listing Requirements) and the principles set out in the Malaysian Code on Corporate Governance 2012.

The Group is committed to carry out its business in accordance to the highest standards of professionalism, honesty, integrity and ethics. In 2015, the Group's Whistleblowing Policy was approved and it applies to all its business operations locally as well as overseas. It is deemed important that any employee can report, anonymously or not, alleged irregularities regarding accounting or auditing matters, as well as concerns over a general, operational and financial nature within the company, in accordance with this Whistleblower Policy.

### RESPONSIBLE MARKETING

The Group believes in helping customers make informed and correct decisions. To this end, S P Setia has always been cautious and responsible in its marketing campaigns and ensures it makes accurate representations in all its marketing and communications collaterals.

Complying with regulatory requirements set forth by councils and ministries, the Group is also strict in reviewing materials that it publishes and/or distributes to its customer base.

“  
THE GROUP IS COMMITTED  
TO CARRY OUT ITS BUSINESS  
IN ACCORDANCE TO THE  
HIGHEST STANDARDS OF  
PROFESSIONALISM, HONESTY,  
INTEGRITY AND ETHICS.  
”

Whistleblowing Policy

**APPROVED**

in 2015





# CORPORATE CALENDAR



- 1. 28 January 2015**

**Malaysia Greentech Award – Top 30 Green Catalyst in Malaysia**

Setia Eco Park received the Top 30 Green Catalyst Award from the Malaysia Green Technology Corp for our contribution towards developing ecologically sustainable homes.
- 2. 18 February 2015**

**Practical Completion of Fulton Lane**

S P Setia's maiden development in Australia was completed two months ahead of schedule.
- 3. 19 March 2015**

**Aon Hewitt Best Employer Malaysia Award**

S P Setia was delighted to receive this award for the sixth time since 2003.
- 4. 11 April 2015**

**Malaysia Landscape Architecture Awards**

S P Setia climbed the podium to receive an Honour Award under the Property Developer category for Foresta Precinct at Setia Eco Cascadia and a Landscape Analysis and Study Award under the Professional Category for our Setia EcoHill project.
- 5. 29 April 2015**

**Launch of S P Setia Foundation's Caring School Programme**

In conjunction with the launch and efforts to help underperformed schools children, S P Setia has adopted three schools, namely SK Meru Jalan Tap, SJK(C) Lee Min and SJK(T) Ladang Vallambrosa, as part of the Foundation's commitment in making holistic education accessible to all levels of society. In October, S P Setia Foundation successfully raised RM8.6 million for this project with the help from generous donors.
- 6. 12 June 2015**

**BCI Asia Top Ten Awards**

S P Setia once again walked away as one of Asia's top developers at the 22th Annual BCI Asia Awards.
- 7. 16 June 2015**

**Reader's Digest Asia Trusted Brand Awards**

S P Setia was awarded Reader's Digest Asia Trusted Brand for Property Development sector and it was S P Setia's fifth consecutive year in winning this award.
- 8. 29 June 2015**

**Setia Corporate HQ accredited Platinum Rating by GreenRE**

Setia Corporate HQ in Setia Alam was accredited as Platinum Certification (Provisional) in the Non-Residential Category by GreenRE, supported by the Real Estate and Housing Developers' Association (REHDA) Malaysia. It further boosted S P Setia's reputation as a developer committed to building sustainability.
- 9. 2 July 2015**

**Handover of 18 Woodsville**

S P Setia's first development in Singapore was completed two months ahead of schedule and brought our LiveLearnWorkPlay philosophy to the island state.
- 10. 7 August 2015 2015**

**Official Opening of the Lekas-EcoHill Link**

This 2.7km dual, two-lane carriageway was designed to halve the daily traffic congestion in Semenyih.
- 11. 21 August 2015**

**Putra Brand Awards 2015**

S P Setia was honoured with a Silver Award in the Property Development Category. This was the fourth time we received this award.
- 12. 27 August 2015**

**South East Asia Property Awards (Malaysia) 2015**

S P Setia garnered the following accolades:

  - Best Developer
  - Best Green Development Award for KL Eco City
  - Best Luxury Condo Development (Central Malaysia) for Vogue Suites 1, KL Eco City
  - Best Residential Architectural Design for Vogue Suites 1, KL Eco City
  - Best Mid-Range Housing Development (South Malaysia) for Foresta Precinct, Setia Eco Cascadia
- 13. 28 September 2015**

**Topping out ceremony for Eco Sanctuary**

This ceremony was held at Tower C of the BCA Green Mark (Platinum) award-winning development, S P Setia's second project in Singapore.



# CORPORATE CALENDAR

14



15



16



17



18



19



20

21



#### 14. 16 October 2015

##### **The Emirates Glass Leading European Architecture Forum (LEAF) Awards**

The redevelopment of the iconic Battersea Power Station bagged Developer of the Year award in LEAF Awards 2015.

#### 15. 6 November 2015

##### **FIABCI Malaysia Property Awards 2015**

Setia Corporate HQ once again won the Best Sustainable Development category and this was S P Setia's ninth FIABCI Malaysia Property Award.

#### 16. 9 November 2015

##### **KL Eco City's Strata Office Tower Topping Out Ceremony**

Officiated by Minister of Federal Territories, Datuk Seri Utama Tengku Adnan Bin Tengku Mansor, the Mayor of Kuala Lumpur and many other dignitaries, this tower is 100% sold and is one of seven office towers and boutique offices planned for the 25 acres KL Eco City development.

#### 17. 13 November 2015

##### **The Most Popular Graduate Employer In The Property And Construction Sector**

S P Setia Berhad bagged the most popular graduate employer award in the Property and Construction sector at the annual Malaysia's Leading Graduate Employers Awards organised by GTI Media Asia and Trendence, Europe's leading research institute. This the second time S P Setia is being accorded the honour.

On top that, S P Setia is also listed as one of the Top 15 Leading Graduate Employers in Malaysia. S P Setia has been listed on the Malaysia's 100 Leading Graduate Employers list since year 2011.

#### 18. 27 November 2015

##### **Aeropod Flyovers Ground Breaking Ceremony**

Witnessed by Deputy Chief Minister cum Minister of Infrastructure Development, Tan Sri Datuk Seri Panglima Joseph Pairin Kitingan, and Mayor of Bandaraya Kota Kinabalu, Datuk Abidin Madingkar, this ground breaking ceremony showcased S P Setia's commitment to create value for the community in Aeropod, a re-development project of Tanjung Aru Train Station. The flyovers are scheduled for completion by early 2018.

#### 19. 30 November 2015

##### **QLASSIC Excellence Award 2014**

It was an honour for S P Setia to be recognised for our efforts in upholding quality and excellence in developing Setia Corporate HQ. The award was presented by CIDB Chief Executive, Dato' Sri Ir. Dr. Judin Abdul Karim.

#### 20. 1 December 2015

##### **The Edge Property Excellence Awards 2015**

S P Setia was accredited three awards for the night:

- The Edge Top Property Developers Award
- The Edge-PAM Green Excellence Award for Setia Corporate HQ
- The Edge Malaysia Notable Property Achievement Award for Setia Eco Park, Shah Alam

#### 21. 10 December 2015

##### **Estates Gazette Awards**

Battersea Power Station has been presented with the "London Award 2015" at the annual Estates Gazette Awards in London. This accolade acknowledges the positive impact the Battersea Power Station development have on the capital and its property industry.



# 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 group of companies (“the Group”) to achieve long-term sustainable business growth and to safeguard, protect whilst enhancing 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 period from 1 November 2014 to 31 December 2015 (“FY2015”).

## 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 amongst 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 and operational matters of the Group within the prescribed limits of authority.

The Group’s Key Performance Indicators 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, reviewing the adequacy and the integrity of the Company’s internal control system and management information system.

The Board acknowledges the importance of readiness of talent pool for succession planning. On 1 January 2015, Dato’ Khor Chap Jen, who was the then Acting Deputy President and COO, assumed the position of Acting President and CEO of the Company and Datuk Wong Tuck Wai, who was previously the Executive Vice President, assumed the position as the Acting Deputy President and COO. The changes above were part of the management succession plan approved by the Board to ensure smooth transition of management and continued success of the Group.

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 previous board governance structure, the Board Committees included the Executive Committee (“EXCO”), Audit Committee (“AC”), Nomination Committee (“NC”), Remuneration Committee (“RC”), Risk Management Committee (“RMC”) and Long Term Incentive Plan Committee (“LTIPC”). During FY2015, the Board undertook a review of the compositions and functions of the Board Committees aimed at ensuring an optimum level of governance model for further enhancing the Board’s operations. The NC, RC and LTIPC were merged and reconstituted as the Nomination and Remuneration Committee (“NRC”) with effect from 12 March 2015.

The Terms of Reference (“TOR”) of the relevant Board Committees are available on [www.spsetia.com](http://www.spsetia.com).

Notwithstanding that the Board Committees are delegated with certain responsibilities, the Chairmen 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 are set out on page 15 of this Annual Report.

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

The Company has formalised 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 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 Risk Management Committee.

The Company also has in place a Whistleblowing Policy which is aimed at protecting the 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 corporate website.

### **1.4 Strategies that Promote Sustainability**

The Board is committed to building a sustainable business by taking into consideration the impact on the environment, social and governance aspect of business operations. The Group’s corporate responsibility charter, “Building Sustainable Communities for All” was launched in 2007. The Corporate Responsibility Statement which is set out on pages 58 to 69 of this Annual Report explains the Group’s practices, philosophies and activities carried out during FY2015, which demonstrates the Group’s commitment towards evolving global environmental, social, governance and sustainability agenda.

### **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 them to discharge their duties effectively. The agenda and board papers are circulated to the Board members prior to the Board meetings in advance 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.

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

All Directors have direct and unrestricted access to the advice and services of the Company Secretary and Senior Management and the Board may seek independent professional advice, at the Company’s expense, if required, in furtherance of their duties. They are also kept updated on the developments of the Group and announcements made by the Company to Bursa Securities are forwarded to the Directors for their information.



# CORPORATE GOVERNANCE STATEMENT

## 1.6 Company Secretaries

The Company Secretaries of the Company are qualified company secretaries under Section 139A of the Companies Act 1965 ("Act"). 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.

## 1.7 Board Charter

The Board has formalised and adopted a Board Charter to serve as a source reference and primary induction literature, 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 majority are Independent Non-Executive Directors. The Chairman of the NRC is an Independent Non-Executive Director ("INED"). The Members of the NRC are listed on page 15 of this Annual Report.

The TOR of the NRC provides 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 comprising the Employee Share Option Scheme and the Employee Share Grant Plan.

During FY2015, the NRC carried out its functions in accordance with its TOR which are further elaborated in the relevant sections below.

### 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 perspective 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 experience and skills. The composition of the Board will be reviewed by the NRC on an annual basis to ensure the effective functioning of the Board to meet the needs of the Group. Appointments to the Board are based on merit.

During the financial year, to further strengthen the current mix of the Board, four (4) new Non-Executive Directors, namely Dato' Zuraidah Binti Atan, Tengku Dato' Ab. Aziz Bin Tengku Mahmud, Puan Noraini Binti Che Dan and Mr. Philip Tan Puay Koon were appointed to the Board of the Company. The new members of the Board provide the Group with added wealth of knowledge and experience to draw on which include legal, technical, accounting and banking.

The Board has also increased its women representation with the appointment of three (3) women Directors. As at 31 December 2015, women representation makes up 27% of the Board.

During the financial year, the NC and/or NRC reviewed and made its recommendation to the Board for new appointments and changes to the composition of the Board Committees. The Board reviewed the Directors who were subject to re-election/election at the Fortieth (40th) Annual General Meeting ("AGM") held on 26 March 2015 ("40th AGM") and had recommended the re-appointment of Dato' Halipah Binti Esa, Dato' Ahmad Pardas Bin Senin, Dato' Seri Ir. Hj. Mohd Noor Bin Yaacob, Dato' Zuraidah Binti Atan and Tengku Dato' Ab. Aziz Bin Tengku Mahmud, all of whom had offered themselves for re-election at the 40th AGM.

Pursuant to Section 129(6) of the Act, the office of a director of or over the age of seventy (70) years becomes vacant at every AGM unless he is re-appointed by a resolution passed at such an AGM of which no shorter notice than that required for the AGM has been given and the majority by which such resolution is passed is not less than three-fourths of all members present and voting at such an AGM. Tan Sri Dato' Dr. Wan Mohd Zahid Bin Mohd Noordin who was due to retire had offered himself for re-appointment at the 40th AGM of the Company. The re-appointment of Tan Sri Dato' Dr. Wan Mohd Zahid was also reviewed and recommended by the Board.

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 professionals and skills provide 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.

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

In July 2015, 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, quality of information supplied by the management, time commitment and contribution of Directors during Board and Board Committees' meetings. The BEE questionnaires were circulated to all the Directors for their evaluation. Subsequently, the NRC and the Board had in September 2015, reviewed the outcome of the BEE. Areas requiring improvements were also identified and action plans were recommended to the Board for approval for implementation.

#### **Appointment of Senior INED**

On 12 March 2015, Dato' Ahmad Pardas Bin Senin was appointed as the Senior INED in place of Mr. Ng Soon Lai @ Ng Siek Chuan.

### **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 caliber 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 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 level of remuneration and the remuneration framework of the Non-Executive Directors was undertaken by the RC and the Board during the financial year with the aim of achieving a sustainable and transparent remuneration policy. 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 is adopted by the Board that is able to attract, retain and motivate Directors.



# CORPORATE GOVERNANCE STATEMENT

## 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 each 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.

### (ii) Bonus Scheme

The Group operates a bonus scheme for all employees, including the Executive Director. The criteria for the scheme include the level of profit achieved by the Group from its business activities against targets, together with an assessment of each individual's performance during the period. Bonuses payable to the Executive Directors are 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. The proposed Directors' Fees for FY2015 are RM50,000 per month for the Chairman and RM10,000 per month for each of the Non-Executive Directors of the Company. 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.

### (iv) Benefits-In-Kind

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

The details of the remuneration of each Director of the Company who served during FY2015 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 Directors</b>							
1.	Dato' Voon Tin Yow <sup>1</sup>	900	5,562	-	-	8	6,470
2.	Dato' Khor Chap Jen	2,981	1,176	-	-	604	4,761

		Basic Salary (RM'000)	Bonus (RM'000)	Fees (RM'000)	Other Emoluments (RM'000)	Benefits- in-Kind (RM'000)	Total (RM'000)
<b>Non-Executive Directors</b>							
1.	Tun Dato' Seri Zaki Bin Tun Azmi	-	-	700	81	-	781
2.	Tan Sri Dato' Dr. Wan Mohd Zahid Bin Mohd Noordin	-	-	140	21	-	161
3.	Zainal Abidin Bin Jamal	-	-	140	36	-	176
4.	Dato' Halipah Binti Esa	-	-	140	37	-	177
5.	Dato' Ahmad Pardas Bin Senin	-	-	140	70	-	210
6.	Dato' Seri Ir. Hj. Mohd Noor Bin Yaacob	-	-	140	64	-	204
7.	Dato' Zuraidah Binti Atan <sup>2</sup>	-	-	125	8	-	133
8.	Tengku Dato' Ab. Aziz Bin Tengku Mahmud <sup>3</sup>	-	-	116	8	-	124

<b>Non-Executive Directors</b>		<b>Basic Salary</b> <b>(RM'000)</b>	<b>Bonus</b> <b>(RM'000)</b>	<b>Fees</b> <b>(RM'000)</b>	<b>Other Emoluments</b> <b>(RM'000)</b>	<b>Benefits-in-Kind</b> <b>(RM'000)</b>	<b>Total</b> <b>(RM'000)</b>
9.	Noraini Binti Che Dan <sup>4</sup>	–	–	37	11	–	<b>48</b>
10.	Philip Tan Puay Koon <sup>4</sup>	–	–	37	8	–	<b>45</b>
11.	Tan Sri Dato' Seri Alauddin Bin Dato' Md Sheriff <sup>5</sup>	–	–	15	–	–	<b>15</b>
12.	Tan Sri Dato' Hari Narayanan A/L Govindasamy <sup>6</sup>	–	–	44	21	–	<b>65</b>
13.	Datuk Ismail Bin Adam <sup>6</sup>	–	–	44	24	–	<b>68</b>
14.	Ng Soon Lai @ Ng Siek Chuan <sup>7</sup>	–	–	48	29	–	<b>77</b>
15.	Dato' Noor Farida Binti Mohd Ariffin <sup>7</sup>	–	–	48	2	–	<b>50</b>

*Notes:*

1. *resigned w.e.f. 1 January 2015*
2. *appointed w.e.f. 16 December 2014*
3. *appointed w.e.f. 15 January 2015*
4. *appointed w.e.f. 11 September 2015*
5. *resigned w.e.f. 16 December 2014*
6. *resigned w.e.f. 12 March 2015*
7. *retired at the conclusion of the 40th AGM*

### **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.

During the year, the Board assessed the independence of the INEDs as part of the BEE. The newly appointed INEDs were also required to confirm and declare their independence by completing a questionnaire, prior to their appointment. 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.

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 and as well as international best practice, the Board had adopted the nine (9) year rule for INEDs in line with Recommendation 3.2 of the Code, from a period of twelve (12) years previously.

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.



# CORPORATE GOVERNANCE STATEMENT

### 3.3 Shareholders' approval for re-appointment as INED who have served for a tenure of more than nine years

Tan Sri Dato' Hari Narayanan A/L Govindasamy and Datuk Ismail Bin Adam resigned as Directors of the Company on 12 March 2015 while Mr. Ng Soon Lai @ Ng Siek Chuan retired at the conclusion of the 40th AGM of the Company.

There are no other 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. During FY2015, the Group was led by the then Acting President and CEO who was responsible for the overall management of the Group, ensuring that strategies, policies and matters set by the Board were effectively implemented. The Chairman, who was an INED was responsible for conducting meetings of the Board and shareholders and ensuring all Directors were properly briefed during Board discussions and shareholders were 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 2015, the Board comprised eleven (11) Directors of whom one (1) was Executive Director, five (5) 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 was an INED.

The profiles of the Directors are set out in page 22 to page 31 of this Annual Report.

## 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. Any Director who has a direct or indirect interest in the subject matter to be discussed during Board meetings will declare his or her interest and abstain from the decision making process.

During the financial period under review, 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	NC	RC	EXCO
1.	Tun Dato' Seri Zaki Bin Tun Azmi	9/9			3/3	2/2		11/11
2.	Dato' Khor Chap Jen	9/9						11/11
3.	Tan Sri Dato' Dr. Wan Mohd Zahid Bin Mohd Noordin	8/9			3/3			
4.	Zainal Abidin Bin Jamal	9/9		14/14				
5.	Dato' Halipah Binti Esa	9/9	3/3					7/7
6.	Dato' Ahmad Pardas Bin Senin	8/9	2/2	14/14	3/3			
7.	Dato' Seri Ir. Hj. Mohd Noor Bin Yaacob	8/9	2/2	11/12				10/11

No.	Name of Directors	Number of Meetings						
		Board	AC	RMC	NRC	NC	RC	EXCO
8.	Dato' Zuraidah Binti Atan <sup>1</sup>	8/8						
9.	Tengku Dato' Ab. Aziz Bin Tengku Mahmud <sup>2</sup>	8/8						
10.	Noraini Binti Che Dan <sup>3</sup>	3/3	1/1					
11.	Philip Tan Puay Koon <sup>3</sup>	3/3	1/1					
12.	Tan Sri Dato' Seri Alauddin Bin Dato' Md Sheriff <sup>4</sup>	N/A						
13.	Dato' Voon Tin Yow <sup>5</sup>	1/1						
14.	Tan Sri Dato' Hari Narayanan A/L Govindasamy <sup>6</sup>	1/2	1/2				1/1	
15.	Datuk Ismail Bin Adam <sup>6</sup>	2/2	2/2			2/2	1/1	
16.	Ng Soon Lai @ Ng Siek Chuan <sup>7</sup>	2/2	2/2			2/2	1/1	
17.	Dato' Noor Farida Binti Mohd Ariffin <sup>7</sup>	2/2						

## Notes:

1. appointed w.e.f. 16 December 2014
2. appointed w.e.f. 15 January 2015
3. appointed w.e.f. 11 September 2015
4. resigned w.e.f. 16 December 2014
5. resigned w.e.f. 1 January 2015
6. resigned w.e.f. 12 March 2015
7. retired at the conclusion of the 40th AGM
8. There were no meetings of the LTIPC held for the period from 1 November 2014 to 11 March 2015.

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 Articles of Association. 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 Meetings.

The Directors are aware of the limits of directorships they can have in public listed companies quoted on Bursa Securities. Whilst Directors notify the Company Secretary 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 appointed during FY2015 have attended the Mandatory Accreditation Programme within the timeframe prescribed and/or such extension as allowed by Bursa Securities. They had also attended the orientation programme organised by the Company to familiarise 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, Directors attended the following training programmes and seminars to further broaden their perspective, skills, knowledge and to keep abreast of the relevant changes in law, regulations and the business environment:-

- (1) Nominating Committee Program 2: Effective Board Evaluation;
- (2) Family Law;
- (3) Corporate Fraud;
- (4) Corporate Governance: Corrupt Practices;
- (5) Integrated Reporting Workshop;
- (6) Applications and Implications of Anti-Bribery Laws on Astro;
- (7) Remuneration Reward Practices 2015;
- (8) Focus Group Session for Board of Directors on Strengthening Corporate Governance Disclosure Amongst the Listed Issuers;
- (9) Lead the Change – Getting Women on Board;
- (10) Board Chairman Series Part 2 – Leadership Excellence from the Chair;
- (11) Leveraging Cloud for Media Services – Rewards & Risks;
- (12) Global Media Landscape;
- (13) Media Training Workshop;
- (14) Directors’ Duties – Management Team Training Session;
- (15) Competition Law Training Session;
- (16) Anti-Money Laundering Anti-Terrorism Financing and Proceeds of Unlawful Activities Act 2013;
- (17) Directors as Gatekeepers of Market Participants: Role of Today’s Board and Corporate Governance;
- (18) Business Challenges and Regulatory Expectations – What Directors Need to Know;
- (19) PNB Investment Series – Seminar on Current Trends in Shareholders’ Activism & Predicting Financial Crime – Detection, Prevention & Remediation;
- (20) Risk Workshop – Strategic Planning and Risk Appetite;
- (21) Risk Masterclass – “Tomorrow’s Risks : What Lies Ahead”;
- (22) Customised Advocacy Session for Directors;
- (23) Annual External Environment Analysis and Sectorial Outlook;
- (24) BTA Series 3: Payment & Transactions Management;
- (25) PNB Investment Series: Financial Freedom – Growing Dreams by Suze Orman;
- (26) Board Education Session on Real Estate Valuation;
- (27) Board Education Session on Resolution of Insurance Companies & Framework for Evaluation Model;
- (28) International Directors Summit 2015 on “Inculcating Innovation, Catalysing Growth Through Public-Private Partnership”;
- (29) Directors Forum 2015 on “Talent and Human Capital: The Drivers of Growth and Creativity”;
- (30) 9th Malaysian Road Conference 2014 and PIARC International Seminar on Slopes, Road Foundation Drainage and Stormwater Management;
- (31) CAP 10 ASEAN CEO Summit 2015;
- (32) 26th Annual Palm & Lauric Oils Conference;
- (33) Knowing How to Detect, Prevent and Report;
- (34) Invest Malaysia 2015;

- (35) Port Investments & Public Private Partnership;
- (36) Palm Oil Products: Expanding the Current Bursa Malaysia Derivatives Portfolio;
- (37) Corporate Governance Director's Workshop – The Interplay between Corporate Governance, Non-Financial Information and Investment Decision;
- (38) 16th International Anti-Corruption Conference 2015: Ending Impunity – People Integrity Action;
- (39) World Capital Markets Symposium 2015: Markets and Technology – Driving Future Growth Through Innovation;
- (40) Capital Market Director Programme: Directors as Gatekeepers of Market Participants;
- (41) Capital Market Director Programme: Business Challenges and Regulatory Expectations;
- (42) Capital Market Director Programme: Risk Oversight and Compliance – Action Plan for Board of Directors;
- (43) Capital Market Director Programme: Current and Emerging Regulatory Issues in the Capital Market;
- (44) National Preparedness Month YSS-MDEC-JPAM (Disaster Recovery Planning);
- (45) Board Chairman Series: Tone from the Chair and Establishing Boundaries;
- (46) Corporate Governance Breakfast Series: Future of Auditor Reporting – The Game Changer for Boardroom;
- (47) The International Association of Traffic and Safety Sciences (IATSS) Forum: A World of Human Chemistry;
- (48) GST Session with Customs;
- (49) HRMS Communication Session;
- (50) Complexity & Challenges in the Law & Compliance for Board of Directors of PNB Group;
- (51) Governance, Director Duties and Regulatory Updates Seminar 2015;
- (52) Light and Shadow in the Boardroom;
- (53) Norton Balanced Scorecard for Senior Management;
- (54) Compliance & the Law (Risk Based Approach) for Board of Directors & Senior Management of PNB Group;
- (55) Revisiting Islamic Philanthropy for Sustainable Opportunities;
- (56) Corporate Governance Breakfast Series: How to Maximise Internal Audit;
- (57) The Asian Covered Bond Investor Forum;
- (58) Power Talk Series “What Will Distinguish the Great Boards of Tomorrow”;
- (59) Directors Forum “Talent and Human Capital – The Drivers of Growth and Creativity”;
- (60) MIDF Investors Forum;
- (61) The Future Agenda Program;
- (62) Swift International Banking Operations Seminar (SIBOS) Conference 2015;
- (63) Financial Institutions Directors' Education (FIDE): Internal Capital Adequacy Assessment Process ICAAP (Banks);
- (64) Tun Ismail Ali Lecture Series 2015: The Shaking Foundation of Finance;
- (65) Khazanah Megatrends Forum 2015; and
- (66) Leadership Energy Summit Asia 2015.

Apart from participating in various discussion sessions and workshops, Tun Dato' Seri Zaki Bin Tun Azmi had delivered lecture to the Ministry of Education on “Improvements in Ministry of Education” and Tan Sri Dato' Dr. Wan Mohd Zahid Bin Mohd Noordin had delivered talk on leadership at the 3rd ASEAN Future Leaders Summit.

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 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 FY2015, 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 224 of the Annual Report.

### **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 91 to page 92 of this Annual Report.

The Company has in place a policy to assess the suitability and independence of external auditors. Performance review of the external auditors will be conducted annually.

## **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 asset. A management level Management Risk Committee ("MRC") under the purview of the Acting President/CEO spearheaded risk management activities to assist the RMC in ensuring adequate risk management controls are in place in the Group during FY2015.

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 94 to 96 of this Annual Report.

