BOARD OF DIRECTORS

1 **TAN SRI DATO' LEE SHIN CHENG**
EXECUTIVE CHAIRMAN

2 **LEE YEOW SENG**
CHIEF EXECUTIVE OFFICER

3 **LEE YOKE HAR**
EXECUTIVE DIRECTOR

BOARD OF DIRECTORS

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4 **TAN SRI DATO' SRI KOH KIN LIP**
SENIOR INDEPENDENT NON-EXECUTIVE DIRECTOR

5 **DATO' LEE YEOW CHOR**
NON-INDEPENDENT NON-EXECUTIVE DIRECTOR

6 **DATUK TAN KIM LEONG @ TAN CHONG MIN**
INDEPENDENT NON-EXECUTIVE DIRECTOR

7 **DATUK LEE SAY TSHIN**
INDEPENDENT NON-EXECUTIVE DIRECTOR

8 **DATUK DR TAN KIM HEUNG**
INDEPENDENT NON-EXECUTIVE DIRECTOR

PROFILE OF DIRECTORS

TAN SRI DATO' LEE SHIN CHENG

EXECUTIVE CHAIRMAN

- Nationality **Malaysian**
- Date of Appointment **1 June 2013**
- Age **78**
- Gender **Male**

Tan Sri Dato' Lee Shin Cheng was appointed to the Board on 1 June 2013. He is also the Executive Chairman and founder of IOI Group. Tan Sri Lee is an entrepreneur with considerable experience in the plantation and property development industries.

He is pivotal to the operations of IOI Group, having founded the plantation and property businesses more than 25 years ago. Through his entrepreneurial leadership and stewardship, strategic vision, guidance, wisdom as well as his vast experience, IOI Group has grown in tandem to become one of the leading plantation and property groups in Malaysia.

As our Executive Chairman, he oversees the day-to-day operations of the Group and also provides coherent leadership in leading the Board of IOI Properties Group Berhad including, effective communication with stakeholders as well as providing entrepreneurial leadership and stewardship in the charting of IOI Properties Group's future direction.

In recognition of Tan Sri Lee's immense contribution to the property industry in Malaysia, he was bestowed the singular honour of FIABCI Malaysia Property Man of the Year 2001 Award. In February 2002, Tan Sri Lee was conferred the Honorary Doctorate Degree in Agriculture by Universiti Putra Malaysia in recognition of his contributions to the palm oil industry. In 2006, Tan Sri Lee was conferred the Fellowship of the Incorporated Society of Planters ("FISP") by Malaysia's ISP. In October 2008, Tan Sri Lee was conferred Honorary Fellowship of the Malaysian Oil Scientists' and Technologists' Association ("MOSTA") for his outstanding contributions to agriculture, in particular the oleochemical and specialty oils and fats. Tan Sri Lee was also awarded the prestigious Malaysian Palm Oil Association ("MPOA") Recognition Award 2011 for his outstanding contributions and leadership in the plantation industry. In recognition of Tan Sri Lee's leadership efforts and qualities in Malaysian palm oil industry, he was awarded the Palm Oil Industry Leadership Award in September 2015 by Malaysian Palm Oil Council ("MPOC"). Tan Sri Lee was a Council Member of the East Coast Economic Region Development Council ("ECERDC") for the Government from 2008 to 2014.

Tan Sri Lee is also active in providing his advice and guidance to a large number of industry groupings, associations and social organisations. He serves as, among others, the Honorary President of the Associated Chinese Chambers of Commerce and Industry of Malaysia ("ACCCIM").

Tan Sri Lee is the father of Dato' Lee Yeow Chor, Lee Yeow Seng and Lee Yoke Har.

Tan Sri Lee is deemed in conflict of interest with IOI Properties Group by virtue of his interest in certain privately-owned companies which are involved in similar business of property investment and property development. Except for certain recurrent related party transactions of a revenue or trading nature which are necessary for day-to-day operations of IOI Properties Group and for which Tan Sri Lee is deemed to be interested is disclosed under the notes to audited financial statements section of the Annual Report, there are no other business arrangements with the Company in which he has personal interest.

He attended ten (10) out of the eleven (11) Board Meetings held during the financial year ended 30 June 2017.

TAN SRI DATO' LEE SHIN CHENG

Executive Chairman

LEE YEOW SENG

Chief Executive Officer

PROFILE OF DIRECTORS

LEE YEOW SENG

CHIEF EXECUTIVE OFFICER

Nationality	Date of Appointment	Age	Gender
Malaysian	**25 February 2013**	**39**	**Male**

Lee Yeow Seng was appointed to the Board on 25 February 2013 as Executive Director. His leadership since becoming Chief Executive Officer on 8 January 2014 has seen IOI Properties Group undergo transformation whilst maintaining market leadership and a strong strategic direction. As the Chief Executive Officer of the Group, he is responsible for managing the operations and strategic planning of the Group.

Lee Yeow Seng is a barrister from the Bar of England & Wales by Inner Temple and holds a LLB (Honours) from King's College London. He has served at the London and Singapore offices of a leading international financial services group for approximately three (3) years. He is also presently a Non-Independent Non-Executive Director of IOI Corporation Berhad.

Lee Yeow Seng is the youngest son of Tan Sri Dato' Lee Shin Cheng and the brother of Dato' Lee Yeow Chor and Lee Yoke Har.

Lee Yeow Seng is deemed in conflict of interest with IOI Properties Group by virtue of his interest in certain privately-owned companies which are involved in similar business of property investment and property development. Except for certain recurrent related party transactions of a revenue or trading nature which are necessary for day-to-day operations of IOI Properties Group and for which Lee Yeow Seng is deemed to be interested is disclosed under the notes to audited financial statements section of the Annual Report, there are no other business arrangements with the Company in which he has personal interest.

He attended all the eleven (11) Board Meetings held during the financial year ended 30 June 2017.

PROFILE OF DIRECTORS

LEE YOKE HAR

EXECUTIVE DIRECTOR

- Nationality **Malaysian**
- Date of Appointment **1 July 2017**
- Age **46**
- Gender **Female**

Lee Yoke Har ("Ms Lee") was appointed to the Board on 1 July 2017.

Ms Lee graduated with a LLB (Honours) from King's College, London and is a Barrister-at-law (Middle Temple) and also holds a Diploma in Finance and Accounting.

She joined IOI Group as a Legal Executive in 1996 and was subsequently transferred to the property division to take charge of implementing the International Organisation for Standardisation quality management systems. She has since held various positions in IOI Properties Group and was promoted to Senior General Manager, Marketing and Business Development in 2010.

She is responsible for managing and implementing the marketing and sales strategies for the Klang Valley projects and overseeing the product design development department.

Ms Lee is deemed in conflict of interest with IOI Properties Group by virtue of her interest in certain privately-owned companies which are involved in similar business of property investment and property development. Except for certain recurrent related party transactions of a revenue or trading nature which are necessary for day-to-day operations of IOI Properties Group and for which Ms Lee is deemed to be interested is disclosed under the notes to audited financial statements section of the Annual Report, there are no other business arrangements with the Company in which she has personal interest.

DATO' LEE YEOW CHOR

NON-INDEPENDENT NON-EXECUTIVE DIRECTOR

- Nationality **Malaysian**
- Date of Appointment **25 February 2013**
- Age **51**
- Gender **Male**

Dato' Lee Yeow Chor was appointed to the Board as Executive Director on 25 February 2013 and was subsequently re-designated as Non-Independent Non-Executive Director on 18 December 2013.

Dato' Lee qualified as a barrister from Gray's Inn, London and holds a LLB (Honours) from King's College London and a Postgraduate Diploma in Finance and Accounting from London School of Economics. Prior to joining IOI Group as a General Manager in 1994, he served in the Malaysian Attorney General's Chambers and the Malaysian Judiciary Service for approximately four (4) years. His last posting was as a Magistrate.

Dato' Lee is presently on the Board of IOI Corporation Berhad as its Chief Executive Officer and also a Non-Executive Director on the Board of Bumitama Agri Limited. He is also a Trustee of Yayasan Tan Sri Lee Shin Cheng, the charitable arm of IOI Group.

Dato' Lee has been the Chairman of the Malaysian Palm Oil Council ("MPOC") since 2009 and also serves as a Council Member in the Malaysian Palm Oil Association ("MPOA") since 2002. In 2015, Dato' Lee was appointed as a Director on the Board of Bank Negara, the Central Bank of Malaysia.

He was a Director of the Malaysian Green Technology Corporation from 2011 to 2013 and served on the National Council of the Real Estate and Housing Developers' Association ("REHDA") Malaysia as its Secretary General from 2002 to 2006.

Dato' Lee is the eldest son of Tan Sri Dato' Lee Shin Cheng and brother of Lee Yeow Seng and Lee Yoke Har.

Dato' Lee is deemed in conflict of interest with IOI Properties Group by virtue of his interest in certain privately-owned companies which are involved in similar business of property investment and property development. Except for certain recurrent related party transactions of a revenue or trading nature which are necessary for day-to-day operations of IOI Properties Group and for which Dato' Lee is deemed to be interested is disclosed under notes to audited financial statements section of the Annual Report, there are no other business arrangements with the Company in which he has personal interest.

He attended eight (8) out of the eleven (11) Board Meetings held during the financial year ended 30 June 2017.

LEE YOKE HAR

Executive Director

DATO' LEE YEOW CHOR

Non-Independent Non-Executive Director

TAN SRI DATO' SRI KOH KIN LIP

Senior Independent Non-Executive Director

DATUK TAN KIM LEONG @ TAN CHONG MIN

Independent Non-Executive Director

PROFILE OF DIRECTORS

TAN SRI DATO' SRI KOH KIN LIP

SENIOR INDEPENDENT NON-EXECUTIVE DIRECTOR

- Nationality: **Malaysian**
- Date of Appointment: **2 January 2016**
- Age: **68**
- Gender: **Male**

Tan Sri Dato' Sri Koh Kin Lip ("Tan Sri Richard Koh") was appointed to the Board on 2 January 2016. He graduated from Plymouth Polytechnic (now known as Plymouth University), United Kingdom with a Higher National Diploma in Business Studies and a Council's Diploma in Management Studies.

He began his career in Standard Chartered Bank, Sandakan in 1977 as a trainee assistant. In 1978, he joined his family business and was principally involved in administrative and financial matters. In 1985, he assumed the role as Chief Executive Officer of his family business. In 1987, he was pivotal and instrumental in the formation of Rickoh Holdings Sdn Bhd, the flagship company of the family businesses. Rickoh Holdings Sdn Bhd and group of companies had since continued to grow via diversifying their business activities which comprise, among others, properties investments/ holdings, properties letting, property development, securities investments, oil palm plantations, sea and land transportation for crude palm oil and palm kernel, information technology, hotel business, car park operator, insurance agency, trading in golf equipment and accessories, river sand mining, bricks manufacturing and quarry operations.

Tan Sri Richard Koh is the Chairman of the Governance, Nominating and Remuneration Committee and is a member of the Risk Management Committee of the Company.

Tan Sri Richard Koh is a Non-Independent Non-Executive Director of NPC Resources Berhad, Independent Non-Executive Director of Daya Materials Berhad and Cocoaland Holdings Berhad. He is also a member of the Management Committee of Red Sena Berhad.

He is also the Chairman of the Remuneration Committee and Nomination Committee and a member of the Audit Committee in Daya Materials Berhad; member of Audit Committee, Nominating Committee and Remuneration Committee in Cocoaland Holdings Berhad; and member of the Audit Committee in NPC Resources Berhad.

He attended all the eleven (11) Board Meetings held during the financial year ended 30 June 2017.

DATUK TAN KIM LEONG @ TAN CHONG MIN

INDEPENDENT NON-EXECUTIVE DIRECTOR

- Nationality: **Malaysian**
- Date of Appointment: **1 June 2013**
- Age: **78**
- Gender: **Male**

Datuk Tan Kim Leong @ Tan Chong Min was appointed to the Board on 1 June 2013. He sits as the Chairman of the Audit Committee and is a member of the Governance, Nominating and Remuneration Committee of the Company.

Datuk Tan is a Fellow member of the Institute of Chartered Accountants, Australia and the Malaysian Institute of Chartered Secretaries and Administrators ("MAICSA"). He holds professional memberships in the Malaysian Institute of Accountants ("MIA") and the Malaysian Institute of Certified Public Accountants ("MICPA").

He is the Chairman of Amoy Canning Corporation (Malaya) Berhad. He is a director of KL Industrial Services Berhad, Malaysia-China Business Council ("MCBC") and Goldis Berhad. He is also a Trustee of Ng Teck Fong Foundation and Yayasan Tan Sri Lee Shin Cheng.

He attended all the eleven (11) Board Meetings held during the financial year ended 30 June 2017.

PROFILE OF DIRECTORS

DATUK LEE SAY TSHIN

INDEPENDENT NON-EXECUTIVE DIRECTOR

- Nationality **Malaysian**
- Date of Appointment **22 August 2013**
- Age **64**
- Gender **Male**

Datuk Lee Say Tshin was appointed to the Board on 22 August 2013. He is the Chairman of the Risk Management Committee and is a member of the Audit Committee of the Company.

Datuk Lee Say Tshin holds a Bachelor of Economics (Honours) from University of Malaya in 1975.

He is an accomplished banker with over 42 years of experience in the banking industry. His last position held in HSBC Bank Malaysia Berhad was as the Managing Director of Strategic Business Development prior to his retirement in 2013.

He has been appointed as Advisor to the advisory board of the Secretariat for the Advancement of Malaysian Entrepreneurs ("SAME") in the Prime Minister's Department since April 2015. Also, he is currently the senior advisor of HSBC Bank Malaysia Berhad.

Datuk Lee Say Tshin is the Independent Non-Executive Chairman of Century Logistics Holdings Berhad ("CLHB") and Independent Director of Pacific Mutual Fund Board. He is the Chairman of the Nomination Committee and is a member of the Audit and Remuneration Committees of CLHB.

He attended ten (10) out of the eleven (11) Board Meetings held during the financial year ended 30 June 2017.

DATUK DR TAN KIM HEUNG

INDEPENDENT NON-EXECUTIVE DIRECTOR

- Nationality **Malaysian**
- Date of Appointment **1 June 2013**
- Age **55**
- Gender **Male**

Datuk Dr Tan Kim Heung ("Datuk Dr Tan") was appointed to the Board on 1 June 2013. He is a member of the Audit Committe, Risk Management Committee, and Governance, Nominating and Remuneration Committee of the Company.

Datuk Dr Tan graduated with a Bachelor of Medicine and Surgery ("MBBS") (London) (Honours) from The Middlesex and University College Hospital Medical School, London in 1986 and received his Member of the Royal College of Physicians ("MRCP") (United Kingdom) in 1989. In 1995, he was awarded a Doctorate of Medicine/Cardiology ("MD") from the University of London. He became a Fellow of the American College of Cardiology ("FACC") in 1997, Member of the Academy of Medicine Malaysia ("AM") in 1999, and was awarded Fellowship of the Royal College of Physicians ("FRCP") (London) in 2001.

Datuk Dr Tan is a Consultant Cardiologist at HealthScan Malaysia™. He is also a Consultant Cardiologist at Sunway Medical Centre, Petaling Jaya, Malaysia. He was previously Professor of Medicine and Head of Cardiology at the University Malaya Medical Centre ("UMMC") in Kuala Lumpur, Malaysia. He held this position for seven (7) years since 1997, having previously served as a Cardiologist at Guy's Hospital, London, United Kingdom.

Datuk Dr Tan is a recipient of numerous outstanding academic awards and prizes with vast experience in various interventional cardiac procedures. He is author or co-author of more than 100 published papers/articles/abstracts in peer reviewed journals and has contributed chapters to several books. He is frequently invited to lecture and to participate as an expert faculty in international and national conferences/seminars/courses. He is also a fellow or member of numerous professional organisations and advisory boards.

He attended all the eleven (11) Board Meetings held during the financial year ended 30 June 2017.

Notes:

1. Save as disclosed above, none of the Directors have:
   (a) any family relationship with any directors and/or substantial shareholders of the Company; and
   (b) any conflict of interest with the Company.
2. None of the Directors have any conviction for offences (other than traffic offences) within the past five (5) years.
3. None of the Directors have any public sanction or penalty imposed by the relevant regulatory bodies during the financial year ended 30 June 2017.

DATUK LEE SAY TSHIN

Independent Non-Executive Director

DATUK DR TAN KIM HEUNG

Independent Non-Executive Director

SENIOR MANAGEMENT TEAM

Executive Chairman
TAN SRI DATO' LEE SHIN CHENG

Chief Executive Officer
LEE YEOW SENG

Executive Director
LEE YOKE HAR

CORPORATE

Chief Financial Officer
BETTY LAU SUI HING

General Manager, Corporate Communications & Sustainability
KRISTINE NG MEE YOKE

Company Secretary
TAN SIN YEE

PROPERTY DEVELOPMENT

Chief Operating Officer
TEH CHIN GUAN

Senior General Managers
SIMON HENG KWANG HOCK
TAN KENG SENG
LIM BENG YEANG

General Managers
LOU FU LEONG
HO KWOK WING
IR DAVID CHOO KAY BOON
CHUNG NYUK KIONG
ALBERT LEE WEN LOONG

Deputy General Manager
LIM CHEOK LENG

General Manager, Singapore
LEE YEAN PIN (LI YANPING)

Assistant General Manager, Xiamen, People's Republic of China
OOI WOOI YAW

PROPERTY INVESTMENT

Chief Operating Officer
CHEAH WING CHOONG

Complex General Manager, IOI City Mall, Putrajaya
CHRIS CHONG VOON FOOI

Complex General Manager, IOI Mall, Puchong
ROGER KO

LEISURE & HOSPITALITY

Senior General Manager, Marriott Hotel, Putrajaya
SIMON YONG

General Manager, Golf Club
BRANDON CHIN BOON CHIUN

General Manager, Four Points by Sheraton, Puchong and Le Méridien, Putrajaya
RASHEED KUMAR RENOO

PROFILE OF SENIOR MANAGEMENT

The management team is headed by the Group Executive Chairman, Tan Sri Dato' Lee Shin Cheng; the Group Chief Executive Officer, Lee Yeow Seng and Executive Director, Lee Yoke Har. They are assisted by the following senior management team:-

1

TEH CHIN GUAN

CHIEF OPERATING OFFICER, PROPERTY DEVELOPMENT

Nationality:	Age / Gender:	Date of Appointment:
Malaysian	51 / Male	28 August 2006

Skills and Experience:

Mr Teh Chin Guan holds a Bachelor of Engineering (Honours) degree from Universiti Teknologi Malaysia. He is currently a member of the Harvard Club of Malaysia.

Before joining IOI Group's property division in year 2006, Mr Teh had held various senior positions in Berjaya Land Bhd and he brings with him many years of experience from the property and construction industry. He joined the organisation in August 2006 as an Assistant General Manager in the property division and was promoted to General Manager in July 2009.

Mr Teh was subsequently promoted to Property Director on 2 July 2012 and redesignated to his current position as Chief Operating Officer of IOI Properties Group in 2014 after the de-merger of the property division. He has since played a major role in contributing towards the Group's property development in the growth corridor of the Klang Valley.

2

CHEAH WING CHOONG

CHIEF OPERATING OFFICER, PROPERTY INVESTMENT

Nationality:	Age / Gender:	Date of Appointment:
Malaysian	58 / Male	22 September 2014

Skills and Experience:

Mr Cheah Wing Choong is a Chartered Surveyor with about thirty-four (34) years of experience in the property industry which include property consultancy, property development, project management, asset management and valuation and property management of a wide spectrum of commercial, residential and institutional properties.

Mr Cheah holds a Masters in Business Administration from Bath, England and a Bachelor of Science Degree (Honours) in Estate Management from the Heriot-Watt University, Edinburgh, Scotland. He is a registered Valuer with the Board of Valuers, Estate Agents and Appraisers, Malaysia and is also a registered Estate Agent. Mr Cheah is a fellow member of The Institute of Surveyors, Malaysia, and a member of Royal Institution of Chartered Surveyors, United Kingdom.

He started his career with Rahim & Co. After eight (8) years, he joined Peat Marwick Consultants where he was responsible for project management before joining Tan & Tan Development Berhad as Head of the Real Estate and Property Division in 1992 and was later promoted to the Senior General Manager of the Assets Management Division under the merged listed entity of IGB Corporation Berhad. Prior to joining IOI Properties Group, Mr Cheah was the Chief Operating Officer (Property Investments) with Sunway Group since 2009.

PROFILE OF SENIOR MANAGEMENT

3

BETTY LAU SUI HING

CHIEF FINANCIAL OFFICER

Nationality:	Age / Gender:	Date of Appointment:
Hong Kong national and Permanent Resident of Malaysia	55 / Female	1 October 2010

Skills and Experience:

Ms Betty Lau is a Fellow of the Association of Chartered Certified Accountants ("FCCA"), a member of the Malaysian Institute of Accountants ("MIA") and a member of the Institute of Chartered Secretaries and Administrators ("ICSA"). She has honed her financial management skills with companies in various industries in Malaysia, Singapore, Britain, the United States and China. She brings with her more than thirty (30) years of experience and has held various senior finance positions in local companies and overseas ventures. Prior to joining IOI Group, property division in 2010, she was the Group Financial Controller of INTI International University / Laureate Educational Group.

She is responsible for the full spectrum of financial management including corporate restructuring, tax planning/ strategies, financial reporting and compliance and to drive the improvement of financial operation process of IOI Properties Group.

4

KRISTINE NG MEE YOKE

GENERAL MANAGER, CORPORATE COMMUNICATION & SUSTAINABILITY

Nationality:	Age / Gender:	Date of Appointment:
Malaysian	50 / Female	25 May 2016

Skills and Experience:

Ms Kristine Ng holds a Bachelor of Arts (Honours) Degree from University of Malaya.

She has more than twenty-two (22) years experience in the property industry, holding various senior and general management positions with expertise in the areas of communication, public relations, event management, editorial, customer relationship management, customer experience management, customer engagement, township, property & facility management; and training & development.

She is experienced in the startup of new functional depts./units; and operational and services re-alignment with business strategies requiring mindset shift and process enhancement for continual improvement and enhanced brand affinity.

She is currently heading Group Corporate Communication and Corporate Sustainability. She oversees the Corporate Communication functions of the Group; and is responsible for the strategic management of sustainability across the Group's various business segments.

5

TAN SIN YEE

COMPANY SECRETARY

Nationality:	Age / Gender:	Date of Appointment:
Malaysian	31 / Female	1 August 2016

Skills and Experience:

Ms Tan Sin Yee is an Associate member of the Malaysian Institute of Chartered Secretaries & Administrators ("MAICSA"). She has more than nine (9) years of working experience in corporate secretarial services. Prior to joining IOI Group in August 2014, she was a Senior Associate in a secretarial service provider firm where she responsible to attend corporate secretarial and advisory works of clients listed on the Main Market and ACE Market of Bursa Malaysia Securities Berhad as well as unlisted companies including Government Linked companies, multinational companies, local incorporated companies and etc.

PROFILE OF SENIOR MANAGEMENT

6

TAN KENG SENG

SENIOR GENERAL MANAGER

Nationality:	Age / Gender:	Date of Appointment:
Malaysian	62 / Male	30 April 2011

Skills and Experience:

After completing his secondary school education at the Royal Military College, Mr Tan Keng Seng went on to earn a Bachelor Degree in Civil Engineering from McGill University, Canada.

He worked for six (6) years before enrolling in and completing a two-year Masters program at the Massachusetts Institute of Technology ("MIT") of Cambridge, USA. Since then, he has worked in the banking, manufacturing and property development sectors.

He joined IOI Group, property division in 2011 and is responsible for the Group's development projects at Ayer Keroh (Melaka) and Bahau (Negeri Sembilan).

7

SIMON HENG KWANG HOCK

SENIOR GENERAL MANAGER

Nationality:	Age / Gender:	Date of Appointment:
Malaysian	59 / Male	10 June 1996

Skills and Experience:

Mr Simon Heng graduated from University of Malaya in 1982 with a Bachelor of Engineering (Honours) degree.

Since graduating in 1982, he has worked with several consultant engineering companies as well as the public service sector with Jabatan Pengairan dan Saliran Negeri Johor (formerly known as Jabatan Parit dan Tali Air Negeri Johor).

He started his career in property development as an Assistant General Manager in 1992 and joined IOI Group in 1996 to take charge of the property division's Bandar Putra Kulai project. He was also in charge of the development of a golf course and oversaw the construction of IOI Mall shopping complex in Bandar Putra Kulai.

He is responsible for moving IOI Properties Group into high end projects in Malaysia, especially in Iskandar Malaysia Medini and Danga Bay regions.

8

LIM BENG YEANG

SENIOR GENERAL MANAGER - JOHOR

Nationality:	Age / Gender:	Date of Appointment:
Malaysian	55 / Male	3 April 1995

Skills and Experience:

Mr Lim Beng Yeang holds a Bachelor of Science (Honours) in Housing Building & Planning from Universiti Sains Malaysia.

He has over twenty-eight (28) years of experience in property development business and is presently responsible for the Group's operations in Johor Bahru, Kulaijaya and Segamat (all in Johor) in areas such as township planning, building approvals and designs, contracts management, construction activities, sales administration and marketing.

Prior to joining IOI Group, he was the Senior Construction Manager with Regal Crest (M) Sdn Bhd, a local construction company in Johor Bahru, and he has also worked in Indonesia during his tenure with MBf Property Services Sdn Bhd as a Senior Property Executive.

He is responsible for the property business units of IOI Properties Group in Johor, namely Nice Skyline (Bandar Putra Segamat), Legend Advance (Taman Lagenda Putra, Kulaijaya) and Trilink Pyramid (The Platino, Johor Bahru).

PROFILE OF SENIOR MANAGEMENT

9

LOU FU LEONG

GENERAL MANAGER - JOHOR

Nationality:	Age / Gender:	Date of Appointment:
Malaysian	57 / Male	13 March 1995

Skills and Experience:

Mr Lou Fu Leong holds a Bachelor of Engineering (Honours) degree in Civil Engineering from the University of Strathclyde, Scotland.

He was the Project Manager of a property development company for five (5) years prior to joining IOI Group, property division in 1995 as a Senior Project Manager. Currently he is responsible for the planning and implementation of the Bandar Putra Township in Kulai, i-Synergy Business Park in Senai, Taman Kempas Utama in Kempas and the various commercial/apartment developments in Johor Bahru.

10

HO KWOK WING

GENERAL MANAGER

Nationality:	Age / Gender:	Date of Appointment:
Malaysian	52 / Male	16 July 2012

Skills and Experience:

Mr Ho Kwok Wing holds a Masters and a Bachelor Degree of Science in Civil Engineering from Oklahoma State University.

Upon graduation he worked as a consulting structural engineer in California, USA from 1991 to 1992. He subsequently joined Bina Goodyear Berhad as a Project Engineer in 1992. He left as a Senior General Manager and joined IOI Group, property division in 2012 as a General Manager.

He is responsible for the overall property development in IOI Resort City.

11

IR DAVID CHOO KAY BOON

GENERAL MANAGER

Nationality:	Age / Gender:	Date of Appointment:
Malaysian	55 / Male	18 May 2012

Skills and Experience:

IR David Choo holds a Master of Science in Civil Engineering from the University of Texas at Austin, USA. He is also a registered Professional Engineer with the Board of Engineers, Malaysia and a Corporate Member of The Institution of Engineers, Malaysia.

Prior to joining IOI Group, property division in 2012 as a General Manager, he had worked both locally and abroad (USA and United Arab Emirates) for property developers, main contractors and consulting engineers.

He is responsible for project planning, development and implementation of the Group's 16 Sierra and PJ Midtown projects.

PROFILE OF SENIOR MANAGEMENT

12

CHUNG NYUK KIONG

GENERAL MANAGER

Nationality:	Age / Gender:	Date of Appointment:
Malaysian	54 / Male	18 August 2014

Skills and Experience:

Mr Chung Nyuk Kiong holds a Master of Science in Construction Management from Heriot Watt University and Master of Business Administration from University of Newcastle. He is also a Member of Royal Institution of Chartered Surveyors and Project Management Professional ("PMP").

Prior to joining IOI Properties Group in 2014 as a General Manager, he had worked with public listed property developers and construction companies locally and abroad which entail mixed development, office, commercial and residential buildings.

He is responsible for the overall property development projects in Puchong Jaya and Bandar Puteri Puchong.

13

ALBERT LEE WEN LOONG

GENERAL MANAGER

Nationality:	Age / Gender:	Date of Appointment:
Malaysian	57 / Male	20 January 2005

Skills and Experience:

Mr Albert Lee graduated from Universiti Sains Malaysia in 1986 with a Bachelor of Science (Hons) Housing Building & Planning with over thirty-one (31) years of experience in property development and construction industries. He is currently responsible for the planning, implementation and maintenance of Bandar Puteri Klang, Bandar Putera 2 and Bandar Putera Klang townships development at Klang Selatan.

Prior to joining IOI Group, property division, he was the General Manager of Soon Seng Group ("SSG") Property Development and Construction Division.

14

LIM CHEOK LENG

DEPUTY GENERAL MANAGER

Nationality:	Age / Gender:	Date of Appointment:
Malaysian	52 / Female	17 October 2012

Skills and Experience:

Ms Lim Cheok Leng holds a Bachelor of Science (Honours) in Housing Building & Planning from Universiti Sains Malaysia.

Upon graduation, she had joined IOI Group, property division as Project Assistant in the contract department for five (5) years before being promoted to Sales and Administration Manager to lead the Sales and Marketing department. She has over twenty-six (26) years of experience in property development business. In 2012 being promoted to Deputy General Manager, responsible for the Penang branch's operations in areas such as design, layout and building approvals, contracts management, construction activities, estate management, sales administration and marketing.

PROFILE OF SENIOR MANAGEMENT

15

LEE YEAN PIN (LI YANPING)

GENERAL MANAGER

Nationality:	Age / Gender:	Date of Appointment:
Singaporean	44 / Female	1 March 2012

Skills and Experience:

Ms Lee Yean Pin holds a Master of Science (Real Estate Development) from Massachusetts Institute of Technology ("MIT") of Cambridge, USA and a Bachelor of Science (Estate Management) from National University of Singapore.

She has more than sixteen (16) years of experience in urban planning, real estate development and place management in Singapore and has held various appointments in Singapore's national land use planning and conservation authority before joining IOI Group, property division in March 2012.

She is responsible for overall planning, execution and coordination of the property development projects under her charge.

16

OOI WOOI YAW

ASSISTANT GENERAL MANAGER

Nationality:	Age / Gender:	Date of Appointment:
Malaysian	42 / Male	1 July 2010

Skills and Experience:

Mr Ooi Wooi Yaw holds a Bachelor of Environmental Design from University of Tasmania, Australia and a Diploma in Architecture from Institute Technology Pertama, Kuala Lumpur.

He has more than fifteen (15) years of experience in the property and shopping mall development sector. He has held several management positions in various organisations such as Jaya Jusco Stores Bhd (as assistant project manager) and The Store Corporation Berhad (as design manager) prior to joining IOI Group, property division in 2010 as project manager. He was subsequently promoted to Assistant General Manager in 2013.

He is responsible for the overall planning, execution, controlling and coordinating of the property development project in Xiamen, PRC.

17

CHRIS CHONG VOON FOOI

COMPLEX GENERAL MANAGER, IOI CITY MALL, PUTRAJAYA

Nationality:	Age / Gender:	Date of Appointment:
Malaysian	38 / Male	11 July 2011

Skills and Experience:

Mr Chris Chong Voon Fooi holds a Bachelors of Art (Honours) in International Business Administration from Northumbria University of Newcastle.

He has more than eighteen (18) years of experience in shopping mall development and management. Prior to joining IOI Group, property division, he had worked for a leading shopping mall developer in Kuala Lumpur holding various roles in development, leasing, marketing, operations and procurement over the span of eleven (11) years. He joined IOI Group, property division in 2011 as Head of Marketing and Leasing for IOI City Mall and subsequently promoted to General Manager in 2014 where he is responsible for the overall operations of IOI City Mall and IOI City office towers.

PROFILE OF SENIOR MANAGEMENT

18

ROGER KO

COMPLEX GENERAL MANAGER, IOI MALL, PUCHONG

Nationality:	Age / Gender:	Date of Appointment:
Malaysian	50 / Male	20 June 2016

Skills and Experience:

Mr Roger Ko has more than 26 years' experience in the retail industries, financial services, senior role of the management and setting up of shopping malls.

He is responsible for the overall operations of IOI Mall, Puchong.

19

SIMON YONG

SENIOR GENERAL MANAGER, PUTRAJAYA MARRIOTT HOTEL

Nationality:	Age / Gender:	Date of Appointment:
Malaysian	47 / Male	3 October 2007

Skills and Experience:

Mr Simon Yong has a Diploma in Computer Studies, NCC London from the Informatics College.

He has a total of twenty-nine (29) years of hotel operations experience and exposure. He joined Palm Garden Hotel as its General Manager in 2007 before taking up his current position at Putrajaya Marriott Hotel in 2012. With his extensive working experience and training in the hospitality industry, he brings hands-on leadership in sales and marketing, rooms division and finance divisions.

He is responsible for the overall operations and profitability of Putrajaya Marriott Hotel and Spa and Palm Garden Hotel.

PROFILE OF SENIOR MANAGEMENT

20

BRANDON CHIN BOON CHIUN

GENERAL MANAGER, GOLF CLUB

Nationality:	Age / Gender:	Date of Appointment:
Malaysian	61 / Male	1 December 2011

Skills and Experience:

Mr Brandon Chin holds a Malaysian Certificate of Education.

He has over forty-one (41) years' experience in Royal Malaysian Police, marketing and sales, security management and recreational clubs.

As General Manager of the first Premier Public Golf Club in Malaysia i.e. Palm Garden Golf Club, he is responsible for the overall management and daily operations of the club which is open to the public in general (Public Golf Course).

He is also responsible for overseeing the initiatives of the Palm Garden Golf Club to reach out through various marketing & sales strategies in order to attract high end golfers and corporate entities to patronise the golf club facilities so as to maintain profitability and enhance the business positioning of the Palm Garden Golf Club.

21

RASHEED KUMAR RENOO

GENERAL MANAGER, LE MERIDIEN, PUTRAJAYA AND FOUR POINTS BY SHERATON, PUCHONG

Nationality:	Age / Gender:	Date of Appointment:
Malaysian	50 / Male	18 August 2014

Skills and Experience:

Mr Kumar Renoo obtained a Diploma in Business Management from Universiti Teknologi Malaysia and has continuously complemented his core skills with specialist training programmes at Starwood in a range of disciplines including Food and Beverage Yield Management, and Leadership and Strategic Planning.

Prior to managing the successful opening of Le Méridien Putrajaya, Mr Kumar Renoo spearheaded the opening of Four Points by Sheraton Puchong as the General Manager. In his previous role, he held the challenging position as dual General Manager for Sheraton Langkawi Beach Resort and Four Points by Sheraton Langkawi Resort concurrently.

During his career, Mr Kumar Renoo served in a number of departmental management roles, beginning as Director of Food & Beverage at the former Sheraton Subang Hotel & Towers.

Notes:

Save as disclosed above, none of the above senior management members have:

(a) any directorship in public companies and listed issuers;
(b) any family relationship with any directors and/or major shareholders of the Company;
(c) any conflict of interest with the Company;
(d) any conviction for offences (other than traffic offences) within the past five (5) years; and
(e) any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE OVERVIEW STATEMENT

We would like to take this opportunity to provide you with some insights into the Board of Directors' (the "Board") view of corporate governance, its key focus areas and future priorities in relation to the corporate governance practices.

This statement sets out the principles and features of IOIPG Group's corporate governance framework and main governance practices. At IOIPG Group, we continue to practise a governance framework that goes beyond an interest in governance for its own sake or the need to simply comply with regulatory requirements. In the same spirit, we do not see governance as just a matter for the Board. Good governance is also the responsibility of senior management.