### **6.2 Internal Audit Function**

The Group has an in-house Group Internal Audit that reports directly to the AC. The internal audit function is described in the AC Report set out on page 93 of this Annual Report.

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

### **7.1 Corporate Disclosure Policy**

The Company is committed to ensure that all information such as corporate announcements, circular 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; but through the Chairman's Statement and the President's Report 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 report, 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 40th AGM of the Company, shareholders were encouraged to raise questions they had and the questions were duly replied by the Board.

### **8.2 Encourage Poll Voting**

In accordance with the Articles of Association, 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 40th AGM of the Company held on 26 March 2015, 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 2015 AGM dated 4 March 2015.

There were no substantive resolution to be voted at the 40th AGM and no poll was demanded on any resolutions tabled at the 40th AGM.



# 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, which 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 19 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 2015, a press conference was held after the conclusion of the 40th AGM of the Company where the then Acting President and CEO, Acting Deputy President and COO and Acting CFO together with the relevant Senior Management would advise the media on the resolutions approved by the shareholders and brief the media on the operations, performance and financial results of the Group for the year under review and clarify issues and answer 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 4 April 2016.

## ADDITIONAL COMPLIANCE INFORMATION

### UTILISATION OF PROCEEDS RAISED FROM CORPORATE PROPOSALS

The proceeds raised under the Placement exercise which was completed on 25 February 2013 amounting to RM942.86 million have been fully utilised as at 30 April 2015, as announced by the Company on 15 June 2015.

### OPTIONS, WARRANTS OR CONVERTIBLE SECURITIES

During FY2015, the Company did not issue any options, warrants or convertible securities except for the Employee Share Grant Plan (“ESGP”) and Employee Share Option Scheme (“ESOS”) issued under the Long Term Incentive Plan (“LTIP”) and the Dividend Reinvestment Plan (“DRP”). Further information on the ESGP and ESOS is set out in the Directors’ Report and Note 20 of the Annual Audited Financial Statements for FY2015 in this Annual Report.

During FY2015, 42,786,880 and 33,025,020 new ordinary shares of RM0.75 each (“Shares”) have been issued pursuant to the DRP at an issue price of RM3.10 and RM2.83 per share respectively.

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 and FY2015 are set out in the table below:

For the period from 10 April 2013 to 31 October 2013	Total	Executive Director/CEO	Senior Management	Other Entitled Employees
<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>				
	Total	Executive Director/CEO	Senior Management	Other Entitled Employees
<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>



# CORPORATE GOVERNANCE STATEMENT

## For the period from 1 November 2013 to 31 October 2014

	Total	Executive Director/CEO	Senior Management	Other Entitled Employees
<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>

## For the period from 1 November 2014 to 31 December 2015

	Total	Executive Director/CEO	Senior Management	Other Entitled Employees
<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>

### 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 2015, 15.1% 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 FY2015 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 FY2015 and since the commencement of the LTIP.

**NON-AUDIT FEES**

The amount of non-audit fee paid by the Company and its subsidiaries to the external auditors and their affiliated companies for financial period 2015 amounted to RM974,500.

**MATERIAL CONTRACTS**

There were no material contracts entered into by the Company and its subsidiaries involving Directors' and major shareholders' interest which were still subsisting as at the end of the financial year under review or which were entered into since the end of the previous financial year except as disclosed in note 38 of the financial statements.

**RECURRENT RELATED PARTY TRANSACTIONS**

At the 40th AGM of the Company held on 26 March 2015, 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 26 March 2015 and will continue until the conclusion of the forthcoming AGM of the Company.

At the forthcoming AGM to be held on 18 May 2016, 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 2016 attached to this Annual Report.



# AUDIT COMMITTEE REPORT

## MEMBERS OF THE AUDIT COMMITTEE

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

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

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

Two-third 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").

## TERMS OF REFERENCE

### 1.0 PURPOSE

The primary objectives of the AC (as a committee of the Board) are to assist the Board in the effective discharge of its fiduciary responsibilities for corporate governance, timely and accurate financial reporting and development of sound internal controls.

### 2.0 COMPOSITION

- i. The AC shall be appointed by the Directors amongst their numbers, who fulfils the following requirements:
  - composed of no fewer than 3 members;
  - all members must be Non-Executive Directors, with a majority of them being independent directors;
  - all members should be financially literate and at least one member must be a member of the Malaysian Institute of Accountants or have the relevant qualifications and experience as specified in the Listing Requirements.
- ii. The Chairman of the AC shall be an Independent Director.

### 3.0 REPORTING RESPONSIBILITIES

The AC will report to the Board on the nature and extent of the functions performed by it and may make such recommendations to the Board on any audit and financial reporting matters as it may deem fit.

### 4.0 ATTENDANCE AT MEETINGS

- i. The President and Chief Executive Officer, Deputy President and Chief Operating Officer, Chief Financial Officer, Group Financial Controller, Chief Internal Auditor and representatives of the External Auditors will normally attend meetings.
- ii. Other Directors and employees may attend any particular AC meeting only upon the invitation of the AC specific to the relevant meeting.
- iii. The Company Secretary shall be the secretary of the AC.

## 5.0 FREQUENCY OF MEETINGS

A minimum of four (4) meetings a year shall be planned, although additional meetings may be called at any time at the Chairman's discretion.

The AC should meet with the External Auditors without Executive Board members and management present at least twice a year.

The AC would meet regularly, with due notice of issues to be discussed, and should record its conclusions in discharging its duties and responsibilities.

The Chairman of the AC should engage on a continuous basis with Senior Management such as the Chief Executive Officer, Chief Financial Officer, Chief Internal Auditor and External Auditors in order to keep abreast of matters affecting the Group.

## 6.0 QUORUM

The quorum for a meeting shall be two (2) members. The majority of members present shall be Independent Directors.

## 7.0 AUTHORITY

- i. The AC is authorised by the Board to investigate any activity within its Terms of Reference. It is authorised to seek any information it requires from any employee for the purpose of discharging its functions and responsibilities.
- ii. The AC may, with the approval of the Board, obtain legal or other advice from independent professionals and appoint external parties with relevant experience and expertise to assist the AC if it considers this necessary.

## 8.0 DUTIES

The duties of the AC shall be:

- i. To consider the appointment of the External Auditors, the audit fees and any questions of resignation or dismissal.
- ii. To review the nature and scope of the audit by the External Auditors before commencement.
- iii. To review the quarterly and year end financial statements before submission to the Board, focusing particularly on:
  - any changes in accounting policies and practices;
  - significant audit adjustments from the External Auditors;
  - the going concern assumption; and
  - compliance with accounting standards and other legal requirements.
- iv. To discuss problems and reservations arising from the interim and final audits and any matter the auditors may wish to discuss (in the absence of management, where necessary).
- v. To review the External Auditors' management letter and management's response.



## AUDIT COMMITTEE REPORT

- vi. To do the following, in relation to the internal audit function:
  - review the adequacy of the scope, functions and resources of the internal audit function, and that it has the necessary authority to carry out its work;
  - review the internal audit programme and results of the internal audit process and, where necessary, ensure that appropriate actions are taken on the recommendations of the internal audit function;
  - review any appraisal or assessment of the performance of members of the internal audit function;
  - approve any appointment or termination of senior staff members of the internal audit function; and
  - take cognisance of resignations of internal audit staff members and provide the resigning staff member an opportunity to submit reasons for resigning.
- vii. To review any related party transactions that may arise within the Company or the Group.
- viii. To consider other related matters, as defined by the Board.

### SUMMARY OF ACTIVITIES OF THE AC DURING THE PERIOD UNDER REVIEW

The AC met five (5) times during the financial period from 1 November 2014 to 31 December 2015 ("FY2015"). The Acting President and Chief Executive Officer, Acting Deputy President and Chief Operating Officer, Acting Chief Financial Officer, Group Financial Controller, Chief Internal Auditor and External Auditors attended the meetings together with the AC members.

The activities of the AC for FY2015 were as follows:

- (a) Reviewed the quarterly financial results announcements and the year end financial statements of the Group prior to the Board's approval, focusing particularly on:
  - the overall performance of the Group;
  - the prospects for the Group;
  - the changes and implementation of major accounting policies and practices;
  - compliance with accounting standards and other legal requirement; and
  - financial impact from the implementation of the Goods and Services Tax to the Group.
- (b) Discussed significant audit findings in respect of the financial statements of the Group for the financial year ended 31 October 2014 with the External Auditors;
- (c) Reviewed the audit plan for the FY2015 with the External Auditors including the adequacy of the external audit team and audit fees. In the course of review of the audit plan, areas of audit emphasis were discussed at length as well as financial reporting and regulatory developments, so as to ensure that relevant accounting standards are complied with by the Group.
- (d) Reviewed the declaration of independence by the External Auditors in respect of the audit for the FY2015;
- (e) Reviewed the reports prepared by the Internal Auditors on the state of internal control of the Group;
- (f) Reviewed the related party transactions entered into by the Company and the Group;
- (g) Reviewed the proposal to change financial year of the Company and Group from 31 October to 31 December and recommended the same for the Board's approval;
- (h) Reviewed the policy for the assessment of performance and independence of External Auditors and recommended the policy for the Board's approval; and
- (i) Met with the External Auditors twice without the presence of Executive Director and management.

## INTERNAL AUDIT FUNCTION

The Group has an in-house independent internal auditing function providing objective assurance and consulting activity designed to add value and improve the Group's operations. It helps the Group to accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance process.

Group Internal Audit ("GIA") conducts the audit in accordance with the annual internal audit plan approved annually by the AC. It performs risk based audits and reviews on all business units emphasising on high risk areas. All major findings and significant control issues and concerns are reported directly to the AC. The GIA also highlights to the management on all issues and performs follow-up actions.

GIA carried out the following activities during the year:

- (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 of internal controls.
- (b) Conducted and completed a systematic analysis of business processes and associated controls, scheduled and special internal audit assignments, focusing on effectiveness on governance, risk and internal controls and providing improvements where necessary.
- (c) Conducted follow-up procedures to determine the status of management implementation of agreed upon action plans highlighted in audit reports.
- (d) Reviewed the recurring related parties' transactions on a quarterly basis in accordance to the guidelines set out in the Circular to Shareholders dated 4 March 2015.
- (e) Assessed the process governing the reporting of information of fraud and irregularities through the Whistleblowing Policy and the implementation thereof.
- (f) Reviewed on an ad-hoc basis on areas where there were concerns that affect financial reporting, internal controls and governance.

GIA reported internal control weaknesses and recommended improvements to the appropriate level of management when identified. 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 FY2015 was approximately RM3.01 million.

## STATEMENT ON LONG TERM INCENTIVE PLAN ("LTIP")

In December 2015, the AC has reviewed and verified that the allocation of shares and options to eligible employees of S P Setia Berhad Group during the financial year ended 31 October 2014 and FY2015 were made in accordance with the eligibility and entitlement criteria determined by the LTIP Committee / Nomination and Remuneration Committee and the shares and options have been granted in accordance with the By-Laws.



# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

## INTRODUCTION

The Board of Directors (“the Board”) of S P Setia Berhad is pleased to present its Statement on Risk Management and Internal Control, which has been 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”), for the financial period under review and up to the date of approval of this statement for inclusion in the annual report.

## BOARD RESPONSIBILITY

The Board has the overall responsibility for the Group’s system of risk management and internal controls. The Board upholds its commitment to maintain a sound system of risk management and internal controls to judiciously safeguard the shareholders’ investments, stakeholders’ interests and the Group’s assets. The Board delegates the oversight of risk management and internal control to the Risk Management Committee and Audit Committee respectively.

It should be appreciated that, however effective a system is, it can only provide reasonable and not absolute assurance against material misstatement, loss or fraud. It should be further noted that such a system is designed to manage and mitigate, rather than eliminate, the risks of failure to achieve its business objectives and strategies.

## RISK MANAGEMENT

The Board recognises that the Group’s business strategies and activities involve risks. The Group’s activities expose the Group to a variety of risks, including operating and financial risks. The risk management process is an ongoing process commencing from the beginning of any major new project, venture or change in operational environment. The Board has established the Group’s risk appetite statement that describe our attitude towards the risks exposure, Management is accountable to ensure that any business activities undertaking are within the prescribed risk appetite.

The Group’s overall risk management objective is to ensure that the Group creates value for its shareholders whilst 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.

## RISK MANAGEMENT PROCESS

The Group has established a robust risk management framework that seeks to ensure that all key risks are appropriately identified and managed through a proper risk governance structure. The Group’s risk management framework is designed to deal with the diverse set of risks faced by its Business Units which operate in various geographical areas.

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. 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.

The risk management process contains both bottom-up and top-down elements to support the identification, evaluation and management of risks. Due to the nature of operations, our project operation risks are identified on an ongoing basis by the Business Units and reported immediately to the right channel and appropriate actions will be taken to manage and mitigate the project risks in a timely manner.

Nevertheless, all Business Units, facilitated by the Risk Management Department, will on a quarterly basis update the risk registers, where new risks are identified and its corresponding mitigating measures are recorded accordingly. These risks are rated according to the impact and likelihood of risk events, and these ratings are continuously re-assessed in response to changes in the business environment. The risk registers are submitted to the Management Risk Committee for further review and deliberation. The Management Risk Committee (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 presents the Group's risk register and reports on significant investments, projects and/or Business Units to the Risk Management Committee for their 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 shortcoming in the risk management system and ensure the appropriate mitigating controls are put in place.

A report from the Chairman of the Risk Management Committee is submitted to the Board to apprise the Board of the matters and issues deliberated by the Risk Management Committee. Issues requiring the attention of the Board will be duly highlighted accordingly.

The Board takes very seriously, issues raised by employees and external parties and where appropriate the Risk Management Committee (assisted by Independent Consultants where necessary) investigate and reports to the Board for action to be taken in the best interests of the Company.

### **INTERNAL AUDIT FUNCTION**

The Group has an in-house Internal Audit Department, known as Group Internal Audit ("GIA"), which assesses and provides reasonable assurance on the efficiency and effectiveness of risk management and internal control systems of the Group.

The findings, agreed upon action plans and audit recommendations of the internal audits are documented in the audit reports and tabled at the quarterly Audit Committee meetings. The GIA also conducts a follow up to assess the status of implementation of agreed upon action plans, which are based on GIA's recommendations. The results on the status of these follow up reviews are also highlighted to the Audit Committee.

### **INTERNAL CONTROL**

There is a formal organisation structure in place, which formally defines lines of responsibilities and delegation of authority and accountability within the Group's management. The appropriate approving authority limits and authorisation procedures that govern the business decision making process are in place to enhance the internal control within the Group. Key functions such as finance, tax, treasury, corporate, legal matters and contract awarding are controlled centrally.

There is an annual business planning, annual budgeting and target-setting process in place. The President and Chief Executive Officer, Deputy President and Chief Operating Officer meet with all the Divisional Heads and Business Unit Heads, on a monthly basis, to discuss and review the individual Business Unit and Group's operational performances, management issues and corporate issues.

The Group's internal policies and procedures are clearly documented in the Standard Operating Procedures and other procedural manuals. The policies and procedures are regularly reviewed and updated accordingly to ensure its effectiveness to support the Group's business activities at all times.



## **STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL**

The Board has appointed the Audit Committee to review the effectiveness of the Group's system of internal control. The Audit Committee reviews the work performed by GIA through the audit reports tabled at the quarterly Audit Committee meetings, which focus on high risk areas identified through risk assessment and in accordance to the annual audit plan approved by the Audit Committee. The Audit Committee also reviews and hold discussions on issues identified by the External Auditors and the Management.

The Group places high importance on human capital by ensuring a comprehensive guideline on employment, performance appraisal, training and retention of employees are in place, for employees of the Group to be well-trained, well-equipped and competent with the necessary knowledge and skills to carry out their duties and responsibilities effectively towards achieving the Group's objectives.

The Group's system of internal control does 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 representations on the Board of the respective Associate Companies and Jointly Controlled Entities.

### **REVIEW OF THIS STATEMENT**

The External Auditors have reviewed this Statement for inclusion in the 2015 Annual Report, 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 system of internal controls.

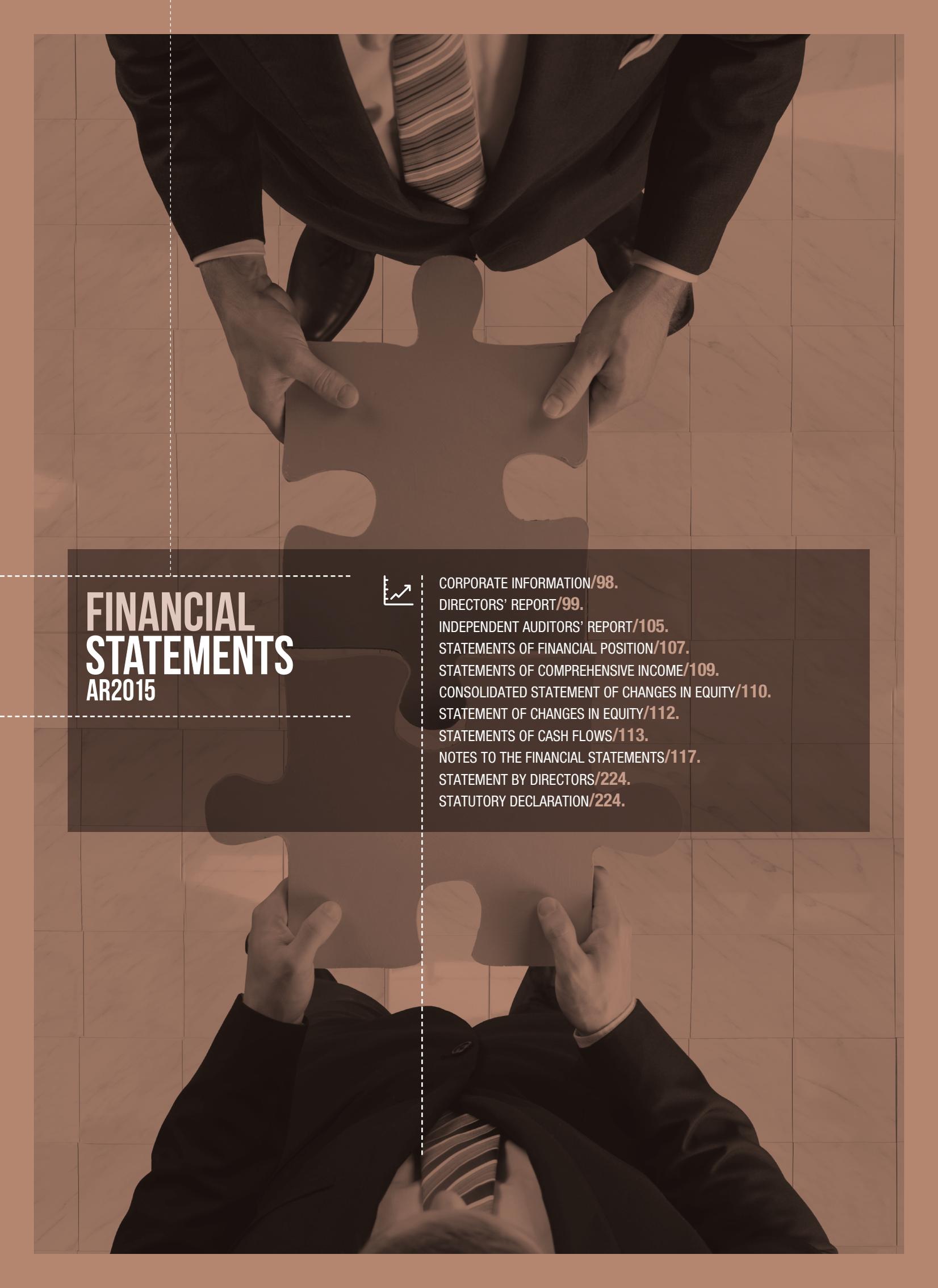
### **ASSURANCE FROM MANAGEMENT**

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

### **CONCLUSION**

The Board is pleased to state that the Group's risk management and internal control systems was overall rated as satisfactory, adequate and effective for the Group's purpose. The Board will continue to monitor all major risks affecting the Group and take the necessary measures to mitigate them and continue to enhance the adequacy and effectiveness of the risk management and internal control system of the Group.

This statement was approved by the Board of Directors on 4 April 2016.



# FINANCIAL STATEMENTS

AR2015



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# CORPORATE INFORMATION

**DOMICILE** : Malaysia

**LEGAL FORM AND PLACE OF INCORPORATION** : Public listed company limited by way of shares incorporated in Malaysia under the Companies Act, 1965

**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

FOR THE FINANCIAL PERIOD FROM 1 NOVEMBER 2014 TO 31 DECEMBER 2015

The directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial period from 1 November 2014 to 31 December 2015.

## PRINCIPAL ACTIVITIES

The Company is principally an investment holding company. The principal activities of the subsidiary companies are indicated in Note 6 to the financial statements.

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

## CHANGE OF FINANCIAL YEAR END

The Company changed its financial year end from 31 October to 31 December to be co-terminous with that of the holding company. The current financial period covers a period of 14 months, from 1 November 2014 to 31 December 2015.

## RESULTS

	Group RM'000	Company RM'000
Net profit for the financial period	1,011,008	491,957
Attributable to:		
Owners of the Company	918,258	449,666
Holders of Perpetual bond	42,291	42,291
Non-controlling interests	50,459	-
	1,011,008	491,957

## 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 ("Share(s)") pursuant to the DRP was renewed by the shareholders at the 40th Annual General Meeting ("AGM") of the Company held on 26 March 2015.

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 period, the Company paid the following dividends:

- (a) A single-tier final dividend of 5.7 sen per Share amounting to RM144,910,495 in respect of the financial year ended 31 October 2014 which was approved by the shareholders at the 40th AGM of the Company held on 26 March 2015. A total of 42,786,880 new ordinary shares of RM0.75 each were issued on 8 June 2015 at an issue price of RM3.10 per Share under the DRP and the remaining portion of RM12,271,167 was paid in cash on 8 June 2015; and

**DIRECTORS'  
REPORT (CONT'D)**

FOR THE FINANCIAL PERIOD FROM 1 NOVEMBER 2014 TO 31 DECEMBER 2015

**DIVIDENDS (CONT'D)**

- (b) A single-tier interim dividend of 4 sen per Share each amounting to RM103,808,213 in respect of the financial period ended 31 December 2015. A total of 33,025,020 new ordinary shares of RM0.75 each were issued on 9 September 2015 at an issue price of RM2.83 per Share under the DRP and the remaining portion of RM10,347,406 was paid in cash on 9 September 2015.

The directors now recommend a single tier final dividend of 19 sen per Share amounting to RM499,387,516 in respect of the financial period ended 31 December 2015. The financial statements for the current financial period do not reflect this proposed dividend, which if approved by the shareholders at the 41st AGM of the Company, will be accounted for in equity as an appropriation of retained earnings for the financial year ending 31 December 2016.

**RESERVES AND PROVISIONS**

There were no material transfers to or from reserves or provisions during the financial period except as disclosed in the statements of changes in equity set out on pages 110 to 112.

**ISSUE OF SHARES AND DEBENTURES**

During the financial period, the Company increased its issued and paid-up share capital from RM1,903,748,516 to RM1,971,266,510 by way of :

- (a) Issuance of 75,811,900 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:

		3 <sup>rd</sup> DRP	4 <sup>th</sup> DRP
<b>Issue price</b>	<b>(RM)</b>	3.10	2.83
<b>No. of Shares issued</b>		42,786,880	33,025,020

- (b) Issuance of 6,832,119 Shares pursuant to the vesting of Shares of Employee Share Grant Plan ("ESGP"); and
- (c) Issuance of 7,379,974 new Shares pursuant to the exercise of Employee Share Option Scheme ("ESOS") at the following option prices:

		ESOS 1	ESOS 2
<b>Exercise price</b>	<b>(RM)</b>	3.07	3.03
<b>No. of Shares issued</b>		6,953,750	426,224

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

**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 LTIP Committee which is appointed by the board of directors, in accordance with the By-Laws. The LTIP shall be in force for a period of 5 years to 9 April 2018, unless extended further.

The LTIP comprises the ESGP and ESOS. The salient features, terms and details of the LTIP are disclosed in Note 20 to the financial statements.

# DIRECTORS' REPORT (CONT'D)

FOR THE FINANCIAL PERIOD FROM 1 NOVEMBER 2014 TO 31 DECEMBER 2015

## EMPLOYEE SHARE GRANT PLAN AND EMPLOYEE SHARE OPTION SCHEME (CONT'D)

During the financial period, the Company granted 8,825,665 shares under the ESGP and 15,500,160 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 are disclosed in Note 20 to the financial statements.

The Company has been granted a relief by the Companies Commission of Malaysia from having to disclose the names of persons whom have been granted options under the ESOS in aggregate of less than 562,500 shares. The names of option holders who were granted options under the ESOS of the LTIP of 562,500 and more during the financial period are as follows:

	- No. of options under the ESOS -				At 31.12.2015
	At 1.11.2014	Granted	Exercised	Lapsed	
Dato' Khor Chap Jen	8,000,000	-	-	-	8,000,000
Datuk Wong Tuck Wai	8,000,000	-	-	-	8,000,000
Datuk Koe Peng Kang	1,238,000	4,260,000	-	-	5,498,000
Kow Choong Ming	1,125,000	4,260,000	-	-	5,385,000
Tan Hon Lim	1,125,000	4,260,000	-	-	5,385,000
Chan Meng Yeong @ Paul Chan	900,000	-	-	-	900,000
Soh Hee Pin	900,000	-	-	-	900,000
Choy Kah Yew	450,000	202,500	-	-	652,500
Yeo Cheng Jway	562,500	-	-	-	562,500
Thum Kok Mun	562,500	-	-	-	562,500
Yap Kok Weng	8,000,000	-	(4,000,000)	(4,000,000)	-
Datuk Ong Kek Seng	6,000,000	-	(2,000,000)	(4,000,000)	-
Norhayati Binti Subali	925,000	-	-	(925,000)	-
Sri Ram A/L Sivasambu	720,000	-	-	(720,000)	-

## DIRECTORS

The directors in office since the date of the last report and as at the date of this report are:

Tan Sri Dato' 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 (appointed on 12 January 2015)  
 Puan Noraini Binti Che Dan (appointed on 11 September 2015)  
 Mr. Philip Tan Puay Koon (appointed on 11 September 2015)  
 Dato' Voon Tin Yow (resigned on 1 January 2015)  
 Tan Sri Dato' Hari Narayanan A/L Govindasamy (resigned on 12 March 2015)  
 Datuk Ismail Bin Adam (resigned on 12 March 2015)  
 Mr. Ng Soon Lai @ Ng Siek Chuan (retired on 26 March 2015)  
 Dato' Noor Farida Binti Mohd Ariffin (retired on 26 March 2015)  
 Tun Dato' Seri Zaki Bin Tun Azmi (resigned on 25 February 2016)  
 Encik Zainal Abidin Bin Jamal (resigned on 25 February 2016)

**DIRECTORS'  
REPORT (CONT'D)**

FOR THE FINANCIAL PERIOD FROM 1 NOVEMBER 2014 TO 31 DECEMBER 2015

**DIRECTORS' INTEREST IN SHARES AND LTIP**

The following director who held office at the end of the financial period had an interest in shares in the Company and its related corporations during the financial period as required to be disclosed in accordance with Section 169(6)(g) of the Companies Act, 1965:

	- No. of ordinary shares of RM0.75 each -			
	At 1.11.2014	Addition	Disposal	At 31.12.2015
Dato' Khor Chap Jen				
- direct	92,400	195,411	-	287,811

The following director had an interest in LTIP during the financial period:

	- No. of shares under the ESGP -				
	At 1.11.2014	Granted	Vested	Lapsed	At 31.12.2015
Dato' Khor Chap Jen	187,600	460,000	(191,400)	-	456,200

	- No. of share options under the ESOS -			
	At 1.11.2014	Exercised	Lapsed	At 31.12.2015
Dato' Khor Chap Jen	8,000,000	-	-	8,000,000

None of other directors in office at the end of the financial period had any interest in the Company or its related corporations during the financial period.