The Board recognises the paramount importance of good corporate governance to the success of IOIPG Group. It strives to ensure that a high standard of corporate governance is being practised throughout IOIPG Group in ensuring continuous and sustainable growth for the interests of all its stakeholders.

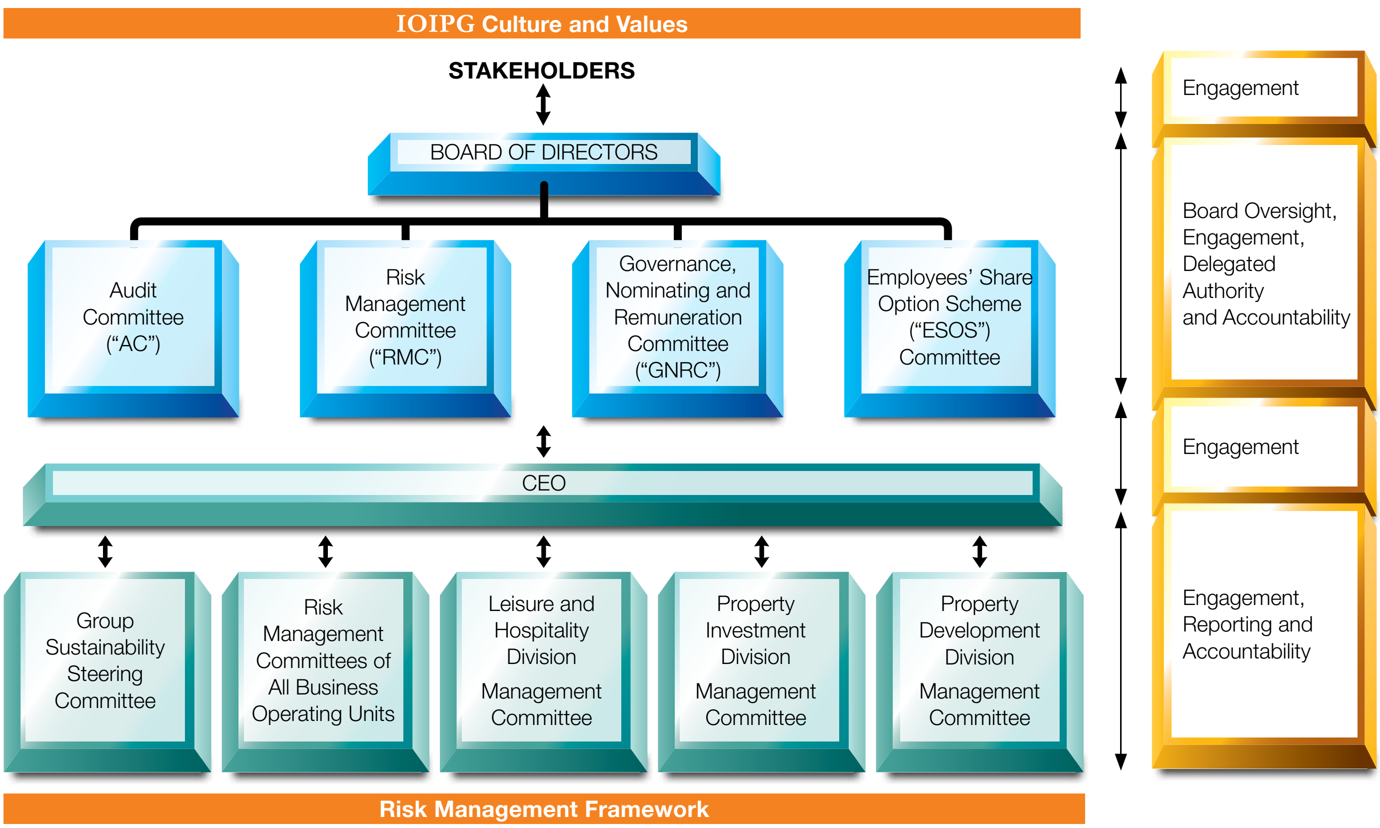
The cornerstone principles of corporate governance at IOIPG Group are guided by its "Vision IOI" whereby responsible and balanced commercial success is to be achieved by addressing the interests of all stakeholders. A set of core values guides our employees at all levels in the conduct and management of the business and affairs of IOIPG Group. We believe that good corporate governance results in quantifiable and sustainable long term success and value for shareholders as well as all other stakeholders, as reflected by our performance and track record over the years.

IOIPG Group will continue its efforts in evaluating its governance practices in response to evolving best practices and the changing needs of IOIPG Group. The Board is pleased to present this statement and explain how IOIPG Group has applied the three (3) principles which are set out in the Malaysian Code on Corporate Governance (the "CG Code"):-

(a) Board leadership and effectiveness;
(b) Effective audit and risk management; and
(c) Integrity in corporate reporting and meaningful relationship with stakeholders.

The diagram below describes the governance framework at IOIPG Group. It shows interaction between the stakeholders and the Board, demonstrates how the Board Committee structure facilitates the interaction between the Board and the Chief Executive Officer ("CEO") and illustrates the flow of delegation from stakeholders. We have in place the process to ensure the delegation flows through the Board and its committees to the Group CEO and management committees and into the organisation. At the same time, accountability flows back upwards from the Company to stakeholders.

GOVERNANCE FRAMEWORK



CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Compliance with CG Code

The Board considers that the Company has complied with the provisions and applied the main principles of the CG Code for the whole of the financial year ended 30 June 2017 ("FYE 2017") to 15 September 2017 except:-

- Practice 3.1 (Code of Conduct and Ethics shall include anti-corruption measures)
- Practice 4.1 (The Board comprises a majority of Independent Directors)
- Practice 4.5 (The Board must have at least 30% women Directors)
- Practice 5.1 (The Board of large company engages independent experts periodically to facilitate the board evaluation)
- Practice 7.2 (The Board discloses on a named basis the top 5 senior management's remuneration in bands of RM50,000)
- Practice 11.2 (Large company is encouraged to adopt integrated reporting)

The explanation for departure is further disclosed in the Corporate Governance Report.

BOARD LEADERSHIP

Role of the Board

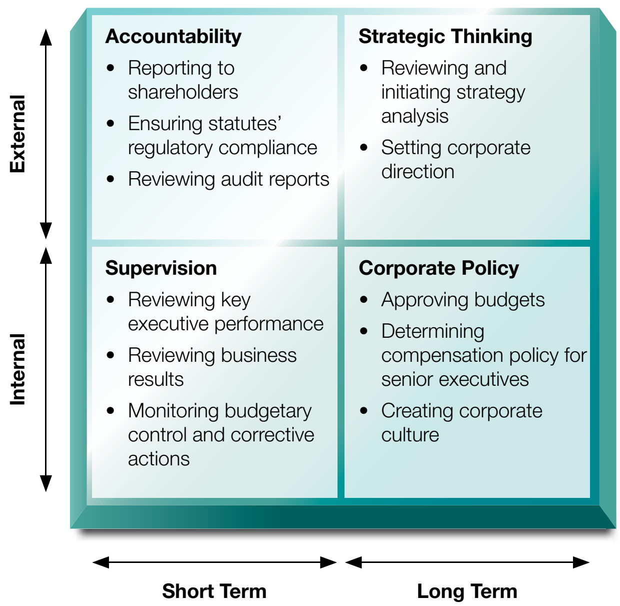
The Board takes full responsibility for the oversight and overall performance of IOIPG Group and provides leadership within a framework of prudent and effective controls which enables risk to be appropriately assessed and managed. The Board sets the strategic direction, ensuring that the necessary resources are in place for the Company to meet its objectives and deliver sustainable performance.

The Directors of the Board are selected on the criteria of proven skill and ability in their particular field of endeavour and a diversity of outlook and experience which directly benefits the operation of the Board as the custodian of the business. A full biography of each Board member is provided on pages 124 to 133.

Roles and responsibilities of the Board

The Board plays a critical role in setting the appropriate tone at the top and is charged with leading and managing IOIPG Group in an effective, good governance and ethical manner. Each Director has a legal duty to act in the best interest of IOIPG Group. The Directors are, collectively and individually, aware of their responsibilities to the stakeholders for the manner in which the affairs of the Company are managed. The Board sets IOIPG Group's values and standards and ensures that its obligations to its stakeholders are understood and met.

Our Board's functions can be summarised in four (4) components, namely, formulating strategy, setting policies, supervising executive management and providing accountability. This arrangement also enables the Board's contribution to the Company's performance through strategy formulation and policy making to be grouped on the right hand side, and its responsibility to ensure conformance to required results and maintenance of accountability to the shareholders and other interested parties, to be grouped on the left hand side.



(Source: Adapted from Hilmer and Tricker)

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board establishes the vision and strategic objectives of IOIPG Group, directing policies, strategic action plans and stewardship of IOIPG Group's resources towards realising "Vision IOI".

The Board assumes, amongst others, the following significant responsibilities:-

(a) Reviewing and adopting strategic plans for IOIPG Group which include strategies on environmental, social and governance ("ESG") underpinning sustainability;
(b) Providing entrepreneurial leadership to management that promotes innovation and long term value creation;
(c) Overseeing the conduct of IOIPG Group's businesses and the performance of management's implementation of IOIPG Group's strategic and objectives and its performance;
(d) Ensuring that the Company has in place an appropriate risk management framework and setting the risk appetite within which the Board expects management to operate;
(e) Planning for the succession of Board and key senior management and having in place a process to provide for the diversity (including gender diversity);
(f) Overseeing the development and implementation of an investor relations programme and shareholder communications policy; and
(g) Reviewing the adequacy and integrity of IOIPG Group's accounting and corporate reporting systems as well as internal control and management information systems.

In discharging its functions and responsibilities, the Board is guided by the Board Charter and Capital Expenditure Policy which outline the duties and responsibilities of the Board, matters reserved for the Board as well as those which the Board may delegate to the Board Committees, CEO and management. The Board has a well-defined framework on the various categories of matters that require the Board's approval, endorsement or notations, as the case may be.

The Board will review the Board Charter in every two (2) years and make any necessary amendments to ensure they remain consistent with the Board's objectives, current law and practices. In light of the issuance the CG Code in April 2017, the Board will undertake a review on the Board Charter in the FYE 2018. Any amendments to the Board Charter will be made available on the Company's website.

Schedule of Matters Reserved to the Board

The Board reserves full decision-making powers, amongst others, on the following matters (save to the extent that the Board resolves that determination and/or approval of any such matter shall be delegated to the Committees of the Board or management):-

(a) Conflict of interest issues relating to a substantial shareholder or a Director;
(b) Material acquisitions and disposals of undertakings and properties not in the ordinary course of business;
(c) Material investments in capital projects;
(d) Annual budgets (including major capital commitments);
(e) Material corporate or financial exercise / restructuring;
(f) Declaration of Dividend and Directors' fees; and
(g) Annual and interim results.

The Board is free to alter the matters reserved for its decision, subject to the limitations imposed by the Constitution and the law.

Executive Directors are involved throughout the investment process from the initial discussion of a transaction, right through to final approval which is in alignment with the Board's strategy.

Chairman
- Leadership of the Board
- Ensure Board effectiveness
- Set Board agenda
- Interface with shareholders
- Ensure effective shareholder engagement

CEO
- Overall responsibility for Group performance
- Leadership of the Group
- Enables planning and execution of objectives and strategies
- Stewardship of Group assets

Non-Executive Directors
- Oversee Group strategy
- Review management proposals
- Monitor Group performance
- Bring an external perspective and effective challenge to the Board

Senior Independent Director
- Leads review of Chairman's performance
- Presides at Board in Chairman's absence
- Intermediary for other Directors
- Available to meet with major shareholders

As Executive Chairman, Tan Sri Dato' Lee Shin Cheng is responsible for leadership of the Board, ensuring its effectiveness on all aspects of its role and setting its agenda. The Executive Chairman is also responsible for creating an environment for open, robust and effective debate. This includes ensuring, via the Company Secretary, that the Directors receive accurate, timely and clear information.

Mr Lee Yeow Seng, the CEO implements the policies, strategies and decisions adopted by the Board. All Board authorities conferred on the management is delegated through the CEO and this will be considered as the CEO's authority and accountability as far as the Board is concerned. He is also involved in the management of the social and environmental responsibilities of the Group.

When running Board meetings the Chairman maintains a collaborative atmosphere and ensures that all Directors contribute to debates. The Chairman or CEO arranges informal meetings and events from time to time to help build constructive relationships between the Board members.

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Executive Directors take on primary responsibility to spearhead and manage the overall business activities of the various business divisions of IOIPG Group to ensure optimum utilisation of corporate resources and expertise by all the business divisions and at the same time achieves IOIPG Group's long-term objectives. The Executive Directors are assisted by the head of each division in implementing and running IOIPG Group's day to day business. Their intimate knowledge of the business and "hands-on" management practices enabled IOIPG Group to have leadership positions in its chosen industries.

The Independent Non-Executive Directors are actively involved in various Board Committees and contribute significantly to areas such as performance monitoring and enhancement of corporate governance and controls. They provide a broader view, independent assessment and opinions on management proposals sponsored by the Executive Directors.

Tan Sri Dato' Sri Koh Kin Lip who is the Senior Independent Non-Executive Director, is responsible for providing support to the Chairman and provides an independent point of contact for shareholders. The Senior Independent Non-Executive Director may be contacted at Tel: +(603) 8947 8900 and email: richard.koh@ioigroup.com

The effective operation of the Board is dependent on the inherent checks and balances within the various Board roles. As highly qualified and successful individuals in their respective fields of endeavour, all Non-Executive Directors influence, debate and contribute to decisions relating to the strategy of the Group, its performance and its impact on stakeholders. The Non-Executive Directors are evaluated and judged on the quality and content of their contributions to Board debate and are expected to offer alternative viewpoints and challenge perceptions and decisions as appropriate.

Company Secretary

The Company Secretary, Ms Tan Sin Yee, has more than nine (9) years' experience in corporate secretarial practice. She is an Associate member of the Malaysian Institute of Chartered Secretaries and Administrators ("MAICSA").

The Company Secretary whose appointment and removal is subject to the Board's approval, attend all Board and Board Committees' meetings. Ms Tan Sin Yee is responsible for the following in respect of effective Board operation:-

- To ensure good information flows within the Board and its Committees, between senior management and Non-Executive Directors;
- To facilitate Director induction and assisting with professional development;
- To advise the Board through the Chairman of all corporate governance obligations and developments in best practice; and
- To be responsible for communicating with shareholders as appropriate.

The Board has direct access to the advice and services of the Company Secretary who is responsible to the Board for ensuring that all governance matters and Board procedures are followed and that applicable laws and regulations are complied with. These include obligations on Directors relating to disclosure of interests and disclosure of any conflicts of interest in transactions with IOIPG Group.

The Company Secretary also facilitates the communication of key decisions and policies between the Board, Board Committees and senior management. In ensuring the uniformity of Board conduct and effective boardroom practices throughout IOIPG Group, the Company Secretary has oversight on overall corporate secretarial functions of IOIPG Group, both in Malaysia and the region where IOIPG Group operates.

Board Delegation

All matters not specifically reserved to the Board and necessary for the day-to-day operations of IOIPG Group are delegated to management. Specifically, the responsibilities of management are, among others:

- Formulating, recommending and implementing the strategic objectives of the Group;
- Translation of the approved strategic plan into annual operating and financial plans of the business;
- Manage the Group's human, physical and financial resources to achieve the Group's objectives;
- Operate within the delegated authority limits set by the Board;
- Assumption of the day-to-day responsibility for the Group's conformance with relevant laws and regulations, its compliance framework and all other aspects of the day to day running of the Group;
- Develop, implement and manage the Group's risk management and internal compliance and control systems and operate within the risk appetite set by the Board;
- Develop, implement and update policies and procedures;
- Keep pace with industry and economic trends in the Group's operating environment; and
- Provide the Board with accurate, timely and clear information to enable the Board to perform its responsibilities.

Board Committees

The duties and responsibilities of the Board is clearly spelt out in the Board Charter. To facilitate the discharge of this responsibility and oversight role, the Board is assisted by a number of Board Committees to which the Board has delegated certain key matters.

The Board Committees namely, the AC (formerly ARMC), the RMC, the GNRC (formerly NRC) and the ESOS Committee, all collectively referred to as the "Committees" are entrusted with specific responsibilities to oversee IOIPG Group's affairs, in accordance with their respective clear written terms of reference. All terms of reference of the Committees are approved by the Board and reviewed periodically to ensure their continued relevance. At each Board meeting, the Chairman of the Committees report to the Board on the key issues deliberated and outcome of the Committees meetings. Minutes of the Committees meetings will also presented to the Board for notation and endorsement. Each Committee's Terms of Reference (save for RMC) can be found on the Company's corporate website.

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE OVERVIEW STATEMENT

For an effective risk management and internal control framework, the Board had on 15 September 2017 decided to delegate the oversight role of risk management of IOIPG Group to a separate Board Committee, called "Risk Management Committee". As a result thereof, the existing Audit and Risk Management Committee ("ARMC") shall now be decoupled into 2 separate Board Committees, i.e. Audit Committee ("AC") and RMC.

The RMC comprises exclusively three (3) Independent Non-Executive Directors as follows:-

RMC Members	Designation
Datuk Lee Say Tshin	Chairman
Tan Sri Dato' Sri Koh Kin Lip	Member
Datuk Dr Tan Kim Heung	Member

The AC has responsibility for effective oversight of the performance, independence and objectivity of the external and internal auditors and the quality of the audit. For further details, the Audit Committee Report can be found on pages 174 to 180.

The GNRC is responsible for oversight of the structure, size, composition and succession planning of the Board and senior management, overall compliance with corporate governance standards and is also responsible for setting the remuneration policy for the Board and ensures that no Director is involved in decisions affecting their own remuneration.

The GNRC comprises exclusively three (3) Independent Non-Executive Directors as follows:-

GNRC Members	Designation
Tan Sri Dato' Sri Koh Kin Lip	Chairman
Datuk Tan Kim Leong @ Tan Chong Min	Member
Datuk Dr Tan Kim Heung	Member

Board and Committees attendance

Directors are required to allocate sufficient time to the Company to discharge their responsibilities effectively, including adequate time to prepare for Board and Committee meetings and in joining visits to the Group's operational sites.

Attendance at Board and Committee meetings during the FYE 2017 is set out in the table below. The table shows the number of meetings each Director was eligible to attend:-

Number of meetings held in year	Board	ARMC	GNRC
Executive Directors			
Tan Sri Dato' Lee Shin Cheng	10/11 **(91%)**	-	-
Lee Yeow Seng	11/11 **(100%)**	-	-
Lee Yoke Har*	-	-	-
Non-Executive Directors			
Tan Sri Dato' Sri Koh Kin Lip	11/11 **(100%)**	-	2/2 **(100%)**
Datuk Tan Kim Leong @ Tan Chong Min	11/11 **(100%)**	7/7 **(100%)**	2/2 **(100%)**
Datuk Lee Say Tshin	10/11 **(91%)**	6/7 **(86%)**	-
Datuk Dr Tan Kim Heung	11/11 **(100%)**	7/7 **(100%)**	3/3 **(100%)**
Dato' Lee Yeow Chor	8/11 **(73%)**	-	-

* *Ms Lee Yoke Har was appointed to the Board on 1 July 2017.*

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE OVERVIEW STATEMENT

EFFECTIVENESS

Board Activities in year 2017

The Board has an agenda that ensures strategic, budget, sustainability, risk management and internal control, operational, financial performance and corporate governance items are discussed at the appropriate time at Board meetings. The Board agenda has strong links to the strategic objectives for the business. Key highlights of the Board's 2017 activities and priorities are set out below:-

Board Activities & Focus in 2017		
Strategy - Sustainability	**Governance & Reporting**	**Financial, Risk & Management Performance**
Joint Ventures	Annual report, quarterly results & financial statements	Capital expenditure approvals & performance reviews of historical capex
Land tender/acquisition	Board evaluation and effectiveness	The Group's budget, forecasts & key performance targets & indicators
Sustainability Strategy & Targets	Board diversity	Dividend approvals
Material Sustainability Matters	Limit of authority for land tender	Risk management & internal control
		Group's operational efficiency

LOOKING AHEAD TO 2018

During the year the Board will:-

- Spend time looking at major strategic issues including innovation, sustainability and market dynamics
- Focus on senior management succession planning

GNRC Activities & Focus in 2017		
Governance	**Remuneration**	**Nomination**
Review of GNRC's Terms of Reference	Review of Corporate Governance ("CG") report	Search, selection, review & recommendation for new women directors
Review of Board evaluation & effectiveness	Review of Executive Directors' remuneration	Review & recommend the retiring Directors standing for re-election & re-appointment at the AGM in 2017
Review of Non-Executive Directors' Independence	Review of Directors' fees & benefits payable	
Deliberate & review on the CG Code		
Review of the size, structure of the Board & Committees composition		
Review of Board diversity		

CORPORATE GOVERNANCE REPORT

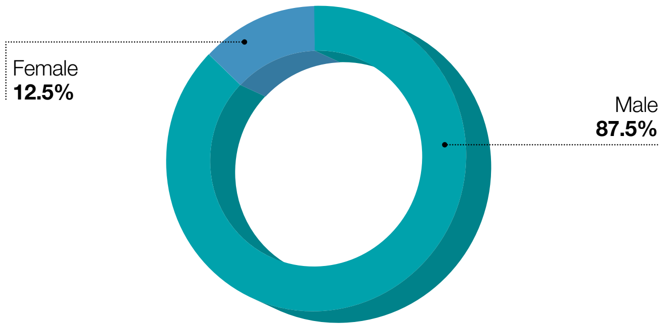
CORPORATE GOVERNANCE OVERVIEW STATEMENT

LOOKING AHEAD TO 2018

In addition to routine business, during the year the GNRC will:-

- Continue to review the balance, experience & skills of the Board, paying attention to the Board's gender diversity
- Continue to monitor succession planning for the senior leadership team, to ensure a healthy pipeline of talent is emerging for future senior executive management
- Review the anti-corruption programme of the Group
- Review the senior management remuneration policies & procedures
- Discuss the engagement of external Board evaluation facilitator/consultant

BOARD GENDER DIVERSITY
AS AT 30 AUGUST 2017

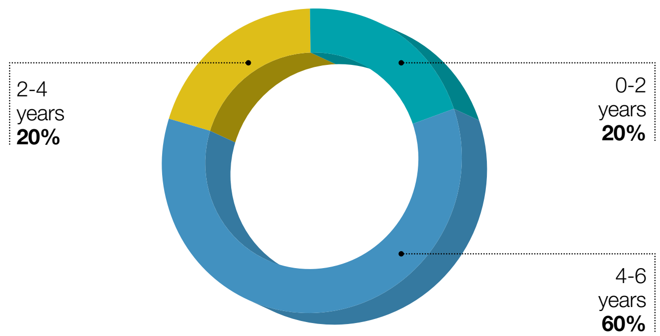


Board composition and independence

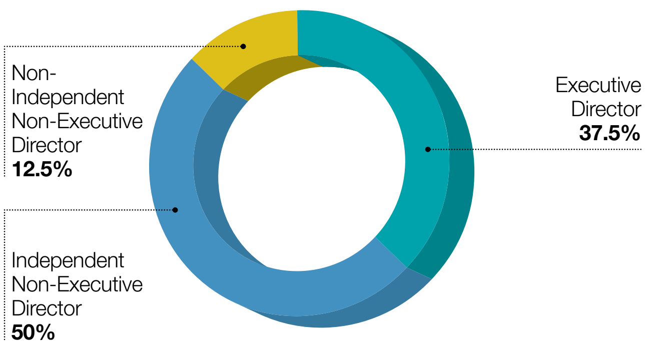
Under the Company's Constitution, the number of Directors shall not be less than two (2) nor more than fifteen (15). As at 30 August 2017, the Board comprises eight (8) members, of whom three (3) are Executive Directors, four (4) are Independent Non-Executive Directors and one (1) is Non-Independent Non-Executive Directors. The Board composition complies with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Malaysia") that requires a minimum of two (2) Directors or one-third (1/3) of the Board, whichever is higher, to be Independent Directors.

The Board believes that an appropriate mix of Non-Executive and Executive Directors is beneficial to its role and provides strong operational and financial insights into the business.

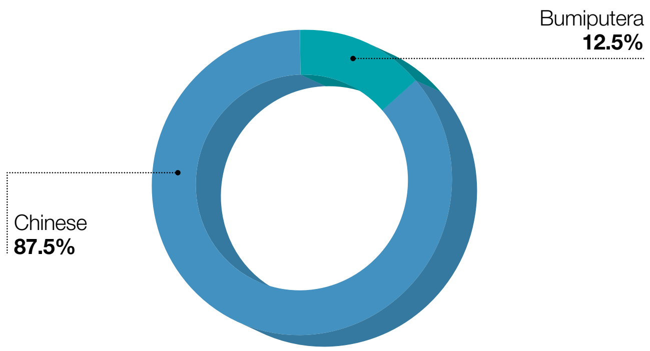
TENURE OF NON-EXECUTIVE DIRECTORS
AS AT 30 AUGUST 2017



BOARD COMPOSITION
AS AT 30 AUGUST 2017



BOARD ETHNIC DIVERSITY
AS AT 30 AUGUST 2017



CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE OVERVIEW STATEMENT

An ongoing focus on Board composition allows the GNRC to maintain a balanced mix of fresh insights (from recently appointed Director) with institutional knowledge (from seasoned and longer-tenured directors) and other perspectives in between (based on variations in Board tenure). The table below provides some general metrics on the Board composition, which may be helpful for GNRC seeking to develop a view about longer-term positioning for the Board.

How does our Board compare?

Summary Data	IOIPG	S&P 500	S&P 1500	Russell 3000
Average Board tenure (years)	4*	10	10	9
Average age (years old)	59	63	63	62
Gender diversity (% of Female)	12.5%	20%	16%	13%

* *inclusive of Executive Directors*

Although a relatively mid-sized Board, it provides an effective blend of entrepreneurship, business and professional expertise in business and risk management, financial (including audit, tax and accounting), legal and technical areas of the industries IOIPG Group is involved in. The members of the Board with their combined business, management and professional experience, knowledge and expertise, provide the core competencies to allow for diverse and objective perspectives on IOIPG Group's business and direction. Taking into account the scope and nature of the operations of IOIPG Group, the Board believes that its composition represents an appropriate balance of Executive and Non-Executive Directors to achieve the promotion of shareholder interests and effective governance of the business, and yet allow for effective decision making. The Board also has access to, and ability to engage with, senior executives who may also attend Board and Board Committee meetings by invitation.

A brief profile of each Director is presented on pages 124 to 133 of the Annual Report, and the Notice of AGM for Directors proposed for re-election and re-appointment at the AGM. Currently, no alternate Directors have been appointed in respect of any of the Directors.

The Independent Non-Executive Directors bring a wide range of experience and expertise to the Group's affairs, and carry significant weight in the Board's decisions. The Independent Non-Executive Directors are encouraged to challenge management and help develop proposals on strategy. Where necessary, time is put aside at Board meetings to discuss the strategic direction of the Company.

All IOIPG Directors have an obligation to be independent in judgement and actions. Directors are considered to be independent if they satisfy established criteria, including the following:-

(a) is not an Executive Director of the Company or any related corporation of the Company;
(b) has not been within the last two (2) years and is not an officer (except as a Non-Executive Director) of the Company. For this purpose, "officer" has the meaning given in the Companies Act 2016;
(c) is not a major shareholder the Company;
(d) is not a family member of any Executive Director, officer or major shareholder of the Company;
(e) is not acting as a nominee or representative of any Executive Director or major shareholder of the Company;
(f) has not been engaged as an adviser by the Company under such circumstances as prescribed by Bursa Malaysia or is not presently a partner, Director (except as an Independent Director) or major shareholder, as the case may be, of a firm or corporation which provides professional advisory services to the Company under such circumstances as prescribed by Bursa Malaysia; or
(g) has not engaged in any transaction with the Company under such circumstances as prescribed by Bursa Malaysia or is not presently a partner, Director or major shareholder, as the case may be, of a firm or corporation (other than subsidiaries of the Company) which has engaged in any transaction with the Company under such circumstances as prescribed by Bursa Malaysia.

The GNRC reviews the independence of Directors annually according to the criteria on independence set out above. In essence the above guidance is designed to ensure that all Directors are able to act in the best interests of the Company at all times.

In addition to the annual review by the GNRC, each Independent Non-Executive Director also submits an annual declaration to the Company.

At the date of this statement, the Board has five (5) Non-Executive Directors. Based on the above criteria, of the five (5) Non-Executive Directors, four (4) are considered to be independent and one (1) is considered to be non-independent.

Appointments to the Board

The GNRC keeps the Board's balance of skills, knowledge, experience and the length of service of individuals under constant review. In respect of supplementing the skill set of the Board, there is an established procedure for the appointment of new Directors. In brief, the Committee identifies the set of skills and experience required and selects individuals to take Board positions on review of their individual merits, regardless of gender, race, religion, age or disability.

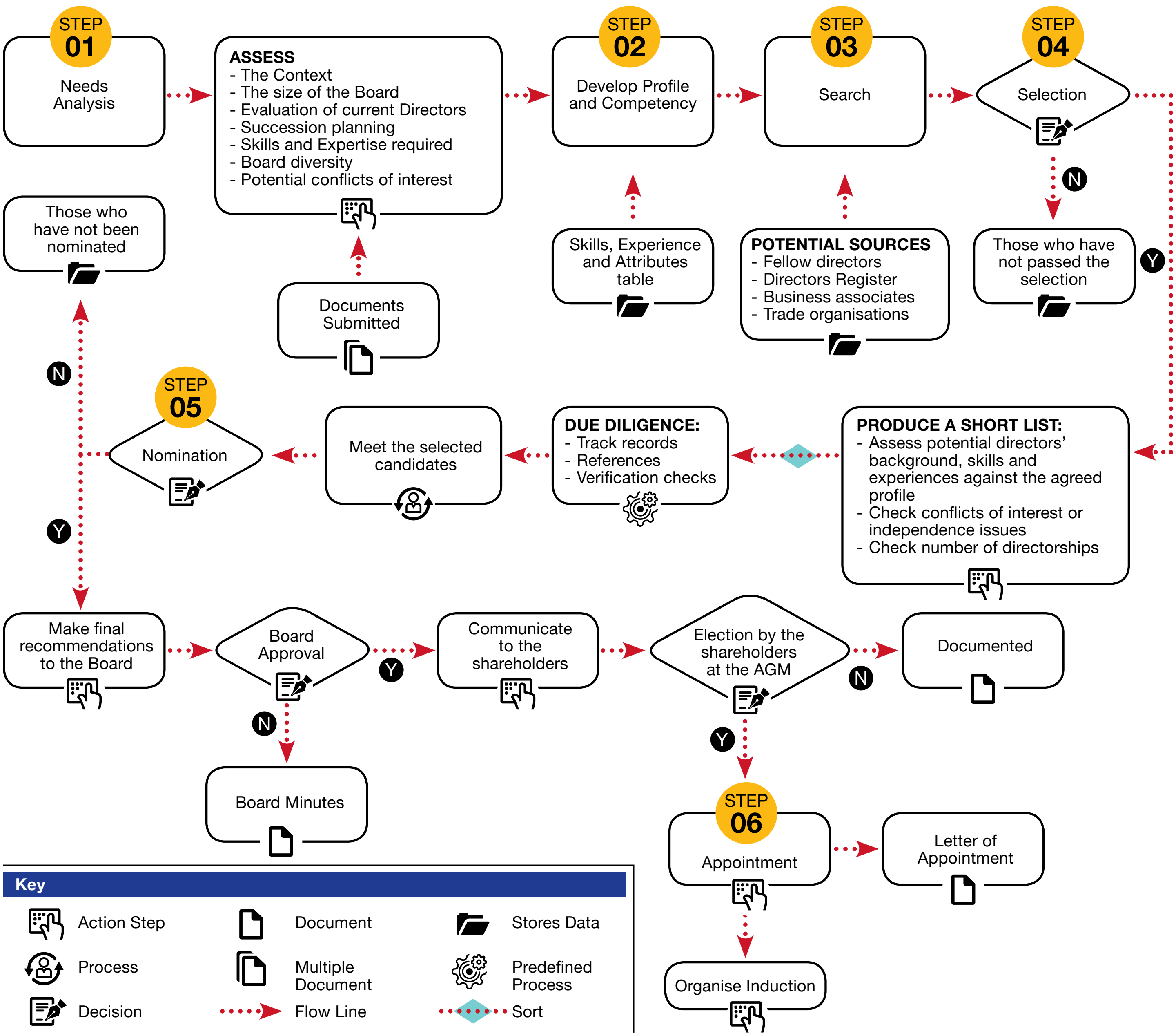
The procedure for the appointment of new Directors is rigorous and transparent. There are no changes to the composition of the Board occurred during the FYE 2017.

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Selection of candidates to be considered for appointment as Directors is facilitated through recommendations from the Directors, management or external parties including the Company's contacts in related industries, and finance, legal and accounting professions. The GNRC meets with the shortlisted candidates to assess their suitability before formally considering and recommending them for appointment to the Board and where applicable, to the Committees. The selection and nomination of Directors of the Company is depicted in the flow chart below in six (6) essential steps:-

Selection and Nomination Process



Below is a non-exhaustive list of the mix of skills, experience, characteristics and attributes that the Board will consider for any new appointment:-

Skills	Experience	Attributes
Practical wisdom and good judgment	Specialist knowledge in a specific area	Highest personal and professional ethical standards and honesty
Financial literacy; ability to read and understand a financial statement	A detailed knowledge of the industry/relevant industry experience	Integrity, independence and free of conflicts of interest
Specialised professional skills e.g. Accounting, Finance, HR, Legal, ICT, Marketing	Expertise on global issues	Willingness and commitment to devote the required amount of time to carrying out the duties and responsibilities of Board membership, including time to gain knowledge of the industry, to prepare for Board meetings, and to participate in Committees
An understanding of key technologies	Experience in other industries using experience gained in one industry for the benefit of the Company in another industry	Commitment to improving the business, its continued well-being and making a difference. Commitment to making this role a significant priority, not serving just for the money or for personal interests
Director education - a clear understanding of the duties of a Director and knowledge of the CG Code	High visibility in the field	Critical analysis and judgment
Good interpersonal skills and the ability to communicate clearly	Leadership and management experience, especially in related businesses	Vision, imagination and foresight
Decision maker - exploring options and choosing those that have the greatest benefit to the organisation and its performance	International experience	Strategic perspective, able to identify opportunities and threats
Interpersonal sensitivity - a willingness to keep an open mind and recognise other perspectives	Personal networks and external contacts	Innovator - a willingness to challenge management and challenge assumptions, stimulate Board discussion with new, alternative insights and ideas
Risk management		Courage - willingness to deal with tough issues
Agility to move from advisor to challenger as well as being a strong supporting voice when needed		Willingness to represent the best interests of all stakeholders and objectively appraise the Board and management performance
Ability to mentor other Directors		An enquiring and independent mind
Advisory skills		Curiosity - possessing an intellectual curiosity about the Company and the trends impacting it
Strong ability to represent the Company to stakeholders		Motivation - drive and energy to set and achieve clear objectives and make an impact
		Engagement - full participation and proactive as a Board member
		Maturity and discipline to know and maintain the fine line between governance and managerial oversight
		Conscientiousness - clear personal commitment

In reviewing and recommending to the Board any new Director appointments, the GNRC considers: (a) the candidate's independence, in the case of the appointment of an Independent Non-Executive Director; (b) the composition requirements for the Board and Committees (if the candidate is proposed to be appointed to any of the Committees); (c) the candidate's age, track record, skills, knowledge, expertise, experience, professionalism, integrity, capabilities and such other relevant factors as may be determined by the GNRC which would contribute to the Board's collective skills; and (d) any competing time commitments if the candidate has multiple board representations.

The Non-Executive Directors are appointed under the terms of letter of appointment which clearly defines role of Directors, including among others, the expectations in terms of independence participation, time commitment and continuous improvement. As part of their induction, new Directors also receive a comprehensive information pack and attend briefings with management to enable them to gain an understanding of the Group's businesses, key issues and operations. Visits to project sites are also an integral part of the programme.

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Copies of the letters of appointment of the Non-Executive Directors may be inspected at the registered office of the Company during normal business hours on any weekday (except Saturdays, Sundays and public holidays) and are available at the AGM.

Directors' core areas of expertise

The primary driver for the Board in seeking new Directors is the skills and experience which are relevant to the needs of the Board in discharging its responsibilities to shareholders. Our policy is to assess all potential Board candidates without regard to race, gender, age, nationality, religious beliefs, or any other factor not relevant to their competence and performance as a potential Board member.

The Board believes that collectively the Directors have a diverse and relevant range of skills, backgrounds, knowledge and experience to ensure effective governance of the business. The members of the Board contribute across industry knowledge, international experience perspectives and specific subject matter expertise in a range of strategic, operational and financial aspects that are critical to the long term success of IOIPG Group. This means that the Board maintains a focus on its composition, thereby working to ensure that the Executive and Non-Executive Directors continue to have an appropriate balance of skills, experience and independence.

The following table sets out the composition of skills and experience of the Board:-

Leadership	100%	• Successful history in business at a senior executive level • Public listed company experience • Understanding/influencing organisational culture
Strategic	100%	• Experience in developing and implementing successful strategy • Ability to provide oversight of management for the delivery of strategic objectives
Governance	100%	• Experience in governance with complex organisations • Commitment to ensuring effective governance structures • Maintaining effective risk management and internal control
Public Policy & Regulations	13%	• Experience in managing how organisations adapt and respond to changing public policy settings • Oversight and management of regulatory frameworks and processes designed to ensure that all regulatory obligations are met
Stakeholders Engagement	63%	• Experience with community relations and government affairs • Experience with industrial relations & NGOs
Legal	38%	• Experience and ability to anticipate legal issues or risks and to "see around the corner" • In-depth understanding of how legal issues affect organisations • General counseling experience in business environment • Overall broad legal knowledge (corporate law, litigations, labor law, etc)
Finance & Banking	25%	• An understanding of the financial services industry and capital market activities • Experience in and exposure to multiple regulatory and financial business environment
Risk Management & Internal Control	63%	• Experience in managing internal control processes, framework and risk management • Experience with oversight of risk management and internal controls and frameworks application
Financial Acumen	50%	• Experience in financial accounting and reporting, corporate finance and internal financial controls • Experience in business analysis and financial forecasting

Some Directors are represented in more than one (1) category

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Diversity

The Board recognises the value of appointing individual Directors who bring a variety of diverse opinions, perspectives, skills, experiences, backgrounds and orientations to its discussions and its decision-making processes. All appointments to the Board will be made on merit while taking into account suitability for the role, board balance and composition, the required mix of skills, background and experience (including consideration of diversity).

The diversity policy provides a Board appointment process that takes diversity of background into account in addition to previous Board and leadership experience, candidates' skills and experience in a variety of specified fields, when selecting new Directors.

The Board of subsidiaries has a range of participants across background, experience, gender mix and age. The average age of the Directors of the Company is 59 years, with an age range of 39 years old to 78 years old.

The Board recognises the challenges in achieving the right balance of diversity on the Board. This will be done over time, taking into account the present size of the Board, the valuable knowledge and experience of the present Board members and the evolving challenges to the Company over time. The Board through its GNRC will continuously search for additional women candidate in its recruitment exercise.

We are committed to providing a balanced, an inclusive working environment and have had an equal employment opportunity policy that goes beyond gender in terms of promoting diversity in our business, in place for some time. We have a relatively even spread of employees across all age brackets which is reflective of our culture of teamwork and respect. Below is a summary of the gender mix of our team (excluding foreign workers):-

Employees' gender diversity disclosure

Age Bracket	Headcount of All Employees	% of All Employees	Headcount of Male Employees	% of Male Employees	Headcount of Female Employees	% of Female Employees
Below 20	4	0.17	3	0.21	1	0.11
20-29	840	36.38	472	32.98	368	41.91
30-39	726	31.44	441	30.82	285	32.46
40-49	491	21.27	330	23.06	161	18.34
50-59	216	9.35	157	10.97	59	6.72
60-69	30	1.30	26	1.82	4	0.46
70 & above	2	0.09	2	0.14	-	-
Grand Total	**2,309**	**100.00**	**1,431**	**-**	**878**	**-**

61% **39%**

Management position

Category	Total Headcount	Headcount of Male Employees	% of Male Employees	Headcount of Female Employees	% of Female Employees
In management position (Manager & above)	311	209	67.20	102	32.80

67% **33%**

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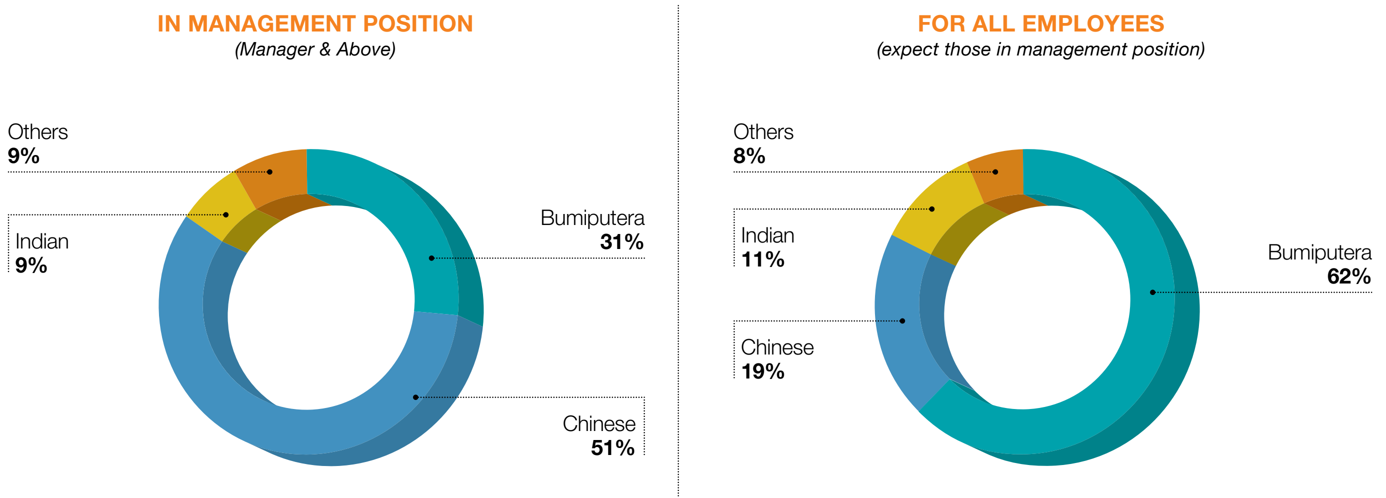
Employees Ethnicity



Further information on IOIPG Group's diversity outcomes is included in the Sustainability Report which is also available on the Company's website.

Time commitment

All Directors are advised of the likely time commitments required on appointment and are expected to devote sufficient time for the effective discharge of their functions. The Company provides Non-Executive Directors with appropriate support and facilities for consideration of the Company's strategy and performance and a dialogue with the Executive Chairman is strongly encouraged so that any issues regarding conflicting commitments and time pressures can be addressed appropriately.

Regular Board and Committee meetings are scheduled throughout the year and the Directors ensure that they allocate sufficient time to discharge their duties effectively. Occasionally, Board meetings may be held at short notice, when Board-level decisions of a time-critical nature need to be made.

The Board has at least seven (7) regularly scheduled meetings annually, with additional meetings for particular matters convened as and when necessary. Board meetings bring an independent judgement to bear on issues of strategies, risks, performance, resources and standards of conduct.

The Directors are required to disclose and update their directorships and shareholdings in other companies as and when necessary. The Directors are also expected to comply with Paragraph 15.06 of the Main Market Listing Requirements of Bursa Malaysia on the maximum number of five (5) directorships they can hold in public listed companies to ensure that all Directors are able to commit sufficient time for the Company.

To facilitate the Directors' time planning, an annual meeting calendar is prepared and circulated to them before the beginning of every financial year. It provides the scheduled dates for meetings of the Board and Board Committees as well as the AGM.

Conflicts of interest

The Board has an established process for declaring and monitoring actual and potential conflicts. The Constitution of the Company allows the non-conflicted members of the Board to authorise a conflict or potential conflict situation.

Information provided to the Directors

The Company Secretary is responsible for ensuring good information flows within the Board and its Committees and between senior management and Non-Executive Directors. For each Board and Committee meeting,

Where possible, the Directors are provided with a tailored Board pack at least one week prior to the meeting. Directors regularly receive additional information from the Company between Board meetings. Where a Director was unable to attend a meeting, they were provided with all the papers and information relating to that meeting and were able to discuss issues arising directly with the Executive Chairman and/or CEO.

The Board reports include, amongst others, periodical financial and corporate information, significant operational, financial and corporate issues, performance of the various business units and management proposals that require Board's approval.

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From time to time and where necessary, the Directors, whether as a group or individually, with the consent of the Chairman, are entitled to take independent professional advice at the expense of the Company, in furtherance of their duties and in the event that circumstances warrant the same.

Board Evaluation

The Board evaluation comprises Performance Evaluation of the Board and various Board Committees, Director's Peer Evaluation and Assessment of the independence of the Independent Directors. The assessment of the Board is based on four (4) main areas relating to board structure, board operations, board and Chairman's roles and responsibilities and Board Committees' role and responsibilities.

For Director's Peer Evaluation, the assessment criteria include abilities and competencies, calibre and personality, technical knowledge, objectivity and the level of participation at Board and Committee meetings including his or her contribution to Board processes and the business strategies and performance of IOIPG Group. The criteria for assessing the independence of an Independent Director include the relationship between the Independent Director and IOIPG Group and his or her involvement in any significant transaction with IOIPG Group.

When considering the re-nomination of Directors for re-election or appointment, the GNRC also takes into account the competing time commitments faced by Directors with multiple board representations. In addition to current review procedures of the attendance records, the appointment letter has put in place for Directors to consult the Chairman of the Board with regard to accepting any new appointments as Directors on listed companies and notifying the Board on any changes in their external appointments. This would allow the Director to review his or her time commitments with the proposed new appointments.

During the FYE 2017, the Board conducted an internally facilitated Board assessment. Directors provided anonymous feedback on their peers' performance and individual performance contributions to the Board. Each Director was provided feedback on their contribution to the Board and its Committees. The review supported the Board's decision to endorse all retiring Directors standing for election.

The results and recommendations from the evaluation of the Board and Committees are reported to the full Board for further consideration and action, where required, in September 2016. The feedback confirmed that the Board and each of its Committee continue to operate effectively and that each Director continues to make an effective contribution and demonstrates a strong commitment to the role. The entire Board agrees improvement actions where appropriate and these are acted upon utilising support from the Company Secretary.

The key actions after Board evaluation and progress in meeting them are summarised below:-

- Continue to focus on long term strategy and strategic acquisition
- Continue to concentrate on risks that could materially impact the Group's strategy and long term viability
- Ensure that the Board is regularly exposed to the global nature of our business, including overseas site visits and meetings
- Continue to focus on succession planning of senior management
- Continue to focus on sustainability management

It is the Board's intention to continue to review its performance and that of its Committees and individual Directors on an annual basis. In respect of the evaluation process for the 2017/2018, financial year 2018 will be the first year in the Board's three (3)-year review cycle, which summarise as follows:

Year 1 (2018) - a full external evaluation
Year 2 (2019) - an internal review, against the detailed Year 1 review
Year 3 (2020) - a questionnaire-based internal evaluation

Year 1 (2018)	Year 2 (2019)	Year 3 (2020)
Evaluation by external consultant	Questionnaire-based, internal evaluation	Questionnaire-based, internal evaluation

Re-election and Re-appointment of Directors

In accordance with the Company's Constitution, all Directors who are appointed by the Board are subject to re-election by shareholders at the first opportunity after their appointment. The Constitution also provides that at least one-third (1/3) of the remaining Directors be subject to re-election by rotation at each AGM provided always that all Directors shall retire from office at least once every three (3) years but shall be eligible for re-election.

In accordance with the Constitution, Ms Lee Yoke Har, Dato' Lee Yeow Chor and Lee Yeow Seng will retire and offer themselves for re-election at the Company's AGM in October 2017 ("2017 AGM"). The profiles of the Directors who are due for re-election are set out on pages 127 and 128.

The Companies Act 2016 had removed the age limit of 70 years for Directors of a public company and its subsidiaries in Section 129 of the then Companies Act 1965. However, Tan Sri Dato' Lee Shin Cheng and Datuk Tan Kim Leong were re-appointed at the last AGM and such re-appointment is only valid until this AGM. Both Tan Sri Dato' Lee Shin Cheng and Datuk Tan Kim Leong have offered themselves for re-appointment at the 2017 AGM, After the 2017 AGM, they shall be subject to retirement by rotation under the Constitution at least once every three (3) years. Their profiles are set out on pages 124 and 131.

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Business Ethics, Integrity and Whistleblowing

All Directors and employees are expected to safeguard the integrity and protect the reputation and performance of IOIPG Group by behaving ethically and professionally at all times.

The Company's Code of Business Conduct and Ethics (the "Code") sets forth the standard of conduct and culture required for all officers, managers and employees of IOIPG Group. Adherence to the Code and to our other official policies is essential to maintaining and furthering our reputation for fair and ethical practices among our customers, shareholders, employees, communities and other stakeholders. Working with a strong sense of integrity is critical to maintaining trust and credibility. The Code covers all aspect of IOIPG Group's business operations, such as fairness, work environment and employment, environment, safety, health and security, company's assets and information, dealing with conflict of interest (including no bribes or kickbacks), communicating with the public, financial accounting and reporting accuracy and etc.

In discharging its responsibilities, the Board is also guided by Code of Ethics for Directors issued by the Companies Commission of Malaysia. Directors are expected to conduct themselves with the highest ethical standards and corporate governance. The Directors are required to notify the Company of any potential conflicts of interest that may affect them in their roles as Directors of IOIPG under the Code. All potential conflicts of interest are recorded and reviewed by the ARMC and full Board.

IOIPG Group communicates the Code of Ethics for Directors and the Code to all Directors and employees upon their appointment/ employment. In addition, IOIPG Group encourages its employees to raise genuine concerns about possible improprieties in matters of financial reporting, compliance, suspected violations of the Code and to disclose any improper conduct or other malpractices within IOIPG Group (i.e. whistleblowing) in an appropriate way.

The Whistleblowing Policy is to provide an avenue for all employees of IOIPG Group and all agents, vendors, contractors, suppliers, consultants and customers of IOIPG Group and members of public to raise concerns about any improper conduct within IOIPG Group without fear of retaliation and to offer protection for such persons (including the employees of IOIPG Group) who report such allegations.

Any employee or member of the public who has knowledge or is aware that any improper conduct has been, is being, or is likely to be committed within IOIPG Group is encouraged to make disclosure by filling a prescribed Whistleblower Report Form and submit it through any of the following reporting channels:-

(a) E-mail to informant@ioigroup.com or complete an online whistleblowing form on the IOIPG Group website, http://whistleblowing.ioiproperties.com.my
(b) Fax to +(603) 8948 8233. Whistleblowing Secretariat – Group Internal Audit, Tel: +(603) 8947 8888 (General line)
(c) In person to the respective Head of Business/ Operating Unit, or its Head of Human Resource
(d) In writing to one or more of the following persons as appropriate at: IOI Properties Group Berhad, Level 10, Two IOI Square, IOI Resort City, 62502 Putrajaya, Malaysia

Position	Name	Email address
Chairman of GNRC	**Tan Sri Richard Koh Kin Lip**	richard.koh@ioigroup.com
Chairman of AC	**Datuk Tan Kim Leong**	kltan@ioigroup.com
Head of Group Internal Audit & Risk Management	**Jimmy Yee Yoke Seng**	jimmy.yee@ioigroup.com
Executive Chairman	**Tan Sri Dato' Lee Shin Cheng**	informant@ioigroup.com
CEO	**Lee Yeow Seng**	informant@ioigroup.com
COO (Property Development)	**Teh Chin Guan**	cgteh@ioigroup.com
COO (Property Investment)	**Cheah Wing Choong**	wccheah@ioigroup.com
Senior General Manager (Johor Properties)	**Simon Heng Kwang Hock**	simon.heng@ioigroup.com
Senior General Manager (Johor Properties)	**Lim Beng Yeang**	limby@ioigroup.com

The Code of Ethics for Directors, the Code and Whistleblowing Policy can be viewed on our website.

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Board Development

Training needs as deemed appropriate by individual Board members are provided. Board members keep abreast with general economic, industry and technical developments by their attendances at appropriate conferences, seminars and briefings. Further training is available for Directors, including presentations by the executive team on particular aspects of the business.

All the Directors except Ms Lee Yoke Har, who was appointed on 1 July 2017, had completed the Mandatory Accreditation Programme ("MAP") as specified by Bursa Malaysia. Ms Lee Yoke Har will be attending the MAP organised by the ICLIF Leadership and Governance Centre on 25 and 26 September 2017.

The GNRC is responsible for ensuring that all Non-Executive Directors receive ongoing training and development. Our Non-Executive Directors are conscious of the need to keep them properly briefed and informed about current issues. During the financial year, members of the Board who have attended various training programmes, forums, conferences and seminars including specific and tailored updates on the Companies Act 2016 are as follows:-

Tan Sri Dato' Lee Shin Cheng	Briefing on the New Companies Act 2016	9 December 2016
	Corporate Malaysia Roundtable talk – Role of Infrastructure in Development	14 March 2017

Lee Yeow Seng	GIC Leadership Programme in Singapore	17 August 2016
	Sustainability Workshop	31 March 2017

Tan Sri Dato' Sri Koh Kin Lip	2017 Budget and Tax Conference	4 November 2016
	Launch of the AGM Guide & CG Breakfast Series: 'How to Leverage on AGMs for Better Engagement with Shareholders'	21 November 2016
	Sustainability Reporting 2016	23 November 2016
	Briefing on the New Companies Act 2016	9 December 2016
	Maybank Premier Wealth Market Talk	28 April 2017

Dato' Lee Yeow Chor	Briefing on the New Companies Act 2016	9 December 2016
	Reach and Rewind Friends of the Industry Seminar and Dialogue with YB Minister	10 January 2017
	28th Palm and Lauric Oils: Price Outlook Conference and Exhibition 2017/18	7 March 2017 to 8 March 2017
	Global Transformation Forum	22 March 2017 to 23 March 2017
	Coaching the Coach Workshop	3 May 2017

Datuk Tan Kim Leong @ Tan Chong Min	The Interplay between CG, NFI and Investment Decision – What Boards of Listed Companies Need To Know	28 September 2016
	Cybersecurity Threat and How Board Should Mitigate the Risks	18 November 2016
	Briefing on New Companies Act 2016	9 December 2016
	Bursa Malaysia's Sustainability Forum 2017: "The Velocity of Global Change & Sustainability – The New Business Model"; and ACCA Malaysia Sustainability Awards (MaSRA) 2016	10 January 2017

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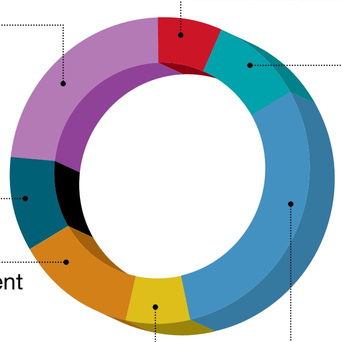
Datuk Lee Say Tshin	Malaysia-China One Belt One Road – Business Dialogue & Matching Program	3 September 2016
	Malaysian Investment Forum in London	26 September 2016
	SAME – Budget Session with Wee Ka Siong (Putrajaya)	21 October 2016
	MIDA Roundtable & Investment Forum in Beijing, China	1 November 2016
	Cybersecurity Threat and How Board Should Mitigate the Risks	18 November 2016
	Briefing on New Companies Act 2016	9 December 2016
	2017 SAME Advisory Board Meeting	9 January 2017
	Private Dinner Presentation on the outlook for the global economy in 2017 – "Go West or East"	13 January 2017
	HSBC Asian Outlook & RMB Forum 2017	27 February 2017
	HSBC China Senior Management Forum in Shanghai, China	12 March 2017

Datuk Dr Tan Kim Heung	Briefing on the New Companies Act 2016	9 December 2016
	RegTech: The Innovation to Manage Risk and Compliance	13 June 2017

The diagram and table below show the key learning areas/topics and details of training attended by our Directors in the FYE 2017:-

Key Areas/topics of learning	No. of training attended	%
Corporate Governance	2	7
Risk Management & Internal Control	3	10
Economic, Finance and Business	9	30
Leadership & Management	2	7
Trade, Investment & Commerce	4	13
Sustainability	3	10
Regulatory Compliance	7	23
Total	**30**	**100**



Remuneration of Directors and Key Senior Management Personnel

The Company has in place a remuneration framework (which covers all aspects of remuneration) for the Directors and the key senior management personnel. The Company has identified the Chief Operating Officers, Chief Financial Officer and Senior General Managers who are the most senior management personnel outside the Board as its key senior management personnel.

The objective of the Group's remuneration policies is to provide fair and competitive remuneration to its Board and senior management personnel in order for the Company to benefit by attracting and retaining a high quality team.

Based on the remuneration framework, the remuneration packages for the Executive Directors and key senior management personnel comprise a fixed component (in the form of a base salary and, where applicable, fixed allowances determined by the Group's Human Resource policies) and variable components (which would normally comprise bonuses) together with benefits-in-kind, if any, which is determined by IOIPG Group's overall financial performance in each financial year which are designed to reward performance that supports our strategy and creates sustainable long term value for shareholders.

There are no termination, retirement and post-retirement benefits that may be granted to Directors and the top six (6) key management personnel (who are not the Executive Chairman and CEO) except for those payment pursuant to statutory requirements.

Executive Directors are eligible to participate in the Company's Employees' Share Option Scheme ("ESOS") and on the same basis as other eligible employees. During the FYE 2017, the Company granted share options under the ESOS to all Executive Directors and other eligible employees due to adjustment arising from the rights issue. The ESOS is intended to achieve the following objectives:

(a) to motivate, reward and retain the eligible employees who, upon exercising their share options, would be given the opportunity to participate in the equity of the Company and thereby relate their contribution directly to the performance of the Group;
(b) to provide an incentive for the eligible employees to participate more actively in the operations of the Company and encourage them to contribute to the future growth of the Group; and
(c) to make employees' remuneration scheme more competitive to attract more skilled and experienced individuals to join the Group and contribute to its continued growth and profitability.

The Company provides Directors' and Officers' Liability Insurance and may provide an indemnity to the fullest extent permitted by the Companies Act 2016, the cost of such liability insurance is set out in the Directors' Report.

When reviewing the structure and level of Directors' fees, which comprises base Director's fee and additional fees for service rendered on Board Committee, the GNRC takes into the consideration of Directors' respective roles and responsibilities in the Board and Committees and the GNRC also compared against the peers' practices.

Each of the Director receives a base fixed Director's fee and meeting allowance for each Board and general meetings that they attend. The level of remuneration of Non-Executive Directors reflects their experience and level of responsibility undertaken by them. Non-Executive Directors will receive a fixed fee, with additional fees if they are members of Board Committees, with the Chairman of the AC, RMC or GNRC receiving a higher fee in respect of his service as chairman of the respective Committees. The fees for Directors are determined by the full Board with the approval from shareholders at the AGM. No Director is involved in deciding his own remuneration.

The structure of the fees payable to Directors of the Company for FYE 2018 is as follows:-

Appointment	Per annum (RM)
Board of Directors	
Base fee	115,000
Audit Committee	
AC Chairman's fee	30,000
AC Member's fee	20,000
Risk Management Committee	
RMC Chairman's fee	30,000
RMC Member's fee	20,000
Governance, Nominating and Remuneration Committee	
GNRC Chairman's fee	15,000
GNRC Member's fee	10,000

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The details of the remuneration of Directors of the Company comprising remuneration received/receivable from the Company and subsidiary companies during the FYE 2017 are as follows:-

1. Aggregate remuneration of Directors categorised into appropriate components:-

	Company				Subsidiaries			
	Fees	Benefits-in-kind	Others^	Company Total	Salaries & Bonus+	Benefits-in-kind	Others^	Group Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Executive Directors								
Tan Sri Dato' Lee Shin Cheng	115	-	11	**126**	25,789	57	1	**25,973**
Lee Yeow Seng	115	-	12	**127**	13,004	37	1	**13,169**
Total	**230**	**-**	**23**	**253**	**38,793**	**94**	**2**	**39,142**
Non-Executive Directors								
Tan Sri Dato' Sri Koh Kin Lip	130	-	12	**142**	-	-	-	**142**
Dato' Lee Yeow Chor	115	39	9	**163**	-	-	-	**163**
Datuk Tan Kim Leong	155	-	12	**167**	-	-	-	**167**
Datuk Lee Say Tshin	135	-	11	**146**	-	-	-	**146**
Datuk Dr Tan Kim Heung	145	-	12	**157**	-	-	-	**157**
Total	**680**	**39**	**56**	**775**	**-**	**-**	**-**	**775**

Notes:

^ *Comprises meeting allowances.*

\+ *The salary and variable bonus are inclusive of employer's provident fund and social security welfare contributions.*

2. Number of Directors whose remuneration falls into the following bands:-

Range of Remuneration	Number of Directors	
	Executive	Non-Executive
RM100,001 to RM150,000	-	2
RM150,001 to RM200,000	-	3
RM200,001 to RM13,150,000	-	-
RM13,150,001 to RM13,200,000	1	-
RM13,200,001 to RM25,950,000	-	-
RM25,950,001 to RM26,000,000	1	-

Sustainability

The Board is cognisant of the importance of business sustainability and, in conducting IOIPG Group's business, the impact on the ESG is taken into consideration. IOIPG Group embraces the values of sustainability and corporate responsibility since the early days and embedded them into the core values, policy statements and work practices across its global operations.

We consider economic, environmental and social sustainability factors as part of our consideration of our risks. Each year we undertake an assessment to help us determine those risks and opportunities that are most important to our business and stakeholders. More information about this assessment, along with our approach to sustainability and performance throughout FYE 2017, is available in our 2017 Sustainability Report.

ACCOUNTABILITY AND EFFECTIVE AUDIT

Audit and Risk Management Committee (now known as Audit Committee)

In presenting the annual financial statements and quarterly financial results announcements to shareholders, the Board aims to present a balanced and comprehensible assessment of IOIPG Group's financial position and prospects and ensures that the financial results are released to Bursa Malaysia within the stipulated time frame and that the financial statements comply with regulatory reporting requirements. In this regard, the Board is assisted by the ARMC in overseeing and governing IOIPG Group's financial reporting processes and the quality of its financial reporting.

The financial statements are prepared on a going concern basis and give a true and fair view of the financial position of IOIPG Group as at 30 June 2017.

In addition to the Chairman's Statement, the Annual Report of the Company contains the following additional information to enhance shareholders' understanding of the business operations of IOIPG Group:-

- Management's Discussion and Analysis;
- Financial trends and highlights, key performance indicators and other background industry notes deemed necessary; and
- Sustainability Report.

The AC Report, which describes the membership of the AC, its responsibilities, main activities in 2017 and priorities for 2018, is set out on pages 174 to 180.

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External Auditor

The Board maintains a transparent and professional relationship with IOIPG Group's external auditors. During the year, the AC considered the independence and objectivity of PricewaterhouseCoopers, Malaysia ("PwC") based on the criteria quality of services, sufficiency of resources, communication and interaction, audit planning, independence, objectivity and professional scepticism. In determining the independence of PwC, the AC reviewed all aspects of their relationships with them including the processes, policies and safeguards adopted by IOIPG Group and PwC relating to audit independence, and agreed the audit strategy and the audit fee. A copy of the Policies and Procedures to assess the Suitability and Independence of External Auditors can be found in our website.

The AC meets periodically to carry out its functions and duties pursuant to its terms of reference. Other Board members also attend meetings upon the invitation of the AC. During the FYE 2017, the AC met privately two (2) times with the external auditors (i.e. PwC) without the presence of the executive Board members and management. In addition, the external auditors are invited to attend the Company's AGM and are available to answer any questions from the shareholders.

The non-audit fees incurred for services rendered to IOIPG Group by PwC for the FYE 2017 was RM1,229,000 (2016: RM1,019,000).

The Board has carefully considered the non-audit fees provided during the year by PwC and is satisfied that the provision of those non-audit services during the year by PwC does not compromise the auditors' independence.

Additional disclosures on non-audit fees and the detailed work carried out by the AC for the financial year are set out separately in AC Report. The Company requires that the engagement partner involved in the external audit should not remain in a key audit role beyond five (5) years and cannot be re-engaged to play a significant role in the audit of the Company for at least another two (2) successive years. This is consistent with current By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants.

Risk Management and Internal Audit

The Board acknowledges its responsibility for ensuring the maintenance of a sound system of internal controls and risk management. We have a risk management framework in place that provides the foundations and organisational arrangement for how we manage risks across the Group.

There are clear procedures and defined authorities for the following:-

- Financial reporting, with clear policies and procedures governing the financial reporting process and preparation of the financial statements. There is a clear and documented framework of required controls. Each reporting location prepares an annual self-assessment of compliance with these controls, which is assured during planned internal audit visits.
- Comprehensive monitoring and quantification of business risks, under the direction of the AC. The Group's approach to risk management and the principal risks facing the Group are discussed in more detail in the Statement on Risk Management and Internal Control of the Group on pages 181 to 183.
- Capital investment with detailed appraisal, risk analysis and authorisation.

A summary of the material risks that could affect IOIPG Group (including any material exposure to economic, environmental and social sustainability risks) are monitored for changes in their exposure and are reported to the Board and AC during the course of the year, along with their related controls and action plans.

Also core to our risk management framework are the activities we undertake to monitor and review its design and implementation. In respect of the FYE 2017, the AC satisfied itself that the framework continues to be sound and will only review IOIPG Group's risk management framework as and when it is necessary.

The Group's internal audit function is carried out by the Internal Audit ("IA") Department, which reports directly to the AC on its activities based on the approved annual IA Plan. The IA function comprises a dedicated in-house team of qualified professionals based in Putrajaya. The IA function is independent of management and has full access of all IOIPG Group's entities, records and personnel.

The appointment, resignation and dismissal of the Head of IA is reviewed and approved by the AC. The AC also provides input on the annual performance appraisal of the Head of IA. The Head of IA has unfettered access to the AC, the Board and Management. The Head of IA and one of its managers in the IA Department are members of The Institute of Internal Auditors Malaysia.

The planning process for the year's audit work is undertaken by the IA team, led by our Group Head of IA. Themes from prior year audits, key risk areas and fundamental controls feed into the selection of the audit programme, which is approved by the AC. Consideration is given to the appropriate mix of IT and manual controls to be tested.

The Board discharged its responsibility for monitoring the operational effectiveness of the internal control and risk management systems throughout the financial year and up to the date of approval of the Annual Report.

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE OVERVIEW STATEMENT

INTEGRITY IN CORPORATE REPORTING

Directors' Responsibility for Preparing the Annual Audited Financial Statements

The Directors are required by the Companies Act 2016 to prepare financial statements for each financial year which give a true and fair view of IOIPG Group and of the Company's state of affairs, results and cash flows. The Directors are of the opinion that IOIPG Group uses appropriate accounting policies that are consistently applied and supported by reasonable as well as prudent judgements and estimates, and that the financial statements have been prepared in accordance with Financial Reporting Standards and the provisions of the Companies Act 2016 and the Main Market Listing Requirements of Bursa Malaysia.

The Directors having reviewed the business plans, capital expenditure commitments and expected cash flows are satisfied that the Company and the Group have adequate resources to continue operations for the foreseeable future and therefore continue to adopt the going concern basis in preparing these Financial Statements.

The Directors are satisfied that IOIPG Group and the Company keep accounting records which disclose with reasonable accuracy the financial position of IOIPG Group and of the Company and which enable proper financial statements to be prepared. They have also taken the necessary steps to ensure that appropriate systems are in place to safeguard the assets of IOIPG Group, and to detect and prevent fraud as well as other irregularities. The systems, by their nature can only provide reasonable and not absolute assurance against material misstatements, loss and fraud.

Corporate Disclosure Policies and Procedures

The Board reviews and approves all quarterly and other important announcements. The Company announces its quarterly and full-year results within the mandatory period. The financial statements and, where necessary, other presentation materials presented at the Company's general meetings, including material and price-sensitive information, are disseminated and publicly released via Bursa Link on a timely basis to ensure effective dissemination of information relating to IOIPG Group.

To ensure that communications to the public regarding IOIPG Group are timely, factual, accurate, and complete, we have put in place a Media Disclosure Policy which outlines the central principles and practices in communicating with the media.

This Media Disclosure Policy is applicable to all Directors, those authorised to speak on IOIPG Group's behalf as well as all the employees of IOIPG. It covers Media Guidelines comprising media protocols to engage with the media in a responsible, productive, and positive manner whilst keeping the integrity of IOIPG Group in mind.

RELATIONS WITH STAKEHOLDERS

Stakeholders Engagement

We believe that we need to remain relevant to survive in a challenging business environment and to be relevant requires regular interaction with important stakeholder groups. The value of the stakeholder engagement process can be greatly enhanced while the risk of missing important perspectives be reduced by formalising the implementation of a formal stakeholder engagement framework.

The Board also places considerable emphasis on the need for our business to be sustainable for the long term, to meet the expectations of our stakeholders and inform our commitments to community.

For further details on the stakeholder engagement, you can refer to our sustainability journey section of our 2017 Sustainability Report.

Communication with shareholders

The Company strives to maintain an open and transparent channel of communication with its stakeholders, institutional investors and the investing public at large with the objective of providing as clear and complete picture of IOIPG Group's performance and financial position as possible. The Company believes that a constructive and effective investor relationship is an essential factor in enhancing value for its shareholders. However, whilst the Company endeavours to provide as much information as possible to its shareholders and stakeholders, it is mindful of the legal and regulatory framework governing the release of material and price-sensitive information.

The AGM is the principal forum for dialogue with shareholders, who are given the opportunity to enquire and seek clarification on the operations and financial performance of IOIPG Group. In addition, the Company uses the following key investor relation activities in its interaction with investors:-

- Meeting with analysts and institutional fund managers;
- Participating in road shows and investors conferences, both domestically and internationally; and
- Participating in teleconferences with investors and analysts.

The AGM provides an opportunity for shareholders to raise questions with Board members. The Directors are also available to answer questions ("Q&A") afterwards in a more informal setting. The Annual Report containing Audited Financial Statements and Sustainability Report, including notice of AGM accompanying proxy form, are sent to shareholders at least 28 days before the AGM.

At the last AGM held on 26 October 2016 ("2016 AGM"), there was a total of 1,420 valid proxy forms and certificates of corporate representative received by the Company, representing 81.93% of the Company's total issued share capital. Based on our records, a total of 955 shareholders (including proxies and corporate representatives) registered at the 2016 AGM of which approximately 400 shareholders/proxies were present and attended the 2016 AGM.

IOI Group has also established several websites with the main one being www.ioiproperties.com.my for shareholders and the public to access corporate information, financial statements, news and events related to IOIPG Group on a timely basis. Material facts and presentation materials given out at above functions are made available on IOIPG Group's website to provide equal opportunity of access for other shareholders and the investing public and to allow them to write in to IOIPG Group if they have questions.