**DIRECTORS' BENEFITS**

Since the end of the previous financial year, no director of the Company has received or become entitled to receive any benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors as shown in the financial statements or the fixed salary of a full-time employee of the Company as shown in Note 32 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 38 to the financial statements.

Neither during nor at the end of the financial period was the Company a party to any arrangements 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.

# DIRECTORS' REPORT (CONT'D)

FOR THE FINANCIAL PERIOD FROM 1 NOVEMBER 2014 TO 31 DECEMBER 2015

## OTHER STATUTORY INFORMATION

- (a) Before the statements of financial position and statements of comprehensive income of the Group and of the Company were made out, the directors took reasonable steps:
- (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the 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 their values as shown in the accounting records of the Group and of the Company had been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the directors are not aware of any circumstances:
- (i) which would render the amount written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or
  - (ii) which would render the values attributed to the current assets in the financial statements of the Group and of the Company misleading; or
  - (iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (c) At the date of this report, there does not exist:
- (i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial period 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 period.
- (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 period 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 period 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 period 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 period in which this report is made.



## **DIRECTORS' REPORT (CONT'D)**

**FOR THE FINANCIAL PERIOD FROM 1 NOVEMBER 2014 TO 31 DECEMBER 2015**

### **HOLDING COMPANIES**

The directors regard Permodalan Nasional Berhad and Yayasan Pelaburan Bumiputra, as the Company's immediate and ultimate holding companies, both of which are incorporated in Malaysia.

### **SIGNIFICANT EVENTS PENDING COMPLETION**

In addition to the significant events disclosed elsewhere in this report, other significant events are disclosed in Note 45 to the financial statements.

### **AUDITORS**

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

Signed on behalf of the directors in accordance with a directors' resolution dated 25 February 2016

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

Director

Kuala Lumpur, Malaysia

**DATO' KHOR CHAP JEN**

Director

# INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF S P SETIA BERHAD (INCORPORATED IN MALAYSIA)

## REPORT ON 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 2015 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 period then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 107 to 223 (except for Note 50).

### *Directors' Responsibility for the Financial Statements*

The directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with Financial Reporting Standards 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 that are free from material misstatement, whether due to fraud or error.

### *Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation of financial statements that gives a true and fair view 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 Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Opinion*

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as of 31 December 2015 and of their financial performance and cash flows for the period then ended in accordance with Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:

- (a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.
- (b) We have considered the financial statements and the auditors' report of all the subsidiary of which we have not acted as auditors, which is indicated in Note 6 to the financial statements, being financial statements that have been included in the consolidated financial statements.
- (c) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.
- (d) The auditors' reports on the financial statements of the subsidiaries were not subject to any qualification and did not include any comment required to be made under Section 174(3) of the Act.



# **INDEPENDENT AUDITORS' REPORT (CONT'D)**

**TO THE MEMBERS OF S P SETIA BERHAD (INCORPORATED IN MALAYSIA)**

## **OTHER REPORTING RESPONSIBILITIES**

The supplementary information set out in Note 50 on page 223 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad. 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**

The financial statements of the Group and the Company for the year ended 31 October 2014 were audited by another auditors whom have expressed an unmodified opinion on those statements on 15 December 2014.

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

### **ERNST & YOUNG**

No. AF: 0039

Chartered Accountants

### **ISMED DARWIS BIN BAHATIAH**

No. 2921/04/16 (J)

Chartered Accountant

Date: 25 February 2016

Kuala Lumpur, Malaysia

# STATEMENTS OF FINANCIAL POSITION

31 DECEMBER 2015

	Note	31.12.2015 RM'000	Group 31.10.2014 RM'000 Restated	1.11.2013 RM'000 Restated	Company 31.12.2015 RM'000	31.10.2014 RM'000 Restated
<b>ASSETS</b>						
<b>Non-current assets</b>						
Property, plant and equipment	2	260,051	230,190	187,672	29	19
Investment properties	3	726,378	604,942	560,092	1,738	1,749
Land held for property development	4	5,304,330	5,260,164	5,050,808	–	–
Intangible asset	5	7,215	6,628	3,395	–	–
Investments in subsidiary companies	6	–	–	–	3,730,189	1,891,181
Investments in associated companies	7	120,217	94,101	1,689	95,621	94,149
Investments in jointly controlled entities	8	1,086,835	657,653	506,353	34,992	34,049
Amounts owing by subsidiary companies	9	–	–	–	1,392,759	2,438,769
Amount owing by a former joint venture partner	10	–	14,398	14,380	–	–
Deferred tax assets	12	126,529	120,890	137,173	619	–
<b>Total non-current assets</b>		<b>7,631,555</b>	<b>6,988,966</b>	<b>6,461,562</b>	<b>5,255,947</b>	<b>4,459,916</b>
<b>Current assets</b>						
Property development costs	13	2,111,798	2,661,923	2,516,173	–	–
Gross amount due from customers	14	14,189	14,859	641	–	–
Inventories	15	878,926	562,800	136,502	–	–
Accrued billings		615,517	370,361	293,362	–	–
Trade receivables	16	604,967	433,404	700,770	–	–
Amounts owing by subsidiary companies	9	–	–	–	741,692	740,646
Amounts owing by jointly controlled entities	11	510,293	315,088	139,218	298,950	158,298
Amounts owing by associated companies		107	–	9,283	–	–
Other receivables, deposits and prepayments	17	230,056	109,550	104,396	5,945	3,824
Current tax assets		73,203	55,528	29,741	9,107	8,527
Short-term deposits	18	2,019,912	1,165,099	940,560	613,316	872,214
Cash and bank balances	19	1,732,218	1,246,941	1,229,971	32,760	51,848
<b>Total current assets</b>		<b>8,791,186</b>	<b>6,935,553</b>	<b>6,100,617</b>	<b>1,701,770</b>	<b>1,835,357</b>
<b>TOTAL ASSETS</b>		<b>16,422,741</b>	<b>13,924,519</b>	<b>12,562,179</b>	<b>6,957,717</b>	<b>6,295,273</b>



# STATEMENTS OF FINANCIAL POSITION (CONT'D)

31 DECEMBER 2015

	Note	31.12.2015 RM'000	Group 31.10.2014 RM'000 Restated	1.11.2013 RM'000 Restated	Company 31.12.2015 RM'000	31.10.2014 RM'000 Restated
<b>EQUITY AND LIABILITIES</b>						
<b>Equity</b>						
Share capital	20	1,971,266	1,903,748	1,844,034	1,971,266	1,903,748
Share premium ( <i>non-distributable</i> )		2,496,683	2,290,486	2,128,696	2,496,683	2,290,486
Share based payment reserve ( <i>non-distributable</i> )		63,037	43,363	23,529	63,037	43,363
Exchange translation reserve ( <i>non-distributable</i> )		341,343	11,958	3,070	–	–
Retained earnings		2,522,315	1,852,776	1,738,116	525,683	324,736
Equity attributable to owners of the Company		7,394,644	6,102,331	5,737,445	5,056,669	4,562,333
Perpetual bond	21	610,787	622,998	–	610,787	622,998
Non-controlling interests		387,008	338,337	275,384	–	–
<b>Total equity</b>		<b>8,392,439</b>	<b>7,063,666</b>	<b>6,012,829</b>	<b>5,667,456</b>	<b>5,185,331</b>
<b>Non-current liabilities</b>						
Redeemable cumulative preference shares	22	53,770	55,768	74,831	–	–
Long term borrowings	23	3,414,000	3,387,935	3,336,264	469,705	500,000
Deferred tax liabilities	12	40,476	20,924	11,725	–	3
<b>Total non-current liabilities</b>		<b>3,508,246</b>	<b>3,464,627</b>	<b>3,422,820</b>	<b>469,705</b>	<b>500,003</b>
<b>Current liabilities</b>						
Gross amount due to customers	14	125	163	2,311	–	–
Trade payables	24	1,241,441	972,006	749,747	–	15
Progress billings		341,879	339,821	649,791	–	–
Amounts owing to subsidiary companies	9	–	–	–	163,550	129,717
Other payables and accruals	25	550,675	519,754	695,904	10,735	8,638
Provision for affordable housing	26	458,540	615,358	359,063	–	–
Short term borrowings	23	1,718,511	879,403	581,064	590,000	440,000
Bank overdrafts	27	64,387	51,656	60,875	56,271	31,569
Current tax liabilities		146,498	18,065	27,775	–	–
<b>Total current liabilities</b>		<b>4,522,056</b>	<b>3,396,226</b>	<b>3,126,530</b>	<b>820,556</b>	<b>609,939</b>
<b>Total liabilities</b>		<b>8,030,302</b>	<b>6,860,853</b>	<b>6,549,350</b>	<b>1,290,261</b>	<b>1,109,942</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>16,422,741</b>	<b>13,924,519</b>	<b>12,562,179</b>	<b>6,957,717</b>	<b>6,295,273</b>

The accompanying notes form an integral part of the financial statements

# STATEMENTS OF COMPREHENSIVE INCOME

FOR THE FINANCIAL PERIOD FROM 1 NOVEMBER 2014 TO 31 DECEMBER 2015

	Note	Group		Company	
		1.11.2014 to 31.12.2015 RM'000	1.11.2013 to 31.10.2014 RM'000 Restated	1.11.2014 to 31.12.2015 RM'000	1.11.2013 to 31.10.2014 RM'000
Revenue	28	6,746,343	3,870,211	–	–
Cost of sales	29	(4,683,055)	(2,725,428)	–	–
Gross profit		2,063,288	1,144,783	–	–
Other income	30	223,447	173,624	587,625	403,104
Selling and marketing expenses		(314,212)	(169,478)	–	(41)
Administrative and general expenses		(330,793)	(251,395)	(22,399)	(22,213)
Share of results of jointly controlled entities		(109,530)	(77,867)	–	–
Share of results of associated companies		4,533	(94)	–	–
Finance costs	31	(110,292)	(59,966)	(59,337)	(41,556)
Profit before tax	32	1,426,441	759,607	505,889	339,294
Tax expense	33	(415,433)	(252,797)	(13,932)	(10,560)
Profit for the period/year		1,011,008	506,810	491,957	328,734
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		329,915	8,867	–	–
Total comprehensive income for the period/year		1,340,923	515,677	491,957	328,734
Profit attributable to:					
Holders of Perpetual bond		42,291	32,066	42,291	32,066
Non-controlling interests		50,459	87,067	–	–
Owners of the Company		92,750	119,133	42,291	32,066
		918,258	387,677	449,666	296,668
		1,011,008	506,810	491,957	328,734
Total comprehensive income attributable to:					
Holders of Perpetual bond		42,291	32,066	42,291	32,066
Non-controlling interests		50,989	87,046	–	–
Owners of the Company		93,280	119,112	42,291	32,066
		1,247,643	396,565	449,666	296,668
		1,340,923	515,677	491,957	328,734
Basic earnings per share (sen)	34	35.66	15.58		
Diluted earnings per share (sen)	34	35.30	15.49		

The accompanying notes form an integral part of the financial statements



# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL PERIOD FROM 1 NOVEMBER 2014 TO 31 DECEMBER 2015

	<----- Attributable to owners of the Company ----->									
	Note	<----- Non-distributable ----->				Distributable			Non-controlling interests	Total equity
		Share capital	Share premium	Share payment reserve	Exchange translation reserve	Retained earnings	Total	Perpetual bond		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
Balance at 31.10.2013		1,844,034	2,128,696	23,529	3,070	1,476,367	5,475,696	-	255,238	5,730,934
Prior year adjustments	47	-	-	-	-	261,749	261,749	-	20,146	281,895
Balance at 31.10.2013 (restated)		1,844,034	2,128,696	23,529	3,070	1,738,116	5,737,445	-	275,384	6,012,829
Total other comprehensive income for the year, represented by exchange differences on translation of foreign operations		-	-	-	8,888	-	8,888	-	(21)	8,867
Profit for the year		-	-	-	-	387,677	387,677	-	87,067	474,744
Issuance of Perpetual bond		-	-	-	-	-	-	609,000	-	609,000
Distribution for the year		-	-	-	-	-	-	32,066	-	32,066
Distribution paid		-	-	-	-	-	-	(18,068)	-	(18,068)
Transactions with owners:										
Issuance of ordinary shares										
- DRP		49,683	126,105	-	-	-	175,788	-	-	175,788
- exercise of ESGP		3,048	9,751	(12,799)	-	-	-	-	-	-
- exercise of ESOS		6,983	26,345	(4,751)	-	-	28,577	-	-	28,577
Share issuance expense		-	(411)	-	-	-	(411)	-	-	(411)
Disposal of a subsidiary		-	-	-	-	-	-	-	(614)	(614)
Liquidation of subsidiaries		-	-	-	-	-	-	-	821	821
Dividends paid	35	-	-	-	-	(273,017)	(273,017)	-	-	(273,017)
Dividends declared to non-controlling interests of a subsidiary company		-	-	-	-	-	-	-	(24,300)	(24,300)
Share-based payment under the LTIP		-	-	37,384	-	-	37,384	-	-	37,384
Balance at 31.10.2014 (restated)		1,903,748	2,290,486	43,363	11,958	1,852,776	6,102,331	622,998	338,337	7,063,666

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONT'D)

FOR THE FINANCIAL PERIOD FROM 1 NOVEMBER 2014 TO 31 DECEMBER 2015

Note	Attributable to owners of the Company								
	Non-distributable				Distributable				
	Share capital	Share premium	Share-based payment reserve	Exchange translation reserve	Retained earnings	Total	Perpetual bond	Non-controlling interests	Total equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Balance at 31.10.2014 (restated)	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 expense	-	(238)	-	-	-	(238)	-	-	(238)
Liquidation of subsidiary companies	-	-	-	-	-	-	-	5,182	5,182
Dividends paid	35	-	-	-	(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

The accompanying notes form an integral part of the financial statements



# STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL PERIOD FROM 1 NOVEMBER 2014 TO 31 DECEMBER 2015

Note	<--- Non-distributable ---->			Distributable		Total RM'000
	Share capital RM'000	Share premium RM'000	Share-based payment reserve RM'000	Retained earnings RM'000	Perpetual bond RM'000	
Balance at 31.10.2013	1,844,034	2,128,696	23,529	301,085	-	4,297,344
Total comprehensive income for the year, represented by profit for the year	-	-	-	296,668	-	296,668
Issuance of Perpetual bond	-	-	-	-	609,000	609,000
Distribution for the year	-	-	-	-	32,066	32,066
Distribution paid	-	-	-	-	(18,068)	(18,068)
Transactions with owners:						
Issuance of ordinary shares:						
- DRP	49,683	126,105	-	-	-	175,788
- exercise of ESGP	3,048	9,751	(12,799)	-	-	-
- exercise of ESOS	6,983	26,345	(4,751)	-	-	28,577
Share issuance expense	-	(411)	-	-	-	(411)
Dividends paid	35	-	-	(273,017)	-	(273,017)
Share-based payment under the LTIP	-	-	37,384	-	-	37,384
Balance at 31.10.2014	1,903,748	2,290,486	43,363	324,736	622,998	5,185,331
Total 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 expense	-	(238)	-	-	-	(238)
Dividends paid	35	-	-	(248,719)	-	(248,719)
Share-based payment under the LTIP	-	-	44,887	-	-	44,887
Balance at 31.12.2015	1,971,266	2,496,683	63,037	525,683	610,787	5,667,456

# STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL PERIOD FROM 1 NOVEMBER 2014 TO 31 DECEMBER 2015

	Group		Company	
	1.11.2014 to 31.12.2015 RM'000	1.11.2013 to 31.10.2014 RM'000 Restated	1.11.2014 to 31.12.2015 RM'000	1.11.2013 to 31.10.2014 RM'000 Restated
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Profit before tax	1,426,441	759,607	505,889	339,294
Adjustments for:				
Allowance for doubtful debts no longer required	(17)	(3,597)	–	(1,410)
Bad and doubtful debts	7,220	59	794	53
Depreciation of property, plant and equipment and investment properties	33,006	28,259	17	58
Net gain on disposal of property, plant and equipment	(49)	(15,804)	(1)	(27)
Gain on disposal of investment properties	–	(39,614)	–	–
Loss/(Gain) on disposal of subsidiary companies	–	146	–	(278)
(Gain)/Loss on liquidation of subsidiary companies	(636)	2,215	–	(26)
Gain on disposal of an associated company	–	(207)	–	(1,258)
Loss on liquidation of an associated company	–	62	–	–
Property, plant and equipment written off	482	259	1	–
Share of results of jointly controlled entities	109,530	77,867	–	–
Share of results of associated companies	(4,533)	94	–	–
Interest income from financial assets measured at amortised cost	–	–	(5,471)	(5,691)
Interest expense on financial liabilities measured at amortised cost	3,196	7,444	–	–
Loss from fair value adjustment of financial assets	–	–	1,825	2,136
Gain from fair value adjustment of financial liabilities	–	(9,449)	–	–
Share-based payment	44,887	37,384	961	–
Unrealised foreign exchange (gain)/loss	(3,718)	306	(1,558)	–
Interest expense	107,096	52,522	59,337	41,556
Dividend income	–	–	(420,468)	(244,989)
Interest income	(133,309)	(75,871)	(149,576)	(143,558)
Rental income	(19,363)	(14,700)	–	–
Operating profit/(loss) before working capital changes	1,570,233	806,982	(8,250)	(14,140)
Changes in property development costs	1,046,449	127,707	–	–
Changes in accrued billings/progress billings	(216,187)	(388,464)	–	–
Changes in gross amount due from/to customers	2,568	(14,873)	–	–
Changes in inventories	216,974	(24,067)	–	–
Changes in receivables	(449,607)	263,108	382	8,702
Changes in payables	51,936	(83,219)	2,082	(4,268)
Cash generated from/(used in) operations	2,222,366	687,174	(5,786)	(9,706)
Rental received	2,253	1,810	–	–
Interest received	64,574	35,082	90	71
Interest paid	(302,625)	(199,004)	(2,421)	(1,084)
Net tax paid	(301,573)	(263,048)	(15,133)	(19,016)
Net cash generated from/(used in) operating activities	1,684,995	262,014	(23,250)	(29,735)



# STATEMENTS OF CASH FLOWS (CONT'D)

FOR THE FINANCIAL PERIOD FROM 1 NOVEMBER 2014 TO 31 DECEMBER 2015

	Group		Company	
	1.11.2014 to 31.12.2015 RM'000	1.11.2013 to 31.10.2014 RM'000 Restated	1.11.2014 to 31.12.2015 RM'000	1.11.2013 to 31.10.2014 RM'000 Restated
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Additions to land held for property development	(604,647)	(412,530)	-	-
Purchase of property, plant and equipment	(55,478)	(54,904)	(17)	-
Purchase of investment properties	(108,072)	(71,444)	-	-
Proceeds from disposal of property, plant and equipment	1,061	16,496	1	43
Proceeds from disposal of investment properties	42,901	44,324	-	-
Proceeds from disposal of associated companies	-	1,908	-	1,908
Net (outflow)/inflow from liquidation of subsidiary companies	(2,822)	(4,982)	-	26
Acquisition of additional shares in existing subsidiary companies	-	-	(12,299)	(6,000)
Acquisition of additional shares in an existing jointly controlled entity	(363,697)	(254,644)	-	-
Capital contribution to a jointly controlled entity	(566)	(313)	(943)	(522)
Capital contribution to an associated company	(1,472)	(93,249)	(1,472)	(93,249)
Net (outflow)/inflow from disposal of subsidiary companies	-	(528)	-	278
(Advances to)/Repayment from associated companies	(107)	9,720	-	9,723
Advances to subsidiary companies	-	-	(175,193)	(181,758)
Advances to jointly controlled entities	(151,764)	(131,886)	(133,226)	(79,086)
Placement of sinking fund, debt service reserve, escrow and revenue accounts	(2,747)	(5,121)	-	-
Redemption of preference shares	-	-	-	20,000
Redeemable cumulative preference share dividends received	-	-	2,968	5,049
Interest received	68,735	40,789	29,656	36,201
Rental received	17,110	12,890	-	-
<b>Net cash used in investing activities</b>	<b>(1,161,565)</b>	<b>(903,474)</b>	<b>(290,525)</b>	<b>(287,387)</b>

# STATEMENTS OF CASH FLOWS (CONT'D)

FOR THE FINANCIAL PERIOD FROM 1 NOVEMBER 2014 TO 31 DECEMBER 2015

	Group		Company	
	1.11.2014 to 31.12.2015 RM'000	1.11.2013 to 31.10.2014 RM'000 Restated	1.11.2014 to 31.12.2015 RM'000	1.11.2013 to 31.10.2014 RM'000 Restated
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Proceeds from issuance of ordinary shares - exercise of ESOS	22,640	28,577	22,640	28,577
Payment of share issuance expenses (Repayment to)/Advances from a non-controlling shareholder of a subsidiary company	(238) (5,517)	(411) 15,619	(238) -	(411) -
Drawdown of bank borrowings	2,490,212	1,131,150	321,263	100,000
Repayment of bank borrowings	(1,693,852)	(777,265)	(200,000)	(100,000)
Proceeds from issuance of Perpetual bonds	-	609,000	-	609,000
Perpetual bonds distribution paid	(54,502)	(18,068)	(54,502)	(18,068)
Interest paid	(1,357)	(2,923)	(55,457)	(38,648)
Redeemable cumulative preference share dividends paid to non-controlling interests	(1,272)	(3,353)	-	-
Dividends paid to non-controlling interests	(7,500)	-	-	-
Dividends paid	(22,619)	(97,229)	(22,619)	(97,229)
Net cash generated from financing activities	725,995	885,097	11,087	483,221
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	1,249,425	243,637	(302,688)	166,099
<b>EFFECT OF EXCHANGE RATE CHANGES</b>	75,187	1,970	-	-
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD/YEAR</b>	2,334,802	2,089,195	892,493	726,394
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD/YEAR</b>	3,659,414	2,334,802	589,805	892,493



# STATEMENTS OF CASH FLOWS (CONT'D)

FOR THE FINANCIAL PERIOD FROM 1 NOVEMBER 2014 TO 31 DECEMBER 2015

	Group		Company	
	31.12.2015 RM'000	31.10.2014 RM'000 Restated	31.12.2015 RM'000	31.10.2014 RM'000 Restated
Represented by:				
Short-term deposits	2,019,912	1,165,099	613,316	872,214
Cash and bank balances	1,703,889	1,221,359	32,760	51,848
Bank overdrafts	(64,387)	(51,656)	(56,271)	(31,569)
	3,659,414	2,334,802	589,805	892,493
Cash and cash equivalents included in the cash flows comprise the following amounts:				
Short-term deposits	2,019,912	1,165,099	613,316	872,214
Cash and bank balances	1,732,218	1,246,941	32,760	51,848
Bank overdrafts	(64,387)	(51,656)	(56,271)	(31,569)
	3,687,743	2,360,384	589,805	892,493
Less: Sinking Fund, Debt Service Reserve, Escrow and Revenue Accounts	(28,329)	(25,582)	-	-
	3,659,414	2,334,802	589,805	892,493

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD FROM 1 NOVEMBER 2014 TO 31 DECEMBER 2015

## 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 with 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.

The financial year end of the Company was changed from 31 October to 31 December to be co-terminous with that of the holding company. Accordingly, comparative amounts for the statements of comprehensive income, statements of changes in equity, statements of cash flows and the related notes are not entirely 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. Unless otherwise indicated, the amounts in these financial statements have been rounded to the nearest thousand (RM'000).

The accounting policies adopted by the Group and the Company are consistent with those of the previous financial year except for the adoption of the following Amendments to FRSs:

Amendments to FRS 10, FRS 12 and FRS 127	Investment Entities
Amendments to FRS 132	Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities
Amendments to FRS 136	Recoverable Amount Disclosures for Non-Financial Assets
Amendments to FRS 2, FRS 3, FRS 8, FRS 116, FRS 138 and FRS 124	Annual Improvements to FRSs 2010-2012 Cycle
Amendments to FRS 3, FRS 13 and FRS 140	Annual Improvements to FRSs 2011-2013 Cycle

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) New/Revised FRSs and Amendments to FRSs that are not yet effective

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

New/Revised FRSs and Amendments to FRSs		Effective for financial periods beginning on or after
FRS 14	Regulatory Deferral Accounts	1 January 2016
Amendments to FRS 10, FRS 12 and FRS 128	Investment Entities: Applying the Consolidation Exception	1 January 2016
Amendments to FRS 11	Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
Amendments to FRS 116 and FRS 138	Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016



# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL PERIOD FROM 1 NOVEMBER 2014 TO 31 DECEMBER 2015

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

### (b) New/Revised FRSs and Amendments to FRSs that are not yet effective (cont'd)

New/Revised FRSs and Amendments to FRSs		Effective for financial periods beginning on or after
Amendments to FRS 127	Equity Method in Separate Financial Statements	1 January 2016
Amendments to FRS 10 and FRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred
Amendments to FRS 5, FRS 7, FRS 119 and FRS 134	Annual Improvements to FRSs 2012-2014 Cycle	1 January 2016
Amendment to FRS 101	Disclosure Initiative	1 January 2016
FRS 9	Financial Instruments	1 January 2018

The above new/revised FRSs and 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:

#### *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 *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.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL PERIOD FROM 1 NOVEMBER 2014 TO 31 DECEMBER 2015

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

### (b) New/Revised FRSs and Amendments to FRSs that are not yet effective (cont'd)

#### *FRS 9: Financial Instruments*

FRS 9 specifies how an entity should classify and measure financial assets and financial liabilities. This standard requires all financial assets to be classified based on how an entity manages its financial assets (its business model) and the contractual cash flow characteristics of the financial asset. Financial assets are to be initially measured at fair value. Subsequent to initial recognition, depending on the business model under which these assets are acquired, they will be measured at either fair value or at amortised cost.