CORPORATE GOVERNANCE REPORT

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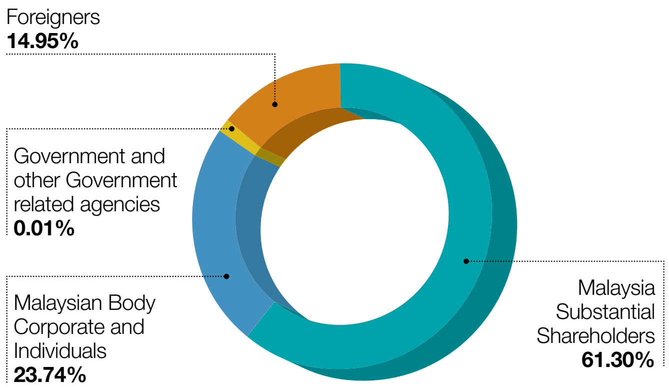
During the financial year, IOIPG Group had approximately forty-two (42) meetings with analysts and investors. IOIPG Group enjoys a relatively high level of coverage and exposure to the investment community.

Besides the above, management believes that the Company's Annual Report and Sustainability Report are a vital and convenient source of essential information for existing and potential investors and other stakeholders. Accordingly, the Company strives to provide a high level of reporting and transparency that goes beyond mandatory requirements in order to provide value for stakeholders.

The Board believes its practices in this area are consistent with both the CG Code concerning dialogue with shareholders and good governance.

COMPOSITION OF SHAREHOLDERS

(as at 30 August 2017)



Leverage on information technology for effective dissemination of information

The Company's website is the key communication channel for the Company to reach its shareholders and general public. The Investor Relations section enhances the investor relations function by including all announcements made by the Company, financial results, annual reports, corporate presentation, financial calendar as well as enquiries. The shareholders and general public may direct their enquiries on the Company via "Enquiries" and the Company's Investor Relations team will endeavor to reply to these queries in the shortest possible time.

All shareholders of the Company receive the annual report of the Company and the notice of AGM, which is also advertised in the press and released via Bursa Link. The chairmen of the ARMC, NRC and the external auditors were present at the last AGM, and the full Board plans to attend the 2017 AGM, which provides an opportunity for all shareholders to question the Directors in person.

It has always been the practice for the Chairman to provide ample time for the Q&A sessions in the AGMs and for suggestions and comments by shareholders to be noted by management for consideration.

The Company has been implementing poll voting for all the resolutions set out in the Notice of AGM via electronic means since 2016 AGM to expedite verification and counting of votes. In addition, the Company will appoint one (1) scrutineer to validate the votes cast at the AGM.

Intended Outcome 1.0

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

Practice 1.1	The board should set the company's strategic aims, ensure that the necessary resources are in place for the company to meet its objectives and review management performance. The board should set the company's values and standards, and ensure that its obligations to its shareholders and other stakeholders are understood and met.
	How has the Company complied:- The Board's strategic leadership role, governance arrangements, and effectiveness are discussed in the 'Board Leadership' on pages 144 to 148.
Practice 1.2	A Chairman of the board who is responsible for instilling good corporate governance practices, leadership and effectiveness of the board is appointed.
	How has the Company complied:- As a Board, we are the stewards of the Company. It is our responsibility to ensure that the Company's strategy is aligned to the interests of our shareholders and takes account of the interests of all others Company's stakeholders. As individuals, we believe that effective corporate governance is based on honesty, integrity and transparency and can only be fully realised within an environment of open, robust and effective debate. This is the Board culture we foster at IOIPG Group and that we continue to live this culture and promote it within our business. Further details, please see sections "Board Leadership", "Effectiveness" and "Appointments to the Board".

Practice 1.3	The positions of Chairman and CEO are held by different individuals.	
	How has the Company complied:-	
	The Executive Chairman is Tan Sri Dato' Lee Shin Cheng and the role of CEO is fulfilled by Mr Lee Yeow Seng. Their roles are separate and there is a clear division of responsibilities to distinguish between the provision of leadership to the Board and the executive responsibility for running IOIPG Group's business. Tan Sri Dato' Lee Shin Cheng is the father of Mr Lee Yeow Seng who had been appointed the CEO of the Company, a family controlled public listed company, since 2014 as part of a staged succession plan at the Company.	
Practice 1.4	The board is supported by a suitably qualified and competent Company Secretary to provide sound governance advice, ensure adherence to rules and procedures, and advocate adoption of corporate governance best practices.	
	How has the Company complied:-	
	Ms Tan Sin Yee is the Company Secretary and her role as Company Secretary is by Board appointment. Details of Ms Tan Sin Yee's role, experience and qualifications are set out in the Senior Management Team's section on page 136.	
Practice 1.5	Directors receive meeting materials, which are complete and accurate within a reasonable period prior to the meeting. Upon conclusion of the meeting, the minutes are circulated in a timely manner.	
	How has the Company complied:-	
	Prior to each meeting, members of the Board and the Committees are provided with the meeting agenda and the relevant papers submitted by the management, containing complete, adequate and timely information to enable full deliberation on the issues to be considered at the respective meetings. The minutes of meetings of the Committees are circulated to all Board members.	

Intended Outcome 2.0

There is demarcation of responsibilities between the board, board Committees and management.

There is clarity in the authority of the board, its committees and individual Directors.

Practice 2.1	The board has a board charter which is periodically reviewed and published on the company's website. The board charter clearly identifies:- • the respective roles and responsibilities of the board, board committees, individual directors and management; and • issues and decisions reserved for the board.
	How has the Company complied:-
	Our Board Charter is available on our website which has been incorporated into our organisation's governance system, documenting the policies that the Board has decided upon to meet, among others, its responsibilities, governance and leadership as a description tool of how the Board operates.

Intended Outcome 3.0

The board is committed to promoting good business conduct and maintaining a healthy corporate culture that engenders integrity, transparency and fairness.

The board, management, employees and other stakeholders are clear on what is considered acceptable behaviour and practice in the company.

Practice 3.1	The board establishes a Code of Conduct and Ethics for the company, and together with management implements its policies and procedures, which include managing conflicts of interest, preventing the abuse of power, corruption, insider trading and money laundering. The Code of Conduct and Ethics is published on the Company's website.
	How has the Company complied:-
	All of IOIPG Group's relationships are underpinned by high ethical standards, as expressed in our Code of Business Conduct and Ethics ("Code"), which establishes rules to be followed by the Board of Directors and employees in relation with the Group, with co-workers and with people who have any kind of link with the Group. To tackle new challenges, the Code will be further reviewed in the FYE 2018 to include anti-corruption programme. The existing copy of the Code can be found on our website.

CORPORATE GOVERNANCE REPORT

Practice 3.2	The board establishes, reviews and together with management implements policies and procedures on whistleblowing.
	How has the Company complied:-
	We publish the whistleblowing procedures with the objective that all employees of the Group and other interested parties have the mechanisms to act when they want to use the whistleblowing channel, The details on the procedures are set out in the section "Business Ethics, Integrity and Whistleblowing" of the CG Overview Statement and can be found on our website.

Intended Outcome 4.0

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 4.1	At least half of the board comprises independent directors. For Large Companies, the board comprises a majority independent directors.
	How has the Company complied:-
	As at 15 September 2017, the Board comprises eight (8) members, of whom three (3) are Executive Directors, four (4) are Independent Non-Executive Directors and one (1) is Non-Independent Non-Executive Director. The Board composition complies with the Main Market Listing Requirements of Bursa Malaysia that requires a minimum of two (2) Directors or one-third (1/3) of the Board, whichever is higher, to be Independent Directors. Despite our Chairman is an executive member of the Board, the Board has the majority presence of Non-Executive Directors, of whom four (4) are Independent Non-Executive Directors with distinguished records and credentials ensure that there is independence of judgement and balance of power and authority on the Board. The Executive Chairman encourages free expression of opinions and healthy debates by all directors, allowing sufficient time for discussion of issues and ensuring that all Directors are able to fully and actively contribute to the deliberations and the Board's decisions fairly reflect Board consensus. Notwithstanding the above, the Board operates in a manner that ensures the Directors exercise independent judgement and the interests of shareholders are always at the forefront when important decisions are made by the Board. The Board will nevertheless, through the GNRC to continue reviewing the composition of the Board from time to time.

Practice 4.2	The tenure of an independent director does not exceed a cumulative term limit of nine years. Upon completion of the nine years, an independent director may continue to serve on the board as a non-independent director. If the board intends to retain an independent director beyond nine years, it should justify and seek annual shareholders' approval. If the board continues to retain the independent director after the twelfth year, the board should seek annual shareholders' approval through a two-tier voting process.
	How has the Company complied:-
	During FYE 2017, no Non-Executive Director served on the Board for more than nine (9) years from the date of their first appointments.
Step Up Practice 4.3	The board has a policy which limits the tenure of its independent directors to nine years.
	How has the Company complied:-
	The Board through its Board Charter has a policy which limits the tenure of its Independent Directors to nine (9) years.
Practice 4.4	Appointment of board and senior management are based on objective criteria, merit and with due regard for diversity in skills, experience, age, cultural background and gender.
	How has the Company complied:-
	With a view to achieve a sustainable and balanced development, the Company sees increasing diversity at the Board and senior management levels as an essential element in supporting the attainment of its strategic objectives and its sustainable development. In any appointment, number of aspects has been considered to maintain a diversified Board and senior management team which will help in the growth of the Group and to have better governance in the Group, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills and knowledge. An inclusive culture helps us to respond to our increasingly diverse global customer base. The Company's deep roots in many geographical regions and an international approach inform our perspective on diversity. All appointments will be based on merits, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board and workforce.

Practice 4.5	The board discloses in its annual report the company's policies on gender diversity, its targets and measures to meet those targets. For Large Companies, the board must have at least 30% women directors.
	How has the Company complied:- As at 15 September 2017, the Company's appointment of one (1) female Board member in July 2017 means woman account for 12.5% of Board members. The appointment reflects an identified need for greater female representation on the Board. The Board believes that while it is important to promote gender diversity, the Board will through its GNRC to continuously identify and review the candidates where the selection criteria of a Director will be based on an effective blend of competencies, skills, extensive experience and knowledge in areas identified by the Board.
Practice 4.6	In identifying candidates for appointment of directors, the board does not solely rely on recommendations from existing board members, management or major shareholders. The board utilises independent sources to identify suitably qualified candidates.
	How has the Company complied:- GNRC plays the critical role of linking the board's director recruitment, selection and succession planning processes to the company's strategic goals. In the case of new women director candidates, our GNRC has considered individuals recommended by Board members, management, major shareholders and Women Directors' Registry.
Practice 4.7	The Nominating Committee is chaired by an Independent Director or the Senior Independent Director.
	How has the Company complied:- Having considered the combined roles, functions and responsibilities of our Governance, Nominating and Remuneration Committee ("GNRC"), Tan Sri Dato' Sri Koh Kin Lip, the Senior Independent Non-Executive Director has been regarded as the most suitable Independent Non-Executive Director to assume the chair. His appointment was further constituted by the Terms of Reference of the GNRC.

Intended Outcome 5.0

Stakeholders are able to form an opinion on the overall effectiveness of the board and individual directors.

Practice 5.1	The board should undertake a formal and objective annual evaluation to determine the effectiveness of the board, its committees and each individual director. The board should disclose how the assessment was carried out and its outcome. For Large Companies, the board engages independent experts periodically to facilitate objective and candid board evaluations.
	How has the Company complied:- Evaluation has provided our Board and its committees with the opportunity to consider how Group culture, cohesiveness, composition, leadership and related meeting and information processes and governance policies influence performance. In addition to helping identify areas for potential adjustment, the evaluation provided an opportunity to remind Directors of the importance of group dynamics and effective Board and Committee processes in fulfilling Board and Committee responsibilities. In order to keep the evaluation meaningful, year 2018 will be the first year in the Board's three (3)-year review cycle. For more details, please refer to "Board Evaluation" section of CG Overview Statement.

CORPORATE GOVERNANCE REPORT

Intended Outcome 6.0

The level and composition of remuneration of directors and senior management take into account the company's desire to attract and retain the right talent in the board and senior management to drive the company's long-term objectives.

Remuneration policies and decisions are made through a transparent and independent process.

Practice 6.1 The board has in place policies and procedures to determine the remuneration of directors and senior management, which takes into account the demands, complexities and performance of the company as well as skills and experience required. The policies and procedures are periodically reviewed and made available on the Company's website.

How has the Company complied:-

The following four (4) principles continue to underpin our approach in the remuneration framework:-

- Simple - The framework should be simple and transparent for all stakeholders to understand.
- Competitive and fair - Attracting and retaining leaders of the necessary calibre requires remuneration arrangements that are reasonable in the markets in which we compete for talent and which fairly reflect the appropriate market rates for the skills and experience of the individual. At the same time, we always remain cognisant of the need to ensure value for money and to reflect our status as an established listed Group.
- Performance - There should be a performance related element of the package which rewards performance in areas that are most important for our stakeholders. There should be no reward for failure.
- Aligned with employees - Where possible, remuneration structures will be aligned across the organisation.

Save as disclosed in our CG Overview Statement and the above, our detailed policies and procedures are not made available on the company's website. The Board through GNRC has identified this as one of the key focus areas for further deliberation in the FYE 2018.

Practice 6.2 The board has a Remuneration Committee to implement its policies and procedures on remuneration including reviewing and recommending matters relating to the remuneration of board and senior management.

The Committee has written Terms of Reference which deals with its authority and duties and these Terms are disclosed on the Company's website.

How has the Company complied:-

Following the implementation of the CG Code, our GNRC's Terms of Reference, copy of which is available on the Company's website, has been reviewed and expanded its scope to include the remuneration of senior executive management.

Intended Outcome 7.0

Stakeholders are able to assess whether the remuneration of directors and senior management is commensurate with their individual performance, taking into consideration the company's performance.

Practice 7.1 There is detailed disclosure on named basis for the remuneration of individual directors. The remuneration breakdown of individual directors includes fees, salary, bonus, benefits in-kind and other emoluments.

How has the Company complied:-

The details of the remuneration of Directors of the Company comprising remuneration received/ receivable from the Company and subsidiary companies during the FYE 2017 are disclosed in CG Overview Statement.

Practice 7.2	The board discloses on a named basis the top five senior management's remuneration component including salary, bonus, benefits in-kind and other emoluments in bands of RM50,000.
	How has the Company complied:- While the Company notes the need for corporate transparency in the remuneration of its key senior management executives, the Company notes that the disclosure of details in excess of the above may be detrimental to its business interests, given the competitive human resource environment for personnel with the requisite knowledge, expertise and experience in the Company's business activities, where poaching has become common place. Hence, such disclosure of specific remuneration information may give rise to recruitment and talent retention issues. The Company further believes that the interest of the shareholders will not be prejudiced as a result of such non-disclosure of the identity and remuneration of the Company's top six (6) senior management personnel who are not Directors. To provide some insight on the level of remuneration paid to the senior management team, the Company has taken step to disclose the aggregate total remuneration paid to the members of the top six (6) key senior management personnel. The aggregate remuneration for these members of the key senior management team for FYE 2017 is approximately RM3.3 million.
Step Up Practice 7.3	Companies are encouraged to fully disclose the detailed remuneration of each member of senior management on a named basis.
	How has the Company complied:- Please refer the answer in Practice 7.2 above.

Intended Outcome 8.0

There is an effective and independent Audit Committee. The board is able to objectively review the Audit Committee's findings and recommendations. The company's financial statement is a reliable source of information.

Practice 8.1	The Chairman of the Audit Committee is not the Chairman of the board.
	How has the Company complied:- Our Chairman of the AC of the Company is neither the Chairman of the Board nor other Board Committee's Chairman as our Board acknowledges that the AC being an independent, objective body, it should function as the Company's independent watchdog to ensure the integrity of financial controls, combined assurance and effective financial risk management.
Practice 8.2	The Audit Committee has a policy that requires a former key audit partner to observe a cooling-off period of at least two years before being appointed as a member of the Audit Committee.
	How has the Company complied:- Conflict of interest is one primary concern of the Company for ensuring external auditor's independence. Objectivity and independence may be threatened where an officer or employee of an audit client who is in a position to exert direct and significant influence over the preparation of the financial statements has recently been a partner in the audit firm or a member of the audit engagement team. The AC of the Company has addressed these concerns by requiring a 'cooling-off' period between the partner's or professional employee's departure from the audit firm and his or her joining the audit client. Such restriction is stated in the policy to assess the suitability, objectivity and independence of the external auditor is available on the Company's website.
Practice 8.3	The Audit Committee has policies and procedures to assess the suitability, objectivity and independence of the external auditor.
	How has the Company complied:- The AC of the Company is responsible for reviewing, assessing and monitoring the performance, suitability and independence of external auditors, based on the policy approved by the Board on 27 August 2015, further information on the policy is available on the Company's website.

CORPORATE GOVERNANCE REPORT

Step Up Practice 8.4	The Audit Committee should comprise solely of Independent Directors.
	How has the Company complied:- At at 15 September 2017, the ARMC comprises three (3) Independent Non-Executive Directors as disclosed in AC Report on page 174.
Practice 8.5	Collectively, the Audit Committee should possess a wide range of necessary skills to discharge its duties. All members should be financially literate and are able to understand matters under the purview of the Audit Committee including the financial reporting process. All members of the Audit Committee should undertake continuous professional development to keep themselves abreast of relevant developments in accounting and auditing standards, practices and rules.
	How has the Company complied:- AC's effectiveness hinges on a number of critical factors, including knowledge, experience, commitment and de facto independence of its members; the AC's leadership, the AC's dynamics and chemistry; and the AC's quality interaction with management and auditors (internal and external). Majority members of the AC who have the necessary financial, banking experience, commercial expertise and capital markets skills required to meet their responsibilities and provide an effective level of challenge to management, have relevant financial experience. All the AC members receive ongoing training and development as detailed in the "Board Development" section of the CG Overview Statement on page 158.

Intended Outcome 9.0

Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives. The board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the company's objectives is mitigated and managed.

Practice 9.1	The board should establish an effective risk management and internal control framework.
	How has the Company complied:- The Group adopts an Enterprise Risk Management ("ERM") framework which was formalised in 2002 and is consistent with the Committee of Sponsoring Organisations of the Treadway Commission's ("COSO") ERM framework, the Statement on Risk Management and Internal Control – Guidelines for Directors of Listed Issuers, and Bursa Malaysia's Corporate Governance Guide and also in line with ISO 31000, Risk Management – Principles and Guidelines (which is a standard relating to risk management codified by the International Organisation for Standardisation. ISO 31000 provides a standard on the implementation of risk management).
Practice 9.2	The board should disclose the features of its risk management and internal control framework, and the adequacy and effectiveness of this framework.
	How has the Company complied:- The Board has established a framework to formulate and review risk management policies and risk strategies. Further information on IOI Group's internal control is presented in the Statement on Risk Management and Internal Control.
Step Up Practice 9.3	The board establishes a Risk Management Committee, which comprises a majority of independent directors, to oversee the company's risk management framework and policies.
	How has the Company complied:- The Audit and Risk Management Committee (now Audit Committee) of the Company was established on 29 May 2013 in line with the Main Market Listing Requirements of Bursa Malaysia. The AC members are the Non-Executive Directors of the Company, whom of three (3) Independent Non-Executive Directors of the Company. For an effective risk management and internal control framework, the Board had on 15 September 2017 decided to delegate the oversight role of risk management of the Group into a separate Board Committee, called "Risk Management Committee ("RMC")". The members of the RMC are comprising three (3) Independent Non-Executive Directors of the Company. The Chairmen of AC and RMC are Datuk Tan Kim Leong and Datuk Lee Say Tshin respectively.

CORPORATE GOVERNANCE REPORT

Intended Outcome 10.0

Companies have an effective governance, risk management and internal control framework and stakeholders are able to assess the effectiveness of such a framework.

Practice 10.1 The Audit Committee should ensure that the internal audit function is effective and able to function independently.

How has the Company complied:-

The AC of the Company is responsible for monitoring and reviewing the effectiveness of the Group's Internal Audit function.

The Group has an Internal Audit function to provide the Board and senior management assurance around internal controls. The function is independent of the external auditors and is led by the Group Head of Internal Audit who has a direct reporting line functionally to the AC. The role of Internal Audit is to provide objective assurance to the AC and the senior management that operations and functions are efficient and effective, and that processes have a robust control environment. The Group Head of Internal Audit attends and reports at each AC meeting on reviews conducted during each quarter. The Group Head of Internal Audit meets with the ARMC one time in FYE 2017. For further details, please refer to AC Report.

Practice 10.2 The board should disclose:-

- whether internal audit personnel are free from any relationships or conflicts of interest, which could impair their objectivity and independence;
- the number of resources in the internal audit department;
- name and qualification of the person responsible for internal audit; and
- whether the internal audit function is carried out in accordance with a recognised framework.

How has the Company complied:-

The Group's Internal Audit function reports functionally to the AC of the Board. This reporting relationship promotes independence and objectivity, which assures adequate consideration of audit recommendations and planned corrective actions, and gives the Internal Audit staff the authority needed for full, free and unrestricted access to all operations, records, property and personnel within the Group. In performing its function, Internal Audit has no direct responsibility or authority over any of the activities it reviews. Accordingly, they will not implement internal controls, develop procedures, install systems, prepare records, or engage in any other activity that may impair internal auditor's judgment. The activities of the Group's Internal Audit function are guided by Internal Audit Charter and Annual Audit Plan that are approved by the AC. The Group IA function is carried out in accordance with The International Standards for the Professional Practice of Internal Auditing set by the Institute of Internal Auditors ("IIA").

Building up a balanced pool of resources is critical to an effective internal audit function. The Group's Internal Audit ("IA") Department is made up of 8 dedicated in-house team of qualified professionals based in Putrajaya. IA personnel are not related to people who work for or have business relationships with the Group, or have served in some official capacity previously or provided significant services to the Group in the past. The Group Head of IA is an associate member of the IIA Malaysia and he was graduated with a Bachelor of Accounting.

CORPORATE GOVERNANCE REPORT

Intended Outcome 11.0

There is continuous communication between the company and stakeholders to facilitate mutual understanding of each other's objectives and expectations.

Stakeholders are able to make informed decisions with respect to the business of the company, its policies on governance, the environment and social responsibility.

Practice 11.1 The board ensures there is effective, transparent and regular communication with its stakeholders.

How has the Company complied:-

The Board maintains a dialogue with shareholders, directed towards ensuring a mutual understanding of objectives. Its primary contact, facilitated by the Head of Investor Relations, is through the CEO.

During the financial year, IOIPG Group had approximately 42 meetings with analysts and investors. IOIPG Group enjoys a relatively high level of coverage and exposure to the investment community, as disclosed in the "integrity in corporate reporting and meaningful relationship with stakeholders" sub-section on pages 164 and 165.

Practice 11.2 Large companies are encouraged to adopt integrated reporting based on a globally recognised framework

How has the Company complied:-

Currently, the Group has yet to adopt an integrated reporting. Executive management acknowledge that an integrated reporting is far more than simply combining a financial report and a sustainability report into a single document.

We believe that Company's integrated reporting journey should be built on the foundational steps. In this aspect, a cross-functional team reporting to the CEO shall be charged with creating an integrated report. A senior executive will lead the integrated reporting team. The Board has set a timeline of three (3) years for the adoption of the integrated reporting.

Intended Outcome 12.0

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

Practice 12.1 Notice for an Annual General Meeting should be given to the shareholders at least 28 days prior to the meeting.

How has the Company complied:-

The 2016 AGM was held on 26 October 2016 and the Notice convening the AGM was sent to shareholders on 30 September 2016, which was 26 days' notice prior to the 2016 AGM. In addition to sending the notice, the Company also published the AGM Notice on its website and the information still remains on its website. Under the Companies Act 2016, an AGM should be called by giving at least 21 days' notice of the meeting. Nevertheless, the Board will provide for a 28 days' notice period for its 2017 AGM because we believe it is beneficial for the shareholders as they will get sufficient time to make an informed decision regarding the AGM business agenda of the Company.

Practice 12.2 All Directors were present or attended the most recent AGMsthe Chairmen of the Audit Committee, RMC and GNRC are available at the 2017 AGM to take any relevant questions. All other Directors will attend the 2017 AGM unless illness or another pressing commitment precludes them from attending the AGM.

How has the Company complied:-

All Directors were present or attended the most recent AGMs. The Chairmen of the Audit Committee, RMC and GNRC are available at the 2017 AGM to take any relevant questions. All other Directors will attend the 2017 AGM unless illness or another pressing commitment precludes them from attending the AGM.

Practice 12.3 Listed companies with a large number of shareholders or which have meetings in remote locations should leverage technology to facilitate:-

- voting including voting in absentia; and
- remote shareholders' participation at General Meeting

How has the Company complied:-

As stated in the Constitution of the Company, Notice of AGM together with proxy form and AGM Guide, the Company allows its shareholders to vote in absentia or by proxy, provided that the proxy shall have been appointed by the shareholder himself or by his duly authorised attorney or representative provided further that it is filed at the registered office of the Company for at least 48 hours before the AGM.

The Company, through its Polling Agent, ensures that all valid proxy or corporate representative or attorney appointments received are properly recorded and counted.

The Chairman announces the electronic poll voting results at the AGM, and the poll results are announced on the same day through Bursa Link service and on the Company's website www.ioiproperties.com.my. All resolutions at the 2016 AGM were passed without a significant proportion of votes against.

CORPORATE GOVERNANCE REPORT

AUDIT COMMITTEE REPORT

The Board of Directors (the "Board") of IOI Properties Group Berhad ("IOIPG" or the "Company") is pleased to present the report on the Audit and Risk Management Committee (now known as Audit Committee) (the "Committee") of the Board for the financial year ended 30 June 2017 ("FYE 2017").

The Committee was established on 29 May 2013 in line with the Main Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Malaysia").

For an effective risk management and internal control framework, the Board had on 15 September 2017 decided to delegate the oversight role of risk management of IOIPG Group to a separate Board Committee, called "Risk Management Committee". As a result thereof, the existing Audit and Risk Management Committee shall now be decoupled into 2 separate Board Committees (i.e. Audit Committee and Risk Management Committee).

A MEMBERS

The Committee consist of three (3) following members, who each satisfy the "independence" requirements contained in the Listing Requirements of Bursa Malaysia. The biography of each member of the Committee is set out in the Profile of Directors section:-

Datuk Tan Kim Leong @ Tan Chong Min
Chairman
Independent Non-Executive Director

Datuk Lee Say Tshin
Member
Independent Non-Executive Director

Datuk Dr Tan Kim Heung
Member
Independent Non-Executive Director

B SUMMARY KEY SCOPE OF RESPONSIBILITIES

The Committee operates under a written Committee's Terms of Reference containing provisions that address requirements imposed by Bursa Malaysia. That Terms of Reference is posted on the Corporate Governance section of the Company's website at www.ioiproperties.com.my.

The Terms of Reference prescribes the Committee's oversight of financial compliance matters in addition to a number of other responsibilities that the Committee performs. Those key responsibilities include, among others:-

- Overseeing the financial reporting process and integrity of the Group's financial statements
- Evaluating the independence of external auditors
- Evaluating the performance and process of the Company's internal audit function and external auditors
- Overseeing the Group's system of disclosure controls and system of internal controls that management and the Board have established
- Assessing the Company's practices, processes and effectiveness of risk management
- Reviewing conflict of interest situations and related party transactions of the Group
- Reviewing any significant matters highlighted including financial reporting issues, significant judgments made by management, significant and unusual events or transactions, and how these matters are addressed

CORPORATE GOVERNANCE REPORT

AUDIT COMMITTEE REPORT

C HOW THE COMMITTEE SPENT ITS TIME DURING THE FYE 2017

The table below provides an overview of how the Committee spent its time in the FYE 2017:-

	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	April	May	June
Financial and Tax Reporting The Group's financial statements and results announcements, and reviewed significant financial reporting and accounting issues including going concern assessment, key accounting judgement & disclosure and exceptional items Development in tax disclosures & Base erosion and profit shifting (BEPS)		Δ	Δ		Δ			Δ		Δ	Δ	
External Audit The external audit plan, fees & non-audit fees and re-appointment External auditors' effectiveness, performance and independence evaluation		Δ	Δ							Δ		
Internal Audit & Risk Management Internal control framework effectiveness Status updates & effectiveness internal audit plan for FY2017 Internal audit function evaluation Risk-based assurance assessment Compliance with the Group risk management programme	Δ	Δ			Δ			Δ		Δ	Δ	
Governance Private session with external & internal auditors Whistleblowing issues raised Material Sustainability matters of the Group Evaluation of the Committee Recurrent related party transactions and related party transactions		Δ	Δ		Δ					Δ	Δ	

D SUMMARY OF WORK OF THE COMMITTEE

The Committee report provides an overview of the work that the Committee carried out during the period, including the significant issues considered in relation to the financial statements and how the Committee assessed the effectiveness of the external auditors.

The Committee has a responsibility to oversee the Group's internal control and risk management systems. The Committee continues to monitor and review the effectiveness of the Group's internal control and risk management systems with the support of Group Internal Audit and Risk Management function.

The Committee has an annual work plan, developed from its Terms of Reference, with standing items that the Committee considers at each meeting, in addition to any matters that arise during the year. The summary of work and the main matters that the Committee considered during the financial year ended FYE 2017 are described below:-

1. Financial statements and reporting

The Committee maintained its focus during the year on monitoring the integrity of financial reporting and ensuring suitable accounting policies were adopted and applied consistently.

The Committee monitored the financial reporting processes for the Group, which included reviewing reports from, and discussing these with, management and the external auditors, PricewaterhouseCoopers (“PwC”). The Committee has reviewed the unaudited quarterly financial results and audited financial statements of the Group before recommending them for Board’s approval.

The Committee assessed whether appropriate accounting policies had been adopted throughout the accounting period and whether management had made appropriate estimates and judgements over the recognition, measurement and presentation of the financial results.

In addition to these reporting matters, the Committee also received and considered regular updates from management on the status and implications for the Group of financial reporting developments, including updates on discussions by the Malaysian Accounting Standards Board on the development of the Malaysian Financial Reporting Standards (“MFRS”) 9: *Financial Instruments*, MFRS 15: *Revenue From Contracts With Customers* and MFRS 16: *Leases*. The Committee considered compliance with accounting standards and obligations under applicable laws, regulations and Communication Note 1/2017 issued by Bursa Malaysia. There were no new or altered MFRS in the FYE 2017 that had a material effect on the Group’s financial statements.

During the course of audit, external auditors have identified certain significant audit and accounting matters to be included in their report. These significant audit and accounting matters comprise of 2 following Key Audit Matters (“KAM”) of the Group and other areas of focus, which were discussed and reviewed by the Committee:-

Preliminary key audit matters	Significant management judgements
Revenue recognition from property development activities	(a) Extent of property development costs incurred (b) Estimated total property development costs to completion (c) Common cost allocation
Valuation of investment properties	Estimation of underlying assumptions applied

The external auditors have reported that based on the work carried out, they did not identify any material exceptions. For all the above areas, the Committee received input from management and external auditors prior to reaching its conclusion. The Committee was satisfied that management’s approach was reasonable in these areas.

As part of the year-end reporting process, the Committee reviewed external auditors’ reports on audit and accounting matters, internal control recommendations and tax matters impacting the Group, which noted in the course of their audit. There were no significant and unusual events or transactions highlighted by the management as well as external auditors during the financial year.

2. Going concern assessment

The Committee reviewed the going concern basis for preparing the Group’s consolidated financial statements, including the assumptions underlying the going concern statement and the period of assessment. The Committee’s assessment was based on various analyses from management regarding Group’s capital and liquidity prior to recommending to the Board that it could conclude that the financial statements should continue to be prepared on the going-concern basis. The Committee also took note of the principal risks and uncertainties, the existing financial position, the Group’s financial resources, and the expectations for future performance and capital expenditure.

Through the discussions with management, and external auditors’ review of the financial information, the external auditors are not aware of any material uncertainties that cast doubt on the Group’s and Company’s ability to continue as a going concern.

3. Internal audit

The Internal Audit provides independent and objective assurance and advisory services designed to add value and improve the operations of the Group. Its scope encompasses, but is not limited to, the examination and evaluation of the adequacy and effectiveness of the Group’s governance, risk management and internal control processes in relation to the Group’s defined goals and objectives. The Committee approved the internal audit function’s charter, which sets out its role, scope, accountability and authority.

The Head of Group Internal Audit and Risk Management, who is a member of The Institute of Internal Auditors Malaysia, reports functionally to the Committee, and the Committee reviewed and approved the annual Internal Audit plan and budget for activities to be undertaken during 2016/2017. The Committee also reviewed the adequacy of the scope, functions, competency and resources of the internal audit function during the year. In addition, as part of the internal audit function evaluation process, the Company has engaged The Institute of Internal Auditors Malaysia (“IIA Malaysia”) to perform a Quality Assessment Review on the Group Internal Audit and Risk Management during the financial year. The review will be carried out in the financial year ending 2018 covering positioning and audit strategies, process/enabler and audit resources’ capability.

The Internal Audit Department performs routine audit on and reviews all operating units within the Group, with emphasis on principal risk areas. Internal Audit adopts a risk-based approach towards planning and conduct of audits, which is partly guided by an Enterprise Risk Management (“ERM”) framework. Impact on the “Vision IOI” is taken into consideration in determining the risk level as a holistic

CORPORATE GOVERNANCE REPORT

AUDIT COMMITTEE REPORT

approach in contributing to the achievement of the Group's objectives and in enhancing shareholders' value.

47 audit assignments (including 14 special audit assignments and 8 follow-up audit assignments) were completed during the financial year on various operating units of the Group covering property development, property investment, leisure and hospitality and other segments. Audit reports were issued to the Committee and Board quarterly incorporating findings, recommendations to improve on the weaknesses noted in the course of the audits and management's comments on the findings. An established system has been put in place to ensure that all remedial actions have been taken on the agreed audit issues and recommendations highlighted in the audit reports. Certain significant issues and matters unsatisfactorily resolved by management had been highlighted to the Committee and it was also agreed that management would expedite resolving the outstanding audit issues.

The tasks, responsibilities, and goals of the Committee and internal auditing are closely intertwined in many ways. Certainly, as the magnitude of the "corporate accountability" issue increases, so does the significance of the internal auditing and Committee relationship. The Committee has met one time privately (without management presence) with the Head of Group Internal and Risk Management during the FYE 2017 in assuring that the mechanisms for corporate accountability are in place and functioning.

The total costs incurred for the internal audit function of the Group for the FYE 2017 was RM904,422 (2016: RM747,559). The increase in the internal audit cost was mainly attributed to additional headcount and increase in the number of audit assignments conducted during the financial year.

4. **Risk management**

The Board and management drive a proactive risk management culture and ensure that the Group's employees have a good understanding and application of risk management principles towards cultivating a sustainable risk management culture through education. Regular risk awareness sessions are conducted at the operational level to promote the understanding of risk management principles and practices across different functions within the Group. In addition, a risk-based approach is embedded into existing key processes as well as new key projects, and is compatible with the Group's internal control systems.

The Committee conducts reviews on the adequacy and integrity of the Group's ERM framework and policies, particularly in relation to the mechanisms for principal risk identification, assessment, response and control, communication and monitoring.

An annual review of the effectiveness of risk management and internal control processes was carried out by the Committee.

The Committee focused its review on the Company's risk mitigation and controls and the strategic and organisation-wide risks facing the Group. Risk management activities take place throughout the organisation to support the Committee in its corporate governance responsibilities, working with the business to proactively and effectively manage risk. This, together with the related control and the following assurance processes, is designed to identify, evaluate and manage risk and to ensure that the resultant residual risks meet the risk appetite of the Board:-

- Bi-annual risk review reports compiled by the respective operating units' Risk Management Committees, and annual presentation to and discussion with the Committee.
- Operating units' CEO/CFO's Internal Control Certification and Assessment Disclosure.
- Operating unit's response to the Questionnaires on Control and Regulations.

The Committee discussed with management how they would continue to deliver high-quality oversight and risk evaluation against the background of the current economic climate and softening of property market. Where areas for improvement have been identified with the necessary actions in respect of the relevant control procedures have been or are being taken.

The details relating to risk management are reported separately under "Statement on Risk Management and Internal Control" on pages 181 to 183.