In respect of financial liabilities, the requirements are generally similar to the former FRS 139. However, this standard requires that for financial liabilities designated at fair value through profit or loss, changes in fair value attributable to the credit risk of that liability are to be presented in other comprehensive income, whereas the remaining amount of the change in fair value will be presented in the profit or loss.

#### *Amendments to FRS 101: Disclosure Initiatives*

The amendments to FRS 101 include narrow-focus improvements in the following five areas:

- Materiality
- Disaggregation and subtotals
- Notes structure
- Disclosure of accounting policies
- Presentation of items of other comprehensive income arising from equity accounted investments

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 (CONT'D)

FOR THE FINANCIAL PERIOD FROM 1 NOVEMBER 2014 TO 31 DECEMBER 2015

## 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 97 years for property, plant and equipment and 50 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 2015 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.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL PERIOD FROM 1 NOVEMBER 2014 TO 31 DECEMBER 2015

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

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

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

##### *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 2015 are disclosed in Note 15 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.

##### *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 Company's trade and other receivables as at 31 December 2015 are disclosed in Notes 9, 11, 16 and 17 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 2015 are as disclosed in Notes 2, 3, 4, 5, 6, 7, 8 and 13 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.



# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL PERIOD FROM 1 NOVEMBER 2014 TO 31 DECEMBER 2015

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

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

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

##### *Income taxes (cont'd)*

The carrying amounts of the Group's and the Company's tax assets as at 31 December 2015 were RM73,203,000 and RM9,107,000 (31 October 2014 (restated): RM55,528,000 and RM8,527,000), respectively.

The carrying amount of the Group's tax liabilities as at 31 December 2015 was RM146,498,000 (31 October 2014 (restated): RM18,065,000).

##### *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 2015 are disclosed in Note 12 to the financial statements.

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

The Group recognises 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 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 reporting date is disclosed in Note 26 to the financial statements.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL PERIOD FROM 1 NOVEMBER 2014 TO 31 DECEMBER 2015

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

### (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 period. The consolidated financial statements are prepared using uniform accounting policies for like transactions in similar circumstances.

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

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

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

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

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



# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL PERIOD FROM 1 NOVEMBER 2014 TO 31 DECEMBER 2015

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

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

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.

### (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.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL PERIOD FROM 1 NOVEMBER 2014 TO 31 DECEMBER 2015

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

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

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.

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 (CONT'D)

FOR THE FINANCIAL PERIOD FROM 1 NOVEMBER 2014 TO 31 DECEMBER 2015

## 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 period 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	1% - 2%
Leasehold land	Over the remaining period of the lease
Plant, machinery, cranes and trucks	20%
Renovations, computer equipment, office equipment, furniture and fittings	10% - 33%
Motor vehicles	16%

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 period in which they are incurred.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL PERIOD FROM 1 NOVEMBER 2014 TO 31 DECEMBER 2015

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

### (h) Investment properties (cont'd)

#### (i) Measurement basis (cont'd)

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.

#### (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%
Leasehold land	Over the remaining period of the lease

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 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 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 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 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 1(w) below. Repairs and maintenance and other expenses that are routine in nature are expensed and recognised in profit or loss as incurred.



# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL PERIOD FROM 1 NOVEMBER 2014 TO 31 DECEMBER 2015

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

### (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 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.

### (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 two categories, i.e. land held for property development and property development costs.

#### (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.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL PERIOD FROM 1 NOVEMBER 2014 TO 31 DECEMBER 2015

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

### (l) Development properties (cont'd)

#### (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 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.

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.

#### (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 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 estimated total costs, and for this purpose, only those costs that reflect actual contract work performed are included as costs incurred.



# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL PERIOD FROM 1 NOVEMBER 2014 TO 31 DECEMBER 2015

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

### (m) Long term construction contracts (cont'd)

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).

### (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 houses 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.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL PERIOD FROM 1 NOVEMBER 2014 TO 31 DECEMBER 2015

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

### (o) Financial instruments

#### (ii) *Financial instrument categories and subsequent measurement (cont'd)*

##### Financial assets (cont'd)

##### *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.

#### (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.



# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL PERIOD FROM 1 NOVEMBER 2014 TO 31 DECEMBER 2015

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

### (p) Impairment of assets (cont'd)

#### (i) *Trade and other receivables and other financial assets carried at amortised cost (cont'd)*

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.

#### (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.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL PERIOD FROM 1 NOVEMBER 2014 TO 31 DECEMBER 2015

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

### (q) Share capital and Sukuk Musharakah ("Perpetual bond")

Ordinary shares 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 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 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.

#### (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 Note 1(m) and 1(n).

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 period.

Revenue from construction contracts represents the proportionate contract value on construction contracts attributable to the percentage of contract work performed during the financial period.

#### (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.



# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL PERIOD FROM 1 NOVEMBER 2014 TO 31 DECEMBER 2015

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

### (s) Income recognition (cont'd)

#### (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.

#### (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.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL PERIOD FROM 1 NOVEMBER 2014 TO 31 DECEMBER 2015

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

### (t) Foreign currencies (cont'd)

#### (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.

#### (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.



# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL PERIOD FROM 1 NOVEMBER 2014 TO 31 DECEMBER 2015

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

### (u) Employee benefits (cont'd)

#### (iii) Share-based payment transactions (cont'd)

##### 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 using the binomial model, 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, 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 (CONT'D)

FOR THE FINANCIAL PERIOD FROM 1 NOVEMBER 2014 TO 31 DECEMBER 2015

## 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 subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.



# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL PERIOD FROM 1 NOVEMBER 2014 TO 31 DECEMBER 2015

## 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 subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

### (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 short-term deposits, sinking fund, debt service reserve, escrow and revenue accounts pledged to secure banking facilities.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL PERIOD FROM 1 NOVEMBER 2014 TO 31 DECEMBER 2015

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

### (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.

### (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 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 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 (CONT'D)

FOR THE FINANCIAL PERIOD FROM 1 NOVEMBER 2014 TO 31 DECEMBER 2015

### 2. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land	Freehold buildings	Leasehold land	Plant, machinery, cranes and trucks	Computer equipment, office equipment, renovations, furniture and fittings	Motor vehicles	Capital work-in-progress	Total
At 31.12.2015	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	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 13)	–	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 (CONT'D)

FOR THE FINANCIAL PERIOD FROM 1 NOVEMBER 2014 TO 31 DECEMBER 2015

## 2. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Group At 31.10.2014 Restated	Freehold land RM'000	Freehold buildings RM'000	Plant, machinery, cranes and trucks RM'000	Computer equipment, office equipment, renovations, furniture and fittings RM'000	Motor vehicles RM'000	Capital work-in- progress RM'000	Total RM'000
<b>Cost</b>							
At 1.11.2013, as previously stated	4,331	66,322	20,655	93,402	28,659	15,729	229,098
Reclassification	462	-	-	-	-	64,698	65,160
At 1.11.2013, as restated	4,793	66,322	20,655	93,402	28,659	80,427	294,258
Additions	-	609	1,159	9,753	2,915	40,468	54,904
Disposals	(190)	(6,282)	-	(1,039)	(1,045)	-	(8,556)
Write-offs	-	-	-	(631)	(72)	-	(703)
Reclassification	3,284	103,471	918	7,547	-	(115,220)	-
Disposal of subsidiaries	-	-	-	(187)	(331)	-	(518)
Transfer from/(to) investment properties (see Note 3)	-	14,708	-	(323)	-	(147)	14,238
Transfer to property development costs (see Note 13)	-	-	-	-	-	(147)	(147)
Exchange differences	-	-	-	13	-	-	13
At 31.10.2014	7,887	178,828	22,732	108,535	30,126	5,381	353,489
<b>Accumulated depreciation</b>							
At 1.11.2013	-	16,929	13,660	59,503	16,144	-	106,236
Charge for the year	-	4,093	2,321	14,506	3,006	-	23,926
Disposal of subsidiaries	-	-	-	(150)	(221)	-	(371)
Transfer from investment properties (see Note 3)	-	1,466	-	-	-	-	1,466
Disposals	-	(6,282)	-	(845)	(737)	-	(7,864)
Write-offs	-	-	-	(378)	(66)	-	(444)
At 31.10.2014	-	16,206	15,981	72,636	18,126	-	122,949
<b>Accumulated impairment losses</b>							
At 1.11.2013/31.10.2014	-	202	-	148	-	-	350
<b>Net carrying amount</b>							
At 31.10.2014	7,887	162,420	6,751	35,751	12,000	5,381	230,190



# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL PERIOD FROM 1 NOVEMBER 2014 TO 31 DECEMBER 2015

## 2. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Company At 31.12.2015	Plant, machinery, cranes and trucks RM'000	Office equipment, renovations, furniture and fittings RM'000	Motor vehicles RM'000	Total RM'000
<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
<b>At 31.10.2014</b>				
<b>Cost</b>				
At 1.11.2013	1,706	3,863	360	5,929
Disposals	–	(33)	(99)	(132)
At 31.10.2014	1,706	3,830	261	5,797
<b>Accumulated depreciation</b>				
At 1.11.2013	1,705	3,830	311	5,846
Charge for the year	–	24	24	48
Disposals	–	(33)	(83)	(116)
At 31.10.2014	1,705	3,821	252	5,778
<b>Net carrying amount</b>				
At 31.10.2014	1	9	9	19

Freehold land and buildings, including capital work-in-progress of the Group included above at a net carrying amount of RM101,267,000 (31.10.2014: RM1,320,000) have been charged to banks to partially secure the long term borrowings, revolving credits and bank overdrafts referred to in Notes 23 and 27 below.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL PERIOD FROM 1 NOVEMBER 2014 TO 31 DECEMBER 2015

## 3. INVESTMENT PROPERTIES

	Group		Company	
	31.12.2015 RM'000	31.10.2014 RM'000 Restated	31.12.2015 RM'000	31.10.2014 RM'000
<b>Cost</b>				
At beginning of the year, as restated/as previously stated	631,125	635,382	2,349	2,349
Reclassification/adjustment	–	(53,467)	–	–
At beginning of the period/year, as restated	631,125	581,915	2,349	2,349
Additions	129,143	71,444	–	–
Disposals	–	(7,996)	–	–
Net transfer to property, plant and equipment (see Note 2)	–	(14,238)	–	–
Transfer to land held for property development (see Note 4)	(837)	–	–	–
At end of the period/year	759,431	631,125	2,349	2,349
<b>Accumulated depreciation</b>				
At beginning of the period/year	16,170	11,810	157	147
Charge for the period/year	6,870	5,826	11	10
Transfer to property, plant and equipment (see Note 2)	–	(1,466)	–	–
At end of the period/year	23,040	16,170	168	157
<b>Accumulated impairment losses</b>				
At beginning/end of the period/year	10,013	10,013	443	443
<b>Net carrying amount</b>				
At end of the period/year	726,378	604,942	1,738	1,749
<i>Comprising:</i>				
Investment properties under construction	273,299	148,509	–	–
Freehold land	100,813	100,813	928	928
Freehold buildings	283,234	286,577	–	–
Leasehold land	69,032	69,043	810	821
	726,378	604,942	1,738	1,749
Fair value at 31.12.2015/31.10.2014	1,006,594	885,136	3,196	3,066



## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL PERIOD FROM 1 NOVEMBER 2014 TO 31 DECEMBER 2015

### 3. INVESTMENT PROPERTIES (CONT'D)

Title deeds to certain of the Group's investment properties costing RM399,000 (31.10.2014: RM399,000) have yet to be issued in or transferred to the name of a subsidiary company concerned.

The Group's investment properties at a net carrying amount of RM252,535,000 (31.10.2014: RM178,883,000) have been charged to banks to secure the borrowings referred to in Notes 23 and 27 below.

Included under the Group's investment properties is borrowing costs of RM21,071,000 (31.10.2014: RM Nil) incurred during the financial period/year.

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 2015 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 RM273,299,000 (31.10.2014: RM148,509,000) cannot be reliably and separately determined until the construction is completed or the fair value becomes reliably determinable, whichever is earlier.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL PERIOD FROM 1 NOVEMBER 2014 TO 31 DECEMBER 2015

## 4. LAND HELD FOR PROPERTY DEVELOPMENT

Group	Freehold land	Leasehold land	Development expenditure	Total
At 31.12.2015	RM'000	RM'000	RM'000	RM'000
<b>Cost</b>				
At 1 November 2014, as restated	2,848,060	382,192	2,029,912	5,260,164
Additions	116,621	–	409,104	525,725
Transfer from investment property (see Note 3)	–	–	837	837
Transfer to property development costs (see Note 13)	(255,627)	(1,849)	(232,607)	(490,083)
Exchange differences	–	5,329	2,358	7,687
At 31 December 2015	2,709,054	385,672	2,209,604	5,304,330

### At 31.10.2014 Restated

<b>Cost</b>				
At 1 November 2013, as previously stated	3,046,430	366,168	1,208,202	4,620,800
Adjustments	4,562	364	425,082	430,008
At 1 November 2013, as restated	3,050,992	366,532	1,633,284	5,050,808
Additions	8,310	13,093	717,103	738,506
Transfer to property development costs (see Note 13)	(211,242)	(10,969)	(308,207)	(530,418)
Reclassification	–	12,243	(12,243)	–
Exchange differences	–	1,293	(25)	1,268
At 31 October 2014	2,848,060	382,192	2,029,912	5,260,164

Included in additions are borrowing costs and development rights of RM82,888,000 and RM171,231,000 (31.10.2014 (restated): RM69,679,000 and RM93,479,000) incurred during the financial period/year.

Land held for property development of the Group included above with a carrying amount of RM1,784,052,000 (31.10.2014 (restated): RM1,905,250,000) have been charged to banks to partially secure the borrowings referred to in Notes 23 and 27 below.



# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL PERIOD FROM 1 NOVEMBER 2014 TO 31 DECEMBER 2015

## 5. INTANGIBLE ASSET – RIGHT TO OPERATE SPICE

	Group	
	31.12.2015 RM'000	31.10.2014 RM'000 Restated
<b>Cost/Net carrying amount</b>		
At beginning of the period/year, as restated/as previously stated	6,628	52,129
Reclassification	–	(48,734)
At beginning of the period/year, as restated	6,628	3,395
Additions	587	3,233
At end of the period/year	7,215	6,628

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/F&B 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 SUBSIDIARY COMPANIES

	Company	
	31.12.2015 RM'000	31.10.2014 RM'000
Unquoted shares in subsidiary companies, at cost	509,148	496,849
Capital contribution to subsidiary companies, at cost	3,212,163	1,409,829
LTIP granted to employees of subsidiary companies	69,886	45,511
Impairment losses	(61,008)	(61,008)
	3,730,189	1,891,181

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 (CONT'D)

FOR THE FINANCIAL PERIOD FROM 1 NOVEMBER 2014 TO 31 DECEMBER 2015

## 6. INVESTMENTS IN SUBSIDIARY COMPANIES (CONT'D)

The subsidiary companies are as follows:

	Equity interest				Country of incorporation	Principal activities
	Direct		Indirect			
	2015 %	2014 %	2015 %	2014 %		
Bandar Setia Alam Sdn Bhd	100	100	–	–	Malaysia	Property development and property investment holding
Setia Indah Sdn Bhd	100	100	–	–	Malaysia	Property development and property investment holding
Setia Duta One Sdn Bhd	100	100	–	–	Malaysia	Property development
Syarikat Kemajuan Jerai Sdn Bhd	100	100	–	–	Malaysia	Property development and investment holding
S P Setia Project Management Sdn Bhd	–	–	100	100	Malaysia	Property development project management
Lagavest Sdn Bhd	–	–	100	100	Malaysia	Investment holding
Wawasan Indera Sdn Bhd	50	50	50	50	Malaysia	Property development
S P Setia Eco-Projects Management Sdn Bhd	–	–	100	100	Malaysia	Property development project management
Setia Recreation Sdn Bhd	–	–	100	100	Malaysia	Club operator
Ambleside Sdn Bhd	–	–	100	100	Malaysia	Property development
Bukit Indah (Johor) Sdn Bhd	100	100	–	–	Malaysia	Property development and property investment holding
Setia Bina Raya Sdn Bhd	100	100	–	–	Malaysia	Inactive
Setia Precast Sdn Bhd	–	–	100	100	Malaysia	Building contractors
Setia-Wood Industries Sdn Bhd	100	100	–	–	Malaysia	Prefabrication, installation, sale of wood products and provision of kiln dry services
S P Setia Marketing Sdn Bhd	–	–	100	100	Malaysia	Sale of wood products and building materials
S P Setia Estate Management Sdn Bhd	60	60	–	–	Malaysia	Property management services
Setia Readymix Sdn Bhd	100	100	–	–	Malaysia	Building contractors and manufacturing and sale of building materials
Bukit Indah (Perak) Sdn Bhd	100	100	–	–	Malaysia	Property development
S P Setia Management Services Sdn Bhd	100	100	–	–	Malaysia	Investment holding
Futurecrest (M) Sdn Bhd	100	100	–	–	Malaysia	Investment holding
Shabra Development Sdn Bhd	100	100	–	–	Malaysia	Property development



# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL PERIOD FROM 1 NOVEMBER 2014 TO 31 DECEMBER 2015

## 6. INVESTMENTS IN SUBSIDIARY COMPANIES (CONT'D)

	Equity interest				Country of incorporation	Principal activities
	Direct		Indirect			
	2015 %	2014 %	2015 %	2014 %		
KL Eco City Sdn Bhd	100	100	–	–	Malaysia	Property development and property investment holding
Setia Prefab Sdn Bhd	100	100	–	–	Malaysia	Investment holding
Manih System Construction Sdn Bhd	–	–	100	100	Malaysia	Investment holding
Suharta Sdn Bhd	–	–	–	60	Malaysia	Under creditors' voluntary liquidation
Tenaga Raya Sdn Bhd	100	100	–	–	Malaysia	Dormant
Cosmotek Sdn Bhd	100	100	–	–	Malaysia	Investment holding
SJ Classic Land Sdn Bhd	–	–	60	60	Malaysia	Dormant
Indera Perasa Sdn Bhd	100	100	–	–	Malaysia	Investment holding
Dian Mutiara Sdn Bhd	–	–	100	100	Malaysia	Dormant
KL East Sdn Bhd	100	100	–	–	Malaysia	Dormant
& ^ Setia Eco Templer Recreation Sdn Bhd (formerly known as Setia EM (North) Sdn Bhd)	100	–	–	–	Malaysia	Dormant
Setia EM (South) Sdn Bhd (formerly known as Plentitude Circle Sdn Bhd)	100	–	–	–	Malaysia	Dormant
Kenari Kayangan Sdn Bhd	99.99	99.99	–	–	Malaysia	Investment holding
Setia Ecohill 2 Sdn Bhd	100	100	–	–	Malaysia	Property development and property investment holding
S P Setia Property Holdings Sdn Bhd	100	100	–	–	Malaysia	Dormant
Setia Hicon Sdn Bhd	100	100	–	–	Malaysia	Property development
S P Setia Technology Sdn Bhd	100	100	–	–	Malaysia	Dormant
S P Setia PMC Sdn Bhd	100	100	–	–	Malaysia	General management and administration services
Setia Promenade Sdn Bhd	100	100	–	–	Malaysia	Property development and property investment holding
Bukit Indah Property Management Sdn Bhd	70	70	–	–	Malaysia	Property development
Kewira Jaya Sdn Bhd	100	100	–	–	Malaysia	Property development
Kay Pride Sdn Bhd	–	–	100	100	Malaysia	Property development and property investment holding

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL PERIOD FROM 1 NOVEMBER 2014 TO 31 DECEMBER 2015

## 6. INVESTMENTS IN SUBSIDIARY COMPANIES (CONT'D)

	Equity interest				Country of incorporation	Principal activities
	Direct		Indirect			
	2015 %	2014 %	2015 %	2014 %		
Aeropod Sdn Bhd	100	100	–	–	Malaysia	Property development and property investment holding
Setiahomes (MM2H) Sdn Bhd	100	100	–	–	Malaysia	Dormant
Eco Meridian Sdn Bhd	100	100	–	–	Malaysia	Construction and operation of concession asset and property investment holding
Setia Ecohill Sdn Bhd	100	100	–	–	Malaysia	Property development and property investment holding
S P Setia (Indonesia) Sdn Bhd	100	100	–	–	Malaysia	Representative office in Indonesia
Retro Highland Sdn Bhd	–	50	–	–	Malaysia	Property development
Setia City Development Sdn Bhd	100	100	–	–	Malaysia	Property development and property investment holding
Gita Kasturi Sdn Bhd	100	100	–	–	Malaysia	Property development and property investment holding
Intra Hillside Sdn Bhd	100	100	–	–	Malaysia	Property development and property investment holding
Setia Alam Recreation Sdn Bhd	–	–	100	100	Malaysia	Club operator
Setia Eco Green Sdn Bhd	100	100	–	–	Malaysia	Dormant
Setia Eco Heights Sdn Bhd	100	100	–	–	Malaysia	Dormant
Setia Eco Land Sdn Bhd	100	100	–	–	Malaysia	Property development and property investment holding
S P Setia Property Services Sdn Bhd	100	100	–	–	Malaysia	Property and building management and investment holding
Flexrise Projects Sdn Bhd	100	100	–	–	Malaysia	Investment holding
Pelita Mentari Sdn Bhd	100	100	–	–	Malaysia	Investment holding
Setia Eco Templer Sdn Bhd	100	100	–	–	Malaysia	Property development
Setia EM (Central) Sdn Bhd ( <i>formerly known as Ivory Streams Sdn Bhd</i> )	100	100	–	–	Malaysia	Property management services
S P Setia DMC Sdn Bhd	100	100	–	–	Malaysia	Investment holding



## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL PERIOD FROM 1 NOVEMBER 2014 TO 31 DECEMBER 2015

### 6. INVESTMENTS IN SUBSIDIARY COMPANIES (CONT'D)

	Equity interest				Country of incorporation	Principal activities
	Direct		Indirect			
	2015 %	2014 %	2015 %	2014 %		
Exceljade Sdn Bhd	100	100	–	–	Malaysia	Property development
Sendiman Sdn Bhd	100	100	–	–	Malaysia	Property development
Kemboja Mahir Sdn Bhd	70	70	–	–	Malaysia	Property development
Bandar Eco-Setia Sdn Bhd	50	50	–	–	Malaysia	Property development and property investment
Setia Eco Park Recreation Sdn Bhd	–	–	50	50	Malaysia	Club operator
Ganda Anggun Sdn Bhd	–	–	70	70	Malaysia	Property development
Kesas Kenangan Sdn Bhd	–	–	70	70	Malaysia	Property development and property investment
Setia Eco Glades Sdn Bhd	70	70	–	–	Malaysia	Property development and property investment holding
Setia International Limited	100	100	–	–	British Virgin Islands	Investment holding
Setia MyPhuoc Limited	–	–	100	100	British Virgin Islands	Investment holding
Setia Capital (Vietnam) Limited	–	–	100	100	British Virgin Islands	Investment holding
Setia Land (Vietnam) Limited	–	–	100	100	British Virgin Islands	Investment holding
Setia Bac Ninh Limited	–	–	–	100	British Virgin Islands	Struck-off
Setia Australia Limited	–	–	100	100	British Virgin Islands	Investment holding
Setia Lai Thieu Limited	–	–	95	95	British Virgin Islands	Investment holding
Setia Jersey Investment Holding Company Limited	–	–	100	100	Jersey	Investment holding
+ Setia Lai Thieu One Member Company Limited	–	–	95	95	Vietnam	Property development
+ Setia (Melbourne) Development Company Pty Ltd	–	–	100	100	Australia	Property development
+ Setia St Kilda (Melbourne) Pty Ltd	–	–	100	100	Australia	Property development
# Setia Carnegie Pty Ltd	–	–	100	–	Australia	Property development

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL PERIOD FROM 1 NOVEMBER 2014 TO 31 DECEMBER 2015

## 6. INVESTMENTS IN SUBSIDIARY COMPANIES (CONT'D)

	Equity interest				Country of incorporation	Principal activities
	Direct		Indirect			
	2015 %	2014 %	2015 %	2014 %		
* Setia Land (China) Limited	–	–	100	100	Hong Kong	Investment holding
+ S P Setia International (S) Pte Ltd	100	100	–	–	Singapore	Promotion, marketing and other activities related to property development
+ S P Setia Development Pte Ltd	100	100	–	–	Singapore	Dormant
<sup>¶</sup> S P Setia Foundation	–	–	–	–	Malaysia	Promotion and advancement of education, research and dissemination of knowledge
<sup>*¶</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

& Formerly known as Vero Legacy Sdn Bhd and subsequently changed its name to Setia EM (North) Sdn Bhd on 26 March 2015

^ On 29 January 2016, S P Setia Berhad disposed the entire issued and paid-up share capital of Setia Eco Templer Recreation Sdn Bhd ("SETR") (formerly known as Setia EM (North) Sdn Bhd) to a wholly-owned subsidiary, Setia Eco Templer Sdn Bhd, resulting in SETR becoming an indirect wholly-owned subsidiary company of S P Setia Berhad

# Consolidated using unaudited financial statements

^ A trust established under the Trustees (Incorporation) Act 1952

¶ S P Setia Berhad has effective interest of 100%

### 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	
		31.12.2015	31.10.2014	1.11.2014 to	1.11.2013 to	31.12.2015	31.10.2014
				31.12.2015	31.10.2014		
Bandar Eco-Setia Sdn Bhd	Malaysia	50%	50%	32,075	60,679	299,203	274,628
Setia Eco Glades Sdn Bhd	Malaysia	30%	30%	15,810	8,925	43,145	27,335
Kesas Kenangan Sdn Bhd	Malaysia	30%	30%	6,997	18,340	43,285	36,288
Individually immaterial subsidiaries with non-controlling interests						1,375	86
						387,008	338,337



# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL PERIOD FROM 1 NOVEMBER 2014 TO 31 DECEMBER 2015

## 6. INVESTMENTS IN SUBSIDIARY COMPANIES (CONT'D)

Summarised financial information of the Group's subsidiaries that have material non-controlling interests (amounts before intra-group elimination) is as follows:

	31.12.2015 RM'000	31.10.2014 RM'000 Restated
<b>Bandar Eco-Setia Sdn Bhd</b>		
Non-current assets	359,170	390,808
Current assets	359,463	342,373
Non-current liabilities	(15,400)	(33,850)
Current liabilities	(102,176)	(147,424)
Net assets	601,057	551,907
	1.11.2014 to 31.12.2015 RM'000	1.11.2013 to 31.10.2014 RM'000 Restated
Revenue	151,371	289,640
Profit for the period/year	64,150	121,358
Other comprehensive income for the period/year	-	-
Total comprehensive income for the period/year	64,150	121,358
Dividends paid to owners of non-controlling interests	7,500	-
Net cash generated from operating activities	52,250	97,465
Net cash generated from/(used in) investing activities	3,693	(4,129)
Net cash used in financing activities	(37,311)	(49,207)
Net increase in cash and cash equivalents	18,632	44,129

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL PERIOD FROM 1 NOVEMBER 2014 TO 31 DECEMBER 2015

## 6. INVESTMENTS IN SUBSIDIARY COMPANIES (CONT'D)

	31.12.2015	31.10.2014
	RM'000	RM'000
<b>Setia Eco Glades Sdn Bhd</b>		<b>Restated</b>
Non-current assets	373,770	430,021
Current assets	214,463	145,328
Non-current liabilities	(305,103)	(379,404)
Current liabilities	(139,314)	(104,829)
Net assets	143,816	91,116

	1.11.2014 to 31.12.2015	1.11.2013 to 31.10.2014
	RM'000	RM'000
		<b>Restated</b>
Revenue	363,882	217,990
Profit for the period/year	52,700	29,749
Other comprehensive income for the period/year	-	-
Total comprehensive income for the period/year	52,700	29,749
Dividends paid to owners of non-controlling interests	-	-
Net cash generated from operating activities	105,322	114,911
Net cash used in investing activities	(47,816)	(102,318)
Net cash used in financing activities	(53,551)	(6,598)
Net increase in cash and cash equivalents	3,955	5,995

	31.12.2015	31.10.2014
	RM'000	RM'000
<b>Kesas Kenangan Sdn Bhd</b>		<b>Restated</b>
Non-current assets	349,399	388,340
Current assets	229,749	290,208
Non-current liabilities	(111,833)	(140,320)
Current liabilities	(323,030)	(417,265)
Net assets	144,285	120,963



## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL PERIOD FROM 1 NOVEMBER 2014 TO 31 DECEMBER 2015

### 6. INVESTMENTS IN SUBSIDIARY COMPANIES (CONT'D)

	1.11.2014 to 31.12.2015	1.11.2013 to 31.10.2014
	RM'000	RM'000
		Restated
<b>Kesas Kenangan Sdn Bhd (cont'd)</b>		
Revenue	184,651	209,886
Profit for the period/year	23,322	61,133
Other comprehensive income for the period/year	–	–
Total comprehensive income for the period/year	23,322	61,133
Dividends paid to owners of non-controlling interests	–	–
Net cash generated from operating activities	15,773	41,995
Net cash generated from/(used in) investing activities	11,151	(558)
Net cash used in financing activities	(22,304)	(62,838)
Net increase/(decrease) in cash and cash equivalents	4,620	(21,401)

### 7. INVESTMENTS IN ASSOCIATED COMPANIES

	Group		Company	
	31.12.2015	31.10.2014	31.12.2015	31.10.2014
	RM'000	RM'000	RM'000	RM'000
Unquoted ordinary shares, at cost	2,272	2,272	900	900
Capital contribution to an associated company, at cost	94,721	93,249	94,721	93,249
Group's share of post-acquisition profits less losses	3,622	(911)	–	–
Group's share of non-distributable reserves	20,974	863	–	–
Impairment losses	(1,372)	(1,372)	–	–
	120,217	94,101	95,621	94,149

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL PERIOD FROM 1 NOVEMBER 2014 TO 31 DECEMBER 2015

## 7. 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/31 October is set out below:

	31.12.2015	31.10.2014
	RM'000	RM'000
Profit/(loss) for the period/year	4,533	(94)
Other comprehensive income for the period/year	–	–
Total comprehensive profit/(loss) for the period/year	4,533	(94)
Carrying amount of the Group's interest in individually non-material associated companies	25,496	852
Capital contribution to an associated company, at cost *	94,721	93,249
	120,217	94,101

\* 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			
	2015	2014	2015	2014		
	%	%	%	%		
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 2015 have been used.



# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL PERIOD FROM 1 NOVEMBER 2014 TO 31 DECEMBER 2015

## 8. INVESTMENTS IN JOINTLY CONTROLLED ENTITIES

	Group		Company	
	31.12.2015	31.10.2014	31.12.2015	31.10.2014
	RM'000	RM'000	RM'000	RM'000
Unquoted ordinary shares, at cost	1,132,380	768,683	33,250	33,250
Premium on acquisition	6,879	6,879	–	–
Group's share of post-acquisition profits less losses	(243,385)	(136,450)	–	–
Group's share of non-distributable reserves	189,916	18,062	–	–
LTIP granted to employees of jointly controlled entities	1,045	479	1,742	799
	1,086,835	657,653	34,992	34,049

The jointly controlled entities are as follows:

	Proportion of ownership interest				Country of incorporation	Principal activities
	Direct		Indirect			
	2015	2014	2015	2014		
	%	%	%	%		
Setia Putrajaya Sdn Bhd	60	60	–	–	Malaysia	Property development, building construction and investment holding
Setia Putrajaya Construction Sdn Bhd	–	–	60	60	Malaysia	Building construction
Setia Putrajaya Development Sdn Bhd	–	–	60	60	Malaysia	Property development
Greenhill Resources Sdn Bhd	–	–	50	50	Malaysia	Property investment
Setia Federal Hill Sdn Bhd	50	50	–	–	Malaysia	Property development and property investment holding
# SetiaBecamex Joint Stock Company	–	–	55	55	Vietnam	Property development
Retro Highland Sdn Bhd	50	–	–	–	Malaysia	Property development
^ Battersea Project Holding Company * Limited	–	–	40	40	Jersey	Investment holding
^ Battersea Project Land Company * Limited	–	–	40	40	Jersey	Property development and property investment holding
* Battersea Power Station Development Company Limited	–	–	40	40	United Kingdom	Project development management
^ Battersea Power Station Malaysia * Sdn Bhd	–	–	40	40	Malaysia	Promotion, marketing and other activities related to property development
^ Battersea Phase 1 Holding Company * Limited	–	–	40	40	Jersey	Property investment holding
^ Battersea Project Phase 1 Company * Limited	–	–	40	40	Jersey	Property investment holding

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL PERIOD FROM 1 NOVEMBER 2014 TO 31 DECEMBER 2015

## 8. INVESTMENTS IN JOINTLY CONTROLLED ENTITIES (CONT'D)

	Proportion of ownership interest				Country of incorporation	Principal activities
	Direct		Indirect			
	2015 %	2014 %	2015 %	2014 %		
^ Battersea Project Phase 1 * Management Company Limited	–	–	40	40	Jersey	Dormant
^ Battersea Project Phase 1 Nominee * Company Limited	–	–	40	40	Jersey	Property investment holding
^ Battersea Project Phase 1 GP Limited *	–	–	40	40	Jersey	Property development and property investment holding
^ Battersea Project Phase 1 LP Limited *	–	–	40	40	Jersey	Property development and property investment holding
^ Battersea Project Phase 1 Commercial * Limited Partnership	–	–	40	40	United Kingdom	Property development and property investment holding
^ Battersea Phase 2 Holding Company * Limited	–	–	40	40	Jersey	Investment holding
^ Battersea Project Phase 2 Company * Limited	–	–	40	40	Jersey	Property development
^ Battersea Project Phase 2 * Development Company Limited	–	–	40	40	Jersey	Property development
^ Battersea Project Phase 2 Residential * Company Limited	–	–	40	40	Jersey	Property development
^ Battersea Project Phase 2 Nominee * Company Limited	–	–	40	40	Jersey	Property investment holding
^ Battersea Project Phase 2 * Management Company Limited	–	–	40	40	Jersey	Dormant
^ Battersea Power Station Energy * Company Limited	–	–	40	40	Jersey	Dormant
^ Battersea Project Phase 2 GP Limited *	–	–	40	40	Jersey	Property development and property investment holding
^ Battersea Project Phase 2 LP Limited *	–	–	40	40	Jersey	Property development and property investment holding
^ 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



# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL PERIOD FROM 1 NOVEMBER 2014 TO 31 DECEMBER 2015

## 8. INVESTMENTS IN JOINTLY CONTROLLED ENTITIES (CONT'D)

	Proportion of ownership interest				Country of incorporation	Principal activities
	Direct		Indirect			
	2015 %	2014 %	2015 %	2014 %		
^ 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
^ Battersea Project Phase 4 * Management Company Limited	–	–	40	40	Jersey	Dormant
^ Battersea Project Phase 4 GP Limited *	–	–	40	40	Jersey	Property development and property investment holding
^ Battersea Project Phase 4 LP Limited *	–	–	40	40	Jersey	Property development and property investment holding
^ Battersea Project Phase 4 Commercial * Limited Partnership	–	–	40	40	United Kingdom	Property development and property investment holding
^ Battersea Phase 5 Holding Company * Limited	–	–	40	40	Jersey	Property investment holding
^ Battersea Project Phase 5 Company * Limited	–	–	40	40	Jersey	Property investment holding

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL PERIOD FROM 1 NOVEMBER 2014 TO 31 DECEMBER 2015

## 8. INVESTMENTS IN JOINTLY CONTROLLED ENTITIES (CONT'D)

	Proportion of ownership interest				Country of incorporation	Principal activities
	Direct		Indirect			
	2015 %	2014 %	2015 %	2014 %		
^ Battersea Project Phase 5 * Development Company Limited	–	–	40	40	Jersey	Dormant
^ Battersea Project Phase 4a Company * Limited (formerly known as Battersea Project Phase 5 Residential Company Limited)	–	–	40	40	Jersey	Dormant
^ Battersea Phase 6 Holding Company * Limited	–	–	40	40	Jersey	Investment holding
^ Battersea Project Phase 6 Company * Limited	–	–	40	40	Jersey	Property development
^ Battersea Project Phase 6 * Development Company Limited	–	–	40	40	Jersey	Dormant
^ Battersea Project Phase 6 Residential * Company Limited	–	–	40	40	Jersey	Property development and property investment holding
^ Battersea Project Phase 6 Nominee * Company Limited	–	–	40	40	Jersey	Property investment holding
^ Battersea Project Phase 6 * Management Company Limited	–	–	40	40	Jersey	Dormant
^ Battersea Project Phase 6 GP Limited *	–	–	40	40	Jersey	Property development and property investment holding
^ 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



# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL PERIOD FROM 1 NOVEMBER 2014 TO 31 DECEMBER 2015

## 8. INVESTMENTS IN JOINTLY CONTROLLED ENTITIES (CONT'D)

	Proportion of ownership interest				Country of incorporation	Principal activities
	Direct		Indirect			
	2015	2014	2015	2014		
	%	%	%	%		
<sup>^</sup> Battersea Project Phase 7 GP Limited <sup>*</sup>	–	–	40	40	Jersey	Property development and property investment holding
<sup>^</sup> Battersea Project Phase 7 LP Limited <sup>*</sup>	–	–	40	40	Jersey	Property development and property investment holding
<sup>^</sup> Battersea Project Phase 7 Commercial <sup>*</sup> Limited Partnership	–	–	40	40	United Kingdom	Property development and property investment holding
<sup>^</sup> Battersea Project Residual Land <sup>*</sup> Company Limited	–	–	40	40	Jersey	Dormant
<sup>^</sup> Battersea Project Phase 2 <sup>*</sup> Refurbishment Company Limited	–	–	40	40	Jersey	Property development
<sup>*</sup> Battersea Power Station Estates Limited	–	–	40	40	United Kingdom	Property management services

<sup>#</sup> Audited by a firm other than Ernst & Young

<sup>\*</sup> The financial year of these jointly controlled entities ends on 31 October and audited by a firm other than Ernst & Young

<sup>^</sup> Subsidiaries consolidated in Battersea Project Holding 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.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL PERIOD FROM 1 NOVEMBER 2014 TO 31 DECEMBER 2015

## 8. INVESTMENTS IN JOINTLY CONTROLLED ENTITIES (CONT'D)

The Group's jointly controlled entities are accounted for using the equity method in the financial statements.

The Group's shares of capital commitments of the jointly controlled entities at the reporting date are as below:

	31.12.2015 RM'000	31.10.2014 RM'000 Restated
Capital commitments:		
– Commitments in relation to development work	55,773	96,290
– Purchase of development land	135,093	111,401

There is no share of contingent liability and operating lease commitment of the jointly controlled entities of the Group as at the reporting date.

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

	31.12.2015 RM'000	31.10.2014 RM'000
Non-current assets	2,365,725	2,354,169
Current assets	5,516,042	2,393,875
Non-current liabilities	(3,273,445)	(1,912,258)
Current liabilities	(1,804,012)	(1,253,526)
Net assets	2,804,310	1,582,260

	1.11.2014 to 31.12.2015 RM'000	1.11.2013 to 31.10.2014 RM'000
Revenue	–	–
Loss for the period/year	(125,807)	(112,811)
Other comprehensive income for the period/year	–	–
Total comprehensive loss for the period/year	(125,807)	(112,811)



## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL PERIOD FROM 1 NOVEMBER 2014 TO 31 DECEMBER 2015

### 8. INVESTMENTS IN JOINTLY CONTROLLED ENTITIES (CONT'D)

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:

	31.12.2015 RM'000	31.10.2014 RM'000
Net assets	2,804,310	1,582,260
Proportion of ownership interest held by the Group	40%	40%
Carrying amount of the Group's interest in the jointly controlled entity	1,121,724	632,904

There is no dividend paid by Battersea Project Holding Company Limited Group during the financial period (31.10.2014: RM Nil).

The summarised aggregate financial information of the Group's share of other individually non-material jointly controlled entities as at 31 December/31 October is set out below:

	1.11.2014 to 31.12.2015 RM'000	1.11.2013 to 31.10.2014 RM'000
Loss for the period/year	(59,207)	(32,743)
Other comprehensive income for the period/year	-	-
Total comprehensive loss for the period/year	(59,207)	(32,743)

	31.12.2015 RM'000	31.10.2014 RM'000
Carrying amount of the Group's interest in individually non-material jointly controlled entities	(34,889)	24,749

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL PERIOD FROM 1 NOVEMBER 2014 TO 31 DECEMBER 2015

## 9. AMOUNTS OWING BY/TO SUBSIDIARY COMPANIES

### Amounts owing by subsidiary companies included under non-current assets

The amounts owing by subsidiary companies included under non-current assets represent unsecured advances which are not expected to be recalled within the next 12 months and are analysed as follows:

	Company	
	31.12.2015 RM'000	31.10.2014 RM'000 Restated
Bearing interest at 4.34% to 8.00% (31.10.2014 : 4.15% to 4.53%) per annum	1,130,111	2,245,825
Interest free	170,471	101,062
Unquoted redeemable cumulative preference shares	101,858	100,769
	1,402,440	2,447,656
Allowance for doubtful debts	(9,681)	(8,887)
	1,392,759	2,438,769

### Amounts owing by subsidiary companies included under current assets

	Company	
	31.12.2015 RM'000	31.10.2014 RM'000 Restated
Trade accounts:		
– management fee	16,143	31,133
– staff secondment fee	5,965	7,350
– retention sums receivable	807	807
– allowance for doubtful debts	(795)	(795)
	22,120	38,495
Unsecured advances:		
– bearing interest at 4.34% to 8.85% (31.10.2014 : 4.15% to 4.49%) per annum	256,045	99,261
– interest free	441,854	580,285
– unquoted redeemable cumulative preference shares	21,673	22,605
	719,572	702,151
	741,692	740,646

The trade accounts are expected to be settled within the normal credit periods. Unsecured advances are repayable on demand.



# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL PERIOD FROM 1 NOVEMBER 2014 TO 31 DECEMBER 2015

## 9. AMOUNTS OWING BY/TO SUBSIDIARY COMPANIES (CONT'D)

Amounts owing to subsidiary companies included under current liabilities

	Company	
	31.12.2015	31.10.2014
	RM'000	RM'000
Trade accounts – retention sums payable	1,310	1,310
Unsecured advances:		
– bearing interest at 5.00% per annum	55,700	–
Unsecured interest free advances	106,540	128,407
	163,550	129,717

The trade accounts are expected to be settled within the normal credit periods. The unsecured interest free advances are payable on demand.

## 10. AMOUNT OWING BY A FORMER JOINT VENTURE PARTNER

In prior year, the amount owing by a former joint venture partner represents unsecured advances which are not expected to be recalled within the next 12 months.

## 11. AMOUNTS OWING BY JOINTLY CONTROLLED ENTITIES

Amounts owing by jointly controlled entities included under current assets

	Group		Company	
	31.12.2015	31.10.2014	31.12.2015	31.10.2014
	RM'000	RM'000	RM'000	RM'000
		Restated		Restated
Trade accounts	94,350	8,008	–	–
Unsecured advances:				
Bearing interest at 6.00% to 10% (31.10.2014 : 6.00% to 10%) per annum	200,401	134,955	93,981	44,250
Interest free advances	215,542	172,125	204,969	114,048
	510,293	315,088	298,950	158,298

The trade accounts are expected to be settled within the normal credit period. Unsecured advances are repayable on demand.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL PERIOD FROM 1 NOVEMBER 2014 TO 31 DECEMBER 2015

## 12. DEFERRED TAX

	Group		Company	
	31.12.2015	31.10.2014	31.12.2015	31.10.2014
	RM'000	RM'000	RM'000	RM'000
	Restated			
Deferred tax assets	126,529	120,890	619	–
Deferred tax liabilities	(40,476)	(20,924)	–	(3)
	86,053	99,966	619	(3)

	Group		Company	
	31.12.2015	31.10.2014	31.12.2015	31.10.2014
	RM'000	RM'000	RM'000	RM'000
	Restated			
At beginning of the period/year, as restated/previously stated	161,937	186,614	(3)	6
Adjustments	(61,971)	(61,166)	–	–
At beginning of the period/year, as restated	99,966	125,448	(3)	6
(Charged)/credited to profit or loss	(11,403)	(25,309)	622	(9)
Disposal of a subsidiary	–	26	–	–
Exchange rate differences	(2,510)	(199)	–	–
At end of the period/year	86,053	99,966	619	(3)

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 (CONT'D)

FOR THE FINANCIAL PERIOD FROM 1 NOVEMBER 2014 TO 31 DECEMBER 2015

## 12. DEFERRED TAX (CONT'D)

The temporary differences on which deferred tax assets/liabilities have been recognised are as follows:

	Group		Company	
	31.12.2015	31.10.2014	31.12.2015	31.10.2014
	RM'000	RM'000	RM'000	RM'000
	Restated			
Tax effects of:				
– unabsorbed capital allowances	1,086	3,615	–	–
– unutilised tax losses	44,007	23,031	–	–
– property development and construction profits	50,019	80,257	–	–
– excess of capital allowances claimed over accumulated depreciation on property, plant and equipment	(9,725)	(12,417)	(5)	–
– others	666	5,480	624	(3)
	86,053	99,966	619	(3)

Unutilised tax losses, unabsorbed capital allowances and other temporary differences exist as at 31 December/31 October of which deferred tax assets have not been recognised in the financial statements are as follows:

	Group	
	31.12.2015	31.10.2014
	RM'000	RM'000
	Restated	
Unutilised tax losses	71,984	37,548
Unabsorbed capital allowances	2,641	1,397
Excess of capital allowances claimed over accumulated depreciation on property, plant and equipment	(149)	41
Others	1,493	(161)
	75,969	38,825

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 (CONT'D)

FOR THE FINANCIAL PERIOD FROM 1 NOVEMBER 2014 TO 31 DECEMBER 2015

## 13. PROPERTY DEVELOPMENT COSTS

	Group	
	31.12.2015 RM'000	31.10.2014 RM'000 Restated
Freehold land at cost, as restated/as previously stated	1,866,497	1,894,250
Leasehold land at cost, as restated/as previously stated	300,604	242,463
Development costs, as restated/as previously stated	6,964,313	6,771,016
Costs recognised as an expense in previous years, as restated/as previously stated	(6,469,491)	(6,334,459)
<b>At 1 November, as restated/as previously stated</b>	<b>2,661,923</b>	<b>2,573,270</b>
Adjustments	–	(57,097)
Freehold land at cost, as restated	1,866,497	1,734,728
Leasehold land at cost, as restated	300,604	242,463
Development costs, as restated	6,964,313	5,700,856
Costs recognised as an expense in previous years, as restated	(6,469,491)	(5,161,874)
<b>At 1 November, as restated</b>	<b>2,661,923</b>	<b>2,516,173</b>
Costs transferred (to)/from property, plant and equipment (see Note 2)		
– development costs	(3,393)	147
Costs transferred from land held for property development (see Note 4)		
– freehold land	255,627	211,242
– leasehold land	1,849	10,969
– development costs	232,607	308,207
Costs incurred during the financial period/year		
– freehold land	21,002	15,778
– leasehold land	–	48,238
– development costs	3,295,101	2,423,218
Exchange differences	105,746	(10,810)
	3,908,539	3,006,989
Less: Completed development projects		
– freehold land	(206,228)	(97,956)
– development costs	(681,937)	(1,053,326)
– accumulated costs recognised as expense	888,165	1,151,282
	–	–
Costs recognised as an expense in current period/year	(3,925,564)	(2,458,900)
Unsold completed properties transferred to inventories	(533,100)	(402,339)



# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL PERIOD FROM 1 NOVEMBER 2014 TO 31 DECEMBER 2015

## 13. PROPERTY DEVELOPMENT COSTS (CONT'D)

	Group	
	31.12.2015 RM'000	31.10.2014 RM'000 Restated
<b>At 31 December/31 October</b>		
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	(9,506,890)	(6,469,491)
	2,111,798	2,661,923

Property development costs at a carrying amount of RM735,346,000 (31.10.2014 (restated): RM1,391,989,000) included above, have been charged to banks to partially secure borrowings referred to in Notes 23 and 27 below.

Included under development and construction costs are borrowing costs and development rights of RM91,838,000 and RM20,014,000 (31.10.2014 (restated): RM65,452,000 and RM15,876,000) incurred during the financial period/year.

## 14. GROSS AMOUNT DUE FROM/TO CUSTOMERS

	Group	
	31.12.2015 RM'000	31.10.2014 RM'000 Restated
Aggregate contract expenditure incurred to-date	325,287	336,335
Attributable profit recognised to-date	53,282	61,573
	378,569	397,908
Progress billings	(364,505)	(383,212)
	14,064	14,696
Gross amount due from customers	14,189	14,859
Gross amount due to customers	(125)	(163)
	14,064	14,696
Progress billings comprise:		
Progress billings		
– received	323,939	273,088
– receivable	37,462	82,743
Retention sums	3,104	27,381
	364,505	383,212

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL PERIOD FROM 1 NOVEMBER 2014 TO 31 DECEMBER 2015

## 14. GROSS AMOUNT DUE FROM/TO CUSTOMERS (CONT'D)

Contract expenditure includes the following expenses incurred during the financial period/year:

	Group	
	1.11.2014 to 31.12.2015 RM'000	1.11.2013 to 31.10.2014 RM'000 Restated
Depreciation	1,936	1,493
Hire of machinery	13,523	10,714
Rental expense	25	20

## 15. INVENTORIES

	Group	
	31.12.2015 RM'000	31.10.2014 RM'000 Restated
At cost:		
Stock of completed properties	871,831	558,279
Raw materials	6,922	4,247
Work-in-progress	–	4
Consumable goods	173	270
	878,926	562,800



## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL PERIOD FROM 1 NOVEMBER 2014 TO 31 DECEMBER 2015

### 16. TRADE RECEIVABLES

	Group	
	31.12.2015	31.10.2014
	RM'000	RM'000
Gross progress billings receivable	398,016	275,239
Gross retention sums receivable	185,781	145,412
Other gross receivables	21,859	13,447
<b>Total gross receivables</b>	<b>605,656</b>	<b>434,098</b>
Allowance for doubtful debts	(689)	(694)
	<b>604,967</b>	<b>433,404</b>

The progress billings are due within 14 to 90 days (2014: 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 (2014: 6 to 24 months).

Other gross receivables are collectible within 14 to 90 days (2014: 14 to 90 days).

Ageing analysis of the Group's trade receivables are as follows:

	Group	
	31.12.2015	31.10.2014
	RM'000	RM'000
Neither past due nor impaired	412,559	308,818
1 to 30 days past due not impaired	57,815	36,280
31 to 60 days past due not impaired	85,539	22,420
61 to 90 days past due not impaired	22,245	21,146
91 to 120 days past due not impaired	12,252	23,171
More than 121 days past due not impaired	14,557	21,569
	<b>604,967</b>	<b>433,404</b>
Individually impaired	689	694
	<b>605,656</b>	<b>434,098</b>

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL PERIOD FROM 1 NOVEMBER 2014 TO 31 DECEMBER 2015

## 16. TRADE RECEIVABLES (CONT'D)

The movements in the allowance for impairment losses of trade receivables during the financial period/year are as follows:

	Group	
	31.12.2015	31.10.2014
	RM'000	RM'000
At beginning of the period/year	694	3,052
Provision during the period/year	–	24
Reversal of impairment losses	(5)	(2,382)
At end of the period/year	689	694

The currency exposure profile of trade receivables after allowance for impairment losses is as follows:

	Group	
	31.12.2015	31.10.2014
	RM'000	RM'000
Ringgit Malaysia	584,706	417,687
Singapore Dollar	20,261	15,717
	604,967	433,404



# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL PERIOD FROM 1 NOVEMBER 2014 TO 31 DECEMBER 2015

## 17. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group		Company	
	31.12.2015	31.10.2014	31.12.2015	31.10.2014
	RM'000	RM'000	RM'000	RM'000
Refundable deposits and part purchase considerations paid for the acquisition of development land in				
– Mukim 12, District of Barat Daya, Pulau Pinang	–	1,367	–	–
– Pekan Templer, District of Gombak	40,000	40,000	–	–
– 247–251 Neerim Road, Carnegie, Australia	20,957	–	–	–
Prepaid development expenditure	28,779	197	–	–
Dividend receivable	–	–	927	927
Deposits	63,019	27,542	2,700	187
Value Added Tax/Goods and Services Tax receivables	10,295	4,897	–	–
Other sundry receivables and prepayments	70,510	38,344	2,318	2,710
	233,560	112,347	5,945	3,824
Allowance for doubtful debts	(3,504)	(2,797)	–	–
	230,056	109,550	5,945	3,824

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 period/year. The balance of these purchase considerations is disclosed as other commitments in Note 39(b) below.