5. **Assessing the effectiveness of external audit process**

The Committee places great importance on ensuring that there are high standards of quality and effectiveness in the external audit carried out by PwC. Audit quality is reviewed by the Committee throughout the year and includes reviewing and approving the annual audit plan to ensure that it is consistent with the scope of the audit engagement. In reviewing the audit plan, the Committee discussed the significant risks and areas of audit focus identified by PwC. The Committee also considered the audit scope and materiality threshold.

The PwC audit partner was present at the Committee meetings to ensure full communication of audit related affairs and they remain fully appraised of all matters considered by the Committee.

The Committee met with PwC at various stages during the audit process, including without management presence, to discuss their remit and any issues arising from the audit to ensure they are able to operate effectively and to satisfy ourselves that management are responsive to their findings and recommendations. During the FYE 2017, the Committee met privately two (2) times with PwC without management presence.

The Committee concluded that the effectiveness of the external audit process remains strong.

6. **Auditors' re-appointment review**

During the FYE 2017, the Committee assessed the effectiveness of PwC as the external auditors. To assist the assessment, the Committee considered:-

- Quality of planning, delivery and execution of the audit
- Quality and knowledge of the audit team
- Effectiveness of communications between management and the audit team
- Robustness of the audit, including the audit's team's ability to challenge management as well as demonstrate professional scepticism and independence

(i) Auditors' effectiveness

The Committee considered the quality of reports from PwC and the additional insights provided by the audit team, particularly at partner level. The Committee also considered how well the auditors assessed key accounting and audit judgements and the way they applied constructive challenge and professional scepticism in dealing with management.

The Committee met with management, including without the auditors presence, to hear their views on the effectiveness of the external auditors. Following the review, the Committee concluded that the performance of PwC remained effective.

(ii) Independence and objectivity

The Committee considered the safeguards in place to protect the external auditors' independence.

The Committee reviews the work undertaken by the external auditor and each year assesses its independence, objectivity and performance. In doing so, it takes into account relevant professional and regulatory requirements and the relationship with the auditor as a whole, including the provision of any non-audit services. The Committee monitors the auditor's compliance with relevant regulatory, ethical and professional guidance on the rotation of partners, as well as assessing annually its qualifications, expertise, resources and the effectiveness of the audit process, including confirmation from the external auditor on its own internal quality procedures.

The audit engagement partner is required to rotate every five (5) years and the current audit engagement partner has held the position for three (3) years. PwC also follows the provisions of the By-Laws on Professional Independence of the Malaysian Institute of Accountants ("MIA") and its own ethical guidelines, and reported to the Committee that it had considered its independence in relation to the audit and confirmed to the Committee that it complies with professional requirements and that its objectivity is not compromised. The Committee concluded that it continues to be satisfied with the performance of PwC and that PwC continues to be objective and independent in relation to the audit. Hence, the Committee and the Board have recommended their reappointment.

(iii) Non-audit work carried out by the external auditors

To help protect auditors' objectivity and independence, the provision of any non-audit services provided by the external auditors requires prior approval, as set out in the table below:-

Approval thresholds for non-audit work	Approver
Below RM200,000 per engagement	CFO
Above RM200,000 and up to RM400,000 per engagement	CEO
Greater than RM400,000 per engagement, or if the value of non-audit fees to audit fees reaches a ratio of 1:2 as a result of a new engagement, regardless of value	Committee

Certain types of non-audit service are of sufficiently low risk as not to require the prior approval of the Committee, such as "audit-related services" including the review of interim financial information. The prohibited services are those that have the potential to conflict directly with the auditors' role, such as the preparation of the Company's financial statements.

The policy on audit and non-audit services of IOIPG is guided by the following principles:-

(a) the auditors may provide audit and non-audit related services that, while outside the scope of the statutory audit, are consistent with the role of auditors;

(b) the external auditors should not provide services that are perceived to be materially in conflict with the role of auditors;

(c) the external auditors may be permitted to provide non-audit services that are not perceived to be materially in conflict with the role of auditors; and

(d) exceptions may be made to the policy where the variation is in the interest of IOIPG and arrangements are put in place to preserve the integrity of the external audit process. The Board must specifically approve any such exception.

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Before appointing the external auditors to undertake a non-audit service, consideration has been given to whether this would create a threat to the external auditors' independence or objectivity. The Committee also assessed whether the services to be outsourced are required by statutory obligations to be undertaken by external auditors of business. In addition, the Committee further evaluated whether the services would be most efficient for the external auditors and tax agent to provide because of their existing knowledge of the business or because the information required is a by-product of the audit process.

The non-audit fees incurred for services rendered to the Group by PwC Malaysia for the FYE 2017 was RM1,229,000 (2016: RM1,019,000). Expenditure on audit and non-audit services is set out in note 8 to the audited financial statements for the FYE 2017.

The nature of the non-audit fees was mainly comprising tax compliance and advisory fees, of which 20% of the total non-audit fees were related to yearly statutory tax compliance fees wherein PwC Tax Services Sdn Bhd is the tax agent of the Group. While the remaining non-audit fees relating to one-off corporate exercises of IOIPG and tax advisory fees were 14% and 55% respectively.

After stripping the foregoing non-audit fees breakdown, the balance of non-audit fees merely approximately constituted 11% of the total audit fees (on a group basis) payable to PwC Malaysia.

In this respect, the Committee has carefully considered the non-audit services provided during the year by PwC and is satisfied that the provision of those non-audit services during the year by PwC did not compromise the auditors' independence, to which PwC has confirmed in accordance with the independence requirements and, to the best of PwC's knowledge, PwC is not aware of any non-audit services that had compromised their independence as external auditors of the Group.

The principle of professional competence and due care imposes an obligation on PwC to maintain professional knowledge and skill at the level required to ensure that IOIPG Group receive competent professional service.

The Committee believes that the provision of non-audit services in itself does not result in lower quality audits where necessary safeguards operate. The safeguards which currently exist as means of eliminating threats to PwC's independence or reducing such threats "to an acceptable level" include, among others:-

(i) Making IOIPG Group awares of the terms of the engagement and, in particular, the basis on which fees are charged and which services are covered by the quoted fee;

(ii) Those who provide the non-audit services, which may impose a self-review threat, are not the members of the audit team;

(iii) The services provided are one-off and transaction-based and is not be expected to recur; and

(iv) The nature and scope of non-audit fees provided by PwC to IOIPG Group are specifically not prohibited by the By-Laws of MIA or promulgations of the International Federation of Accountants.

The Committee believes that providing such non audit-services helps PwC build a deeper understanding of IOIPG Group, including its business model, strategy, risk, competitive position and industry. This furthers PwC's insights and can enhance professional scepticism, thereby increasing audit quality.

(iv) Audit fees

The Committee was satisfied that the level of audit fees (on a group basis) payable to PwC Malaysia in respect of the audit services provided (being RM995,000 for 2017) (2016: RM914,000) was appropriate and that an effective audit could be conducted for such a fee. The existing authority for the Committee to determine the current remuneration of the external auditors (i.e. PwC Malaysia) is derived from the shareholders' approval granted at the Company's AGM in 2016.

Recommendation to reappointment

Following its consideration, the Committee recommended to the Board that PwC be offered for re-appointment as external auditors at the forthcoming AGM. The Board has accepted this recommendation and a resolution for its reappointment for a further year will be put to the shareholders at the AGM.

7. Other matters considered by the Committee

The Committee also:-

(i) Reviewed whistleblowing activities to monitor the actions taken by the Group in respect of whistleblowing reports received.

(ii) Reviewed the Group's compliance with the relevant provisions set out under the Malaysian Code on Corporate Governance for the purpose of preparing the Statement on Risk Management and Internal Control pursuant to the Listing Requirements of Bursa Malaysia.

(iii) Reviewed the internal audit report relating to existing related party transactions annually.

(iv) Reviewed the material sustainability matters of the Group for sustainability purpose.

E ATTENDANCE

Number of Meetings and Details of Attendance

Seven (7) meetings were held during the FYE 2017. The attendance record of each member was as follows:-

Members	Total Number of Meetings	Number of Meetings Attended
Datuk Tan Kim Leong @ Tan Chong Min	7	7
Datuk Lee Say Tshin	7	6
Datuk Dr Tan Kim Heung	7	7

Three (3) meetings were held subsequent to the financial year end to the date of Directors' Report and were attended by the following members:

Members	Total Number of Meetings	Number of Meetings Attended
Datuk Tan Kim Leong @ Tan Chong Min	3	3
Datuk Lee Say Tshin	3	2
Datuk Dr Tan Kim Heung	3	3

F ANNUAL REVIEW AND PERFORMANCE EVALUATION

The last review of the Terms of Reference of the Committee was carried out in the FYE 2016. As required by its Terms of Reference, the Committee conducted an annual performance evaluation in an effort to continuously improve its processes.

The Committee's responsibility is to monitor and review the processes performed by management and external auditors. It is not the Committee's duty or responsibility to conduct auditing or accounting reviews or procedures. The Committee members are not employees of the Company. Therefore, the Committee has relied, without independent verification, on management's representation that the financial statements have been prepared with integrity and objectivity and in conformity with approved accounting principles generally accepted in Malaysia and on the representations of external auditors included in its reports on the Company's financial statements and internal control over financial reporting.

LOOKING AHEAD TO 2018

In addition to our routine business, the Committee has 4 focus areas for 2018. We will monitor and review:-

- The progress of the project for MFRS first time adoption or migration, MFRSs 9, 15 and 16 implementation & assessment
- The processes and control of accounts and finance department
- The progress of the automation of the consolidation of financial results and revenue recognition software
- The internal audit function via Quality Assessement Review to be conducted by IIA Malaysia

CORPORATE GOVERNANCE REPORT

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

This Statement is in line with Paragraph 15.26(b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad on the Group's compliance with the Principles and Best Practices relating to internal control as stipulated in the Malaysian Code on Corporate Governance and guided by the Statement on Risk Management & Internal Control: Guidelines for Directors of Listed Issuers.

ACKNOWLEDGEMENT OF RESPONSIBILITIES

The Board of Directors (the "Board") affirms its overall responsibility for the Group's system of internal control, including the assurance of its adequacy and integrity, and its alignment with business objectives. However, it should be noted that control systems are designed to manage rather than to totally eliminate associated risks; and as such, can only provide reasonable but not absolute assurance against material loss or failure.

The Board has established a process for identifying, evaluating, monitoring and managing the significant risks faced by the Group in its achievement of objectives and strategies. This process is also applicable to the property development activities undertaken by the Group through joint ventures, to the extent that the Group reviews and manages significant risks in order to achieve the Group's business objectives, performs quarterly and bi-annual risk review and monitors key control activities in relation to the principal risks. This process has been in place for the year under review and up to the date of approval of this Statement.

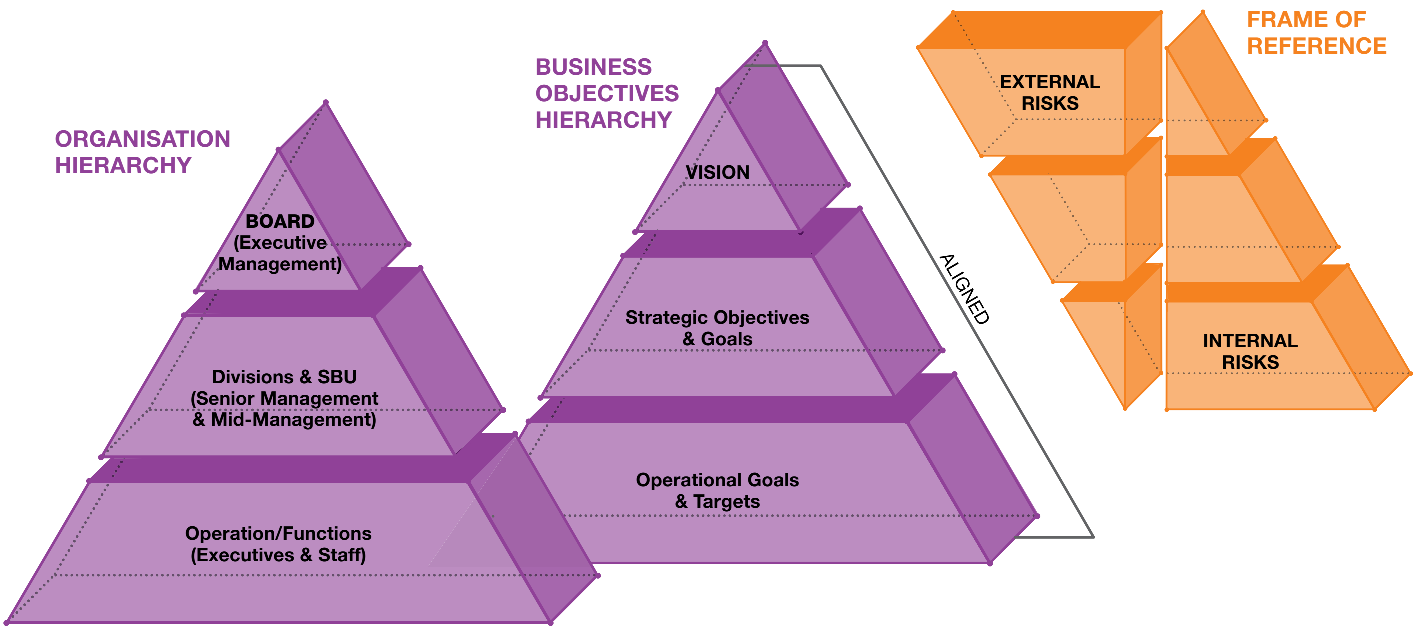
RISK MANAGEMENT

The Group adopts an Enterprise Risk Management ("ERM") framework which is consistent with the Committee of Sponsoring Organisations of the Treadway Commission's ("COSO") ERM framework, the Statement on Risk Management & Internal Control: Guidelines for Directors of Listed Issuers, Bursa Malaysia's Corporate Governance Guide, and is in line with ISO 31000, Risk Management – Principles and Guidelines (which is a standard relating to risk management codified by the International Organization for Standardization. ISO 31000 provides a standard on the implementation of risk management).

The Group's ERM framework essentially links the Group's objectives and goals (that are aligned to its Vision) to principal risks; and the principal risks to controls and opportunities that are translated to actions and programmes. The framework also outlines the Group's approach to its risk management policies:

(i) Embrace risks that offer opportunities for superior returns

By linking risks to capital, the Group establishes risk-adjusted-return thresholds and targets that commensurate with varying risk levels assumed by its businesses. Superior risk management and other corporate governance practices are also promoted as contributing factors to lowering long-term cost of funds and boosting economic returns through an optimal balance between control costs and benefits.



(ii) Risk Management as a collective responsibility

By engaging every level of the organisation as risk owners of their immediate sphere of risks (as shown in the illustration), the Group aims to approach risk management holistically.

This is managed through an oversight structure involving the Board, Audit Committee ("AC"), Internal Audit, Executive Management and business units' Risk Management Committees.

(iii) Risk forbearance shall not exceed capabilities and capacity to manage

Any business risk to be assumed shall be within the Group's core competencies to manage. Hence, the continuous effort in building risk management capabilities and capacity are key components of the Group's ERM effort. The Group's overall risk appetite is based on assessments of the Group's risk management capabilities and capacity.

(iv) To apply as both a control and strategic tool

As a control tool, the Group ensures that the intensity and types of controls commensurate with assessed risk rankings. The Group also applies risk management as a strategic tool in scoping opportunities, investment and resource allocation, strategy formulation and performance measurement.

The Board conducts periodic reviews on the adequacy and integrity of the Group's ERM framework and policies, particularly in relation to the mechanisms for principal risks identification, assessment, response and control, communication and monitoring.

The Group's activities expose it to a variety of risks, including operating and financial risks. 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 Group operates within an established risk management framework and clearly defined policies and guidelines that are approved by the Board.

Under the Group's ERM framework, the Group has relevant policies and guidelines on risk reporting and disclosure which cover the following principal risks:-

(I) OPERATING RISK

- The Group's policy is to assume operating risks that are within its core businesses and competencies to manage. Operating risk management ranges from managing strategic operating risks to managing diverse day-to-day operational risks.
- The management of the Group's day-to-day operational risks (such as those relating to health and safety, quality, marketing and statutory compliance) is mainly decentralised at the business unit level and guided by approved standard operating procedures. Operational risks that cut across the organisation (such as those relating to procurement, integrated systems and reputation) are coordinated centrally.

(II) FINANCIAL RISK

- The Group is exposed to various financial risks relating to credit, liquidity, interest rates, and foreign currency exchange rates. The Group's risk management objectives and policies coupled with the required quantitative and qualitative disclosures relating to its financial risks are set out in Note 39 to the financial statements on pages 293 to 310.

CONTROL ENVIRONMENT

- The Group's corporate culture is embedded in its core values of integrity, commitment, loyalty, excellence in execution, speed or timeliness, innovativeness and cost efficiency – to achieve the Group's vision and support the business objectives, risk management and internal control system.
- The Code of Business Conduct and Ethics reinforces the Group's core value on integrity by providing guidance on moral and ethical behaviour that is expected from all employees in following the laws, policies, standards and procedures.
- Board committees such as the AC and Governance, Nominating and Remuneration Committee are established by the Board, and they are governed by clearly defined terms of reference and authority for areas within their scope.
- The Group has an organisational structure that is aligned with its business and operational requirements, with clearly defined lines of responsibility and authority levels.

CONTROL ACTIVITIES

- Policies and procedures have been established for key business processes and support functions. The Group has in place a system to ensure that there are adequate risk management, financial and operational policies, procedures and rules relating to the delegation and segregation of duties.
- Annual business plans and operating budgets are prepared by business and operating units, and are approved by the Board. Actual performance and significant variances against budget are monitored on an ongoing basis.

CORPORATE GOVERNANCE REPORT

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INFORMATION AND COMMUNICATION PROCESSES

- Management and the Board receive timely, relevant and reliable management and financial reports which are reviewed on a regular basis.
- The Group has in place a Management Information System that captures, compiles, analyses and reports relevant data, which enables management to make business decisions in an accurate and timely manner.
- A whistleblowing policy is established to provide appropriate communication and feedback channels which facilitate whistleblowing, in a transparent and confidential manner. It outlines the Group's commitment to encourage its employees and stakeholders to raise genuine concerns about possible improprieties in matters of financial reporting, compliance, suspected violations of the Group's Code of Business Conduct and Ethics, and to disclose any improper conduct or other malpractices within the Group (i.e. whistleblowing) in an appropriate way.

MONITORING

- The Group's policies and procedures are reviewed and revised periodically to meet changing business and operational needs and regulatory requirements.
- Board meetings are held at least once in a quarter with a formal agenda on matters for discussion. In addition, regular management and operation meetings are conducted by senior management which comprises the Chief Executive Officer ("CEO") and divisional heads.
- The Group's Internal Audit function reports to the AC and is guided by an Internal Audit Charter that is approved by the Board. The Internal Audit function monitors compliance with the Group's policies and procedures and applicable laws and regulations, and provides independent assurance on the adequacy and effectiveness of risk management and internal control system by conducting regular audits and continuous assessment. Significant audit findings and recommendations for improvement are highlighted to senior management and the AC, with periodic follow-up reviews of the implementation of corrective action plans.

RISK REVIEW FOR THE FINANCIAL YEAR

A review on the adequacy and effectiveness of the risk management and internal control system has been undertaken for the financial year under review. Each business unit, cutting across all geographic areas, via its respective Risk Management Committees and workgroups comprising personnel at various levels carried out the following areas of work:

- Conducted reviews and updates of risk profiles including emerging risks and re-rated principal risks.
- Evaluated the adequacy of key processes, systems, and internal controls in relation to the rated principal risks, and established strategic responses, actionable programmes and tasks to manage the aforementioned and/or eliminate performance gaps.
- Ensured internal audit programmes covered identified principal risks. Audit findings throughout the financial period served as key feedback to validate effectiveness of risk management activities and embedded internal controls.
- Reviewed implementation progress of actionable programmes, and evaluated post-implementation effectiveness.

The review includes the following:-

- Regular internal audit reports and periodic discussions with the AC.
- Quarterly and bi-annual risk reviews compiled by the respective units' Risk Management Committees, and annual presentation to and discussion with the AC, the Board, internal auditors, and external auditors.
- Operating units' CEO/Chief Financial Officer ("CFO")'s Internal Control Certification and Assessment disclosure.
- Operating units' response to the Questionnaires on Control and Regulations.

REVIEW OF THIS STATEMENT BY EXTERNAL AUDITORS

As required by Paragraph 15.23 of the Bursa Malaysia Securities Berhad Main Market Listing Requirements, the external auditors have reviewed this Statement on Risk Management and Internal Control. Their limited assurance review was performed in accordance with Recommended Practice Guide ("RPG") 5 (Revised) issued by the Malaysian Institute of Accountants. RPG 5 (Revised) does not require the external auditors to form an opinion on the adequacy and effectiveness of the risk management and internal control systems of the Group.

Based on the procedures performed, nothing had come to their attention that caused them to believe that the Statement on Risk Management and Internal Control set out above was not prepared, in all material respects, in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management & Internal Control: Guidelines for Directors of Listed Issuers, nor was factually inaccurate.

CONCLUSION

The Board is satisfied with the adequacy and effectiveness of the Group's risk management and internal control system. The Board has received assurance from the CEO and CFO that the Group's risk management and internal control system, in all material aspects, is operating adequately and effectively. For the financial year under review, there were no material control failures or adverse compliance events that have directly resulted in any material loss to the Group.

This Statement on Risk Management and Internal Control is made in accordance with the resolution of the Board dated 15 September 2017.

STATEMENT OF DIRECTORS' INTERESTS

IN THE COMPANY AND ITS RELATED CORPORATIONS AS AT 30 AUGUST 2017
(Based on the Register of Directors' Shareholdings)

Name of Directors	No. of Ordinary Shares			
	Direct	%	Indirect	%
The Company				
Tan Sri Dato' Lee Shin Cheng	49,546,600	0.90	3,325,260,101[1]	60.39
Tan Sri Dato' Sri Koh Kin Lip	1,094,041	0.02	44,486,448[2]	0.81
Lee Yeow Seng	2,767,900	0.05	2,848,234,541[3]	51.73
Dato' Lee Yeow Chor	6,387,500	0.12	2,848,615,916[4]	51.74
Datuk Tan Kim Leong @ Tan Chong Min	13,125	*	84,629[5]	*
Datuk Lee Say Tshin	-	-	125,000[6]	*
Datuk Dr Tan Kim Heung	28,606,000	0.52	-	-
Lee Yoke Har	456,018	0.01	-	-

Name of Directors	No. of Ordinary Shares			
	Direct	%	Indirect	%
Ultimate Holding Company **Progressive Holdings Sdn Bhd ("PHSB")**				
Tan Sri Dato' Lee Shin Cheng	18,000,000	72	1,000,000[7]	4
Lee Yeow Seng	3,000,000	12	-	-
Dato' Lee Yeow Chor	3,000,000	12	-	-

Name of Director	No. of Redeemable Non-Cumulative Preference Shares			
	Direct	%	Indirect	%
Ultimate Holding Company **PHSB**				
Tan Sri Dato' Lee Shin Cheng	1,628,577,000	100	-	-

By virtue of Tan Sri Dato' Lee Shin Cheng, Lee Yeow Seng and Dato' Lee Yeow Chor's interests in the ordinary shares of the Company and its holding company, they are also deemed to be interested in the shares of all the subsidiaries of the Company and its holding company to the extent that the Company and its holding company have an interest.

Notes:

1 *Deemed interested by virtue of his interest in PHSB, which in turn holds 100% equity interest in Vertical Capacity Sdn Bhd and shares held by his sons, Dato' Lee Yeow Chor and Lee Yeow Seng under Section 8 of the Companies Act 2016 (the "Act") and also interest in shares of his daughters, Lee Yoke Ling, Lee Yoke Hean and Lee Yoke Hui under Section 59(11)(c) of the Act as well as his interest under Summervest Sdn Bhd.*

2 *Deemed interested by virtue of his interest in Rickoh Corporation Sdn Bhd and Rickoh Holdings Sdn Bhd under Section 8 of the Act.*

3 *Deemed interested by virtue of his interest in PHSB, which in turn holds 100% equity interest in Vertical Capacity Sdn Bhd under Section 8 of the Act.*

4 *Deemed interested by virtue of his interest in PHSB, which in turn holds 100% equity interest in Vertical Capacity Sdn Bhd under Section 8 of the Act and also interest in share of his spouse, Datin Joanne Wong Su-Ching under Section 59(11)(c) of the Act.*

5 *Deemed interested by virtue of his interest in E. P. H. Holdings Sdn Bhd and Tan Kang Hai Holdings Sdn Bhd under Section 8 of the Act as well as shares held by his son, Tan Enk Purn under Section 59(11)(c) of the Act.*

6 *Deemed interested by virtue of the interest in shares of his spouse, Datin Tan Sok Ing under Section 59(11)(c) of the Act.*

7 *Deemed interested by virtue of the interest in shares of his spouse, Puan Sri Datin Hoong May Kuan under Section 59(11)(c) of the Act.*

* *Negligible*

SHAREHOLDINGS OF SENIOR MANAGEMENT TEAM

Based on the Record of Depositors of the Company as at 30 August 2017, the details of shareholdings of our senior management team are as follows:

No.	Name	No. of Shares			
		Direct	%	Indirect	%
1.	Teh Chin Guan	66	*	-	-
2.	Cheah Wing Choong	-	-	-	-
3.	Betty Lau Sui Hing	-	-	-	-
4.	Kristine Ng Mee Yoke	17,500	*	-	-
5.	Tan Sin Yee	-	-	-	-
6.	Simon Heng Kwang Hock	161,875	*	-	-
7.	Tan Keng Seng	13,800	*	-	-
8.	Lim Beng Yeang	-	-	-	-
9.	Lou Fu Leong	60,000	*	-	-
10.	Ho Kwok Wing	-	-	-	-
11.	Ir David Choo Kay Boon	-	-	-	-
12.	Chung Nyuk Kiong	-	-	-	-
13.	Albert Lee Wen Loong	-	-	-	-
14.	Lim Cheok Leng	15,000	-	-	-
15.	Lee Yean Pin (Li Yanping)	29,625	*	-	-
16.	Chris Chong Voon Fooi	-	-	-	-
17.	Roger Ko	-	-	-	-
18.	Simon Yong	-	-	-	-
19.	Brandon Chin Boon Chiun	-	-	-	-
20.	Rasheed Kumar Renoo	-	-	-	-
21.	Ooi Wooi Yaw	-	-	-	-

Note:
* *Negligible*

OTHER INFORMATION

MATERIAL CONTRACTS INVOLVING DIRECTORS' AND MAJOR SHAREHOLDERS' INTERESTS

Saved as disclosed, there were no other material contracts entered into by the Company and/or its subsidiaries involving directors' and major shareholders' interests during the financial year ended 30 June 2017 ("FYE 2017") and still subsisting at the end of FYE 2017:-

(a) Land Development Agreement dated 26 January 2017 entered into between Pine Properties Sdn Bhd ("Pine Properties"), an indirect 99.9%-owned subsidiary of the Company and Pine MJR Development Sdn Bhd ("Pine MJR"), a 55%-owned subsidiary of IOI Properties Berhad, setting out the rights granted by Pine Properties as legal registered and beneficial owner of that piece of freehold land located at Pekan Bukit Bisa, District of Sepang, Selangor Darul Ehsan, measuring 9.652 acres in area (the "Land") to Pine MJR for the development and construction of the phase 1 of the identified buildings and units on the Land at the consideration of RM97,121,899.00.

Presently, Tan Sri Dato' Lee Shin Cheng ("Tan Sri Lee") is the Executive Chairman and major shareholder of the Company holds 0.90% (direct) and 60.40% (indirect interest) respectively in the Company through Vertical Capacity Sdn Bhd ("VCSB"), Summervest Sdn Bhd, Dato' Lee Yeow Chor ("DLYC") and Lee Yeow Seng ("LYS"). LYS and Lee Yoke Har ("LYH") are also the Directors of Pine MJR.

DLYC, LYS and LYH who are the Directors of the Company are persons connected to Tan Sri Lee by virtue of them being the children of Tan Sri Lee.

UTILISATION OF PROCEEDS

(a) The renounceable rights issue of 539,835,787 new ordinary shares in IOIPG ("IOIPG Shares") ("Rights Shares") at an issue price of RM1.90 per Rights Share on the basis of one (1) Rights Share for every six (6) existing IOIPG Shares ("2015 Rights Issue") was completed following the listing of and quotation for 539,835,787 IOIPG Shares on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Malaysia") on 9 February 2015. The total gross proceeds raised from the 2015 Rights Issue were amounted to RM1,025,688,000. The status of the utilisation of proceeds as at 30 August 2017 is as follows:-

Details of utilisation	Approved utilisation (RM'mil)	Actual utilisation (RM'mil)	Balance unutilised (RM'mil)	Timeframe for utilisation
Capital expenditure	500.0	500.0	-	Within 30 months*
Investment opportunities	200.0	200.0	-	Within 24 months**
Working capital	324.8	324.8	-	Within 18 months
Estimated expenses in relation to the 2015 Rights Issue	0.9	0.9	-	Within 6 months
	1,025.7	1,025.7	-	

The proceeds of the 2015 Rights Issue had been fully utilised as at 31 March 2017.

OTHER INFORMATION

(b) The renounceable rights issue of up to 1,111,178,800 new ordinary shares in IOIPG ("IOIPG Shares") ("Rights Shares") at an issue price of RM1.38 per Rights Share on the basis of one (1) Rights Share for every four (4) existing IOIPG Shares ("2016 Rights Issue") was completed following the listing of and quotation for 1,101,629,075 IOIPG Shares on the Main Market of Bursa Malaysia on 28 March 2017. The total gross proceeds raised from the 2016 Rights Issue were amounted to RM1,520,248,000.

The proceeds raised from the 2016 Rights Issue had been fully utilised to repay part of the borrowings obtained to fund the parcel of leasehold land measuring approximately 1.09 hectares at Central Boulevard in the Republic of Singapore.

EMPLOYEES SHARE OPTION SCHEME ("ESOS")

An ESOS was established on 8 May 2015 for the benefit of the eligible employees and Executive Directors ("Eligible Persons") of IOIPG Group.

On 23 May 2016, the Company offered a total of 33,800,000 share options at an option price of RM2.25 to the Eligible Persons of IOIPG Group in accordance with the By-Laws of the ESOS. A total of 33,500,000 share options were accepted by the Eligible Persons.

During the financial year, the Company issued additional 2,920,007 share options to the Eligible Persons and the option price was also adjusted to RM2.07 pursuant to the ESOS By-Laws as a result of the 2016 Rights Issue.

The total number of share options granted to and accepted by the Executive Chairman and Chief Executive Officer ("CEO") under the ESOS as at 30 June 2017 are set out in the table below:-

	Number of Share Options as at 30 June 2017	
Description	**Total**	**Executive Chairman and CEO**
Total options accepted	33,500,000	10,500,000
Additional share options issued pursuant to the 2016 Rights Issue	2,920,007	931,925
Lapsed^	(600,000)	N/A
Total outstanding options	35,820,007	11,431,925

^ *Due to resignation of employees.*

As at 30 June 2017, none of the ESOS had been exercised.

Percentage of share options applicable to the Directors and senior management under the ESOS are as follows:-

Directors and Senior Management	During the Financial Year 2017* (%)	Since Commencement of the ESOS up to 30 June 2017* (%)
Aggregate maximum allocation	0.04	0.50
Actual granted and accepted	0.04	0.50

* *Based on the total number of shares with voting rights of 5,506,145,375 as at 30 June 2017.*

The Company did not grant any options over the ordinary share pursuant to the ESOS to the Non-Executive Directors.

FINANCIAL REPORTS

DIRECTORS' REPORT

The Directors of IOI Properties Group Berhad have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 30 June 2017.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding.

The principal activities of the subsidiaries, associate and joint ventures are set out in Note 43 to the financial statements.

There have been no significant changes in the nature of the activities of the Group and of the Company during the financial year.

FINANCIAL RESULTS

The audited financial results of the Group and of the Company for the financial year ended 30 June 2017 are as follows:

	Group RM'000	Company RM'000
Profit before taxation	1,436,625	248,676
Taxation	(468,799)	(692)
Profit for the financial year	967,826	247,984
Attributable to:		
Owners of the parent	920,870	247,984
Non-controlling interests	46,956	-
	967,826	247,984

DIVIDENDS

Dividend declared and paid since the end of the previous financial year was as follows:

	Company RM'000
In respect of the financial year ended 30 June 2016:	
Interim single tier dividend of 8.0 sen per ordinary share, paid on 21 October 2016	352,897

On 15 August 2017, the Directors have declared an interim single tier dividend of 6.0 sen per ordinary share, amounting to RM330,368,723 in respect of the financial year ended 30 June 2017. The dividend was paid on 8 September 2017 to shareholders whose names appeared in the Record of Depositors and Register of Members of the Company at the close of business on 30 August 2017.

The Directors do not recommend any payment of final dividend in respect of the current financial year.

DIRECTORS' REPORT

ISSUE OF SHARES AND DEBENTURES

During the financial year, the Company increased its issued share capital (inclusive of share premium) from RM16,995,206,000 to RM18,514,233,000 by way of the issuance of 1,101,629,075 new ordinary shares at an issue price of RM1.38 each pursuant to the renounceable rights issue ("Rights Issue") as disclosed in Note 30 to the financial statements.

All the above newly issued ordinary shares rank pari passu in all respects with the existing shares of the Company.

There was no issue of debentures by the Company during the financial year.

TREASURY SHARES

The shareholders of the Company, by an ordinary resolution passed at an Annual General Meeting held on 26 October 2016, approved the Company's plan to repurchase up to 10% of the issued and paid-up share capital of the Company ("Share Buy-Back").

The Directors of the Company are committed to enhance the value of the Company to its shareholders and believe that the Share Buy-Back can be applied in the best interests of the Company and its shareholders.

During the financial year, the Company repurchased 6,698,900 ordinary shares of its issued shares from the open market. The average price paid for the ordinary shares repurchased was RM2.15 per ordinary share. The repurchased transactions were financed by internally generated funds. The ordinary shares repurchased are held as treasury shares and treated in accordance with the requirement of Section 127 of the Companies Act, 2016.

The Company has the right to cancel, resell and/or distribute these shares as dividends at a later date. As treasury shares, the right attached to voting, dividends and participation in other distribution is suspended. On 30 June 2017, the Company cancelled all its accumulated 19,110,400 treasury shares with carrying amount of RM38,890,432 or at an average price of RM2.04 per ordinary share. The share capital cancelled was debited to retained earnings in accordance with the requirement of Section 127(13) of the Companies Act, 2016.

At the end of the financial year, there were no treasury shares held by the Company.

Details of the treasury shares are set out in Note 31.1 to the financial statements.

EMPLOYEES' SHARE OPTION SCHEME ("ESOS")

An ESOS was established on 8 May 2015 for the benefit of the eligible executives and Executive Directors of the Group.

On 23 May 2016, the Company offered a total of 33,800,000 share options at an option price of RM2.25 to the Eligible Persons (as defined below) of the Group in accordance with the By-Laws of the ESOS, out of which 33,500,000 share options were accepted by the Eligible Persons.

During the financial year, the Company issued additional 2,920,007 share options to the Eligible Persons and the option price was also adjusted to RM2.07 pursuant to the ESOS By-Laws as a result of the Rights Issue.

The salient features of the ESOS are as follows:

(a) Maximum number of shares available under the ESOS

The maximum number of new ordinary shares in the Company ("IOIPG Shares") which may be issued and allotted under the ESOS shall not exceed 10% of the issued and paid-up ordinary share capital of the Company (excluding treasury shares) at any point of time throughout the duration of the ESOS.