The movements in the allowance for impairment losses of other receivables during the financial period/year are as follows:

	Group	
	31.12.2015	31.10.2014
	RM'000	RM'000
At beginning of the period/year	2,797	4,012
Allowance for impairment loss during the period/year	719	–
Reversal of allowance for impairment loss during the period/year	(12)	(1,215)
At end of the period/year	3,504	2,797

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL PERIOD FROM 1 NOVEMBER 2014 TO 31 DECEMBER 2015

## 17. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS (CONT'D)

The currency exposure profile of other receivables, deposits and prepayments after allowance for impairment losses is as follows:

	Group		Company	
	31.12.2015	31.10.2014	31.12.2015	31.10.2014
	RM'000	RM'000	RM'000	RM'000
	Restated			
Ringgit Malaysia	180,225	102,762	5,945	3,824
Australian Dollar	48,557	4,637	–	–
Vietnamese Dong	800	1,788	–	–
Singapore Dollar	460	317	–	–
United States Dollar	14	14	–	–
Great British Pound	–	4	–	–
Indonesian Rupiah	–	28	–	–
	230,056	109,550	5,945	3,824

## 18. SHORT-TERM DEPOSITS

	Group		Company	
	31.12.2015	31.10.2014	31.12.2015	31.10.2014
	RM'000	RM'000	RM'000	RM'000
	Restated			Restated
Short-term deposits:				
– with licensed banks	736,257	207,336	59,325	–
– with other licensed financial institutions	1,283,655	957,763	553,991	872,214
	2,019,912	1,165,099	613,316	872,214

Included in short-term deposits of the Group and the Company are amounts of RM44,325,000 and RM39,325,000 respectively (31.10.2014: RM Nil) which have been charged to banks as security for banking facilities.

Included in short-term deposits of the Group is an amount of RM61,374,000 (31.10.2014: RM51,614,000) 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% (31.10.2014: 0.25%) per annum.

The effective interest rates for the Group's and the Company's short-term deposits range from 0.40% to 4.80% and 3.10% to 4.62% per annum (31.10.2014 (restated): 0.25% to 5.50% and 2.99% to 3.75% per annum) respectively. All short-term deposits have maturity periods of less than a year.



# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL PERIOD FROM 1 NOVEMBER 2014 TO 31 DECEMBER 2015

## 18. SHORT-TERM DEPOSITS (CONT'D)

The currency exposure profile of short-term deposits is as follows:

	Group		Company	
	31.12.2015	31.10.2014	31.12.2015	31.10.2014
	RM'000	RM'000	RM'000	RM'000
Ringgit Malaysia	1,414,359	1,110,215	613,316	872,214
Australian Dollar	540,716	–	–	–
Singapore Dollar	61,374	51,614	–	–
Vietnamese Dong	2,337	3,270	–	–
United States Dollar	1,126	–	–	–
	2,019,912	1,165,099	613,316	872,214

## 19. CASH AND BANK BALANCES

	Group	
	31.12.2015	31.10.2014
	RM'000	RM'000
		Restated
Cash and bank balances include monies in:		
– Housing Development Accounts	1,005,388	809,681
– Sinking Fund Accounts	5,798	9,329
– Debt Service Reserve Accounts	21,642	9,632
– Escrow Accounts	274,707	51,824
– Revenue Accounts	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 1.90% to 2.25% (31.10.2014 (restated): 1.90% to 2.15%) 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.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL PERIOD FROM 1 NOVEMBER 2014 TO 31 DECEMBER 2015

## 19. CASH AND BANK BALANCES (CONT'D)

The currency exposure profile of cash and bank balances is as follows:

	Group		Company	
	31.12.2015 RM'000	31.10.2014 RM'000	31.12.2015 RM'000	31.10.2014 RM'000
Ringgit Malaysia	1,578,700	1,046,245	32,760	51,848
Singapore Dollar	85,044	193,667	–	–
Australian Dollar	63,927	5,726	–	–
Vietnamese Dong	2,480	897	–	–
United States Dollar	2,067	406	–	–
	1,732,218	1,246,941	32,760	51,848



# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL PERIOD FROM 1 NOVEMBER 2014 TO 31 DECEMBER 2015

## 20. SHARE CAPITAL

	Group/Company			
	31.12.2015		31.10.2014	
	Number of shares '000	Amount RM'000	Number of shares '000	Amount RM'000
Authorised:				
Ordinary shares of RM0.75 each	3,000,000	2,250,000	3,000,000	2,250,000
Issued and fully paid:				
Ordinary shares of RM0.75 each				
At beginning of the period/year	2,538,332	1,903,748	2,458,713	1,844,034
Issuance of shares:				
– DRP	75,812	56,859	66,244	49,683
– exercise of ESGP	6,832	5,124	4,064	3,048
– exercise of ESOS	7,380	5,535	9,311	6,983
At end of the period/year	2,628,356	1,971,266	2,538,332	1,903,748

During the financial period, the issued and paid-up ordinary share capital of the Company was increased from RM1,903,748,516 to RM1,971,266,510 by way of:

- (a) Issuance of 75,811,900 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:

		3 <sup>rd</sup> DRP	4 <sup>th</sup> DRP
Issue price	(RM)	3.10	2.83
No. of shares issued	('000)	42,787	33,025

- (b) Allotment of 6,832,119 new ordinary shares of RM0.75 each pursuant to the vesting of ESGP; and
- (c) Issuance of 7,379,974 new ordinary shares of RM0.75 each pursuant to the exercise of ESOS at the following option prices:

		ESOS 1	ESOS 2
Exercise price	(RM)	3.07	3.03
No. of shares issued	('000)	6,954	426

All new ordinary shares rank pari passu in all respect with the then existing ordinary shares of the Company.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL PERIOD FROM 1 NOVEMBER 2014 TO 31 DECEMBER 2015

## 20. 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 which was approved by the shareholders on 28 February 2013 and is administered by the LTIP Committee which is appointed by the Board, in accordance with the By-Laws. The LTIP shall be in force for a period of 5 years from its implementation to 9 April 2018, unless extended further.

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 LTIP Committee 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 period 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 1.11.2014	Granted	Vested	Lapsed	At 31.12.2015
	'000	'000	'000	'000	'000
Offer 1	6,843	–	(2,923)	(1,158)	2,762
Offer 2	462	–	(205)	(63)	194
Offer 3	13,110	–	(3,704)	(2,425)	6,981
Offer 4	–	8,825	–	(99)	8,726
	20,415	8,825	(6,832)	(3,745)	18,663



# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL PERIOD FROM 1 NOVEMBER 2014 TO 31 DECEMBER 2015

## 20. SHARE CAPITAL (CONT'D)

### ESOS

	At 1.11.2014 '000	Granted '000	Exercised '000	Lapsed '000	At 31.12.2015 '000
Offer 1	43,632	–	(6,954)	(10,338)	26,340
Offer 2	728	–	(426)	(169)	133
Offer 3	3,312	–	–	(932)	2,380
Offer 4	–	15,500	–	–	15,500
	47,672	15,500	(7,380)	(11,439)	44,353

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 1	Offer 2	Offer 3	Offer 4
Exercise price	*	*	*	*	RM3.07 <sup>#</sup>	RM3.03 <sup>#</sup>	RM3.02	RM2.72
Date of grant	6 May 2013	19 August 2013	31 October 2014	20 August 2015	6 May 2013	19 August 2013	31 October 2014	20 August 2015
Fair value at grant date	RM3.15	RM3.14	RM3.13	RM3.01	RM0.51	RM0.52	RM0.53	RM0.57
Vesting period / Option life	2 years	2 years	2 years	2 years	3 years 6 months	3 years 6 months	2 years 6 months	1 year 6 months
Weighted average share price at grant date	RM3.42	RM3.37	RM3.35	RM3.02	RM3.42	RM3.37	RM3.35	RM3.02
Expected dividend yield	4.1%	4.2%	3.3%	3.0%	4.1%	4.2%	3.3%	3.0%
Risk free interest rates	3.21%	3.67%	3.71%	4.01%	3.21%	3.67%	3.71%	4.01%
Expected volatility	18.62%	18.82%	18.51%	21.34%	18.62%	18.82%	18.51%	21.34%

\* The shares under the ESGP will vest with the grantee at no consideration on the vesting date

<sup>#</sup> 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 (CONT'D)

FOR THE FINANCIAL PERIOD FROM 1 NOVEMBER 2014 TO 31 DECEMBER 2015

## 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 (CONT'D)

FOR THE FINANCIAL PERIOD FROM 1 NOVEMBER 2014 TO 31 DECEMBER 2015

## 23. BORROWINGS

	Group		Company	
	31.12.2015	31.10.2014	31.12.2015	31.10.2014
	RM'000	RM'000	RM'000	RM'000
<b>Non-current</b>				
<i>Secured:</i>				
Term loans	1,979,552	2,141,297	–	–
Bridging loans	385,820	277,044	–	–
Revolving credits	248,923	91,594	–	–
Medium term note and Commercial paper	330,000	378,000	–	–
<i>Unsecured:</i>				
Term loans	469,705	500,000	469,705	500,000
	3,414,000	3,387,935	469,705	500,000
<b>Current</b>				
<i>Secured:</i>				
Term loans	543,823	272,604	–	–
Bridging loans	112,488	35,177	–	–
Revolving credits	402,200	131,622	–	–
Medium term note and Commercial paper	30,000	–	–	–
<i>Unsecured:</i>				
Term loans	300,000	200,000	300,000	200,000
Revolving credits	330,000	240,000	290,000	240,000
	1,718,511	879,403	590,000	440,000
<b>Total borrowings</b>	<b>5,132,511</b>	<b>4,267,338</b>	<b>1,059,705</b>	<b>940,000</b>
The borrowings are repayable as follows:				
Not later than one year	1,718,511	879,403	590,000	440,000
Later than one year but not later than five years	2,929,855	3,195,409	469,705	500,000
Later than five years	484,145	192,526	–	–
	5,132,511	4,267,338	1,059,705	940,000

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL PERIOD FROM 1 NOVEMBER 2014 TO 31 DECEMBER 2015

## 23. BORROWINGS (CONT'D)

The range of interest rates at the reporting date for borrowings are as follows:

	Group		Company	
	31.12.2015	31.10.2014	31.12.2015	31.10.2014
	%	%	%	%
		Restated		Restated
Term loans	1.59 – 8.00	1.56 – 14.40	2.98 – 4.76	3.85 – 4.59
Bridging loans	4.40 – 5.21	4.08 – 5.11	–	–
Revolving credits	4.10 – 5.15	4.03 – 5.07	4.38 – 4.76	4.40 – 4.57
Medium term note and Commercial paper	4.33 – 4.39	4.03 – 4.33	–	–

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 13 above;
- sinking fund, debt service reserve, escrow and revenue accounts as indicated in Note 19 above; and
- fixed and floating charges on assets of a subsidiary company.

### 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.

The interest payment is due every month with the interest rate between 4.33% to 4.39% 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.

Setia Ecohill has fully utilised both the issuance of Tranche 1 MTN of RM305 million and Tranche 2 CP of RM200 million as at 31 December 2015.

As at 31 December 2015, the MTN with nominal value of RM137.5 million of the Tranche 1 was redeemed, whilst the CP with nominal value of RM7.5 million of the Tranche 2 was redeemed.



# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL PERIOD FROM 1 NOVEMBER 2014 TO 31 DECEMBER 2015

## 23. BORROWINGS (CONT'D)

The currency exposure profile of borrowings is as follows:

	Group		Company	
	31.12.2015	31.10.2014	31.12.2015	31.10.2014
	RM'000	RM'000	RM'000	RM'000
	Restated			
Ringgit Malaysia	4,772,772	3,486,240	1,021,419	940,000
Singapore Dollar	196,670	386,370	–	–
Australian Dollar	103,616	367,110	–	–
United States Dollar	19,181	25,123	–	–
Great British Pound	38,286	–	38,286	–
Vietnamese Dong	1,986	2,495	–	–
	5,132,511	4,267,338	1,059,705	940,000

## 24. TRADE PAYABLES

	Group		Company	
	31.12.2015	31.10.2014	31.12.2015	31.10.2014
	RM'000	RM'000	RM'000	RM'000
	Restated			
Sub-contractors' claims	216,538	284,075	–	–
Retention sums	322,504	318,581	–	–
Accrued construction costs	664,685	318,685	–	–
Others	37,714	50,665	–	15
	1,241,441	972,006	–	15

The normal credit terms extended by sub-contractors and suppliers range from 15 to 90 days (2014: 15 to 90 days). The retention sums are repayable upon the expiry of the defect liability period of 6 to 36 months (2014: 6 to 36 months).

Other trade payables are required to be settled within 14 to 60 days (2014: 14 to 60 days).

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL PERIOD FROM 1 NOVEMBER 2014 TO 31 DECEMBER 2015

## 24. TRADE PAYABLES (CONT'D)

The currency exposure profile of trade payables is as follows:

	Group		Company	
	31.12.2015	31.10.2014	31.12.2015	31.10.2014
	RM'000	RM'000	RM'000	RM'000
	Restated			
Ringgit Malaysia	1,201,435	945,127	–	15
Singapore Dollar	38,959	26,016	–	–
Other currencies	1,047	863	–	–
	1,241,441	972,006	–	15

## 25. OTHER PAYABLES AND ACCRUALS

	Group		Company	
	31.12.2015	31.10.2014	31.12.2015	31.10.2014
	RM'000	RM'000	RM'000	RM'000
	Restated			
Unsecured advances	43,884	49,401	–	–
Interest accrued	4,548	7,531	1,646	1,824
Deposits received	8,521	4,404	–	–
Deferred revenue	5,858	42,116	–	–
Unpaid consideration for acquisition of development lands	6,600	6,600	–	–
Accrued selling and marketing costs	115,402	27,003	–	–
Other sundry payables and accruals	365,862	382,699	9,089	6,814
	550,675	519,754	10,735	8,638

The unsecured advances are from minority shareholders of certain subsidiary companies. These advances are interest free and payable on demand.



## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL PERIOD FROM 1 NOVEMBER 2014 TO 31 DECEMBER 2015

### 25. OTHER PAYABLES AND ACCRUALS (CONT'D)

The currency exposure profile of other payables and accruals is as follows:

	Group		Company	
	31.12.2015	31.10.2014	31.12.2015	31.10.2014
	RM'000	RM'000	RM'000	RM'000
		Restated		
Ringgit Malaysia	519,566	493,308	10,735	8,638
Vietnamese Dong	7,197	8,498	–	–
Australian Dollar	10,324	1,426	–	–
Singapore Dollar	13,569	16,399	–	–
United States Dollar	11	113	–	–
Hong Kong Dollar	8	10	–	–
	550,675	519,754	10,735	8,638

### 26. PROVISION FOR AFFORDABLE HOUSING

	Group	
	31.12.2015	31.10.2014
	RM'000	RM'000
		Restated
<b>Current</b>		
At beginning of the period/year	615,358	359,063
Addition	41,532	256,423
Reversal	(168,296)	–
Utilised	(30,054)	(128)
At end of the period/year	458,540	615,358

The provision for affordable housing represents the present obligation for construction of low cost houses.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL PERIOD FROM 1 NOVEMBER 2014 TO 31 DECEMBER 2015

## 27. BANK OVERDRAFTS

	Group		Company	
	31.12.2015	31.10.2014	31.12.2015	31.10.2014
	RM'000	RM'000	RM'000	RM'000
		Restated		
Secured	8,116	9,557	–	–
Unsecured	56,271	42,099	56,271	31,569
	64,387	51,656	56,271	31,569

The range of interest rates at the reporting date for bank overdrafts are as follows:

	Group		Company	
	31.12.2015	31.10.2014	31.12.2015	31.10.2014
	%	%	%	%
		Restated		Restated
Secured	5.13 – 7.60	4.32 – 7.35	–	–
Unsecured	4.23 – 4.70	4.14 – 5.25	4.23 – 4.70	4.03 – 4.70

The secured bank overdrafts are secured by fixed charges over various lands belonging to the Group as indicated in Notes 2, 3, 4 and 13 above.

The currency exposure profile of bank overdrafts is as follows:

	Group		Company	
	31.12.2015	31.10.2014	31.12.2015	31.10.2014
	RM'000	RM'000	RM'000	RM'000
Ringgit Malaysia	64,387	42,525	56,271	31,569
Singapore Dollar	–	9,131	–	–
	64,387	51,656	56,271	31,569



# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL PERIOD FROM 1 NOVEMBER 2014 TO 31 DECEMBER 2015

## 28. REVENUE

	Group	
	1.11.2014 to 31.12.2015 RM'000	1.11.2013 to 31.10.2014 RM'000 Restated
Sale of development properties	6,222,802	3,569,972
Contract revenue	280,856	196,161
Sale of other goods and services	242,685	104,078
	6,746,343	3,870,211

## 29. COST OF SALES

	Group	
	1.11.2014 to 31.12.2015 RM'000	1.11.2013 to 31.10.2014 RM'000 Restated
Cost of properties sold	4,226,872	2,454,091
Contract cost recognised as expense	265,072	188,149
Cost of other goods and services sold	191,111	83,188
	4,683,055	2,725,428

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL PERIOD FROM 1 NOVEMBER 2014 TO 31 DECEMBER 2015

## 30. OTHER INCOME

	Group		Company	
	1.11.2014 to 31.12.2015 RM'000	1.11.2013 to 31.10.2014 RM'000 Restated	1.11.2014 to 31.12.2015 RM'000	1.11.2013 to 31.10.2014 RM'000 Restated
Gross dividends from:				
– subsidiary companies	–	–	420,468	244,989
Interest income from:				
– subsidiary companies	–	–	112,404	104,832
– jointly controlled entities	15,567	8,990	7,426	2,011
– associated company	–	443	–	443
– deposits	68,735	40,789	29,656	36,201
– financial assets measured at amortised cost	–	–	5,471	5,691
– others	49,007	25,649	90	71
Rental income from:				
– investment properties	17,110	12,890	–	–
– other operating leases	2,253	1,810	–	–
Allowance for doubtful debts no longer required	17	3,597	–	1,410
Gain on disposal of investment properties	–	39,614	–	–
Gain on disposal of property, plant and equipment	197	15,976	1	27
Gain arising from fair value adjustment on financial liabilities carried at amortised cost	–	9,449	–	–
Gain on disposal of a subsidiary company	–	–	–	278
Gain on liquidation of subsidiaries	636	–	–	26
Gain on disposal of an associated company	–	207	–	1,258
Liquidated and ascertained damages income on late completion	19,492	1,818	–	–
Forfeiture income	2,207	2,797	–	–
Gain on foreign exchange				
– realised	1,701	–	–	–
– unrealised	3,718	–	1,558	–
Recoveries and other miscellaneous income	42,807	9,595	10,551	5,867
	223,447	173,624	587,625	403,104



## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL PERIOD FROM 1 NOVEMBER 2014 TO 31 DECEMBER 2015

### 31. FINANCE COSTS

	Group		Company	
	1.11.2014 to 31.12.2015 RM'000	1.11.2013 to 31.10.2014 RM'000	1.11.2014 to 31.12.2015 RM'000	1.11.2013 to 31.10.2014 RM'000
		Restated		
Bank overdraft interest	3,231	2,305	2,421	1,084
Revolving credit interest	27,990	9,274	14,243	8,820
Bridging loan interest	18,383	21,696	18,383	19,802
Term loan interest	48,691	11,850	21,403	11,850
Preference share dividend	1,485	3,315	–	–
Interest expense to:				
– subsidiary companies	–	–	1,458	–
Interest expense on financial liabilities measured at amortised cost	3,196	7,444	–	–
Others	7,316	4,082	1,429	–
	110,292	59,966	59,337	41,556

### 32. PROFIT BEFORE TAX

	Group		Company	
	1.11.2014 to 31.12.2015 RM'000	1.11.2013 to 31.10.2014 RM'000	1.11.2014 to 31.12.2015 RM'000	1.11.2013 to 31.10.2014 RM'000
		Restated		
Profit before tax is stated after charging/(crediting):				
Auditors' remuneration				
– current year	1,334	1,009	123	107
– under provision in prior years	50	32	–	–
Bad debts	6,501	35	–	–
Doubtful debts	719	24	794	53
Depreciation				
– property, plant and equipment	26,136	22,433	6	48
– investment properties	6,870	5,826	11	10
Direct operating expenses on				
– income generating investment properties	6,600	4,840	–	–
– non-income generating investment properties	8	8	8	8

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL PERIOD FROM 1 NOVEMBER 2014 TO 31 DECEMBER 2015

## 32. PROFIT BEFORE TAX (CONT'D)

	Group		Company	
	1.11.2014 to 31.12.2015 RM'000	1.11.2013 to 31.10.2014 RM'000	1.11.2014 to 31.12.2015 RM'000	1.11.2013 to 31.10.2014 RM'000
		Restated		
Directors' remuneration				
– Company's directors				
– fees and other emoluments	12,953	30,354	2,333	3,242
– share-based payment under LTIP	3,586	6,413	–	–
– Other key management personnel				
– fees	12	17	–	–
– other emoluments	22,009	26,477	–	–
– share-based payment under LTIP	5,426	11,430	–	–
Property, plant and equipment written off	482	259	1	–
Loss from fair value adjustment of financial assets	–	–	1,825	2,136
Loss on disposal of property, plant and equipment	148	172	–	–
Loss on disposal of subsidiary companies	–	146	–	–
Loss on liquidation of subsidiary companies	–	2,215	–	–
Loss on liquidation of an associated company	–	62	–	–
Rental expense on:				
– equipment	11,520	9,913	100	91
– premises	3,823	3,326	–	–
Hiring of plant and machinery	51	70	–	–
Loss on foreign exchange				
– realised	–	152	–	–
– unrealised	–	306	–	–

Directors' remuneration does not include the estimated monetary value of benefits-in-kind as follows:

	Group		Company	
	1.11.2014 to 31.12.2015 RM'000	1.11.2013 to 31.10.2014 RM'000	1.11.2014 to 31.12.2015 RM'000	1.11.2013 to 31.10.2014 RM'000
Company's directors	15	3,515	15	11
Subsidiaries' directors	458	316	–	–



# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL PERIOD FROM 1 NOVEMBER 2014 TO 31 DECEMBER 2015

## 33. TAX EXPENSE

	Group		Company	
	1.11.2014 to 31.12.2015 RM'000	1.11.2013 to 31.10.2014 RM'000 Restated	1.11.2014 to 31.12.2015 RM'000	1.11.2013 to 31.10.2014 RM'000
Tax based on results for the period/year				
– Malaysian income tax	298,267	187,727	13,234	11,872
– foreign income tax	105,031	24	–	–
– deferred	44,941	29,378	(622)	9
	448,239	217,129	12,612	11,881
Under/(over) provision in prior years				
– Malaysian income tax	732	39,737	1,320	(1,321)
– foreign income tax	–	–	–	–
– deferred	(33,538)	(4,069)	–	–
	415,433	252,797	13,932	10,560

Domestic income tax is calculated at the Malaysian statutory tax rate of 25% (31.10.2014: 25%) of the estimated assessable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions. The domestic statutory rate will be reduced to 24% from the current year's rate of 25% effective year of assessment 2016. The computation of deferred tax as at 31 December 2015 and 31 October 2014 has reflected these changes.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL PERIOD FROM 1 NOVEMBER 2014 TO 31 DECEMBER 2015

## 33. TAX EXPENSE (CONT'D)

The provision for taxation differs from the amount of taxation determined by applying the applicable statutory tax rate on the profit before tax as a result of the following differences:

	Group		Company	
	1.11.2014 to 31.12.2015 RM'000	1.11.2013 to 31.10.2014 RM'000 Restated	1.11.2014 to 31.12.2015 RM'000	1.11.2013 to 31.10.2014 RM'000
Accounting profit (excluding share of results in jointly controlled entities and associated companies)	1,531,438	837,568	505,889	339,294
Taxation at applicable 25% tax rate	382,859	209,392	126,472	84,824
Tax effects arising from:				
Non-deductible expenses	67,879	20,392	10,751	6,735
Perpetual bond distribution	(10,573)	(8,017)	(10,573)	(8,017)
Non-taxable income				
– interest income	(13,500)	(10,986)	(8,558)	(10,414)
– single tier dividend income	–	–	(105,117)	(61,247)
– gain on disposal of investment property	–	(9,903)	–	–
– gain on disposal of property, plant and equipment	–	(3,953)	–	–
– others	(2,214)	(416)	(389)	–
Deferred tax assets not recognised	8,914	20,387	–	–
Effect on different tax rate used	14,874	233	26	–
(Over)/under provision in prior years	(32,806)	35,668	1,320	(1,321)
	415,433	252,797	13,932	10,560
Tax savings during the financial period/year arising from:				
Utilisation of current period/year tax losses	2,470	4,883	–	–
Utilisation of previously unrecognised tax losses	175	596	–	–

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.



# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL PERIOD FROM 1 NOVEMBER 2014 TO 31 DECEMBER 2015

## 34. EARNINGS PER SHARE

### Basic earnings per share

The basic earnings per share has been calculated by dividing the Group's profit for the period/year attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial period/year. The weighted average number of ordinary shares in issue is calculated as follows:

	Group	
	1.11.2014 to 31.12.2015 '000	1.11.2013 to 31.10.2014 '000 <b>Restated</b>
Profit for the financial period/year attributable to owners of the Company (RM)	918,258	387,677
Number of ordinary shares at beginning of the period/year	2,538,332	2,458,713
Effect of shares issued pursuant to:		
– DRP	29,272	27,554
– vesting of ESGP	2,904	1,333
– exercise of ESOS	4,785	1,445
Weighted average number of ordinary shares	2,575,293	2,489,045
Basic Earnings Per Share (sen)	35.66	15.58

### Diluted earnings per share

The diluted earnings per share has been calculated by dividing the Group's profit for the period/year 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, calculated as follows:

	Group	
	1.11.2014 to 31.12.2015 '000	1.11.2013 to 31.10.2014 '000 <b>Restated</b>
Profit for the financial period/year attributable to owners of the Company (RM)	918,258	387,677
Weighted average number of ordinary shares calculated above	2,575,293	2,489,045
Weighted average number of unissued shares under the LTIP	25,761	13,461
Adjusted weighted average number of ordinary shares that would have been in issue	2,601,054	2,502,506
Diluted Earnings Per Share (sen)	35.30	15.49

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL PERIOD FROM 1 NOVEMBER 2014 TO 31 DECEMBER 2015

## 35. DIVIDENDS

	1.11.2014 to 31.12.2015	1.11.2013 to 31.10.2014
	'000	'000
<i>In respect of the year ended 31 October 2013</i>		
Single-tier final dividend of 7 sen per share:		
– Reinvested into 58,715,748 new ordinary shares at an issue price of RM2.59 per ordinary share pursuant to the DRP	–	152,074
– Payment in cash	–	20,036
<i>In respect of the year ended 31 October 2014</i>		
Single-tier interim dividend of 4 sen per share:		
– Reinvested into 7,528,522 new ordinary shares at an issue price of RM3.15 per ordinary share pursuant to the DRP	–	23,714
– Payment in cash	–	77,193
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	–
	248,719	273,017

Subsequent to 31 December 2015, the directors recommended a single tier final dividend of 19 sen per ordinary shares amounting to RM499,387,516 in respect of the financial period ended 31 December 2015, subject to approval in the next Annual General Meeting.



## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL PERIOD FROM 1 NOVEMBER 2014 TO 31 DECEMBER 2015

### 36. EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	1.11.2014 to 31.12.2015	1.11.2013 to 31.10.2014	1.11.2014 to 31.12.2015	1.11.2013 to 31.10.2014
	RM'000	RM'000	RM'000	RM'000
		Restated		Restated
Employee benefits expense	365,157	315,842	17,376	21,218

Included in employee benefits expense are the following:

	Group		Company	
	1.11.2014 to 31.12.2015	1.11.2013 to 31.10.2014	1.11.2014 to 31.12.2015	1.11.2013 to 31.10.2014
	RM'000	RM'000	RM'000	RM'000
		Restated		Restated
EPF	29,306	23,269	1,275	1,216
Share-based payment under the LTIP	44,887	37,384	961	-

### 37. CHANGES IN THE COMPOSITION OF THE GROUP

#### (a) Acquisition/Incorporation of new subsidiaries

Name of subsidiaries	Purchase consideration	Effective interest	Effective acquisition date
Setia Eco Templer Recreation Sdn Bhd <i>(formerly known as Setia EM (North) Sdn Bhd)</i>	RM 2	100%	7 January 2015
Setia EM (South) Sdn Bhd <i>(formerly known as Plentitude Circle Sdn Bhd)</i>	RM 2	100%	7 January 2015
Setia Carnegie Pty Ltd	AUD 1	100%	25 November 2015

The above subsidiaries had not commenced operations since its incorporation. The acquisition was completed in current financial period and had no significant impact on the Group's financial position as at the end of the financial period.

#### (b) Derecognition of subsidiaries

During the financial period, the Group liquidated the following subsidiaries:

- Suharta Sdn Bhd (60% effective interest)
- Setia Bac Ninh Limited (100% effective interest)

The Group recognises a net gain of RM636,000 arising from derecognition of these subsidiaries. These subsidiaries were inactive and accordingly, no disclosures were made on the effects of derecognition as the financial impact is immaterial to the financial position of the Group.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL PERIOD FROM 1 NOVEMBER 2014 TO 31 DECEMBER 2015

## 38. RELATED PARTY DISCLOSURES

The following significant related party transactions took place at terms agreed between the parties during the financial period/year:

(a) Significant related party transactions during the financial period/year are as follows:

	Transaction value				Balance outstanding			
	Group		Company		Group		Company	
	1.11.2014 to 31.12.2015	1.11.2013 to 31.10.2014	1.11.2014 to 31.12.2015	1.11.2013 to 31.10.2014	31.12.2015	31.10.2014	31.12.2015	31.10.2014
	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	-	-	112,404	104,832	-	-	163,414	143,719
Interest paid and payable	-	-	1,458	-	-	-	-	-
Management fee received and receivable	-	-	-	-	-	-	16,143	31,133
Security services rendered	-	-	-	1,787	-	-	-	-
Services received	-	-	22	-	-	-	-	-
Staff secondment	-	-	10,404	6,985	-	-	5,965	7,350
Rental paid and payable	-	-	6	47	-	-	-	-



# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL PERIOD FROM 1 NOVEMBER 2014 TO 31 DECEMBER 2015

## 38. RELATED PARTY DISCLOSURES (CONT'D)

(a) Significant related party transactions during the financial period/year are as follows (cont'd):

	Transaction value				Balance outstanding			
	Group		Company		Group		Company	
	1.11.2014 to 31.12.2015	1.11.2013 to 31.10.2014	1.11.2014 to 31.12.2015	1.11.2013 to 31.10.2014	31.12.2015	31.10.2014	31.12.2015	31.10.2014
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<i>Transactions with directors of the Company, close family members of the directors and companies, in which they have interests</i>								
Sale of development properties to directors of the Company								
- Tun Dato' Seri Zaki Bin Tun Azmi	-	4,904	-	-	48	-	-	-
- Dato' Khor Chap Jen	-	8,822	-	-	-	160*	-	-
- Close family member of Dato' Khor Chap Jen	-	232	-	-	-	81*	-	-
Disposal of entire equity interest in a subsidiary, S P Setia Security Services Sdn Bhd to a director of the Company								
- Tun Dato' Seri Zaki Bin Tun Azmi	-	278	-	278	-	-	-	-



# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL PERIOD FROM 1 NOVEMBER 2014 TO 31 DECEMBER 2015

## 38. RELATED PARTY DISCLOSURES (CONT'D)

(a) Significant related party transactions during the financial period/year are as follows (cont'd):

	Transaction value				Balance outstanding			
	Group		Company		Group		Company	
	1.11.2014 to 31.12.2015	1.11.2013 to 31.10.2014	1.11.2014 to 31.12.2015	1.11.2013 to 31.10.2014	31.12.2015	31.10.2014	31.12.2015	31.10.2014
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Transactions with former directors of the Company, close family members of the former directors and companies, in which they have interests</b>								
Sale of development properties to former directors of the Company								
- Tan Sri Dato' Sri Liew Kee Sin	-	15,218	-	-	-	-	-	-
- Dato' Voon Tin Yow	-	4,602	-	-	-	404*	-	-
- Ng Soon Lai @ Ng Siek Chuan	-	-	-	-	-	167*	-	-
- Close family member of Ng Soon Lai @ Ng Siek Chuan	-	554	-	-	-	-	-	-
- Tan Sri Dato' Hari Narayanan A/L Govindasamy and close family member	-	-	-	-	-	198*	-	-

\* The balances outstanding as at 31 October 2014 have been subsequently paid

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL PERIOD FROM 1 NOVEMBER 2014 TO 31 DECEMBER 2015

## 38. RELATED PARTY DISCLOSURES (CONT'D)

(a) Significant related party transactions during the financial period/year are as follows (cont'd):

	Transaction value				Balance outstanding			
	Group		Company		Group		Company	
	1.11.2014 to 31.12.2015	1.11.2013 to 31.10.2014	1.11.2014 to 31.12.2015	1.11.2013 to 31.10.2014	31.12.2015	31.10.2014	31.12.2015	31.10.2014
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Transactions with directors of subsidiary companies and close family members of the directors</b>								
Sale of development properties to								
– Datuk Wong Tuck Wai	1,787	1,690	–	–	199	–	–	–
– Datuk Koe Peng Kang	1,820	3,605	–	–	36	–	–	–
– Yeo Cheng Jway	–	4,295	–	–	10	–	–	–
– Jamalullail Bin Abu Bakar	–	1,436	–	–	11	–	–	–
– Choong Kai Wai	1,376	2,636	–	–	79	–	–	–
– Datuk Koe Peng Kang and close family member	1,877	6,843	–	–	36	(169)	–	–
– Tan Hon Lim and close family member	1,787	3,391	–	–	225	182*	–	–
– Neo Keng Hoe and close family member	–	3,584	–	–	17	–	–	–
– Leong Swee Chow and close family member	–	1,716	–	–	–	–	–	–
– Saw Kim Suan and close family member	–	3,462	–	–	13	–	–	–
– Choy Kah Yew	784	–	–	–	(55)	–	–	–



# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL PERIOD FROM 1 NOVEMBER 2014 TO 31 DECEMBER 2015

## 38. RELATED PARTY DISCLOSURES (CONT'D)

(a) Significant related party transactions during the financial period/year are as follows (cont'd):

	Transaction value				Balance outstanding			
	Group		Company		Group		Company	
	1.11.2014 to 31.12.2015	1.11.2013 to 31.10.2014	1.11.2014 to 31.12.2015	1.11.2013 to 31.10.2014	31.12.2015	31.10.2014	31.12.2015	31.10.2014
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Transactions with directors of subsidiary companies and close family members of the directors (cont'd)</b>								
- Soh Hee Pin and immediate family member	1,787	-	-	-	12	-	-	-
- Sha'ari Bin Hanapi	233	-	-	-	-	-	-	-
- Close family member of Kow Choong Ming	1,787	1,691	-	-	10	-	-	-
<b>Estate management fee charged to</b>								
- Datuk Wong Tuck Wai	13	-	-	-	-	-	-	-
<b>Transaction with director and former director of subsidiary companies</b>								
<b>Sale of development properties to</b>								
- Datuk Koe Peng Kang and Soo Chan Fai	-	1,834	-	-	16	-	-	-

\* The balances outstanding as at 31 October 2014 have been subsequently paid

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL PERIOD FROM 1 NOVEMBER 2014 TO 31 DECEMBER 2015

## 38. RELATED PARTY DISCLOSURES (CONT'D)

(a) Significant related party transactions during the financial period/year are as follows (cont'd):

	Transaction value				Balance outstanding			
	Group		Company		Group		Company	
	1.11.2014 to 31.12.2015	1.11.2013 to 31.10.2014	1.11.2014 to 31.12.2015	1.11.2013 to 31.10.2014	31.12.2015	31.10.2014	31.12.2015	31.10.2014
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<i>Transactions with former directors of subsidiary companies and close family members of the former directors</i>								
Sale of development properties to								
- Hoe Mee Ling	-	3,486	-	-	-	200*	-	-
- Khoo Teck Chong	-	3,609	-	-	-	-	-	-
- Hoe Mee Ling and close family member	-	1,883	-	-	-	-	-	-
- Tan Chee Way and close family member	-	1,918	-	-	-	-	-	-
- Datuk Ong Kek Seng and close family member	-	1,650	-	-	-	-	-	-
- Yap Kok Weng and close family member	-	5,686	-	-	-	-	-	-
- Close family member of Dato' Ibrahim Bin Taib	-	-	-	-	-	39*	-	-
Estate management fee charged to								
- Norhayati Binti Subali	17	-	-	-	-	-	-	-

\* The balances outstanding as at 31 October 2014 have been subsequently paid



# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL PERIOD FROM 1 NOVEMBER 2014 TO 31 DECEMBER 2015

## 38. RELATED PARTY DISCLOSURES (CONT'D)

(a) Significant related party transactions during the financial period/year are as follows (cont'd):

	Transaction value				Balance outstanding			
	Group		Company		Group		Company	
	1.11.2014 to 31.12.2015	1.11.2013 to 31.10.2014	1.11.2014 to 31.12.2015	1.11.2013 to 31.10.2014	31.12.2015	31.10.2014	31.12.2015	31.10.2014
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Transactions with a company in which a close family member of a former director of the Company has interests</b>								
Event service fee charged to								
– a company in which a close family member of Tan Sri Dato' Sri Liew Kee Sin has interests								
– Eco World Development Sdn Bhd	–	31	–	–	–	–	–	–
– a company in which a close family member of Tan Sri Dato' Sri Liew Kee Sin has interests								
– Eco World Project Management Sdn Bhd	–	66	–	–	–	–	–	–

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL PERIOD FROM 1 NOVEMBER 2014 TO 31 DECEMBER 2015

## 38. RELATED PARTY DISCLOSURES (CONT'D)

- (a) Significant related party transactions during the financial period/year are as follows (cont'd):

### *Transactions with shareholders and Government*

Permodalan Nasional Berhad ("PNB"), a government-linked entity, is a shareholder of the Company, with direct shareholding of 51.05% (31.10.2014: 51.46%). PNB and entities directly controlled by PNB are collectively referred to as government-related entities to the Group and the Company.

The transactions entered into with these government-linked corporations have been established on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties.

- (b) Key management personnel compensation

	Group		Company	
	1.11.2014 to 31.12.2015 RM'000	1.11.2013 to 31.10.2014 RM'000 Restated	1.11.2014 to 31.12.2015 RM'000	1.11.2013 to 31.10.2014 RM'000 Restated
<i>Directors</i>				
Fees, salary, bonuses and other emoluments	11,815	27,257	2,333	3,231
Estimated monetary value of benefits-in-kind	15	3,515	15	11
Share-based payment under the LTIP	3,586	6,413	–	–
Total short-term employee benefits	15,416	37,185	2,348	3,242
Post-employment benefits				
– EPF and SOCSO	1,138	3,086	–	–
	16,554	40,271	2,348	3,242
<i>Other key management personnel</i>				
Fees	12	17	–	–
Salary, allowances and bonuses	22,244	23,360	–	–
Estimated monetary value of benefits-in-kind	458	316	–	–
Share-based payment under the LTIP	5,426	11,430	–	–
Total short-term employee benefits	28,140	35,123	–	–
Post-employment benefits				
– EPF and SOCSO	2,342	3,087	–	–
	30,482	38,210	–	–
Total compensation	47,036	78,481	2,348	3,242

### Shares and share options granted to directors and other key management personnel

1,088,880 ESGP and 13,515,480 ESOS were granted to the Company's executive directors and other key management personnel during the financial period (31.10.2014 (restated): 1,960,500 ESGP and 180,000 ESOS).



# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL PERIOD FROM 1 NOVEMBER 2014 TO 31 DECEMBER 2015

## 39. 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	
	31.12.2015	31.10.2014
	RM'000	RM'000
Not later than one year	1,400	708
Later than one year but not later than five years	824	682
	2,224	1,390

#### *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	
	31.12.2015	31.10.2014
	RM'000	RM'000
		Restated
Not later than one year	16,373	21,731
Later than one year but not later than five years	54,280	50,964
Later than five years	358,268	371,733
	428,921	444,428

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL PERIOD FROM 1 NOVEMBER 2014 TO 31 DECEMBER 2015

## 39. COMMITMENTS (CONT'D)

### (b) Other commitments

	Group	
	31.12.2015	31.10.2014
	RM'000	RM'000
		Restated
Commitments to purchase development land		
– Contracted		
– Mukim 12, District of Barat Daya, Pulau Pinang	–	12,303
Contractual commitment for construction of investment properties	496,898	529,885
Commitment to acquire property, plant and equipment – approved and contracted	192	717
Contractual commitments in relation to Development Agreement	100,000	100,000
	597,090	642,905

## 40. CONTINGENT LIABILITIES (UNSECURED)

	Company	
	31.12.2015	31.10.2014
	RM'000	RM'000
		Restated
Guarantees given to banks to secure banking facilities granted to subsidiary companies	3,526,639	3,334,544
Guarantees given to banks for performance bonds granted to subsidiary companies	19,002	22,182
Guarantees given to the suppliers of goods for credit terms granted to subsidiary companies	641	319
	3,546,282	3,357,045



# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL PERIOD FROM 1 NOVEMBER 2014 TO 31 DECEMBER 2015

## 41. 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	
	31.12.2015	31.10.2014	31.12.2015	31.10.2014
	%	%	%	%
		Restated		Restated
Weighted average interest rate	4.21	4.06	4.49	4.36

A sensitivity analysis has been performed based on the outstanding floating rate bank borrowings of the Group and the Company as at 31 December 2015. 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 RM8,114,000 and RM3,580,000 (2014 (restated): RM4,958,000 and RM4,858,000) 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 period, 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 RM15,870,000 (2014 (restated): RM16,637,000).

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL PERIOD FROM 1 NOVEMBER 2014 TO 31 DECEMBER 2015

## 41. 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 16 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:

	31.12.2015	31.10.2014
Great British Pound	6.381	5.262
Australian Dollar	3.137	2.893
Singapore Dollar	3.044	2.574
Chinese Yuan	0.663	0.536



# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL PERIOD FROM 1 NOVEMBER 2014 TO 31 DECEMBER 2015

## 41. 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	
		31.12.2015	31.10.2014
		RM'000	RM'000
			Restated
Great British Pound/RM	– strengthened by 10%	99,632	57,971
	– weakened by 10%	(99,632)	(57,971)
Australian Dollar/RM	– strengthened by 10%	73,137	35,267
	– weakened by 10%	(73,137)	(35,267)
Singapore Dollar/RM	– strengthened by 10%	48,024	31,932
	– weakened by 10%	(48,024)	(31,932)
Chinese Yuan/RM	– strengthened by 10%	12,022	9,410
	– weakened by 10%	(12,022)	(9,410)

### (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 (CONT'D)

FOR THE FINANCIAL PERIOD FROM 1 NOVEMBER 2014 TO 31 DECEMBER 2015

## 41. 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.

	At 31.12.2015			Total
	On demand or within one year	One to five years	Over five years	
<b>RM'000</b>				
<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	1,880,036	–	–	1,880,036
Bank overdrafts	64,387	–	–	64,387
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	625,649	–	–	625,649
Bank overdrafts	56,271	–	–	56,271
<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 (CONT'D)

FOR THE FINANCIAL PERIOD FROM 1 NOVEMBER 2014 TO 31 DECEMBER 2015

## 41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

### (d) Liquidity and cash flow risks (cont'd)

	At 31.10.2014			Total
	RM'000			
	Restated			
	On demand or within one year	One to five years	Over five years	
<b>Group</b>				
<b>Financial liabilities:</b>				
Trade payables	972,006	–	–	972,006
Other payables and accruals	519,754	–	–	519,754
Long term borrowings	51,314	3,495,146	69,496	3,615,956
Short term borrowings	979,021	–	–	979,021
Bank overdrafts	51,656	–	–	51,656
Redeemable cumulative preference shares	1,925	29,238	33,072	64,235
<b>Total undiscounted financial liabilities</b>	<b>2,575,676</b>	<b>3,524,384</b>	<b>102,568</b>	<b>6,202,628</b>
<b>Company</b>				
<b>Financial liabilities:</b>				
Trade payables	15	–	–	15
Amounts owing to subsidiary companies	129,717	–	–	129,717
Other payables and accruals	8,638	–	–	8,638
Long term borrowings	–	534,820	–	534,820
Short term borrowings	480,770	–	–	480,770
Bank overdrafts	31,569	–	–	31,569
<b>Total undiscounted financial liabilities</b>	<b>650,709</b>	<b>534,820</b>	<b>–</b>	<b>1,185,529</b>

## 42. 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.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL PERIOD FROM 1 NOVEMBER 2014 TO 31 DECEMBER 2015

## 42. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONT'D)

### (b) Determination of fair value (cont'd)

#### 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	Fair value	Carrying amount	Fair value
	RM'000	RM'000	RM'000	RM'000
<b>At 31.12.2015</b>		Level 2		Level 2
<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	*



# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL PERIOD FROM 1 NOVEMBER 2014 TO 31 DECEMBER 2015

## 42. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONT'D)

### (b) Determination of fair value (cont'd)

	Group		Company	
	Carrying amount RM'000	Fair value RM'000	Carrying amount RM'000	Fair value RM'000
		Level 2		Level 2
At 31.10.2014	Restated	Restated	Restated	Restated
<b>Financial assets:</b>				
Amounts owing by subsidiary companies	–	–	2,438,769	#
Amount owing by a former joint venture partner	14,398	#	–	–
<b>Financial liabilities:</b>				
Redeemable cumulative preference shares	55,768	51,198	–	–
Fixed rate long term borrowings	200,000	192,230	200,000	192,230
Floating rate long term borrowings	3,187,935	*	300,000	*

\* 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.

## 43. 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, 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 period ended 31 December 2015 and year ended 31 October 2014.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL PERIOD FROM 1 NOVEMBER 2014 TO 31 DECEMBER 2015

## 43. CAPITAL MANAGEMENT (CONT'D)

	Group		Company	
	31.12.2015 RM'000	31.10.2014 RM'000 Restated	31.12.2015 RM'000	31.10.2014 RM'000
<b>Debt:</b>				
Long term borrowings	3,414,000	3,387,935	469,705	500,000
Redeemable cumulative preference shares	53,770	55,768	–	–
Short term borrowings	1,718,511	879,403	590,000	440,000
Bank overdrafts	64,387	51,656	56,271	31,569
<b>Total debt</b>	<b>5,250,668</b>	<b>4,374,762</b>	<b>1,115,976</b>	<b>971,569</b>
<b>Short-term deposits, cash and bank balances:</b>				
Short-term deposits	2,019,912	1,165,099	613,316	872,214
Cash and bank balances	1,732,218	1,246,941	32,760	51,848
	3,752,130	2,412,040	646,076	924,062
<b>Net debt</b>	<b>(1,498,538)</b>	<b>(1,962,722)</b>	<b>(469,900)</b>	<b>(47,507)</b>
<b>Total equity</b>	<b>8,392,439</b>	<b>7,063,666</b>	<b>5,667,456</b>	<b>5,185,331</b>
<b>Gross gearing ratio</b>	<b>0.63</b>	<b>0.62</b>	<b>0.20</b>	<b>0.19</b>
<b>Net gearing ratio</b>	<b>0.18</b>	<b>0.28</b>	<b>0.08</b>	<b>0.01</b>

## 44. 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 and infrastructure 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 (CONT'D)

FOR THE FINANCIAL PERIOD FROM 1 NOVEMBER 2014 TO 31 DECEMBER 2015

## 44. SEGMENTAL ANALYSIS (CONT'D)

### (a) Segment results

1.11.2014 to 31.12.2015	Property development	Construction	Others	Eliminations	Consolidated
	RM'000	RM'000	RM'000	RM'000	RM'000
<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)	–
<b>Total revenue</b>	<b>6,416,516</b>	<b>679,580</b>	<b>304,607</b>	<b>(654,360)</b>	<b>6,746,343</b>
<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 an associated company	4,533	–	–	–	4,533
Finance costs	(101,133)	(42)	(9,117)	–	(110,292)
<b>Profit before tax</b>	<b>1,380,331</b>	<b>8,520</b>	<b>37,590</b>	<b>–</b>	<b>1,426,441</b>
Tax expense					(415,433)
<b>Profit for the period</b>					<b>1,011,008</b>

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL PERIOD FROM 1 NOVEMBER 2014 TO 31 DECEMBER 2015

## 44. SEGMENTAL ANALYSIS (CONT'D)

### (a) Segment results (cont'd)

1.11.2013 to 31.10.2014 Restated	Property development	Construction	Others	Eliminations	Consolidated
	RM'000	RM'000	RM'000	RM'000	RM'000
<b>REVENUE</b>					
External sales	3,569,972	196,161	104,078	-	3,870,211
Inter-segment sales	26,133	402,376	119,962	(548,471)	-
Total revenue	3,596,105	598,537	224,040	(548,471)	3,870,211
<b>RESULTS</b>					
Gross profit	1,115,881	8,012	20,890	-	1,144,783
Other income	164,418	4,502	4,704	-	173,624
Operating expenses	(395,546)	(5,906)	(19,421)	-	(420,873)
Share of results of jointly controlled entities	(77,401)	-	(466)	-	(77,867)
Share of results of associated companies	(94)	-	-	-	(94)
Finance costs	(58,634)	(28)	(1,304)	-	(59,966)
Profit before tax	748,624	6,580	4,403	-	759,607
Tax expense					(252,797)
Profit for the year					506,810



# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL PERIOD FROM 1 NOVEMBER 2014 TO 31 DECEMBER 2015

## 44. SEGMENTAL ANALYSIS (CONT'D)

### (b) Segment assets, liabilities and other information

At 31.12.2015	Property		Others Consolidated	
	development RM'000	Construction RM'000	RM'000	RM'000
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
<b>Consolidated total assets</b>				<b>16,422,741</b>
Segment liabilities	7,362,925	125,837	354,566	7,843,328
Current and deferred tax liabilities	172,917	658	13,399	186,974
<b>Consolidated total liabilities</b>				<b>8,030,302</b>
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	
<b>At 31.10.2014</b>				
<b>Restated</b>				
Segment assets	10,549,558	115,716	2,331,073	12,996,347
Investments in jointly controlled entities	715,226	–	(57,573)	657,653
Investments in associated companies	94,101	–	–	94,101
Current and deferred tax assets	150,175	2,549	23,694	176,418
<b>Consolidated total assets</b>				<b>13,924,519</b>
Segment liabilities	6,427,746	126,398	267,720	6,821,864
Current and deferred tax liabilities	37,809	376	804	38,989
<b>Consolidated total liabilities</b>				<b>6,860,853</b>
Additions to non-current assets* (other than financial instruments and deferred tax assets)	812,897	1,880	53,309	
Interest income	71,318	2,967	1,586	
Depreciation	(22,519)	(1,306)	(4,434)	
Other non-cash items	(55,066)	(1,261)	(838)	

\* Non-current assets comprise property, plant and equipment, investment properties, intangible asset and land held for property development.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL PERIOD FROM 1 NOVEMBER 2014 TO 31 DECEMBER 2015

## 44. 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)	
	1.11.2014 to 31.12.2015 RM'000	1.11.2013 to 31.10.2014 RM'000 Restated	31.12.2015 RM'000	31.10.2014 RM'000 Restated
Malaysia	4,800,538	3,516,977	6,385,031	6,198,465
Singapore	681,014	334,354	351	513
Australia	1,250,787	–	2,469	238
Vietnam	14,004	18,880	120,860	74,751
United Kingdom	–	–	996,315	579,711
	6,746,343	3,870,211	7,505,026	6,853,678

### (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.



## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL PERIOD FROM 1 NOVEMBER 2014 TO 31 DECEMBER 2015

### 45. SIGNIFICANT EVENTS PENDING COMPLETION

The following are the status of corporate proposals that have been announced by the Group and the Company but not completed as at 31 December 2015:

- (i) On 26 October 2009, a subsidiary of S P Setia Berhad, Setia Lai Thieu Limited ("Setia LT"), had entered into an In-Principle Agreement with Investment and Industrial Development Corporation (Becamex IDC Corp) ("Becamex") for the assignment of the implementation and development of an independent mixed-use real estate project on a piece of land measuring approximately 108,400 square metres or 26.79 acres located in Lai Thieu Town, Thuan An District, Binh Duong Province, Vietnam ("Land") from Becamex to a company to be established by Setia LT in Vietnam for a total consideration of USD16,260,000.

As announced on 11 March 2010, the People's Committee of Binh Duong Province has on 10 March 2010 issued the Investment Certificate for the establishment of Setia Lai Thieu One Member Company Limited ("NewCo") to undertake the development of Eco-Xuan Lai Thieu on the Land for a term of 50 years from the date of issuance of the Investment Certificate.

On approval of the masterplan in the scale of 1/500 for EcoXuan Lai Thieu, the area of the Land was increased from 108,400 square metres to 109,685 square metres (27.10 acres) and by the increase in land area, the total consideration payable to Becamex was adjusted to USD16,452,750 based on the rate of USD150 per square metre.

The balance of the consideration is payable upon the issuance of the land use right certificate in the name of Setia LT; and

- (ii) On 6 February 2013, Setia Eco Templer Sdn Bhd ("SET" or "Developer"), a wholly owned subsidiary of S P Setia Berhad has entered into an agreement ("Development Agreement") with Cash Band (M) Berhad ("CBB" or "Landowner"), for the proposed development of a mixed residential and commercial project on various parcels of leasehold land measuring approximately 194.65 acres in the District of Gombak.