EMPLOYEES' SHARE OPTION SCHEME ("ESOS") (CONTINUED)

(b) Eligibility

Any employee (including Executive Director) of the Company and its subsidiaries ("IOIPG Group") which are incorporated and existing in Malaysia and are not dormant shall be able to participate in the ESOS, if, as at the date of offer ("Date of Offer"):

(i) the employee has attained at least 18 years of age;

(ii) the employee falls under the grade of M1 and above;

(iii) is an Executive Director of the Company who has been involved in the management of the IOIPG Group for a period of at least three (3) years of continuous service prior to and up to the Date of Offer;

(iv) the employee is confirmed in writing as a full time employee and/or has been in the employment of the IOIPG Group for a period of at least three (3) years of continuous service prior to and up to the Date of Offer, including service during the probation period;

(v) fulfills any other criteria and/or falls within such category as may be determined by the ESOS Committee from time to time; and

(vi) the specific allocation of the IOIPG shares to that Executive Directors under the ESOS has been approved by the shareholders of IOIPG at a general meeting.

The eligible Directors and eligible employees (collectively, "Eligible Person(s)")

The eligibility under ESOS does not confer upon an Eligible Person any rights over or in connection with the options or the new IOIPG Shares unless an offer has been made in writing by the ESOS Committee to the Eligible Person under the By-Law and the Eligible Person has accepted the offer in accordance with the terms of the offer and the ESOS.

(c) Basis of allotment and maximum entitlement

Subject to any adjustments which may be made under the By-Laws, the maximum number of new IOIPG Shares that may be offered and allotted to an Eligible Person shall be determined at the sole and absolute discretion of the ESOS Committee after taking into consideration among others, the Eligible Person's position, performance, length of service and seniority in IOIPG Group respectively, or such other matters that the ESOS Committee may in its discretion deem fit subject to the following conditions:

(i) the Eligible Person(s) do not participate in the deliberation or discussion in respect of their own allocation; and

(ii) the number of new IOIPG Shares allocated to any Eligible Person who, either singly or collectively through persons connected with such Eligible Person, holds 20% or more of the issued and paid-up share capital (excluding treasury shares) of the Company, does not exceed 10% of the total number of new IOIPG Shares to be issued under the ESOS.

Provided always that it is in accordance with any prevailing guidelines issued by Bursa Malaysia Securities Berhad ("Bursa Malaysia"), the Listing Requirements or any other requirements of the relevant authorities and as amended from time to time.

DIRECTORS' REPORT

EMPLOYEES' SHARE OPTION SCHEME ("ESOS") (CONTINUED)

(d) Duration of the ESOS

The ESOS came into force on 8 May 2015 and shall be for a duration of five (5) years and expires on 8 May 2020.

The ESOS Committee shall have the sole discretion in determining whether the options will be granted in one (1) single grant or based on staggered granting over the duration of the ESOS.

All options granted to a grantee under the ESOS are only exercisable within the option period and all options to the extent that have not been exercised upon the expiry of the option period shall automatically lapse and become null and void and have no further effect.

(e) Exercise Price

The exercise price shall be based on the higher of the following:

(i) the five (5)-day weighted average market price of IOIPG Shares, as quoted on Bursa Malaysia, immediately preceding the Date of Offer of the option, with a discount of not more than 10%; or

(ii) the par value of IOIPG Shares of RM1.00 each.

Notwithstanding to the above, with the implementation of the Companies Act, 2016 effective from 31 January 2017, the concept of par value of share capital had been abolished. Therefore, the par value of the shares of the Company as one of the exercise price determinant is to be disregarded.

(f) Ranking of the new IOIPG Shares

The new IOIPG Shares to be allotted and issued upon any exercise of options shall upon allotment and issuance, rank pari passu in all respects with the then existing issued and paid-up IOIPG Shares, save and except that the holders of the new IOIPG Shares so allotted and issued shall not be entitled to any dividends, rights, allotments and/or any other forms of distributions that may be declared, made or paid to the shareholders of IOIPG, the entitlement date of which is prior to the date of allotment of such new IOIPG Shares and will be subject to all the provisions of the Articles of Association of the Company relating to transfer, transmission or otherwise.

(g) Retention period

The new IOIPG Shares to be allotted and issued pursuant to the exercise of the options under the ESOS will not be subject to any retention period or restriction on transfers.

(h) Termination of the ESOS

The ESOS may be terminated by the ESOS Committee at any time before the date of expiry provided that the Company makes an announcement immediately to Bursa Malaysia. The announcement shall include:

(i) the effective date of termination;

(ii) the number of options exercised or IOIPG Shares vested, if applicable; and

(iii) the reasons and justification for termination.

Approval or consent of the shareholders of the Company by way of a resolution in a general meeting and written consent of grantees who have yet to exercise their options and/or vest the unvested IOIPG Shares (if applicable) are not required to effect a termination of the ESOS.

DIRECTORS' REPORT

EMPLOYEES' SHARE OPTION SCHEME ("ESOS") (CONTINUED)

The movements of the share options over the unissued ordinary shares in the Company granted under the ESOS during the financial year are as follows:

		Number of options over ordinary shares				
Date of offer	Option price#	As at 1.7.2016	Additional options issued#	Exercised	Lapsed*	As at 30.6.2017
23 May 2016	RM2.07	33,500,000	2,920,007	-	600,000	35,820,007

Notes:

Adjustments to option price and share options pursuant to the ESOS By-Laws as a result of the Rights Issue.

* *Due to the resignation of employees during the financial year ended 30 June 2017.*

RESERVES AND PROVISION

There were no material transfers to or from reserves or provisions during the financial year other than those disclosed in the notes to the financial statements.

DIRECTORS

The Directors who have held office during the financial year until the date of this report are as follows:

Tan Sri Dato' Lee Shin Cheng
Tan Sri Dato' Sri Koh Kin Lip
Lee Yeow Seng
Lee Yoke Har (Appointed on 1 July 2017)
Dato' Lee Yeow Chor
Datuk Tan Kim Leong @ Tan Chong Min
Datuk Lee Say Tshin
Datuk Dr Tan Kim Heung

In accordance with Article 87 of the Company's Constitution, Dato' Lee Yeow Chor and Lee Yeow Seng retire by rotation at the Annual General Meeting ("AGM") and being eligible, offers themselves for re-election.

Lee Yoke Har who was appointed after the financial year, retires pursuant to Articles 93 of the Company's Constitution at the forthcoming AGM and being eligible, offers herself for re-election.

The tenure of Tan Sri Dato' Lee Shin Cheng and Datuk Tan Kim Leong @ Tan Chong Min who had been re-appointed as Directors at the previous AGM under Section 129(6) of the then Companies Act, 1965 will expire at the conclusion of the forthcoming AGM. The Directors recommend that they shall be re-appointed as the Directors of the Company and shall continue in office until otherwise resolved by the Board of Directors of the Company and subject to retirement by rotation from office once at least in each three (3) years thereafter.

DIRECTORS' REPORT

DIRECTORS' INTERESTS

The Directors holding office at the end of the financial year and their beneficial interests in the ordinary shares and options over ordinary shares of the Company and of its related corporations during the financial year ended 30 June 2017 as recorded in the Register of Directors' Shareholdings kept by the Company under Section 59 of the Companies Act, 2016 are as follows:

	As at 1.7.2016	Allotted	Acquired	Disposed	As at 30.6.2017
The Company					
Direct Interests					
No. of ordinary shares					
Tan Sri Dato' Lee Shin Cheng	39,567,866	9,978,734*	-	-	49,546,600
Tan Sri Dato' Sri Koh Kin Lip	875,233	218,808*	-	-	1,094,041
Lee Yeow Seng	2,210,366	557,534*	-	-	2,767,900
Dato' Lee Yeow Chor	5,110,000	1,277,500*	-	-	6,387,500
Datuk Tan Kim Leong @ Tan Chong Min	10,500	2,625*	-	-	13,125
Datuk Dr Tan Kim Heung	22,855,900	5,750,100*	-	-	28,606,000
Indirect Interests					
No. of ordinary shares					
Tan Sri Dato' Lee Shin Cheng	2,618,204,092	666,520,667*	42,495,100	-	3,327,219,859
Tan Sri Dato' Sri Koh Kin Lip	35,589,161	8,897,287*	-	-	44,486,448
Lee Yeow Seng	2,235,675,447	570,063,994*	42,495,100	-	2,848,234,541
Dato' Lee Yeow Chor	2,235,980,547	570,140,269*	42,495,100	-	2,848,615,916
Datuk Tan Kim Leong @ Tan Chong Min	67,704	16,925*	-	-	84,629
Datuk Lee Say Tshin	45,000	25,000*	55,000	-	125,000
Ultimate Holding Company Progressive Holdings Sdn. Bhd. ("PHSB")					
Direct Interests					
No. of ordinary shares					
Tan Sri Dato' Lee Shin Cheng	18,000,000	-	-	-	18,000,000
Lee Yeow Seng	3,000,000	-	-	-	3,000,000
Dato' Lee Yeow Chor	3,000,000	-	-	-	3,000,000
Indirect Interest					
No. of ordinary shares					
Tan Sri Dato' Lee Shin Cheng	1,000,000	-	-	-	1,000,000
Direct Interests					
No. of redeemable non-cumulative preference share					
Tan Sri Dato' Lee Shin Cheng	396,970,000	1,231,607,000	-	-	1,628,577,000

By virtue of Tan Sri Dato' Lee Shin Cheng, Mr Lee Yeow Seng and Dato' Lee Yeow Chor's interests in the ordinary shares of the Company and its holding company, they are also deemed to be interested in the shares of all the subsidiaries of the Company and its ultimate holding company to the extent that the Company and its ultimate holding company has an interest.

DIRECTORS' INTERESTS (CONTINUED)

The movements of the options over the unissued ordinary shares in the Company granted under the Employees' Share Option Scheme to the Directors in office at the end of the financial year are as follows:

			No. of options over ordinary shares		
	Option price#	As at 1.7.2016	Additional options issued#	Exercised	As at 30.6.2017
The Company					
Direct Interests					
Tan Sri Dato' Lee Shin Cheng	RM2.07	5,500,000	488,151	-	5,988,151
Lee Yeow Seng	RM2.07	5,000,000	443,774	-	5,443,774
Indirect Interest					
Tan Sri Dato' Lee Shin Cheng	RM2.07	7,300,000	647,909	-	7,947,909

Notes:
* *Allotment of shares pursuant to the Rights Issue.*
\# *Adjustments to option price and share options pursuant to the ESOS By-Laws as a result of the Rights Issue.*

DIRECTORS' BENEFITS

Since the end of the previous financial year, none of the Directors of the Company has received or become entitled to receive any benefit (other than the benefits as disclosed in Note 37 to the financial statements) by reason of a contract made by the Company or a related corporation with the Director, or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest except for any benefits which may be deemed to have arisen by virtue of the significant related party transactions as disclosed in Note 37 to the financial statements.

During and at the end of the financial year, no arrangement subsisted to which the Company is a party, with the object or objects of enabling 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, except for the share options granted to Directors of the Company pursuant to the Company's ESOS.

DIRECTORS' REMUNERATION

Details of Directors' remuneration as required by the Fifth schedule of the Companies Act, 2016 are set out in Note 37 to the financial statements.

INDEMNITY AND INSURANCE FOR DIRECTORS AND OFFICERS

The Company maintains a corporate liability insurance for the Directors and officers of the Group throughout the financial year, which provides appropriate insurance cover for the Directors and officers of the Group. The amount of insurance premium paid by the Company for the financial year ended 30 June 2017 amounted to RM44,000.

DIRECTORS' REPORT

STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS

Before the financial statements of the Group and of the Company were prepared, the Directors took reasonable steps:

(a) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts, and had satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and

(b) to ensure that any current assets, other than debts, which were unlikely to realise their book values in the ordinary course of business of the Group and of the Company have been written down to an amount which the current assets might be expected so to realise.

As at the date of this report, the Directors are not aware of any circumstances:

(a) which would render the amounts written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent;

(b) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; and

(c) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

As at the date of this report, there does not exist:

(a) any charge on the assets of the Group or of the Company that has arisen since the end of the financial year which secures the liabilities of any other person; and

(b) any contingent liability in respect of the Group or of the Company that has arisen since the end of the financial year.

No contingent or other liability has become enforceable, or is likely to become enforceable within the period of twelve (12) months after the end of the financial year, which in the opinion of the Directors, will or may substantially affect the ability of the Group or of the Company to meet their obligations as and when they fall due.

OTHER STATUTORY INFORMATION

As 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 that would render any amount stated in the financial statements misleading.

In the opinion of the Directors:

(a) the results of the operations of the Group and of the Company for the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and

(b) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of operations of the Group and of the Company for the financial year in which this report is made.

DIRECTORS' REPORT

DIFFERENT FINANCIAL YEAR END OF SUBSIDIARIES

Due to local requirements of the following four (4) indirect subsidiaries ("Foreign Subsidiaries") of the Company, the Foreign Subsidiaries are adopting 31 December as their statutory financial year end, which do not coincide with that of IOI Properties Berhad, the holding company of the Foreign Subsidiaries, which in turn, is a 99.9%-owned subsidiary of the Company. The Directors of IOI Properties Berhad have been granted approvals under Section 247(3) of the Companies Act, 2016 by the Companies Commission of Malaysia for the Foreign Subsidiaries to have different financial year end from that of IOI Properties Berhad for the financial year ended 30 June 2017:

1. IOI (Xiamen) Properties Co. Ltd.;
2. Xiamen Double Prosperous Real Estate Development Co. Ltd.;
3. Xiamen Palm City Management Services Co. Ltd.; and
4. Xiamen Palm Kaiyue Real Estate Development Co. Ltd.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

Significant events during the financial year are disclosed in Note 41 to the financial statements.

AUDIT COMMITTEE

The Directors who serve as members of the Audit Committee are as follows:

Datuk Tan Kim Leong @ Tan Chong Min (Chairman)
Datuk Lee Say Tshin
Datuk Dr Tan Kim Heung

RISK MANAGEMENT COMMITTEE

The Directors who serve as members of the Risk Management Committee are as follows:

Datuk Lee Say Tshin (Chairman)
Tan Sri Dato' Sri Koh Kin Lip
Datuk Dr Tan Kim Heung

GOVERNANCE, NOMINATING AND REMUNERATION COMMITTEE

The Directors who serve as members of the Governance, Nominating and Remuneration Committee are as follows:

Tan Sri Dato' Sri Koh Kin Lip (Chairman)
Datuk Tan Kim Leong @ Tan Chong Min
Datuk Dr Tan Kim Heung

ESOS COMMITTEE

The Directors who serve as members of the ESOS Committee are as follows:

Tan Sri Dato' Lee Shin Cheng
Lee Yeow Seng
Dato' Lee Yeow Chor

DIRECTORS' REPORT

HOLDING COMPANIES

The ultimate and immediate holding companies are Progressive Holdings Sdn. Bhd. and Vertical Capacity Sdn. Bhd. respectively, both companies are incorporated in Malaysia.

LIST OF DIRECTORS OF SUBSIDIARIES

Pursuant to Section 253 of the Companies Act, 2016, the list of Directors of the subsidiaries during the financial year and up to the date of this report is as follows:

Chan Tung-Hsing
Cheah Wing Choong
Chia Yi Li
Chung Nyuk Kiong
Choo Kay Boon
Dato' Lee Yeow Chor
Heng Kwang Hock
Ho Kwok Wing
Huang Yumin
Jiro Mearashi
Lau Sui Hing Betty
Lee Beng Hong
Lee Cheng Leang
Lee Yean Pin (Li YanPing)
Lee Yeow Seng
Lee Yoke Har
Lim Beng Yeang
Lim Cheok Leng
Lou Fu Leong
Masaya Ohta
Ooi Wooi Yaw
Tan Sri Dato' Lee Shin Cheng
Tan Keng Seng
Teah Chin Guan @ Teh Chin Guan
Tomohiko Eguchi^
Wang Wei
Wong Peen Fook

^ *Resigned during the financial year*

SUBSIDIARIES

Details of subsidiaries are set out in Note 43 to the financial statements.

AUDITORS' REMUNERATION

Details of auditors' remuneration are set out in Note 8 to the financial statements.

AUDITORS

The auditors, PricewaterhouseCoopers, have expressed their willingness to continue in office.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors.

TAN SRI DATO' LEE SHIN CHENG
Director

LEE YEOW SENG
Director

Putrajaya
15 September 2017

STATEMENTS OF PROFIT OR LOSS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

		Group		Company	
	Note	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Revenue	7	**4,185,361**	3,024,940	**259,625**	382,600
Cost of sales		**(2,337,760)**	(1,645,512)	**-**	-
Gross profit		**1,847,601**	1,379,428	**259,625**	382,600
Other operating income		**182,939**	322,428	**21,991**	1,646
Marketing and selling expenses		**(134,383)**	(111,525)	**(85)**	(18)
Administration expenses		**(168,761)**	(202,515)	**(4,290)**	(13,638)
Other operating expenses		**(344,907)**	(97,667)	**(23,431)**	(14,119)
Operating profit	8	**1,382,489**	1,290,149	**253,810**	356,471
Interest income	10	**51,873**	57,078	**32,019**	22,706
Interest expense	11	**-**	-	**(37,153)**	(12,742)
Share of results of an associate		**3,264**	(3,806)	**-**	-
Share of results of joint ventures		**(1,001)**	181,278	**-**	-
Profit before taxation		**1,436,625**	1,524,699	**248,676**	366,435
Taxation	12	**(468,799)**	(424,440)	**(692)**	(510)
Profit for the financial year		**967,826**	1,100,259	**247,984**	365,925
Profit attributable to:					
Owners of the parent		**920,870**	1,080,018	**247,984**	365,925
Non-controlling interests		**46,956**	20,241	**-**	-
		967,826	1,100,259	**247,984**	365,925

Earnings per ordinary share attributable to owners of the parent			**Adjusted**
Basic earnings per share (sen)	13	**18.42**	24.99
Diluted earnings per share (sen)	13	**18.42**	24.99

The attached notes form an integral part of the financial statements.

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Profit for the financial year	**967,826**	1,100,259	**247,984**	365,925
Other comprehensive income that may be reclassified subsequently to profit or loss, net of tax				
Exchange differences on translation of foreign operations, net of tax	**267,157**	252,713	**-**	-
Net change in cash flow hedge	**6,839**	(11,669)	**6,118**	(11,669)
Other comprehensive income for the financial year, net of tax	**273,996**	241,044	**6,118**	(11,669)
Total comprehensive income for the financial year	**1,241,822**	1,341,303	**254,102**	354,256
Total comprehensive income attributable to:				
Owners of the parent	**1,190,349**	1,317,026	**254,102**	354,256
Non-controlling interests	**51,473**	24,277	**-**	-
	1,241,822	1,341,303	**254,102**	354,256

The attached notes form an integral part of the financial statements.

STATEMENTS OF FINANCIAL POSITION

AS AT 30 JUNE 2017

	Note	Group		Company	
		2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
ASSETS					
Non-Current Assets					
Property, plant and equipment	15	**1,137,912**	1,122,322	**-**	-
Prepaid lease payments	16	**62,758**	105,090	**-**	-
Land held for property development	17	**4,560,892**	4,591,032	**-**	-
Investment properties	18	**12,804,095**	4,024,219	**-**	-
Goodwill on consolidation	19	**11,472**	11,472	**-**	-
Interests in subsidiaries	20	**-**	-	**17,947,197**	17,355,279
Investments in an associate	21	**94,115**	90,851	**-**	-
Interests in joint ventures	22	**5,126,081**	4,820,518	**-**	-
Amount due from a subsidiary	20	**-**	-	**232,853**	232,853
Derivative financial assets	33	**4,551**	-	**600**	-
Deferred tax assets	23	**106,454**	96,227	**-**	-
		23,908,330	14,861,731	**18,180,650**	17,588,132
Current Assets					
Property development costs	24	**4,014,666**	4,156,329	**-**	-
Inventories	25	**1,835,521**	700,324	**-**	-
Trade and other receivables	26	**1,395,573**	932,978	**17**	3,209
Amounts due from subsidiaries	20	**-**	-	**926,493**	313,508
Current tax assets		**91,090**	71,994	**8,544**	-
Other investments		**6,329**	-	**-**	-
Short term funds	27	**282,515**	118,812	**282,515**	118,812
Deposits with financial institutions	28	**1,405,299**	692,687	**-**	-
Cash and bank balances	29	**688,419**	1,275,486	**67,165**	38,123
		9,719,412	7,948,610	**1,284,734**	473,652
TOTAL ASSETS		**33,627,742**	22,810,341	**19,465,384**	18,061,784

The attached notes form an integral part of the financial statements.

STATEMENTS OF FINANCIAL POSITION

AS AT 30 JUNE 2017

	Note	Group		Company	
		2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
EQUITY AND LIABILITIES					
Equity Attributable to Owners of the Parent					
Share capital	30	**18,514,233**	4,423,627	**18,514,233**	4,423,627
Reserves	31	**1,277,997**	13,555,923	**11,590**	12,552,877
Retained earnings		**6,875,883**	6,345,687	**225,967**	369,457
Reorganisation debit balance		**(8,440,152)**	(8,440,152)	**-**	-
		18,227,961	15,885,085	**18,751,790**	17,345,961
Non-controlling interests	20	**260,615**	130,754	**-**	-
Total equity		**18,488,576**	16,015,839	**18,751,790**	17,345,961
LIABILITIES					
Non-Current Liabilities					
Borrowings	32	**4,790,513**	3,797,582	**648,689**	677,465
Derivative financial liabilities	33	**-**	21,183	**-**	21,183
Amounts due to non-controlling interests	34	**17,671**	114,408	**-**	-
Trade and other payables	35	**25,760**	-	**-**	-
Deferred tax liabilities	23	**1,021,915**	781,023	**-**	-
		5,855,859	4,714,196	**648,689**	698,648
Current Liabilities					
Borrowings	32	**7,703,993**	464,450	**54,021**	-
Derivative financial liabilities	33	**9,448**	9,623	**6,406**	9,623
Trade and other payables	35	**1,483,199**	1,576,652	**1,152**	6,720
Amount due to a subsidiary	20	**-**	-	**3,326**	-
Current tax liabilities		**86,667**	29,581	**-**	832
		9,283,307	2,080,306	**64,905**	17,175
Total liabilities		**15,139,166**	6,794,502	**713,594**	715,823
TOTAL EQUITY AND LIABILITIES		**33,627,742**	22,810,341	**19,465,384**	18,061,784

The attached notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

	Attributable to owners of the Company										
Group	Share capital RM'000	Share premium RM'000	Treasury share RM'000	Foreign currency translation reserve RM'000	Cash flow hedge reserve RM'000	Share-based payment reserve RM'000	Reorganisation debit balance RM'000	Retained earnings RM'000	Total attributable to owners of the parent RM'000	Non-controlling interests RM'000	Total equity RM'000
As at 1 July 2016	4,423,627	12,571,579	(24,487)	1,003,046	(11,669)	17,454	(8,440,152)	6,345,687	15,885,085	130,754	16,015,839
Transition to no par value regime (Note a)	12,571,579	(12,571,579)	-	-	-	-	-	-	-	-	-
Profit for the financial year	-	-	-	-	-	-	-	920,870	920,870	46,956	967,826
Exchange differences on translation of foreign operation, net of tax	-	-	-	262,640	-	-	-	-	262,640	4,517	267,157
Net change in cash flow hedge (Note 31.3)	-	-	-	-	6,839	-	-	-	6,839	-	6,839
Total comprehensive income	-	-	-	262,640	6,839	-	-	920,870	1,190,349	51,473	1,241,822
Transactions with owners											
Issuance of ordinary shares	1,520,248	-	-	-	-	-	-	-	1,520,248	-	1,520,248
Share issuance costs	(1,221)	-	-	-	-	-	-	-	(1,221)	-	(1,221)
Dilution of interest in a subsidiary	-	-	-	-	-	-	-	-	-	225	225
Issuance of preference shares to non-controlling interests in a subsidiary	-	-	-	-	-	-	-	-	-	79,463	79,463
Changes in equity interests in subsidiaries	-	-	-	-	-	-	-	800	800	(1,300)	(500)
Employee share options lapsed	-	-	-	-	-	(313)	-	313	-	-	-
Dividend paid (Note 14)	-	-	-	-	-	-	-	(352,897)	(352,897)	-	(352,897)
Repurchase of treasury shares (Note 31.1)	-	-	(14,403)	-	-	-	-	-	(14,403)	-	(14,403)
Cancellation of treasury shares (Note 31.1)	-	-	38,890	-	-	-	-	(38,890)	-	-	-
As at 30 June 2017	18,514,233	-	-	1,265,686	(4,830)	17,141	(8,440,152)	6,875,883	18,227,961	260,615	18,488,576

The attached notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

	Attributable to owners of the Company										
Group	Share capital RM'000	Share premium RM'000	Treasury share RM'000	Foreign currency translation reserve RM'000	Cash flow hedge reserve RM'000	Share-based payment reserve RM'000	Reorganisation debit balance RM'000	Retained earnings RM'000	Total attributable to owners of the parent RM'000	Non-controlling interests RM'000	Total equity RM'000
As at 1 July 2015	3,778,851	11,868,773	(23,601)	754,369	-	-	(8,440,152)	5,488,957	13,427,197	110,957	13,538,154
Profit for the financial year	-	-	-	-	-	-	-	1,080,018	1,080,018	20,241	1,100,259
Exchange differences on translation of foreign operation, net of tax	-	-	-	248,677	-	-	-	-	248,677	4,036	252,713
Net change in cash flow hedge (Note 31.3)	-	-	-	-	(11,669)	-	-	-	(11,669)	-	(11,669)
Total comprehensive income	-	-	-	248,677	(11,669)	-	-	1,080,018	1,317,026	24,277	1,341,303
Transactions with owners											
Issuance of ordinary shares	644,776	702,806	-	-	-	-	-	-	1,347,582	-	1,347,582
Share option expenses in relation to employees' share option scheme	-	-	-	-	-	17,454	-	-	17,454	-	17,454
Changes in equity interests in subsidiaries	-	-	-	-	-	-	-	2,705	2,705	(4,480)	(1,775)
Dividend paid (Note 14)	-	-	-	-	-	-	-	(225,993)	(225,993)	-	(225,993)
Repurchase of treasury shares (Note 31.1)	-	-	(886)	-	-	-	-	-	(886)	-	(886)
As at 30 June 2016	4,423,627	12,571,579	(24,487)	1,003,046	(11,669)	17,454	(8,440,152)	6,345,687	15,885,085	130,754	16,015,839

The attached notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

Company	Share capital RM'000	Share premium RM'000	Treasury share RM'000	Cash flow hedge reserve RM'000	Share-based payment reserve RM'000	Retained earnings RM'000	Total equity RM'000
	Attributable to owners of the Company						
As at 1 July 2016	**4,423,627**	**12,571,579**	**(24,487)**	**(11,669)**	**17,454**	**369,457**	**17,345,961**
Transition to no par value regime (Note a)	**12,571,579**	**(12,571,579)**	**-**	**-**	**-**	**-**	**-**
Profit for the financial year	**-**	**-**	**-**	**-**	**-**	**247,984**	**247,984**
Net change in cash flow hedge (Note 31.3)	**-**	**-**	**-**	**6,118**	**-**	**-**	**6,118**
Total comprehensive income	**-**	**-**	**-**	**6,118**	**-**	**247,984**	**254,102**
Transactions with owners							
Issuance of ordinary shares	**1,520,248**	**-**	**-**	**-**	**-**	**-**	**1,520,248**
Shares issuance costs	**(1,221)**	**-**	**-**	**-**	**-**	**-**	**(1,221)**
Employee share options lapsed	**-**	**-**	**-**	**-**	**(313)**	**313**	**-**
Dividend paid (Note 14)	**-**	**-**	**-**	**-**	**-**	**(352,897)**	**(352,897)**
Repurchase of treasury shares (Note 31.1)	**-**	**-**	**(14,403)**	**-**	**-**	**-**	**(14,403)**
Cancellation of treasury shares (Note 31.1)	**-**	**-**	**38,890**	**-**	**-**	**(38,890)**	**-**
As at 30 June 2017	**18,514,233**	**-**	**-**	**(5,551)**	**17,141**	**225,967**	**18,751,790**

Note a:

Effective from 31 January 2017, the new Companies Act, 2016 ("the Act") abolished the concept of authorised share capital and par value of share capital. Consequently, the credit balance of the share premium becomes part of the Company's share capital pursuant to the transitional provision set out in Section 618(2) of the Act. Notwithstanding this provision, the Company may within 24 months from the commencement of the Act, use this amount for purposes as set out in Section 618(3) of the Act. There is no impact on the numbers of ordinary shares in issue or the relative entitlement of any of the members as a result of this transition.

Company	Share capital RM'000	Share premium RM'000	Treasury share RM'000	Cash flow hedge reserve RM'000	Share-based payment reserve RM'000	Retained earnings RM'000	Total equity RM'000
	Attributable to owners of the Company						
As at 1 July 2015	3,778,851	11,868,773	(23,601)	-	-	229,525	15,853,548
Profit for the financial year	-	-	-	-	-	365,925	365,925
Net change in cash flow hedge (Note 31.3)	-	-	-	(11,669)	-	-	(11,669)
Total comprehensive income	-	-	-	(11,669)	-	365,925	354,256
Transactions with owners							
Issuance of ordinary shares	644,776	702,806	-	-	-	-	1,347,582
Share option expenses in relation to employees' share option scheme	-	-	-	-	17,454	-	17,454
Shares issuance costs	-	-	-	-	-	-	-
Dividend paid (Note 14)	-	-	-	-	-	(225,993)	(225,993)
Repurchase of treasury shares (Note 31.1)	-	-	(886)	-	-	-	(886)
As at 30 June 2016	4,423,627	12,571,579	(24,487)	(11,669)	17,454	369,457	17,345,961

The attached notes form an integral part of the financial statements.

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

	Note	Group		Company	
		2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before taxation		**1,436,625**	1,524,699	**248,676**	366,435
Adjustments for:					
Amortisation of prepaid lease payments	16	**1,743**	2,911	**-**	-
Banking facilities costs written off		**-**	18,507	**-**	148
Bad debts written off		**1,674**	141	**-**	-
Depreciation of property, plant and equipment	15	**34,961**	34,705	**-**	-
Impairment losses on:					
- receivables	26	**3,039**	1,010	**-**	-
- amounts due from subsidiaries		**-**	-	**-**	88
- interests in subsidiaries	20.1	**-**	-	**-**	13,507
Interest expense	11	**-**	-	**37,153**	12,742
Interest income	10	**(51,873)**	(57,078)	**(32,019)**	(22,706)
Property, plant and equipment written off	15	**45,928**	95	**-**	-
Dividend income	7	**-**	-	**(259,625)**	(382,600)
Fair value gain on investment properties	18	**(56,231)**	(145,405)	**-**	-
Inventories written off		**56**	400	**-**	-
Loss on:					
- disposal of property, plant and equipment		**-**	341	**-**	-
- disposal of investment in an associate		**-**	97	**-**	16
Unrealised loss on foreign currency transactions		**27,401**	-	**22,441**	33
Bad debts recovered		**-**	(4)	**-**	-
Gain on:					
- bargain purchase for the acquisition of subsidiaries	20.1	**-**	(71,091)	**-**	-
- disposal of property, plant and equipment		**(58)**	(43)	**-**	-
- disposal of land from compulsory acquisitions		**(27,886)**	(2,061)	**-**	-
Reversal of impairment losses on receivables	26	**(530)**	(57)	**-**	-
Share of results of joint ventures		**1,001**	(181,278)	**-**	-
Share of results of an associate		**(3,264)**	3,806	**-**	-
Share option expenses in relation to employees' share option scheme	30.1	**-**	17,454	**-**	-
Transaction costs on borrowing		**-**	-	**344**	-
Operating profit/(loss) before working capital changes		**1,412,586**	1,147,149	**16,970**	(12,337)

The attached notes form an integral part of the financial statements.

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

	Note	Group		Company	
		2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES (CONTINUED)					
Operating profit/(loss) before working capital changes (continued)		**1,412,586**	1,147,149	**16,970**	(12,337)
Increase in property development costs		**(692,204)**	(452,594)	**-**	-
Decrease in inventories		**181,733**	35,261	**-**	-
(Increase)/Decrease in trade and other receivables		**(466,996)**	(90,859)	**3,192**	141
Decrease in trade and other payables		**(185,823)**	(212,214)	**(3,565)**	(2,185)
Decrease in amount due to a subsidiary company		**-**	-	**-**	(871)
Cash generated from/(used in) operations		**249,296**	426,743	**16,597**	(15,252)
Tax paid		**(219,353)**	(328,923)	**(10,068)**	(408)
Tax refunded		**5,045**	13,274	**-**	-
Net cash from/(used in) operating activities		**34,988**	111,094	**6,529**	(15,660)

The attached notes form an integral part of the financial statements.

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

		Group		Company	
	Note	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES					
Dividends received		**48,468**	83,146	**-**	388,600
Interest received		**42,878**	49,336	**15,314**	10,916
Proceeds from:					
- compulsory land acquisition		**31,597**	2,067	**-**	-
- disposal of investment in an associate		**-**	1,034	**-**	1,034
- disposal of property, plant and equipment		**531**	252	**-**	-
Additional investments in a subsidiary		**-**	-	**(146,806)**	-
Additional investments in joint ventures		**(138,563)**	(238,860)	**-**	-
Redemption of preference shares of a subsidiary		**-**	-	**156,916**	420
Repayment from a joint venture		**13,100**	8,556	**-**	-
Additions to:					
- property, plant and equipment	15	**(109,077)**	(66,245)	**-**	-
- land held for property development	17	**(329,494)**	(86,909)	**-**	-
- investment properties	18	**(8,374,386)**	(37,465)	**-**	-
- other investments		**(6,329)**	-	**-**	-
Deposit paid for purchase of land		**-**	(3,204)	**-**	(3,204)
Acquisitions of subsidiaries, net of cash and cash equivalents	20.1	**-**	(740,259)	**-**	(741,639)
Advances to subsidiaries		**-**	-	**(3,432,603)**	(1,114,689)
Repayments from subsidiaries		**-**	-	**2,534,181**	486,578
Advances to joint ventures		**(5,873)**	(3,294)	**-**	-
Net cash used in investing activities		**(8,827,148)**	(1,031,845)	**(872,998)**	(971,984)

The attached notes form an integral part of the financial statements.

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

	Note	Group		Company	
		2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
CASH FLOWS FROM FINANCING ACTIVITIES					
Advances from non-controlling interests		**-**	759	**-**	-
Additional investment in a subsidiary		**(500)**	(1,775)	**(500)**	(1,775)
Interest paid		**(241,439)**	(125,487)	**(33,138)**	(8,548)
Dividend paid	14	**(352,897)**	(225,993)	**(352,897)**	(225,993)
Banking facilities fees paid		**(17,337)**	(1,722)	**-**	(1,722)
Drawdown of borrowings		**12,064,770**	2,046,868	**611,025**	700,000
Repayment of borrowings		**(3,869,349)**	(596,260)	**(669,900)**	-
Repurchase of treasury shares	31.1	**(14,403)**	(886)	**(14,403)**	(886)
Proceeds from issuance of right issues		**1,519,027**	-	**1,519,027**	-
Proceeds from issuance of preference shares to non-controlling interests in a subsidiary		**79,463**	-	**-**	-
Proceeds from dilution of interest in a subsidiary		**225**	-	**-**	-
Repayment to non-controlling interests		**(103,264)**	-	**-**	-
Repayments to subsidiaries		**-**	-	**-**	(42,975)
Net cash from financing activities		**9,064,296**	1,095,504	**1,059,214**	418,101
Net increase/(decrease) in cash and cash equivalents		**272,136**	174,753	**192,745**	(569,543)
Cash and cash equivalents at beginning of financial year		**2,086,985**	1,909,639	**156,935**	726,478
Effect of exchange rate changes		**17,112**	2,593	**-**	-
Cash and cash equivalents at end of financial year	36	**2,376,233**	2,086,985	**349,680**	156,935

The attached notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
- 30 JUNE 2017

1 CORPORATE INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia and listed on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Malaysia").