The Development Agreement is pending the fulfillment of the conditions precedent therein within a period of twelve (12) months from the date of the Development Agreement, with an automatic extension of a period of twelve (12) months thereafter and/or such other extended period to be mutually agreed in writing by the parties for the fulfillment of the conditions precedent.

As announced previously on 2 February 2015, 3 April 2015 and 5 June 2015, SET and CBB had vide a series of extension letters mutually agreed to further extend the time for the fulfilment of the conditions precedents to 5 December 2015.

Further to the announcement on 4 December 2015, SET and CBB had vide a letter dated 4 December 2015, mutually agreed to declare the Development Agreement unconditional on 4 December 2015. SET and CBB have further agreed to finalise and execute a supplemental agreement to vary the Agreement ("Supplemental Agreement") within a period of twenty one (21) business days commencing from 6 December 2015.

Subsequent thereto and on 8 January 2016 and 15 February 2016 respectively, SET and CBB had vide extension letters mutually agreed to extend the time for finalisation and execution of the Supplemental Agreement to 30 April 2016.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL PERIOD FROM 1 NOVEMBER 2014 TO 31 DECEMBER 2015

## 46. CHANGE OF FINANCIAL YEAR END

The Company changed its financial year end from 31 October to 31 December to be co-terminous with that of immediate holding company. Accordingly, the comparative figures, which cover the financial year ended 31 October 2014, may not be comparable with the current period's financial figures.

## 47. CHANGES IN COMPARATIVES

The Group has changed the following accounting policies retrospectively and certain comparatives have been restated.

- (a) In prior years, the Group assessed the completion of the development project to be at the end of the defect liability period. In the current financial period, the Group has reassessed the date of the completion of a development project at the point of receipt of Certificate of Completion and Compliance.
- (b) In prior years, the Group's present obligation of constructing affordable housing has been taken into consideration by capitalising the foreseeable losses from the development of affordable housing as common cost of the entire development project. However, the Group did not provide the foreseeable losses as a liability and recognise a corresponding asset in the form of common costs (i.e. land held for property development and property development costs) in the financial statements. In the current financial period, the Group has reassessed and recognised a provision for foreseeable losses for affordable housing in accordance with FRSIC Consensus 17 *Development of Affordable Housing* which was issued by the Malaysian Institute of Accountants on 24 November 2011.

Certain comparative figures of the Group have been reclassified to conform to current financial period's presentation. The reclassification has had no effect on the financial results of the Group for previous financial periods or for the current financial period.



# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL PERIOD FROM 1 NOVEMBER 2014 TO 31 DECEMBER 2015

## 47. CHANGES IN COMPARATIVES (CONT'D)

The effect of changes in accounting policies and reclassification are as follows:

### Consolidated Statement of Financial Position

At 31 October 2014

	As previously reported RM'000	Adjustments RM'000	As restated RM'000
<b>Non-current assets</b>			
Property, plant and equipment	135,118	95,072	230,190
Investment properties	700,205	(95,263)	604,942
Land held for property development	4,643,294	616,870	5,260,164
Intangible asset	100,107	(93,479)	6,628
Deferred tax assets	172,706	(51,816)	120,890
<b>Current assets</b>			
Property development costs	2,982,007	(320,084)	2,661,923
Inventories	46,043	516,757	562,800
Accrued billings	201,002	169,359	370,361
Current tax assets	76,044	(20,516)	55,528
<b>Equity</b>			
Retained earnings	1,609,026	243,750	1,852,776
Non-controlling interests	310,101	28,236	338,337
<b>Non-current liability</b>			
Deferred tax liabilities	10,769	10,155	20,924
<b>Current liabilities</b>			
Trade payables	772,167	199,839	972,006
Progress billings	656,119	(316,298)	339,821
Other payables and accruals	495,753	24,001	519,754
Provision for affordable housing	–	615,358	615,358
Current tax liabilities	6,206	11,859	18,065

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL PERIOD FROM 1 NOVEMBER 2014 TO 31 DECEMBER 2015

## 47. CHANGES IN COMPARATIVES (CONT'D)

The effect of changes in accounting policies and reclassification are as follows (cont'd):

### Consolidated Statement of Financial Position

At 1 November 2013

	As previously reported RM'000	Adjustments RM'000	As restated RM'000
<b>Non-current assets</b>			
Property, plant and equipment	122,512	65,160	187,672
Investment properties	613,559	(53,467)	560,092
Land held for property development	4,620,800	430,008	5,050,808
Intangible asset	52,129	(48,734)	3,395
Deferred tax assets	192,847	(55,674)	137,173
<b>Current assets</b>			
Property development costs	2,573,270	(57,097)	2,516,173
Inventories	23,566	112,936	136,502
Accrued billings	116,279	177,083	293,362
Current tax assets	29,764	(23)	29,741
<b>Equity</b>			
Retained earnings	1,476,367	261,749	1,738,116
Non-controlling interests	255,238	20,146	275,384
<b>Non-current liability</b>			
Deferred tax liabilities	6,233	5,492	11,725
<b>Current liabilities</b>			
Trade payables	572,555	177,192	749,747
Progress billings	913,320	(263,529)	649,791
Other payables and accruals	671,902	24,002	695,904
Provision for affordable housing	–	359,063	359,063
Current tax liabilities	41,698	(13,923)	27,775



# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL PERIOD FROM 1 NOVEMBER 2014 TO 31 DECEMBER 2015

## 47. CHANGES IN COMPARATIVES (CONT'D)

The effect of changes in accounting policies and reclassification are as follows (cont'd):

### Consolidated Statement of Comprehensive Income for the year ended 31 October 2014

	As previously reported RM'000	Adjustments RM'000	As restated RM'000
Revenue	3,810,102	60,109	3,870,211
Cost of sales	(2,702,488)	(22,940)	(2,725,428)
Tax expense	(205,719)	(47,078)	(252,797)

### Consolidated Statement of Cash Flow for the year ended 31 October 2014

	As previously reported RM'000	Adjustments RM'000	As restated RM'000
Net cash generated from operating activities	448,241	(186,227)	262,014
Net cash used in investing activities	(1,091,701)	188,227	(903,474)

The following comparative figures of the Company have been reclassified to conform to current financial period's presentation.

### Statement of Financial Position At 31 October 2014

	As previously reported RM'000	Reclassification RM'000	As restated RM'000
<b>Non-current asset</b>			
Amounts owing by subsidiary companies	2,437,922	847	2,438,769
<b>Current asset</b>			
Amounts owing by subsidiary companies	741,493	(847)	740,646

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL PERIOD FROM 1 NOVEMBER 2014 TO 31 DECEMBER 2015

## 48. COMPARATIVES

The comparatives figures have been audited by a firm of chartered accountants other than Ernst & Young.

## 49. AUTHORISATION FOR ISSUE OF FINANCIAL STATEMENTS

These financial statements were authorised for issue on 25 February 2016 by the Board of Directors.

## 50. 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	
	31.12.2015	31.10.2014	31.12.2015	31.10.2014
	RM'000	RM'000	RM'000	RM'000
		Restated		
Total retained profits of the Company and its subsidiaries:				
– realised	3,059,525	2,305,431	525,064	324,739
– unrealised	72,656	81,268	619	(3)
	3,132,181	2,386,699	525,683	324,736
Total retained profits from jointly controlled entities:				
– realised	(245,888)	(136,714)	–	–
– unrealised	2,503	264	–	–
	(243,385)	(136,450)	–	–
Total share of retained profits from associated companies:				
– realised	3,620	(911)	–	–
– unrealised	2	–	–	–
	3,622	(911)	–	–
Less: Consolidation adjustments	(370,103)	(396,562)	–	–
Total Group's and Company's retained profits as per statements of financial position	2,522,315	1,852,776	525,683	324,736



# STATEMENT BY DIRECTORS

PURSUANT TO SECTION 169(15) OF THE COMPANIES ACT, 1965

In the opinion of the directors, the financial statements set out on pages 107 to 223 have been drawn up:

- (a) so as to give a true and fair view of the state of affairs of the Group and of the Company at 31 December 2015 and of their results and cash flows for the period then ended; and
- (b) in accordance with Financial Reporting Standards and the provisions of the Companies Act, 1965.

The information set out in Note 50 on page 223 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 directors in accordance  
with a directors' resolution dated 25 February 2016

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

**DATO' KHOR CHAP JEN**  
Director

Kuala Lumpur, Malaysia

# STATUTORY DECLARATION

PURSUANT TO SECTION 169(16) OF THE COMPANIES ACT, 1965

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 107 to 223 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 25 February 2016 )  
 )  
 )  
 )

**CHOY KAH YEW**

Before me:

Commissioner for Oaths

# ANALYSIS OF SHAREHOLDINGS

AS AT 18 MARCH 2016

Authorised Share Capital	:	RM2,250,000,000
Issued Share Capital	:	2,628,385,347
Paid Up Share Capital	:	RM1,971,289,010.25
Class of Shares	:	Ordinary Shares of RM0.75 each
Voting Rights	:	One Vote per Ordinary Share

## DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
less than 100	935	15.77	36,494	0.00
100 - 1,000	1,171	19.75	759,337	0.03
1,001 - 10,000	2,818	47.53	10,383,001	0.40
10,001 - 100,000	794	13.39	20,561,292	0.78
100,001 to less than 5% of issued shares	207	3.49	487,307,935	18.54
5% and above of issued shares	4	0.07	2,109,337,288	80.25
<b>Total</b>	<b>5,929</b>	<b>100.00</b>	<b>2,628,385,347</b>	<b>100.00</b>

## LIST OF THIRTY LARGEST SHAREHOLDERS

Name Of Shareholders	No. of Shares	%
1. Permodalan Nasional Berhad	1,341,696,708	51.05
2. Amanahraya Trustees Berhad - Amanah Saham Bumiputera	394,634,319	15.01
3. Kumpulan Wang Persaraan (Diperbadankan)	237,717,257	9.04
4. Citigroup Nominees (Tempatan) Sdn Bhd - Employees Provident Fund Board	135,289,004	5.15
5. Lembaga Tabung Haji	105,103,900	4.00
6. HSBC Nominees (Asing) Sdn Bhd - BNP Paribas SECS SVS Lux for Aberdeen Global	40,997,356	1.56
7. Amanahraya Trustees Berhad - Amanah Saham Wawasan 2020	25,836,567	0.98
8. Amanahraya Trustees Berhad - Amanah Saham Malaysia	22,804,925	0.87
9. CIMB Group Nominees (Tempatan) Sdn Bhd - Yayasan Hasanah (AUR-VCAM)	16,121,100	0.61
10. HSBC Nominees (Asing) Sdn Bhd - BBH and Co Boston for Vanguard Emerging Markets Stock Index Fund	15,081,824	0.57
11. Yayasan Gerakbakti Kebangsaan	14,777,345	0.56
12. DB (Malaysia) Nominee (Asing) Sdn Bhd - SSBT Fund AM4N for Aberdeen Institutional Commingled Funds LLC	10,356,184	0.39
13. Amanahraya Trustees Berhad - AS 1Malaysia	10,105,528	0.38
14. HSBC Nominees (Asing) Sdn Bhd - Exempt AN for JPMorgan Chase Bank, National Association (U.S.A.)	9,228,183	0.35
15. Cartaban Nominees (Tempatan) Sdn Bhd - Exempt AN for Eastspring Investments Berhad	8,785,771	0.33



# ANALYSIS OF SHAREHOLDINGS

AS AT 18 MARCH 2016

## LIST OF THIRTY LARGEST SHAREHOLDERS (CONT'D)

Name Of Shareholders	No. of Shares	%
16. Amanahraya Trustees Berhad - Public Ittikal Sequel Fund	7,626,887	0.29
17. Citigroup Nominees (Tempatan) Sdn Bhd - Employees Provident Fund Board (Nomura)	7,574,553	0.29
18. Citigroup Nominees (Asing) Sdn Bhd - Exempt AN for Citibank New York (Norges Bank 14)	7,499,562	0.29
19. Citigroup Nominees (Asing) Sdn Bhd - Exempt AN for Citibank New York (Norges Bank 12)	6,747,469	0.26
20. Citigroup Nominees (Tempatan) Sdn Bhd - Employees Provident Fund Board (Amundi)	6,328,658	0.24
21. Citigroup Nominees (Tempatan) Sdn Bhd - Kumpulan Wang Persaraan (Diperbadankan) (Aberdeen)	5,577,022	0.21
22. CIMB Group Nominees (Asing) Sdn Bhd - Exempt AN for DBS Bank Ltd	5,535,470	0.21
23. CIMB Commerce Trustee Berhad - Public Focus Select Fund	5,136,437	0.20
24. Malaysia Nominees (Tempatan) Sendirian Berhad - Great Eastern Life Assurance (Malaysia) Berhad	5,000,000	0.19
25. Citigroup Nominees (Asing) Sdn Bhd - Legal & General Assurance Society Limited	4,950,186	0.19
26. Citigroup Nominees (Tempatan) Sdn Bhd - Employees Provident Fund Board (Aberdeen)	4,880,007	0.19
27. Citigroup Nominees (Asing) Sdn Bhd - CBNY for Dimensional Emerging Markets Value Fund	4,832,604	0.18
28. Amanahraya Trustees Berhad - Public Islamic Select Enterprises Fund	4,477,819	0.17
29. Citigroup Nominees (Tempatan) Sdn Bhd - Employees Provident Fund Board (AberIslamic)	4,012,800	0.15
30. Lembaga Tabung Angkatan Tentera	4,005,000	0.15
	2,472,720,445	94.08

## SUBSTANTIAL SHAREHOLDERS

Name of Substantial Shareholders	Direct Interest	% of Issued Shares	Indirect Interest	% of Issued Shares
Permodalan Nasional Berhad	1,341,696,708	51.05	–	–
Amanahraya Trustees Berhad	394,713,819	15.02	–	–
- Amanah Saham Bumiputera				
Kumpulan Wang Persaraan (Diperbadankan)	237,717,257	9.04	10,199,361	0.39
Employees Provident Fund Board	159,526,898	6.07	–	–
Yayasan Pelaburan Bumiputra	–	–	1,341,696,708	51.05

## DIRECTORS AND THEIR SHAREHOLDINGS

Name	No. of Ordinary Shares Held				No. of shares under the Employee Share Grant Plan	No. of options under the Employee Share Option Scheme
	Direct	%	Indirect	%		
Tan Sri Dato' Dr. Wan Mohd Zahid Bin Mohd Noordin	–	–	–	–	–	–
Dato' Khor Chap Jen	287,811	0.01	–	–	456,200	8,000,000
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 2015

No.	Location	Description	Date of Acquisition	Land Area (sq. ft.)	Tenure	Net Book Value (RM)
1	Mukim Bukit Raja, Daerah Petaling, Selangor Darul Ehsan	Land under development and held for development	30/03/02	17,341,867	Freehold	998,716,931
2	Seksyen 95A & 98, Kampung Haji Abdullah Hukum, Kuala Lumpur	Land use right	24/10/11	–	Leasehold	762,379,675
3	Mukim Semenyih, Daerah Hulu Langat, Selangor Darul Ehsan	Land held for development	28/11/12	14,605,668	Freehold	547,553,004
4	Mukim Dengkil, Daerah Sepang, Selangor Darul Ehsan	Land under development and held for development	02/03/11	8,155,312	Freehold	445,040,277
5	Mukim Semenyih, Daerah Hulu Langat, Selangor Darul Ehsan	Land under development and held for development	03/10/11	6,436,712	Freehold	426,241,804
6	Mukim Pulai, Daerah Johor Bahru, Johor Darul Takzim	Land under development and held for development	10/01/07	31,248,917	Freehold	398,165,541
7	Mukim 17 & 18, Daerah Timur Laut, Tanjung Bungah, Pulau Pinang	Land under development and held for development	15/05/12 25/05/12	1,536,673	Freehold	352,912,123
8	Mukim Tebrau, Daerah Johor Bahru, Johor Darul Takzim	Land under development and held for development	09/09/10	10,142,152	Freehold	314,631,470
9	LOT 258, Seksyen 089A, Bandar Kuala Lumpur	Land held for development	05/12/12	134,076	Freehold	313,891,378
10	Mukim Tebrau, Daerah Johor Bahru, Johor Darul Takzim	Land under development and held for development	28/01/11	10,627,838	Freehold	304,236,509
						4,863,768,712

# NOTICE OF ANNUAL GENERAL MEETING

S P SETIA BERHAD (19698-X)

**NOTICE IS HEREBY GIVEN** that the Forty First (41<sup>st</sup>) 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 Wednesday, 18 May 2016 at 11.00 a.m.** for the following purposes:

## AGENDA

- |    |  |   |
|----|--|---|
| 1. | To receive the audited financial statements of the Company for the financial period ended 31 December 2015 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 19 sen per share for the financial period ended 31 December 2015.   | <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:   |   |
|    | (1) Dato' Khor Chap Jen  | <b>Resolution 2</b>                       |
|    | (2) Dato' Halipah Binti Esa  | <b>Resolution 3</b>                       |
| 4. | To re-elect the following Directors who retire in accordance with Article 98 of the Company's Articles of Association and, being eligible, offer themselves for re-election:   |   |
|    | (1) Puan Noraini Binti Che Dan   | <b>Resolution 4</b>                       |
|    | (2) Mr. Philip Tan Puay Koon   | <b>Resolution 5</b>                       |
|    | (3) Dato' Azmi Bin Mohd Ali  | <b>Resolution 6</b>                       |
| 5. | To consider and, if thought fit, to pass the following Ordinary Resolution in accordance with Section 129(6) of the Companies Act, 1965 ("Act"):-<br><br>"THAT Tan Sri Dato' Dr. Wan Mohd Zahid Bin Mohd Noordin, who has attained the age of seventy years and retiring in accordance with Section 129(6) of the Act, be and is hereby re-appointed as Director of the Company to hold office until the conclusion of the next Annual General Meeting". | <b>Resolution 7</b>                       |
| 6. | To approve the payment of Non-Executive Directors' Fees of RM1,914,000 for the period from 1 November 2014 to 31 December 2015 (2014: RM1,053,000).  | <b>Resolution 8</b>                       |
| 7. | 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 with effect from 1 January 2016.   | <b>Resolution 9</b>                       |
| 8. | 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 10</b>                      |

## AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following Resolutions:-

- |    |   |                      |
|----|---|----------------------|
| 9. | <b>ORDINARY RESOLUTION</b><br><br><b>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 2016</b> | <b>Resolution 11</b> |
|----|---|----------------------|

"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 2016*) 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:



## NOTICE OF ANNUAL GENERAL MEETING

S P SETIA BERHAD (19698-X)

- (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 143(1) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 143(2) 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."

### 10. ORDINARY RESOLUTION

**PROPOSED RENEWAL OF THE AUTHORITY TO ALLOT AND ISSUE NEW ORDINARY SHARES OF RM0.75 EACH 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 12

"**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 until the conclusion of the next AGM 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 and the issue price may not be less than the par value 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."

### 11. 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 13

"**THAT** pursuant to the LTIP as approved by the shareholders of the Company at the Extraordinary General Meeting held on 28 February 2013, authority be and is hereby given to 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 of RM0.75 each 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 1,650,000 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."

12. 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 2016

Kuala Lumpur

**NOTES:**

1. *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 shall specify the proportion of his shareholdings to be represented by each proxy.*
2. *A proxy need not be a member of the Company. There shall be no restriction as to the qualification of the proxy and the provisions of Section 149(1)(b) of the Act shall not apply to the Company. A proxy appointed to attend and vote at a meeting of the Company shall have the same rights as the member to speak at the meeting.*
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.*
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 2016 shall be entitled to attend, speak and vote at this meeting or appoint proxy/proxies to attend and/or vote on his/her behalf.*



# NOTICE OF ANNUAL GENERAL MEETING

## EXPLANATORY NOTE A

*This Agenda item is meant for discussion only as under the provisions of Section 169(1) 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 4 and 5 - Re-election of Independent Non-Executive Directors*

*The Board is satisfied that Puan Noraini Binti Che Dan and Mr. Philip Tan Puay Koon 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.*

*In view thereof, the Board supports the re-election of the Independent Non-Executive Directors at the 41st AGM.*

2. *Resolution 11 - Proposed Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature*

*The proposed Resolution 11, 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 2016 which is circulated together with the Annual Report 2015.*

3. *Resolution 12 - 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 12, if approved, will give authority to the Directors to allot and issue new S P Setia Shares pursuant to the DRP in respect of dividend declared in this AGM and subsequently until the next AGM. A renewal of this authority will be sought at the next AGM.*

4. *Resolution 13 - 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 may be in force for a maximum period of ten (10) years from the effective date. The proposed allocation to Dato' Khor Chap Jen of the 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 13, if approved, will give authority to the Directors to allot and issue up to an aggregate of 1,650,000 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 13 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 DIVISION**  
**GROUP LEASING**  
**GROUP LANDSCAPE UNIT**  
**GROUP SECURITY SERVICES**  
**SETIA PLATINUM PRIVILEGES**

**GROUP QUALITY MANAGEMENT**  
**S P SETIA PROJECT**  
**MANAGEMENT SDN BHD** (246695-X)

**S P Setia Precast Sdn Bhd** (347177-A)

S P Setia Bhd Corporate HQ  
No.12, Persiaran Setia Dagang  
Setia Alam, Seksyen U13  
40170 Shah Alam  
Selangor Darul Ehsan, Malaysia  
T +603 3348 2255  
F +603 3344 3232  
E corp@spsetia.com

**S P SETIA FOUNDATION**

S P Setia Bhd Corporate HQ  
No.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 Welcome Centre  
No.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  
63200 Cyberjaya  
Selangor Darul Ehsan, Malaysia  
T +603 8008 2228  
F +603 8008 2233  
E eco-glades@spsetia.com

**SETIA ECO TEMPLER SDN BHD**  
(1020553-T)

Setia Eco Templer Sales Gallery  
No. 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  
Lot 215, Pantai Baru, Jalan Bangsar  
59200 Kuala Lumpur, Malaysia  
T +603 2287 5522  
F +603 2287 5225  
E kleccity@spsetia.com

**SETIA CITY CONVENTION CENTRE**  
**S P SETIA PROPERTY SERVICES**  
**SDN BHD** (1007655-H)

No.1, 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  
Lot 14124, Jalan P15H, Presint 15  
62050 Putrajaya  
Wilayah Persekutuan Putrajaya,  
Malaysia  
T +603 8861 6500  
F +603 8861 7900  
E spj-sales@spsetia.com

**SETIA PUTRAJAYA**

**DEVELOPMENT SDN BHD** (424955-P)  
**SETIA PUTRAJAYA SDN BHD** (401732-X)  
Customer Care Office  
No.5, Jalan P15H, Presint 15  
62050 Putrajaya  
Wilayah Persekutuan Putrajaya,  
Malaysia  
T +603 8893 0006/0008  
F +603 8893 0301/6868

**SETIA DUTA-ONE**

**SETIA DUTA-ONE SDN BHD** (511035-W)  
S P Setia Bhd Corporate HQ  
No.12, Persiaran Setia Dagang  
Setia Alam, Seksyen U13  
40170 Shah Alam  
Selangor Darul Ehsan, Malaysia  
T +603 3348 2255  
F +603 3344 3232  
E corp@spsetia.com



## GROUP DIRECTORY

### SETIA SKY RESIDENCES

**EXCELJADE SDN BHD** (765480-D)

**KENNY HILLS GRANDE**

**SENDIMAN SDN BHD** (729054-X)

No.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

### SETIA WOOD

**SETIA-WOOD INDUSTRIES SDN BHD**

(23725-V)

S P SETIA MARKETING SDN BHD

(175198-P)

Lot 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 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

No.1 & 3, Jalan Persiaran 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

No.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

12A, Jalan Dato' Abdullah Tahir

80300 Johor Bahru

Johor Darul Takzim, Malaysia

T +607 333 2255

F +607 333 2552

E sky88-sales@spsetia.com

### NORTHERN REGION

#### SETIA PEARL ISLAND

**SETIA VISTA**

**SETIA PROMENADE SDN BHD** (388384-W)

**SETIA GREENS**

**11 BROOK RESIDENCES**

**KEWIRA JAYA SDN BHD** (504851-V)

**SETIA V RESIDENCES**

**KAY PRIDE SDN BHD** (177772-V)

Setia Welcome Centre

No.108, Jalan Tun Dr. Awang

11900 Penang, Malaysia

T +604 642 2855

F +604 641 1455

E spi-sales@spsetia.com

**ECO MERIDIAN SDN BHD** (909427-K)

SPICE Arena

SPICE, No.108

Jalan Tun Dr. Awang

11900 Penang, Malaysia

T +604 643 2525

F +604 641 2250

E spice@spsetia.com

### EASTERN REGION

#### AEROPOD

**AEROPOD SDN BHD** (767765-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**

132 Franklin Street  
Melbourne, VIC 3000, Australia  
T +613 9616 2525  
F +613 9616 2552  
E customercare.fulton-au@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 +84 650 357 7255  
F +84 650 357 7225  
E ecolakes-sales@setiabecamex.vn

**ECOXUAN, LAI THIEU  
SETIA LAI THIEU ONE MEMBER  
COMPANY LIMITED**

No.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

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# FORM OF PROXY

I/We \_\_\_\_\_ (full name in block letters) NRIC No./Company No. \_\_\_\_\_

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, \_\_\_\_\_ (full name in block letters)

NRIC No. \_\_\_\_\_ 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 First 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 Wednesday, 18 May 2016 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' Khor Chap Jen.		
3.	Re-election of Dato' Halipah Binti Esa.		
4.	Re-election of Puan Noraini Binti Che Dan.		
5.	Re-election of Mr. Philip Tan Puay Koon.		
6.	Re-election of Dato' Azmi Bin Mohd Ali.		
7.	Re-appointment of Tan Sri Dato' Dr. Wan Mohd Zahid Bin Mohd Noordin.		
8.	Approval of Directors' Fees for the Financial Period from 1 November 2014 to 31 December 2015.		
9.	Approval of Directors' Fees with effect from 1 January 2016.		
10.	Re-appointment of Messrs Ernst & Young as the Auditors of the Company and to authorise the Directors to fix their remuneration.		
11.	Approval of Proposed Shareholders' Mandate as specified in Section 2.3.1 of the Circular to Shareholders dated 26 April 2016.		
12.	Approval of Proposed Renewal of Authority to Allot and Issue New Ordinary Shares under the Company's Dividend Reinvestment Plan.		
13.	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 \_\_\_\_\_ 2016.

\_\_\_\_\_  
Signature of Member(s) or Common Seal

**Notes:**

- 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 shall specify the proportion of his shareholdings to be represented by each proxy.
- A proxy need not be a member of the Company. There shall be no restriction as to the qualification of the proxy and the provisions of Section 149(1)(b) of the Act shall not apply to the Company. A proxy appointed to attend and vote at a meeting of the Company shall have the same rights as the member to speak at the meeting.
- 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 2016 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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# Setia

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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