The registered office and principal place of business of the Company is located at Two IOI Square, IOI Resort, 62502 Putrajaya.

The ultimate and immediate holding companies are Progressive Holdings Sdn. Bhd. and Vertical Capacity Sdn. Bhd. respectively, which are both incorporated in Malaysia.

The financial statements were authorised for issue in accordance with a resolution by the Board of Directors on 15 September 2017.

2 PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding.

The principal activities of the subsidiaries, associate and joint ventures are set out in Note 43 to the financial statements.

There have been no significant changes in the nature of the activities of the Group and of the Company during the financial year.

3 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

3.1 Basis of preparation

The financial statements of the Group and of the Company have been prepared in accordance with Financial Reporting Standards ("FRSs") and the requirements of the Companies Act, 2016 in Malaysia.

The Group includes transitioning entities and has elected to continue to apply FRS during the financial year. The Group will be adopting the new IFRS-compliant framework, Malaysian Financial Reporting Standards ("MFRS") for annual period beginning on 1 July 2018. In adopting the new framework, the Group will be applying MFRS 1 "First-time adoption of MFRS".

3.2 Basis of accounting

The financial statements of the Group and of the Company have been prepared under the historical cost convention except as otherwise stated in the financial statements.

The preparation of financial statements in conformity with FRS requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reported period. It also requires Directors to exercise their judgment in the process of applying the Group and Company's accounting policies. Although these estimates and judgment are based on the Directors' best knowledge of current events and actions, actual results may differ. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 5.

3.3 Presentation currency

The financial statements are presented in Ringgit Malaysia ("RM"), which is also the Company's functional currency and all financial information presented in RM are rounded to the nearest thousand (RM'000), except where otherwise stated.

4 NEW STANDARDS AND AMENDMENTS TO STANDARDS

4.1 New standards, amendments to issued standards and interpretations that are effective and applicable to the Group and the Company

The Group and the Company have applied the following amendments for the first time for the financial year beginning on 1 July 2016:

- Amendments to FRS 11 “Joint arrangements” – Accounting for acquisition of interests in joint operations
- Amendments to FRS 101 “Presentation of financial statements” – Disclosure initiative
- Amendments to FRS 116 and FRS 138 “Clarification of Acceptable Methods of Depreciation and Amortisation”
- Amendments to FRS 127 “Equity Method in Separate Financial Statements”
- Amendments to FRS 10, 12 & 128 “Investment entities – Applying the Consolidation Exception”
- Annual Improvements to FRSs 2012 - 2014 Cycle

The adoption of these amendments did not have any material impact on the current period or any prior period and is not likely to affect future periods.

4.2 Standards and amendments that have been issued but not yet effective and applicable to the Group and the Company

A number of new standards and amendments to standards and interpretations are effective for financial year beginning after 1 July 2017. None of these are expected to have a significant effect on the consolidated financial statements of the Group, except the following set out below:

- Annual Improvements to FRS 12 “Disclosure of Interests in Other Entities”

- Amendments to FRS 107 “Statement of Cash Flows – Disclosure Initiative” (effective from 1 January 2017) introduce an additional disclosure on changes in liabilities arising from financing activities.

- Amendments to FRS 112 “Income Taxes – Recognition of Deferred Tax Assets for Unrealised Losses” (effective from 1 January 2017) clarify the requirements for recognising deferred tax assets on unrealised losses arising from deductible temporary difference on asset carried at fair value.

  In addition, in evaluating whether an entity will have sufficient taxable profits in future periods against which deductible temporary differences can be utilised, the amendments require an entity to compare the deductible temporary differences with future taxable profits that excludes tax deductions resulting from the reversal of those temporary differences.

  The amendments shall be applied retrospectively.

NOTES TO THE FINANCIAL STATEMENTS

- 30 JUNE 2017

4 NEW STANDARDS AND AMENDMENTS TO STANDARDS (CONTINUED)

4.2 Standards and amendments that have been issued but not yet effective and applicable to the Group and the Company (continued)

A number of new standards and amendments to standards and interpretations are effective for financial year beginning after 1 July 2017. None of these are expected to have a significant effect on the consolidated financial statements of the Group, except the following set out below (continued):

- Amendments to MFRS 140 "Classification on "Change in Use" – Assets transferred to, or from, Investment Properties" (effective from 1 January 2018) clarify that to transfer to, or from investment properties there must be a change in use. A change in use would involve an assessment of whether a property meet, or has ceased to meet, the definition of investment property. The change must be supported by evidence that the change in use has occurred and a change in management's intention in isolation is not sufficient to support a transfer of property.*

  The amendments also clarify the same principle applies to assets under construction.

- IC Interpretation 22 "Foreign Currency Transactions and Advance Consideration" (effective from 1 January 2018) applies when an entity recognises a non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration. FRS 121 requires an entity to use the exchange rate at the "date of the transaction" to record foreign currency transactions.

  IC Interpretation 22 provides guidance how to determine "the date of transaction" when a single payment/receipt is made, as well as for situations where multiple payments/receipts are made.

  The date of transaction is the date when the payment or receipt of advance consideration gives rise to the non-monetary asset or non-monetary liability when the entity is no longer exposed to foreign exchange risk.

  If there are multiple payments or receipts in advance, the entity should determine the date of the transaction for each payment or receipt.

  An entity has the option to apply IC Interpretation 22 retrospectively or prospectively.

- Amendments to MFRS 4 "Applying MFRS 9 "Financial Instruments" with MFRS 4 "Insurance Contracts"".*

- Annual Improvements to MFRS 128 "Investments in Associates and Joint Ventures" allows venture capital organisations, mutual funds, unit trust and similar entities to elect, on an individual basis, measuring their investments in associates and joint ventures at fair value through profit or loss. An entity that is not an investment entity can retain their value measurement applied by its associates or joint ventures (that are investment entities) when applying equity method.*

4 NEW STANDARDS AND AMENDMENTS TO STANDARDS (CONTINUED)

4.2 Standards and amendments that have been issued but not yet effective and applicable to the Group and the Company (continued)

A number of new standards and amendments to standards and interpretations are effective for financial year beginning after 1 July 2017. None of these are expected to have a significant effect on the consolidated financial statements of the Group, except the following set out below (continued):

- MFRS 9 “Financial Instruments” (effective from 1 January 2018) will replace FRS 139 “Financial Instruments: Recognition and Measurement”.*

  MFRS 9 retains but simplifies the mixed measurement model in FRS 139 and establishes three primary measurement categories for financial assets: amortised cost, fair value through profit or loss and fair value through other comprehensive income (“OCI”). The basis of classification depends on the entity’s business model and the cash flow characteristics of the financial asset. Investments in equity instruments are always measured at fair value through profit or loss with an irrevocable option at inception to present changes in fair value in OCI (provided the instrument is not held for trading). A debt instrument is measured at amortised cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest.

  For liabilities, the standard retains most of the FRS 139 requirements. These include amortised cost accounting for most financial liabilities, with bifurcation of embedded derivatives. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity’s own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch.

  MFRS 9 introduces an expected credit loss model on impairment that replaces the incurred loss impairment model used in FRS 139. The expected credit loss model is forward-looking and eliminates the need for a trigger event to have occurred before credit losses are recognised.

- MFRS 15 “Revenue from Contracts with Customers” (effective from 1 January 2018) replaces MFRS 118 “Revenue” and MFRS 111 “Construction Contracts” and related interpretations. The standard deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity’s contracts with customers.*

  Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The core principle in MFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to the customer in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

- MFRS 16 “Leases” (effective from 1 January 2019) supersedes MFRS 117 “Leases” and the related interpretations*

  Under MFRS 16, a lease is a contract (or part of a contract) that conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

NOTES TO THE FINANCIAL STATEMENTS
- 30 JUNE 2017

4 NEW STANDARDS AND AMENDMENTS TO STANDARDS (CONTINUED)

4.2 Standards and amendments that have been issued but not yet effective and applicable to the Group and the Company (continued)

A number of new standards and amendments to standards and interpretations are effective for financial year beginning after 1 July 2017. None of these are expected to have a significant effect on the consolidated financial statements of the Group, except the following set out below (continued):

- MFRS 16 “Leases” (effective from 1 January 2019) supersedes MFRS 117 “Leases” and the related interpretations* (continued)

  MFRS 16 eliminates the classification of leases by the lessee as either finance leases (on balance sheet) or operating leases (off balance sheet). MFRS 16 requires a lessee to recognise a “right-of-use” of the underlying asset and a lease liability reflecting future lease payments for most leases.

  The right-of-use asset is depreciated in accordance with the principle in MFRS 116 “Property, Plant and Equipment” and the lease liability is accreted over time with interest expense recognised in profit or loss.

  For lessors, MFRS 16 retains most of the requirements in MFRS 117. Lessors continue to classify all leases as either operating leases or finance leases and account for them differently.

The Group and the Company are in the process of assessing the impact of the above standards, amendments and improvements to published standards on the financial statements.

* *These Standards will be adopted on the respective effective dates upon adoption of the MFRS framework.*

5 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, rarely equal the related actual results. The estimates that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below:

5.1 Revenue recognition from property development activities

The Group recognises property development revenue in consolidated statement of profit or loss by using the stage of completion method. The stage of completion is measured by reference to the property development costs incurred up to the end of the reporting period as a percentage of total estimated costs for the property development.

Property development projects are long term. Significant judgement is required in:

- Determining extent of property development costs incurred to date.
- Determining estimated total property development costs to completion.
- Determining the common costs allocation to the project phases from the total budgeted common costs attributable to the respective property development projects.

Substantial changes in cost estimates can in future periods have, a significant effect on the Group’s profitability. In making the above judgement, the Group leverages on its past experience and work of specialists.

5 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

5.2 Income taxes

The Group is subject to income taxes of different jurisdictions. Significant judgement is required in determining the estimated taxable income, capital allowances and deductibility of certain expenses based on the interpretation of the tax laws and legislations during the estimation of the provision for income taxes. The Group recognised liabilities for tax based on estimates of assessment of the tax liability due. Where the final tax outcome is different from the amounts that were initially recorded, such differences would impact the income tax and deferred income tax provisions, where applicable, in the period in which such determination is made.

5.3 Deferred tax assets

Deferred tax assets are recognised for all deductible temporary differences, unutilised tax losses and unabsorbed capital allowances to the extent that it is probable that taxable profit would be available against which the unutilised tax losses and unabsorbed capital allowances can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that could be recognised, based upon the likely timing and level of future taxable profits.

5.4 Fair value of investment properties

The valuations of the Group's investment properties were performed by independent external valuers. Valuations were performed for both completed properties and properties under construction.

There are complexities in determining the fair value of the investment properties, which involved significant judgements in estimating the unobservable inputs to be applied. The list of significant unobservable inputs are disclosed as of Note 18 of the financial statements.

6 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements by the Group's entities, unless otherwise stated.

6.1 Basis of consolidation

6.1.1 Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement and fair value of any pre-existing equity interest in the subsidiary. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

6 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

6.1 Basis of consolidation (continued)

6.1.1 Subsidiaries (continued)

The excess 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 identifiable net assets acquired is recognised as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in profit or loss (see Note 6.4 on goodwill).

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date, any gains or losses arising from such re-measurement are recognised in profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with FRS 139 in profit or loss. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset.

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of financial position respectively.

6.1.2 Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in equity attributable to owners of the Group.

6.1.3 Disposal of subsidiaries

When the Group ceases to consolidate because of a loss of control, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

Gains or losses on the disposal of subsidiaries include the carrying amount of goodwill relating to the subsidiaries sold.

6 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

6.1 Basis of consolidation (continued)

6.1.4 Joint ventures

A joint venture is a joint arrangement whereby the joint ventures have rights to the net assets of the arrangement. A joint operation is a joint arrangement whereby the joint operators have rights to the assets and obligations for the liabilities, relating to the arrangement.

Interests in joint ventures are accounted for using the equity method, after initially being recognised at cost in the consolidated statement of financial position. Under the equity method, the investment in a joint venture is initially recognised at cost, and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the joint venture in profit or loss, and the Group's share of movements in other comprehensive income of the joint venture in other comprehensive income. Dividends received or receivable from a joint venture are recognised as a reduction in the carrying amount of the investment. When the Group's share of losses in a joint venture equals or exceeds its interests in the joint venture, including any long-term interests that, in substance, form part of the Group's net investment in the joint venture, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the joint venture.

The Group determines at each reporting date whether there is any objective evidence that the investment in the joint venture is impaired. An impairment loss is recognised for the amount by which the carrying amount of the joint venture exceeds its recoverable amount. The Group presents the impairment loss adjacent to 'share of results of joint ventures' in the statement of comprehensive income.

Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group.

When the Group ceases to equity account its joint venture because of a loss of joint control, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as a financial asset. In addition, any amount previously recognised in other comprehensive income in respect of the entity is accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

If the ownership interest in a joint venture is reduced but joint control is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

NOTES TO THE FINANCIAL STATEMENTS

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6 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

6.1 Basis of consolidation (continued)

6.1.5 Associates

Associates are all entities over which the Group has significant influence but not control or joint control.

Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment in an associate is initially recognised at cost, and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the associate in profit or loss, and the Group's share of movements in other comprehensive income of the associate in other comprehensive income. Dividends received or receivable from an associate are recognised as a reduction in the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interests in the associate, including any long-term interests that, in substance, form part of the Group's net investment in the associate, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate. The Group's investment in associates includes goodwill identified on acquisition.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. An impairment loss is recognised for the amount by which the carrying amount of the associate exceeds its recoverable amount. The Group presents the impairment loss adjacent to "share of results of associates" in the statements of profit or loss.

Profits and losses resulting from upstream and downstream transactions between the Group and its associate are recognised in the Group's financial statements only to the extent of unrelated investor's interests in the associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

When the Group ceases to equity account its associate because of a loss of significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as a financial asset. In addition, any amount previously recognised in other comprehensive income in respect of the entity is accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

Dilution gains and losses arising in investments in associates are recognised in profit or loss.

6.1.6 Investments in subsidiaries, joint ventures and associates in separate financial statements

In the Company's separate financial statements, investments in subsidiaries, joint ventures and associates are carried at cost less accumulated impairment losses. On disposal of investments in subsidiaries, joint ventures and associates, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

The amounts due from subsidiaries of which the Company does not expect repayment in the foreseeable future are considered as part of the Company's net investments in the subsidiaries.

6 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

6.2 Property, plant and equipment and depreciation

Property, plant and equipment are initially stated at cost less accumulated depreciation and impairment losses. The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Cost also includes borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset (refer to accounting policy Note 6.13.2 on borrowing costs).

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are recognised as expenses in profit or loss during the financial period in which they are incurred.

Freehold land is not depreciated as it has an infinite life. Leasehold land classified as finance lease (refer accounting policy 6.6.1 on finance leases) is amortised in equal instalments over the respective lease periods. Other property, plant and equipment are depreciated on the straight-line method to allocate the cost to their residual values over their estimated useful lives, summarised as follows:

Leasehold land	2%
Golf course development expenditure	2%
Buildings and improvements	2% - 10%
Plant and machinery	4% - 20%
Motor vehicles	10% - 20%
Furniture, fittings and equipment	5% - 33%

Depreciation on assets under construction commences when the assets are ready for their intended use.

At the end of the reporting period, the Group assesses whether there is any indication of impairment. If such indications exist, an analysis is performed to assess whether the carrying amount of the asset is fully recoverable. A write down is made if the carrying amount exceeds the recoverable amount. See accounting policy Note 6.5 on impairment of non-financial assets.

Gain and losses on disposals are determined by comparing net disposal proceeds with carrying amount and are included in profit or loss.

6.3 Investment properties

Investment properties, comprising principally freehold land and buildings and leasehold land, are held for long term rental yields or for capital appreciation or both, and are not occupied by the Group.

Investment property is measured initially at its cost, including related transaction costs.

After initial recognition, investment property is carried at fair value. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If this information is not available, the Group uses alternative valuation methods, such as recent prices on less active markets or discounted cash flow projections. Valuations are performed as of the financial position date by professional valuers who hold recognised and relevant professional qualifications and have recent experience in the location and category of the investment property being valued.

The fair value of investment property reflects, among other things, rental income from current leases and other assumptions that market participants would make when pricing the property under current market conditions.

NOTES TO THE FINANCIAL STATEMENTS

- 30 JUNE 2017

6 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

6.3 Investment properties (continued)

Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognised.

Changes in fair values are recognised in profit or loss. Investment properties are derecognised either when they have been disposed of or when the investment property is permanently withdrawn from use.

Where the Group disposes of a property at fair value in an arm's length transaction, the carrying value immediately prior to the sale is adjusted to the transaction price, and the adjustment is recorded in profit or loss as a net gain/loss from fair value adjustment on investment property.

If a property undergoes a change in use and becomes an investment property, any difference resulting between the carrying amount of the property and the fair value of such investment property at the date of transfer is recognised in accordance with the applicable financial reporting standards. Its fair value at the date of reclassification becomes its cost for subsequent accounting purposes.

6.4 Goodwill

Goodwill arises from a business combination and represents the excess of the aggregate of fair value of consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of any previous equity interest in the acquiree over the fair value of the net identifiable assets acquired and liabilities assumed on the acquisition date. If the fair value of consideration transferred, the amount of non-controlling interest and the fair value of previously held interest in the acquiree are less than the fair value of the net identifiable assets of the acquiree, the resulting gain is recognised in profit or loss.

Goodwill is not amortised but it is tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired, and carried at cost less accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash generating units ("CGUs"), or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at operating segment level. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

6.5 Impairment of non-financial assets

Assets that have an indefinite useful life, for example goodwill or intangible assets not ready to use, are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

The impairment loss is charged to profit or loss unless it reverses a previous revaluation in which case it is charged to the revaluation surplus. Impairment losses on goodwill are not reversed. In respect of other assets, any subsequent increase in recoverable amount is recognised in profit or loss unless it reverses an impairment loss on a revalued asset in which case it is taken to revaluation surplus reserve.

6 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

6.6 Leases

A lease is an agreement whereby the lessor conveys to the lessee in return for a payment, or series of payments, the right to use an asset for an agreed period of time.

6.6.1 Accounting by lessee

Finance lease

Assets acquired under a finance lease which transfer substantially to the Group all the risks and rewards incidental to ownership are recognised initially at amounts equal to the fair value of the leased assets or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease. The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the leases if this is practicable to determine; if not, the incremental borrowing rate of the Group is used. Any initial direct costs incurred by the Group are added to the amount recognised as an asset. The assets are capitalised as property, plant and equipment and the corresponding obligations, net of finance charges, are treated as liabilities. The property, plant and equipment capitalised are depreciated on the same basis as owned assets as disclosed in Note 6.2 to the financial statements.

The minimum lease payments are allocated between finance charges and the reduction of the outstanding liability. The finance charges are recognised in profit or loss over the period of the lease term so as to produce a constant periodic rate of interest on the remaining finance lease obligations.

Operating leases

Leases of assets where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on the straight-line basis over the lease period.

Initial direct costs incurred by the Group in negotiating and arranging operating leases are capitalised as prepayments and recognised in profit or loss over the lease term on a straight-line basis.

The lump-sum upfront lease payments made represent prepaid lease payments and are amortised over the lease term on a straight-line basis, except for leasehold land that is classified as an investment property or an asset held under property development.

6.6.2 Accounting by lessor

Operating leases

When assets are leased out under an operating lease, the asset is included in the statement of financial position based on the nature of the asset. Lease income is recognised over the term of the lease on a straight-line basis.

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6 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

6.7 Inventories

The cost of completed properties is stated at the lower of historical cost and net realisable value. Historical cost includes, where relevant, cost associated with the acquisition of land, including all related costs incurred subsequent to the acquisition necessary to prepare the land for its intended use, related development costs to projects, direct building costs and other costs of bringing the inventories to their present location and condition.

Other inventories are stated at the lower of cost and net realisable value. Cost is determined on a weighted average basis. Cost comprises the original cost of purchase plus the cost of bringing the inventories to their intended location and condition. The cost of produce and finished goods includes the cost of raw materials, direct labour and a proportion of production overheads.

Net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion and the estimated costs necessary to make the sale.

6.8 Property development activities

6.8.1 Land held for property development

Land held for property development consist of land on which no significant development work has been undertaken or where development activities are not expected to be completed within the normal operating cycle. Such land is classified as non-current asset and is stated at cost less accumulated impairment losses.

Cost associated with the acquisition of land includes the purchase price of the land, professional fees, stamp duties, commissions, conversion fees and other relevant levies.

Land held for property development is transferred to property development costs (under current assets) when development activities have commenced and where the development activities can be completed within the Group's normal operating cycle.

6.8.2 Property development costs

Property development costs comprise costs associated with the acquisition of land and all costs directly attributable to development activities or that can be allocated on a reasonable basis to these activities.

When the outcome of the development activity can be estimated reliably, property development revenue and expenses in respect of development units sold are recognised by using the stage of completion method. The stage of completion is measured by reference to the property development costs incurred up to the end of the reporting period as a percentage of total estimated costs for the property development.

When the outcome of a development activity cannot be reliably estimated, property development revenue is recognised only to the extent of property development costs incurred that is probable will be recoverable; property development costs on the development units sold are recognised as an expense when incurred.

Irrespective of whether the outcome of a property development activity can be estimated reliably, when it is probable that total property development costs (including expected defect liability expenditure) will exceed total property development revenue, the expected loss is recognised as an expense immediately.

Property development costs not recognised as an expense is recognised as an asset and is stated at the lower of cost and net realisable value. Where revenue recognised in profit or loss exceeds billings to purchasers, the balance is shown as accrued billings under "Trade and other receivables" (within current assets).

Where billings to purchasers exceed revenue recognised in profit or loss, the balance is shown as progress billings under "Trade and other payables" (within current liabilities).

6 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

6.9 Trade and other receivables

Trade receivables are amounts due from customers for properties and merchandise sold or services performed in the ordinary course of business. Other receivables generally arise from transactions outside the usual operating activities of the Group. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment (see Note 6.21.1 on impairment of financial assets).

6.10 Cash and cash equivalents

For the purpose of the statement of cash flows, cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes. Cash and cash equivalents comprise cash on hand, deposits held at call with financial institutions, other short term, highly liquid investments with original maturities of 3 months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

6.11 Share capital

6.11.1 Classification

Ordinary shares and non-redeemable preference shares with discretionary dividends are classified as equity.

6.11.2 Share issue costs

Incremental costs directly attributable to the issue of new shares or options are deducted against equity.

6.11.3 Dividend distribution

Liability is recognised for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the Group, on or before the end of the reporting period but not distributed at the end of the reporting period.

Distributions to holders of an equity instrument is recognised directly in equity.

6.11.4 Purchase of own shares

Where any company within the Group purchases the Company's equity instruments as a result of a share buy-back, the consideration paid, including any directly attributable incremental costs, net of tax, is deducted from equity attributable to the owners of the Company as treasury shares until the shares are cancelled, reissued. Where such ordinary shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related tax effects, is included in equity attributable to the owners of the Company.

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6 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

6.11 Share capital (continued)

6.11.5 Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares; and
- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year and excluding treasury shares.

Diluted earnings per share

Diluted earnings per share adjusts the figures in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares; and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

6.12 Trade payables

Trade payables represent liabilities for goods or services provided to the Group prior to the end of financial year which are unpaid. Trade payables are classified as current liabilities unless payment is not due within 12 months after the reporting period. If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

6.13 Borrowings and borrowing costs

6.13.1 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between initial recognised amount and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss within interest expense.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

6 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

6.13 Borrowings and borrowing costs (continued)

6.13.2 Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

6.14 Current and deferred income tax

Tax expense for the period comprises current and deferred income tax. The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Group's subsidiaries, joint ventures and associates operate and generate taxable income.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities. This liability is measured using the single best estimate of the most likely outcome.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the amounts attributed to assets and liabilities for tax purposes and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is determined using tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses or unused tax credits can be utilised.

Deferred and income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

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6 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

6.15 Employee benefits

6.15.1 Short term employee benefits

Wages, salaries, paid annual leave and sick leave, bonuses, and non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as trade and other payables in the statement of financial position.

Bonuses are recognised as an expense when there is a present, legal or constructive obligation to make such payments, as a result of past events and when a reliable estimate can be made of the amount of the obligation.

6.15.2 Defined contribution plans

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees benefits relating to employee service in the current and prior periods. The Company and its subsidiaries incorporated in Malaysia make contributions to a statutory provident fund and its foreign subsidiaries make contributions to their respective countries' statutory pension schemes.

The Group's contributions to defined contribution plans are charged to profit or loss in the period to which they relate. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

6.15.3 Share based payments

Employee options

The Group operates an equity-settled, share-based compensation plan under which the entity receives services from employees as consideration for equity instruments (options) of the Group. The fair value of the options granted in exchange for the services of the employees are recognised as employee benefit expense with a corresponding increase to share option reserve within equity. The total amount to be expensed is determined by reference to the fair value of the options granted:

- including any market performance conditions (for example, an entity's share price);
- excluding the impact of any service and non-market performance vesting conditions (for example, profitability, sales growth targets and remaining an employee of the entity over a specified time period); and
- including the impact of any non-vesting conditions (for example, the requirement for employees to save or holding of shares for a specific period of time).

Non-market vesting conditions and service conditions are included in assumptions about the number of options that are expected to vest.

The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of the reporting period, the Group revises its estimates of the number of options that are expected to vest based on the non-market vesting conditions and service conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to share option reserve in equity.

6 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

6.15 Employee benefits (continued)

6.15.3 Share based payments (continued)

Employee options (continued)

In circumstances where employees provide services in advance of the grant date, the grant date fair value is estimated for the purposes of recognising the expense during the period between service commencement period and grant date.

When the options are exercised, the Company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital. When options are not exercised and lapsed, the share option reserve is transferred to retained earnings.

In its separate financial statements of the Company, the grant by the Company of options over its equity instruments to the employees of subsidiary in the Group is treated as a capital contribution to the subsidiary. The fair value of options granted to employees of the subsidiary in exchange for the services of the employees to the subsidiary are recognised as investment in subsidiary, with a corresponding credit to equity of the Company.

6.16 Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions. Under the capital approach, government grants relating to investment properties are credited to investment properties when the costs for which the benefit of the grant is intended to compensate are incurred.

Government grants relating to development costs are netted against its relevant development expenditure when the benefit of the grant is intended to compensate are incurred.

6.17 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made.

Where the Group expects a provision to be reimbursed by another party, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management’s best estimate of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as finance cost expense.

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6 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

6.18 Contingent assets and liabilities

The Group does not recognise contingent assets and liabilities other than those arising from business combinations, but discloses its existence in the financial statements. A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in the extremely rare case where there is a liability that cannot be recognised because it cannot be measured reliably. However, contingent liabilities do not include financial guarantee contracts.

A contingent asset is a possible asset that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group. The Group does not recognise contingent assets but discloses its existence where inflows of economic benefits are probable, but not virtually certain.

6.19 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown net of goods and services tax, returns, rebates, discounts and after eliminating sales within the Group.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Group's activities as described below. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

6.19.1 Property development

Property development revenue is recognised in respect of all development units that have been sold. Revenue recognition commences when the sale of the development unit is effected, upon the commencement of development and construction activities and when the financial outcome can be reliably estimated. The attributable portion of property development cost is recognised as an expense in the period in which the related revenue is recognised. The amount of such revenue and expenses recognised is determined by reference to the stage of completion of development activity at the end of each reporting period. The stage of completion is measured by reference to the proportion that property development costs incurred for work performed to date bear to the estimated total property development cost.

When the financial outcome of a development activity cannot be reliably estimated, the property development revenue is recognised only to the extent of property development costs incurred that is probable to be recoverable and the property development costs on the development units sold are recognised as an expense in the period in which they are incurred.

Any expected loss on a development project is recognised as an expense immediately, including costs to be incurred over the defects liability period.

6.19.2 Dividend income

Dividend income is recognised when shareholder's right to receive payment is established.

6 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

6.19 Revenue recognition (continued)

6.19.3 Rental income

Rental income from operating leases is recognised on a straight-line basis over the lease term. The aggregate cost of incentives provided to the lessee is recognised as a reduction of rental income over the lease term on a straight-line basis.

6.19.4 Interest income

Interest income is recognised using the effective interest method. When a loan and receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loan and receivables are recognised using the original effective interest rate.

6.19.5 Club subscription fees

Club subscription fees, which are not refundable, are recognised over time as income when earned.

6.19.6 Management fees

Management fees are recognised when services are rendered.

6.19.7 Hotel revenue

Revenue is recognised net of discounts upon delivery of products and customer acceptance, if any, or performance of services.

6.19.8 Sales of plantation produce

Revenue from the sale of plantation produce is recognised upon delivery of products and customer acceptance.

6.19.9 Sales of goods, services and rights of enjoyment

Revenue from sale of goods is recognised based on invoice value of goods sold and revenue from services is recognised net of discounts as and when services are performed.

Entrance fees collected for rights of enjoyment of facilities are recognised when tickets are sold.

6.20 Foreign currencies

6.20.1 Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The financial statements are presented in Ringgit Malaysia, which is the Company's functional and presentation currency.

6 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

6.20 Foreign currencies (continued)

6.20.2 Translation and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss. However, exchange differences are deferred in other comprehensive income when they arose from qualifying cash flow or net investment hedges or are attributable to items that form part of the net investment in a foreign operation.

6.20.3 Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- income and expenses for each statement of profit or loss and statement of comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- all resulting exchange differences are recognised as a separate component of other comprehensive income.

Goodwill and fair value adjustments arising on the acquisitions of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income.

On the disposal of a foreign operation (that is, a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, a disposal involving loss of joint control over a joint venture that includes a foreign operation, or a disposal involving loss of significant influence over an associate that includes a foreign operation), all of the exchange differences relating to that foreign operation recognised in other comprehensive income and accumulated in the separate component of equity are reclassified to profit or loss, as part of the gain or loss on disposal. In the case of a partial disposal that does not result in the Group losing control over a subsidiary that includes a foreign operation, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (that is, reductions in the Group's ownership interest in associates or joint ventures that do not result in the Group losing significant influence or joint control) the proportionate share of the accumulated exchange difference is reclassified to profit or loss.

6 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

6.21 Financial instruments

6.21.1 Financial assets

(a) Classification

The Group classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables and held-to-maturity. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification at initial recognition and, in the case of assets classified as held-to-maturity, re-evaluates this designation at the end of each reporting period.

(i) Financial assets at fair value through profit or loss

The Group classifies financial assets at fair value through profit or loss if they are acquired principally for the purpose of selling in the short term, i.e. are held for trading. They are presented as current assets if they are expected to be sold within 12 months after the end of the reporting period; otherwise they are presented as non-current assets.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. If collection of the amounts is expected in one year or less they are classified as current assets. If not, they are presented as non-current assets. The Group's loans and receivables comprise "other investments", "trade and other receivables", "short-term funds", "deposits with financial institutions" and "cash and bank balances" in the statement of financial position.

(iii) Held-to-maturity financial assets

Held-to-maturity financial assets are non-derivative quoted financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity. If the Group were to sell other than an insignificant amount of held-to-maturity financial assets, the whole category would be tainted and reclassified as available for sale. Held-to-maturity financial assets are included in non-current assets, except for those with maturities less than 12 months from the end of the reporting period, which are classified as current assets.

(b) Recognition and initial measurement

Financial assets are initially recognised at fair value plus transaction costs that are directly attributable to the acquisition of the financial asset for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in profit or loss.

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6 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

6.21 Financial instruments (continued)

6.21.1 Financial assets (continued)

(c) Subsequent measurement - impairment of financial assets

Assets carried at amortised cost

The Group assesses at the end of the reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a “loss event”) and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

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 (excluding future credit losses that have not been incurred) discounted at the financial asset’s original effective interest rate.

The carrying amount of the asset is reduced and the amount of the loss is recognised in profit or loss. If “loans and receivables” or a “held-to-maturity investment” has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument’s fair value using an observable market price.

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 (such as an improvement in the debtor’s credit rating), the reversal of the previously recognised impairment loss is recognised in profit or loss.

When an asset is uncollectible, it is written off against the related allowance account. Such assets are written off after all the necessary procedures have been completed and the amount of the loss has been determined.

(d) De-recognition

Financial assets are de-recognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

6 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

6.21 Financial instruments (continued)

6.21.2 Financial liabilities

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. A financial liability is classified into the following category after initial recognition for the purpose of subsequent measurement:

(i) Other financial liabilities

Financial liabilities classified as other financial liabilities comprise non-derivative financial liabilities that are neither held for trading nor initially designated as fair value through profit or loss.

Subsequent to initial recognition, other financial liabilities are measured at amortised cost using the effective interest method. Gains or losses on other financial liabilities are recognised in profit or loss when the financial liabilities are derecognised and through the amortisation process.

A financial liability is derecognised when, and only when, it is extinguished, i.e. when the obligation specified in the contract is discharged or cancelled or expired. An exchange between an existing borrower and lender of debt instruments with substantially different terms are accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

Any difference between the carrying amount of a financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

All financial liabilities of the Group are measured at amortised cost except for financial liabilities at fair value through profit or loss, which are held for trading (including derivatives) or designated at fair value through profit or loss upon initial recognition.

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

The Group designates corporate guarantees given to banks for credit facilities granted to subsidiaries as insurance contracts as defined in FRS 4 Insurance Contracts. The Group recognizes these insurance contracts as recognised insurance liabilities when there is a present obligation, legal or constructive, as a result of a past event, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

At the end of each reporting period, the Group shall assess whether its recognised insurance liabilities are adequate, using current estimates of future cash flows under its insurance contracts. If this assessment shows that the carrying amount of the insurance liabilities is inadequate, the entire deficiency shall be recognised in profit or loss.

Recognised insurance liabilities are only removed from the statement of financial position when, and only when, it is extinguished via a discharge, cancellation or expiration.

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6 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

6.22 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy.

6.23 Derivative and hedging activities

(i) Derivative financial instruments and hedging activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates certain derivatives as hedges of a particular risk associated with the cash flows of recognised assets and liabilities and highly probable forecast transactions (cash flow hedges).

The Group documents at the inception of the hedging transaction, the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in fair values or cash flows of hedged items.

A derivative financial instrument is carried as an asset when the fair value is positive and as a liability when the fair value is negative. The fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than twelve (12) months, and as a current asset or liability when the remaining maturity of the hedged item is less than twelve (12) months.

(ii) Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated in cash flow hedge reserve in equity. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss within other income or other expense.

Amounts accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss.

When a hedging instrument expires or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately reclassified to profit or loss.

6 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

6.24 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segment, has been identified as the Board of Directors that makes strategic decisions.

Segment reporting is presented for enhanced assessment of the Group's risks and returns. Business segments provide products or services that are subject to risk and returns that are different from those of other business segments.

Segment revenue, expenses, assets and liabilities are those amounts resulting from the operating activities of a segment that are directly attributable to the segment and the relevant portion that can be allocated on a reasonable basis to the segment. Segment revenue, expenses, assets and liabilities are determined before intragroup balances and intragroup transactions are eliminated as part of the consolidation process.

6.25 Fair value measurements

The fair value of an asset or a liability, (except for share-based payment and lease transactions) is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

The Group measures the fair value of an asset or a liability by taking into account the characteristics of the asset or liability if market participants would take these characteristics into account when pricing the asset or liability. The Group has considered the following characteristics when determining fair value:

(a) The condition and location of the asset; and
(b) Restrictions, if any, on the sale or use of the assets.

The fair value measurement for a non-financial asset takes into account the ability of the market participant to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The fair value of a financial or non-financial liability or an entity's own equity instrument assumes that:

(a) A liability would remain outstanding and the market participant transferee would be required to fulfil the obligation. The liability would not be settled with the counterparty or otherwise extinguished on the measurement date; and
(b) An entity's own equity instrument would remain outstanding and the market participant transferee would take on the rights and responsibilities associated with the instrument. The instrument would not be cancelled or otherwise extinguished on the measurement date.

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7 REVENUE

	Group		Company	
	2017	**2016**	**2017**	**2016**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Sales of development properties	**3,678,740**	2,588,879	**-**	-
Rental from investment properties	**302,119**	271,872	**-**	-
Revenue from leisure and hospitality	**161,796**	131,816	**-**	-
Management fees	**7,242**	7,586	**-**	-
Dividend income from subsidiaries in Malaysia	**-**	-	**259,625**	382,600
Others	**35,464**	24,787	**-**	-
	4,185,361	3,024,940	**259,625**	382,600

8 OPERATING PROFIT

	Group		Company	
	2017	**2016**	**2017**	**2016**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Operating profit has been arrived at after charging:				
Auditors' remuneration - statutory audit				
- PricewaterhouseCoopers Malaysia	**995**	914	**133**	91
- Member firms of PricewaterhouseCoopers International Limited	**190**	171	**-**	-
- Firms other than member firm of PricewaterhouseCoopers International Limited	**39**	39	**-**	-
Auditors' remuneration - non-audit services				
- PricewaterhouseCoopers Malaysia	**1,229**	1,019	**465**	255
- Member firms of PricewaterhouseCoopers International Limited	**505**	281	**148**	-
- Firms other than member firm of PricewaterhouseCoopers International Limited	**66**	79	**-**	-
Bad debts written off	**1,674**	141	**-**	-
Amortisation of prepaid lease payments (Note 16)	**1,743**	2,911	**-**	-
Depreciation of property, plant and equipment (Note 15)	**34,961**	34,705	**-**	-
Direct operating expenses from investment properties	**92,467**	91,112	**-**	-
Inventories written off	**56**	400	**-**	-
Loss on disposal of:				
- investment in an associate	**-**	97	**-**	16
- property, plant and equipment	**-**	341	**-**	-
Property, plant and equipment written off (Note 15)	**45,928**	95	**-**	-
Property development costs*	**2,283,661**	1,481,935	**-**	-
Additional buyer's stamp duty	**163,860**	-	**-**	-

* *Total cost of inventories of the Group recognised as an expense during the financial year amounted to RM195,499,000 (2016: RM61,365,000), out of which RM184,705,000 (2016: RM51,108,000) was included in property development costs of the Group.*

8 OPERATING PROFIT (CONTINUED)

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Operating profit has been arrived at after charging (continued):				
Rental of premises	**1,333**	873	**-**	-
Realised loss on foreign currency transactions	**-**	43	**223**	203
Unrealised loss on foreign currency translations	**27,401**	-	**22,411**	33
Impairment losses on:				
- interests in subsidiaries (Note 20.1)	**-**	-	**-**	13,507
- receivables (Note 26)	**3,039**	1,010	**-**	-
- amounts due from subsidiaries	**-**	-	**-**	88
Fair value loss on short term funds	**-**	-	**406**	-
Management fees to:				
- a subsidiary	**-**	-	**84**	780
- affiliates	**8,662**	1,143	**-**	-
- a former associate	**-**	5,930	**-**	-
Operating profit has been arrived at after crediting:				
Bad debts recovered	**-**	4	**-**	-
Dividend income from subsidiaries in Malaysia	**-**	-	**259,625**	382,600
Fair value gain on:				
- investment properties (included in other operating income) (Note 18)	**56,231**	145,405	**-**	-
- short term funds	**-**	1,201	**-**	1,201
Gain on disposal of:				
- land from compulsory acquisition	**27,886**	2,061	**-**	-
- property, plant and equipment	**58**	43	**-**	-
Gain on bargain purchase for the acquisitions of subsidiaries (Note 20.1)	**-**	71,091	**-**	-
Management fees from a joint venture	**1,985**	2,325	**-**	-
Reversal of impairment losses on receivables (Note 26)	**530**	57	**-**	-
Rental income from:				
- investment properties	**302,119**	271,872	**-**	-
- others	**12,803**	12,942	**-**	-
Realised gain on foreign currency transactions	**63,880**	69,093	**-**	-
Gain on redemption of redeemable preference shares of a subsidiary	**-**	-	**21,946**	-

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9 STAFF COSTS

The staff costs of the Group and of the Company are as follows:

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Wages, salaries and others	**162,533**	155,418	**1,012**	854
Contributions to Employee's Provident Fund	**17,550**	16,989	**-**	-
Share option expenses in relation to employees' share option scheme	**-**	17,454	**-**	-
	180,083	189,861	**1,012**	854

Included in staff costs are remuneration of the key management personnel of the Group and of the Company as disclosed in Note 37 to the financial statements.

10 INTEREST INCOME

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Interest income from:				
Short-term deposits	**9,214**	15,359	**109**	243
Short-term funds	**20,885**	22,160	**12,423**	7,750
Subsidiaries	**-**	-	**16,704**	14,511
Joint ventures	**7,837**	7,208	**-**	-
Housing development accounts	**4,156**	3,908	**-**	-
Current accounts	**7,898**	4,287	**2,783**	202
Others	**1,883**	4,156	**-**	-
	51,873	57,078	**32,019**	22,706

11 INTEREST EXPENSE

	Company	
	2017 RM'000	2016 RM'000
Interest expense:		
Borrowings	**33,610**	12,574
Subsidiaries	**3,543**	168
	37,153	12,742

The Group's total interest expense charged by the banks and non-controlling interests of RM240,627,000 and RM1,786,000 (2016: RM144,673,000 and RM2,550,000) respectively have been capitalised as part of the costs of qualifying assets as disclosed in Notes 17, 18 and 24 to the financial statements.

12 TAXATION

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Current year tax expense based on profit for the financial year:				
Malaysian income taxation	**199,501**	140,928	**665**	448
Foreign taxation	**55,419**	199,885	**-**	-
	254,920	340,813	**665**	448
(Over)/Under provision in prior years:				
Malaysian income taxation	**(2,950)**	5,997	**27**	62
Foreign taxation	**458**	(2)	**-**	-
	(2,492)	5,995	**27**	62
	252,428	346,808	**692**	510
Deferred taxation (Note 23):				
Origination and reversal of temporary differences	**216,371**	77,632	**-**	-
	468,799	424,440	**692**	510

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12 TAXATION (CONTINUED)

A numerical reconciliation between the average effective tax rate and the applicable tax rate of the Group and of the Company are as follows:

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Profit before taxation	**1,436,625**	1,524,699	**248,676**	366,435
Tax calculated at the Malaysian tax rate of 24%	**344,790**	365,928	**59,682**	87,944
Tax effects in respect of:				
Non-allowable expenses	**63,052**	47,001	**12,500**	8,327
Non-taxable income	**(9,556)**	(30,191)	**(71,517)**	(95,823)
Different tax rates arising from gain from real property investments	**(4,704)**	(26,250)	**-**	-
Different tax rates in foreign jurisdictions	**73,729**	105,358	**-**	-
Unused tax losses and unabsorbed capital allowances not recognised in loss-making subsidiaries	**4,523**	268	**-**	-
Utilisation of previously unutilised tax losses and unabsorbed capital allowances	**-**	(1,075)	**-**	-
Share of post-tax results of an associate	**(783)**	913	**-**	-
Share of post-tax results of joint ventures	**240**	(43,507)	**-**	-
	471,291	418,445	**665**	448
(Over)/under provision in prior years	**(2,492)**	5,995	**27**	62
	468,799	424,440	**692**	510

The amount of tax savings arising from the utilisation of unutilised tax losses and unabsorbed capital allowances brought forward of the Group amounted to RM Nil (2016: RM4,480,000).

Malaysian income tax is calculated at the statutory tax rate of 24% (2016: 24%) of the estimated assessable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions. Deferred tax is calculated on temporary differences between the tax base of assets and liabilities and their carrying amounts in the financial statements.

13 EARNINGS PER SHARE

(a) Basic

The basic earnings per ordinary share for the financial year is calculated based on the profit for the financial year attributable to owners of the parent divided by the weighted average number of ordinary shares in issue during the financial year, after taking into consideration of treasury shares held by the Company.

	Group	
	2017 RM'000	**2016 RM'000**
Profit attributable to owners of the parent	**920,870**	1,080,018

The adjusted weighted average number of ordinary shares for the computation of earnings per ordinary share is arrived at as follows:

	Group	
	2017 '000	**2016 '000 Adjusted**
Weighted average number of ordinary shares in issue after deducting the treasury shares	**4,694,949**	4,041,357
Adjusted for bonus elements of rights issue	**304,991**	279,591
Adjusted weighted average number of ordinary shares in issue after deducting the treasury shares	**4,999,940**	4,320,948
Basic earnings per ordinary share (sen)	**18.42**	24.99

(b) Diluted

Diluted earnings per ordinary share for the financial year is calculated by dividing the profit for the financial year attributable to equity holders of the parent by the weighted average number of ordinary shares outstanding during the financial year adjusted for the effects of dilutive potential ordinary shares.

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13 EARNINGS PER SHARE (CONTINUED)

(b) Diluted (continued)

	Group	
	2017 RM'000	2016 RM'000
Profit attributable to owners of the parent	**920,870**	1,080,018

The adjusted weighted average number of ordinary shares for the computation of dilutive earnings per ordinary share is arrived at as follows:

	Group	
	2017 '000	2016 '000 Adjusted
Weighted average number of ordinary shares in issue after deducting the treasury shares	**4,694,949**	4,041,357
Adjustment for share options granted to employees of the Group	**319**	96
Adjusted for bonus elements of rights issue	**305,043**	279,597
Adjusted weighted average number of ordinary shares in issue after deducting the treasury shares	**5,000,311**	4,321,050
Diluted earnings per ordinary share (sen)	**18.42**	24.99

14 DIVIDENDS

Dividends declared and paid by the Company are as follows:

	Company	
	2017 '000	2016 '000
Interim single tier dividend in respect of financial year ended 30 June 2016 of 8.0 sen per ordinary share, paid on 21 October 2016	**352,897**	-
Interim single tier dividend in respect of financial year ended 30 June 2015 of 6.0 sen per ordinary share, paid on 30 September 2015	**-**	225,993
	352,897	225,993

On 15 August 2017, the Directors have declared an interim single tier dividend of 6.0 sen per ordinary share, amounting to RM330,368,723 in respect of the financial year ended 30 June 2017. The dividend was paid on 8 September 2017 to shareholders whose names appeared in the Record of Depositors and Register of Members of the Company at the close of business on 30 August 2017.

15 PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land RM'000	Leasehold land RM'000	Golf course development expenditure RM'000	Buildings and improvements RM'000	Plants and machinery RM'000	Motor vehicles RM'000	Furniture, fittings and equipment RM'000	Construction in progress RM'000	Total RM'000
2017									
At Cost									
At beginning of financial year	121,187	1,488	78,767	719,467	102,813	13,991	66,515	153,287	1,257,515
Additions	-	-	141	24,201	4,551	616	15,532	64,036	109,077
Reclassifications	(51)	-	(1)	183,259	1,117	-	(2,270)	(182,054)	-
Transfer to investment properties (Note 18)	(543)	-	-	-	(2,497)	-	-	(10,329)	(13,369)
Written off	-	-	-	(43,358)	(30,548)	(137)	(2,133)	-	(76,176)
Disposals	-	-	-	-	(360)	(316)	(2,345)	-	(3,021)
Foreign currency translation differences	-	-	-	404	-	112	122	304	942
	120,593	1,488	78,907	883,973	75,076	14,266	75,421	25,244	1,274,968

Group	Leasehold land RM'000	Golf course development expenditure RM'000	Buildings and improvements RM'000	Plants and machinery RM'000	Motor vehicles RM'000	Furniture, fittings and equipment RM'000	Total RM'000
2017							
Accumulated Depreciation							
At beginning of financial year	25	9,262	21,215	62,272	8,294	34,125	135,193
Current year depreciation charge	14	1,673	17,273	6,937	2,159	6,905	34,961
Reclassifications	-	260	1,447	-	-	(1,707)	-
Transfer to investment properties (Note 18)	-	-	-	(443)	-	-	(443)
Written off	-	-	(11)	(27,986)	(137)	(2,114)	(30,248)
Disposals	-	-	-	(54)	(260)	(2,234)	(2,548)
Foreign currency translation differences	-	-	54	-	53	34	141
	39	11,195	39,978	40,726	10,109	35,009	137,056

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15 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Group	Freehold land RM'000	Leasehold land RM'000	Golf course development expenditure RM'000	Buildings and improvements RM'000	Plants and machinery RM'000	Motor vehicles RM'000	Furniture, fittings and equipment RM'000	Construction in progress RM'000	Total RM'000
2016									
At Cost									
At beginning of financial year	133,428	1,488	78,790	722,832	101,146	13,204	54,504	116,252	1,221,644
Additions	315	-	-	2,240	2,562	1,643	11,221	48,264	66,245
Acquisitions of subsidiaries (Note 20.1)	-	-	-	3,415	-	-	-	-	3,415
Reclassifications	(12,228)	-	(23)	22,376	-	-	1,012	(11,137)	-
Cost adjustments*	-	-	-	(31,125)	(862)	-	-	-	(31,987)
Written off	-	-	-	(234)	(33)	(10)	(175)	(28)	(480)
Disposals	(328)	-	-	-	-	(839)	(65)	-	(1,232)
Foreign currency translation differences	-	-	-	(37)	-	(7)	18	(64)	(90)
	121,187	1,488	78,767	719,467	102,813	13,991	66,515	153,287	1,257,515

* *Included cost adjustments pursuant to the finalisation of statement of final accounts by the consultants.*

Group	Leasehold land RM'000	Golf course development expenditure RM'000	Buildings and improvements RM'000	Plants and machinery RM'000	Motor vehicles RM'000	Furniture, fittings and equipment RM'000	Total RM'000
2016							
Accumulated Depreciation							
At beginning of financial year	9	7,849	5,700	54,876	6,629	26,480	101,543
Current year depreciation charge	16	1,413	15,753	7,428	2,352	7,743	34,705
Written off	-	-	(234)	(32)	(9)	(110)	(385)
Disposals	-	-	-	-	(674)	(8)	(682)
Foreign currency translation differences	-	-	(4)	-	(4)	20	12
	25	9,262	21,215	62,272	8,294	34,125	135,193

15 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Group	
	2017 RM'000	**2016 RM'000**
Carrying Amount		
Freehold land	**120,593**	121,187
Leasehold land	**1,449**	1,463
Golf course development expenditure	**67,712**	69,505
Buildings and improvements	**843,995**	698,252
Plant and machinery	**34,350**	40,541
Motor vehicles	**4,157**	5,697
Furniture, fittings and equipment	**40,412**	32,390
Construction-in-progress	**25,244**	153,287
	1,137,912	1,122,322

Included in freehold land are plantation development expenditure amounting to RM2,517,000 (2016: RM2,568,000).

16 PREPAID LEASE PAYMENTS

	Group	
	2017 RM'000	**2016 RM'000**
At beginning of financial year	**105,090**	108,401
Amortisation during the financial year	**(1,743)**	(2,911)
Adjustment*	**(45,427)**	-
Foreign currency translation differences	**4,838**	(400)
At end of financial year	**62,758**	105,090

* *Relates to adjustment of land costs based on new information available from the authority during the financial year.*

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17 LAND HELD FOR PROPERTY DEVELOPMENT

Group	Freehold land RM'000	Long term leasehold land RM'000	Development costs RM'000	Total RM'000
2017				
At Cost				
At beginning of financial year	**3,067,664**	**681,040**	**842,328**	**4,591,032**
Additions	**188,135**	**-**	**143,789**	**331,924**
Disposals	**(532)**	**(2,233)**	**(946)**	**(3,711)**
Adjustment*	**-**	**108,627**	**3,314**	**111,941**
Transfer to property development costs (Note 24)	**(33,012)**	**(363,019)**	**(85,747)**	**(481,778)**
Foreign currency translation differences	**-**	**10,910**	**574**	**11,484**
At end of financial year	**3,222,255**	**435,325**	**903,312**	**4,560,892**
2016				
At Cost				
At beginning of financial year	2,014,572	317,177	562,355	2,894,104
Additions	-	-	202,935	202,935
Acquisitions of subsidiaries (Note 20.1)	1,105,210	376,690	160,100	1,642,000
Disposals	(6)	-	-	(6)
Transfer to investment properties (Note 18)	(15,084)	-	(1,110)	(16,194)
Transfer to property development costs (Note 24)	(37,028)	(11,826)	(81,907)	(130,761)
Foreign currency translation differences	-	(1,001)	(45)	(1,046)
At end of financial year	3,067,664	681,040	842,328	4,591,032

* *Relates to adjustment of land costs based on new information available from the authority during the financial year.*

Included in land held for property development of the Group are plantation land of RM662,634,000 (2016: RM509,427,000), which are intended to be used for property development. Currently, the subsidiaries are harvesting oil palm crops from the said land.

Included in additions to land held for property development of the Group in the current financial year are deposits of RM11,704,000 paid for new land acquisitions in the previous financial year.

Included in additions to land held for property development of the Group were interest expenses charged by bank and non-controlling interest amounting to RM77,497,000 and RM248,000 respectively in the previous financial year.

Certain titles of freehold land amounting to RM420,441,000 (2016: RM409,876,000), whereby the Group is the beneficiary owner, are registered under the name of the affiliate. The Group is in the midst of perfecting the land titles.

18 INVESTMENT PROPERTIES

Group	Freehold land and buildings RM'000	Leasehold land RM'000	Total RM'000
2017			
At beginning of financial year	**3,618,067**	**406,152**	**4,024,219**
Additions	**333,323**	**8,380,544**	**8,713,867**
Transfer from property, plant and equipment (Note 15)	**12,926**	**-**	**12,926**
Fair value adjustments	**31,830**	**24,401**	**56,231**
Foreign currency translation differences	**-**	**(3,148)**	**(3,148)**
At end of financial year	**3,996,146**	**8,807,949**	**12,804,095**
2016			
At beginning of financial year	3,004,753	383,399	3,388,152
Additions	26,317	14,421	40,738
Transfer from land held for property development (Note 17)	16,194	-	16,194
Acquisition of subsidiaries (Note 20.1)	435,000	-	435,000
Fair value adjustments	135,803	9,602	145,405
Foreign currency translation differences	-	(1,270)	(1,270)
At end of financial year	3,618,067	406,152	4,024,219

Included in additions to investment properties of the Group were interest expense during the financial year amounting to RM50,080,000 (2016: RM3,273,000).

The fair values of the above investment properties were estimated based on valuations by independent registered valuers, which were based on:

(i) market evidence of transaction prices for similar properties for certain properties in which the values are adjusted for differences in key attributes such as property size and quality of interior fittings under the comparison method (market approach).

(ii) receipts of contractual rentals, expected future market rentals, current market yields, void periods and maintenance requirements and approximate capitalisation rates under the investment method (income approach).

(iii) estimated fair value of properties on completion using investment method or comparison method, less estimated costs to complete under the residual method (income approach with estimated costs to complete).

(iv) aggregate amount of the value of land component by comparison approach, and the gross replacement cost of the buildings and other site improvements, allowing for depreciation (cost approach).

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18 INVESTMENT PROPERTIES (CONTINUED)

The Group uses assumptions that are mainly based on market conditions existing at the end of each reporting period. The valuation updates by independent registered valuers are endorsed by the Board of Directors on an annual basis.

Fair value is determined through various valuation techniques using Level 3 inputs (defined as unobservable inputs for asset or liability) in the fair value hierarchy of FRS 13 *Fair Value Measurement*. Changes in fair value are recognised in the statement of profit of loss during the reporting period in which they are reviewed.

The Level 3 inputs or unobservable inputs include:

Term yield	- the expected rental that the investment properties are expected to achieve and are derived from the current passing rental, including revision upon renewal of tenancies during the financial year;
Reversion yield	- the expected rental that the investment properties are expected to achieve upon expiry of term rental;
Allowance for void	- refers to allowance provided for vacancy periods;
Price per square foot (psf)	- estimated price psf for which a property should exchange on the date of valuation between a willing buyer and a willing seller;
Discount rate	- rate of return used to convert a future monetary sum or cash flow into present value;
Occupancy rate	- ratio of rented or used space compared to the total amount of available space.

The fair value measurements as at 30 June 2017 are as follows:

			Significant unobservable inputs					
	Valuation technique	Fair value RM'000	Term yield %	Reversion yield %	Allowance for void %	Price per sq foot RM/psf	Discount rate %	Occupancy rate %
Completed properties								
Malls	Investment method	1,803,400	6.25 - 6.50	6.25 - 7.25	5.00	-	-	-
Office buildings	Comparison method	101,370	-	-	-	315 - 1,700	-	-
	Investment method	1,048,655	5.75 - 6.00	6.00 - 6.50	5.00 - 10.00	-	-	-
Others	Comparison method	597,403	-	-	-	14 - 400	-	-
	Investment method	66,288	6.00	5.00 - 7.50	5.00 - 15.00	-	-	-
	Cost method	156,600	-	-	-	3 - 325	-	-
Properties under construction								
Malls	Residual method	361,190	-	-	-	-	-	75.00 - 90.00
Office buildings	Residual method	8,375,689	-	-	-	-	-	60.00 - 75.00
Others	Residual method	293,500	-	-	-	-	6.50	-
	Total	12,804,095						

The above fair values were measured using Level 3 inputs except for an office building under construction of RM8,314,931,000, of which the fair value has been agreed under the proposed joint-venture as disclosed in Note 41(f) (Level 1 input).

Changes to the yield, price per square foot, discount rate and occupancy rate by 50 basis point, 10%, 50 basis point and 10% respectively, will result in a change in fair value of approximately RM472,770,000, RM916,721,000, RM1,073,000 and RM97,467,000 respectively with all other inputs remain constant.

18 INVESTMENT PROPERTIES (CONTINUED)

The fair value measurements using Level 3 inputs as at 30 June 2016 are as follows:

	Valuation technique	Fair value RM'000	Significant unobservable inputs Term yield %	Reversion yield %	Allowance for void %	Price per sq foot RM/psf	Discount rate %	Monthly rental rate per sq metre RM/psm	Annual outgoing RM'000/ psf	Growth rate %
Completed properties										
Malls	Investment method	1,751,200	6.75 - 7.00	7.25 - 7.50	5.00	-	-	-	-	-
Office buildings	Comparison method	100,470	-	-	-	315 - 1,700	-	-	-	-
	Investment method	1,055,570	5.75 - 6.00	6.00 - 6.50	5.00 - 10.00	-	-	-	-	-
Others	Comparison method	597,700	-	-	-	14 - 400	-	-	-	-
	Investment method	29,335	6.00	6.00 - 6.50	5.00 - 10.00	-	-	-	-	-
	Cost method	156,700	-	-	-	3 - 320	-	-	-	-
Properties under construction										
Malls	Residual method	278,955	-	-	-	-	6.50	79	15,522	3.00
Office buildings	Residual method	54,289	-	-	-	-	-	17	1,937	2.00
	Total	4,024,219								

Changes to the yield, price per square foot and all the unobservable inputs adopted by the residual approach by 25 basis point, 10% and 5% respectively, will result in a change in fair value of approximately RM103,550,000, RM76,720,000 and RM22,350,000 respectively with all other inputs remain constant.

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19 GOODWILL ON CONSOLIDATION

	Group	
	2017 RM'000	**2016 RM'000**
At beginning/end of financial year	**11,472**	11,472

For the purpose of impairment testing, goodwill is allocated to the Group's "CGUs" identified according to the operating segments as follows:

	Group	
	2017 RM'000	**2016 RM'000**
Property development	**3,802**	3,802
Leisure and hospitality	**7,670**	7,670
	11,472	11,472

Goodwill is tested for impairment on an annual basis by comparing the carrying amount with the recoverable amount of the CGUs based on value-in-use. Value-in-use is determined by discounting the cash flows projections based on the financial budgets approved by the management. The discount rate used is the Group's weighted average cost of capital of 9% (2016: 7%).

20 SUBSIDIARIES

20.1 Interests in subsidiaries

	Company	
	2017 RM'000	**2016 RM'000**
At Cost		
Unquoted shares in Malaysia	**14,785,464**	14,638,158
Unquoted shares outside Malaysia	**1,442,068**	1,598,984
Equity contribution	**17,454**	17,454
	16,244,986	16,254,596
Less: Accumulated impairment losses	**(13,507)**	(13,507)
	16,231,479	16,241,089
Equity loans (Note 20.2)	**1,715,718**	1,114,190
	17,947,197	17,355,279

Unquoted shares include redeemable preference shares ("RPS") issued by subsidiaries (some of which are also issued to non-controlling interests), which are redeemable at the option of issuer and entitle the Company to receive dividend out of profits of the issuer at a rate to be determined by the issuer.

20 SUBSIDIARIES (CONTINUED)

20.1 Interests in subsidiaries (continued)

Details of the subsidiaries are set out in Note 43 to the financial statements.

2017

During the financial year, the Company acquired or subscribed for shares in its subsidiaries as follows:

Acquisition of shares/incorporation of new subsidiaries

On 12 July 2016, the Company acquired 2 ordinary shares, representing 100% of the total issued share capital in Fortune Growers Sdn. Bhd. ("Fortune Growers") for a total cash consideration of Ringgit Malaysia Two (RM2.00) only. Following the acquisition, Fortune Growers has become a wholly-owned subsidiary of the Company and on 28 April 2017, the Company has subscribed for a total of 146,806,000 units of preference shares for a total consideration of RM146,806,000.

On 12 October 2016, the Company has incorporated a wholly-owned subsidiary, namely Wealthy Link Pte. Ltd. ("WLPL"). WLPL was incorporated in Singapore as a private limited company under the Companies Act, Chapter 50 with 1 ordinary issued and paid up share. The principal activity of WLPL is investment holding.

Progressive View Pte. Ltd. ("PVPL") was incorporated in Singapore on 2 June 2017 as a private limited company under the Companies Act, Chapter 50 with 1 ordinary issued and paid-up share. PVPL is a wholly-owned subsidiary of the Company. The intended principal activity of PVPL is property development.

Subscriptions of shares

Company	Type of shares	No. of shares '000	Amount RM'000
Fortune Growers Sdn. Bhd.	RPS	146,806	146,806

The above subscription was settled by offsetting with the amounts due to the Company. The above subscription of shares had no impact on the Group's financial statements.

During the financial year, the Company also acquired 128,800 ordinary shares in IOI Properties Berhad ("IOIPB") at an average price of RM3.89 per IOIPB share for cash consideration of RM500,480.

Redemption of shares

Company	Type of shares	No. of shares '000	Amount RM'000
IOI Consolidated Pte. Ltd.	RPS at an issue price of SGD1.00 each	57,520	156,916

The above redemption of shares were settled by cash. The above redemption of shares had no material impact on the Group's financial statements.

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20 SUBSIDIARIES (CONTINUED)

20.1 Interests in subsidiaries (continued)

2016

In the previous financial year, the Company acquired or subscribed for shares in its subsidiaries as follows:

Acquisition of shares

On 26 January 2016, the Company acquired the entire issued and paid-up ordinary share capital in Mayang Development Sdn. Bhd. and Nusa Properties Sdn. Bhd. and thereafter, subscribed to the new redeemable non-cumulative preference shares-Class B in both companies:

Company name	Equity interest	Purchase consideration RM'000	Assumption of debts RM'000	Total purchase consideration RM'000
Mayang Development Sdn. Bhd. ("MDSB")	100%	1,502,224	232,853	1,735,077
Nusa Properties Sdn. Bhd. ("NPSB")	100%	352,818	1,326	354,144
		1,855,042	234,179	2,089,221

The above total purchase considerations of RM2,089,221,000 were satisfied via the issuance of 644,776,187 new ordinary shares of the Company and cash settlement of RM741,639,000.

(1) The fair values of the identifiable assets and liabilities as at the date of acquisition were as follows:

	RM'000
Property, plant and equipment	3,415
Land held for property development	1,642,000
Investment properties	435,000
Property development costs	475,427
Inventories	34,100
Trade and other receivables	29,529
Cash and bank balances	1,380
Trade and other payables	(70,542)
Taxation	(2,746)
Deferred tax liabilities	(387,251)
Total identifiable net assets	2,160,312
Gain on bargain purchase from the acquisitions of subsidiaries	(71,091)
Total cost of acquisition	2,089,221

20 SUBSIDIARIES (CONTINUED)

20.1 Interests in subsidiaries (continued)

2016 (continued)

Acquisition of shares (continued)

(2) The effects of the acquisition of new subsidiaries on cash flows were as follows:

	RM'000
Total cost of acquisition	2,089,221
Less: Non-cash consideration	(1,347,582)
Consideration settled in cash	741,639
Cash and cash equivalents of subsidiaries acquired	(1,380)
Net cash outflow of the Group on acquisition	740,259

In the previous financial year, the Company also acquired 471,000 ordinary shares of RM0.50 each in IOI Properties Berhad ("IOIPB") at an average price of RM3.77 per IOIPB share for cash consideration of RM1,775,000.

Subscriptions of shares

Company	Type of shares	No. of shares '000	Amount RM'000
IOIP Capital Management Sdn. Bhd. ("IOIPCM")	RPS at an issue price of RM1.00 each	70,946	70,946
IOI City Mall Sdn. Bhd. ("IOICMSB")	RPS at an issue price of RM1.00 each	684,058	684,058
IOI Properties Empire Sdn. Bhd. ("IOIPESB")	RPS at an issue price of RM1.00 each	10	10
IOI Consolidated (Singapore) Pte. Ltd. ("IOICSPL")	RPS at an issue price of SGD1.00 each	24,551	71,679
Palmex Industries Sdn. Bhd. ("PISB")	RPS at an issue price of RM1.00 each	27,000	27,000
Resort Villa Golf Course Berhad ("RVGCB")	RPS at an issue price of RM100.00 each	970	97,000

The above subscription were settled by offsetting with the amounts due to the Company. The above subscription of shares had no impact on the Group's financial statements.

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20 SUBSIDIARIES (CONTINUED)

20.1 Interests in subsidiaries (continued)

2016 (continued)

Equity contribution

During the financial year, the employees' share options expenses of RM17,454,000 in relation to the employee share option scheme of the Company had been capitalised as investment in the respective participating subsidiaries.

Redemption of shares

Company	Type of shares	No. of shares '000	Amount RM'000
Property Skyline Sdn. Bhd.	RPS of RM0.01 each at share premium of RM0.99 each	420	420

The above redemption of shares were settled by cash. The above redemption of shares had no material impact on the Group's financial statements.

Impairment loss

In the previous financial year, an impairment loss on investment in a subsidiary amounting to RM13,507,000 relating to a subsidiary, IOI Properties Capital (L) Berhad was recognised in profit or loss due to the recoverable amount of this subsidiary was lower than the cost of investment of the Company as the subsidiary had discontinued its intended activities.

20.2 Equity loans

Equity loans represent advances to foreign subsidiaries used for:

a. Investment in development properties in the People's Republic of China ("PRC"), Malaysia and Singapore of RM154,389,000, RM Nil, RM1,561,329,000 (2016: RM958,942,000, RM152,752,000 and RM Nil) respectively; and

b. Onward capital injection into the joint venture's projects in Singapore of RM Nil (2016: RM2,496,000).

These amounts are unsecured, non-interest bearing and settlements are neither planned nor likely to occur in the foreseeable future, and in substance form part of the Company's net investment in subsidiaries.

20.3 Amounts due from/(to) subsidiaries

The non-current amount due from a subsidiary represents outstanding amounts arising from advances. These amounts are unsecured, bear interest at rate ranging from 4.32% to 5.48% per annum (2016: 5.55%) and payable on 26 January 2021 in cash and cash equivalents or on demand upon one month written notice from the Company.

The current amounts due from subsidiaries represent advances and payments made on behalf of a subsidiary, which are unsecured, non-interest bearing except for RM96,360,000 (2016: RM179,227,000) which bears interest at rates ranging from 1.47% to 1.90% (2016: 1.74% to 2.61%) per annum and are payable upon demand in cash and cash equivalents.

The amount due to a subsidiary represents advances and payments made on behalf, which is unsecured, non-interest bearing and is payable upon demand in cash and cash equivalents.

20 SUBSIDIARIES (CONTINUED)

20.4 Material non-controlling interests

As at 30 June 2017, the total non-controlling interests are RM260,615,000 (2016: RM130,754,000), of which RM79,641,000 (2016: RM Nil) and RM124,367,000 (2016: RM76,985,000) are attributable to PINE MJR Development Sdn. Bhd. ("PINE MJR") and Clementi Development Pte. Ltd. ("Clementi") respectively. The other non-controlling interests are not significant.

Set out below are the summarised financial information for PINE MJR and Clementi that has non-controlling interests that are material to the Group. The below financial information is based on amounts before inter-company eliminations.

	PINE MJR		Clementi	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Proportion of ordinary shares held by non-controlling interests (%)	**45%**	-	**12%**	12%
Summarised statements of comprehensive income:				
Revenue	**-**	-	**1,742,275**	474,569
(Loss)/Profit/Total comprehensive (loss)/income for the financial year	**(104)**	-	**322,285**	92,881
(Loss)/Profit/Total comprehensive (loss)/income attributable to non-controlling interests	**(47)**	-	**38,674**	11,146
Summarised statements of financial position:				
Current assets	**5,495**	-	**1,364,348**	1,636,820
Current liabilities	**(837)**	-	**(159,814)**	(95,855)
Non-current assets	**92,860**	-	**1,622**	1,530
Non-current liabilities	**-**	-	**(218,326)**	(912,356)
Net assets	**97,518**	-	**987,830**	630,139
Summarised cash flows:				
Cash flows from operating activities	**720**	-	**1,073,418**	46,809
Cash flows (used in)/from investing activities	**(92,857)**	-	**843**	(1,671)
Cash flows from/(used in) financing activities	**97,622**	-	**(740,525)**	2,071
Net increase in cash and cash equivalents during the financial year	**5,485**	-	**333,736**	47,209
Cash and cash equivalents at beginning of the financial year	**-**	-	**104,258**	53,163
Foreign exchange differences on opening balances	**-**	-	**4,686**	3,886
Cash and cash equivalents at end of the financial year	**5,485**	-	**442,680**	104,258

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21 ASSOCIATE

21.1 Investment in an associate

	Group	
	2017 **RM'000**	**2016** **RM'000**
Unquoted shares, at cost	**76,671**	76,671
Share of post-acquisition results and reserves	**17,444**	14,180
	94,115	90,851

Unquoted shares include redeemable preference shares ("RPS") issued by associate, which is redeemable at the option of issuer.

Associate of the Group is accounted for using the equity method in the consolidated financial statements. Details of the associate is set out in Note 43 to the financial statements.

21.2 Summary of financial information of the associate is as follows:

	Group	
	2017 **RM'000**	**2016** **RM'000**
Assets and liabilities		
Total current assets	**24,695**	12,695
Total non-current assets	**275,775**	275,850
Total current liabilities	**6,361**	4,636
Results		
Revenue	**20,999**	15,429
Profit/(Loss)/Total comprehensive income/(loss) for the financial year	**10,200**	(12,646)

There was no dividend paid by the associate in both financial years.

21 ASSOCIATE (CONTINUED)

21.3 The reconciliation of net assets of the associate to the carrying amount of the investment in an associate is as follows:

	Group	
	2017 RM'000	**2016 RM'000**
Net assets as at 30 June	**294,109**	283,909
Share of net assets of the Group/Carrying amount in the statement of financial position	**94,115**	90,851
Share of profit/(loss) of the Group	**3,264**	(3,806)

22 JOINT VENTURES

22.1 Interests in joint ventures

	Group	
	2017 RM'000	**2016 RM'000**
Unquoted shares, at cost	**3,292,156**	3,153,593
Share of post-acquisition results and reserves	**625,863**	511,574
	3,918,019	3,665,167
Amounts due from joint ventures	**1,208,062**	1,155,351
	5,126,081	4,820,518

Unquoted shares include redeemable preference shares ("RPS") issued by joint ventures, which are redeemable at the option of issuer and entitle the Company to receive dividend out of profits of the issuer at a rate to be determined by the issuer.

The above joint arrangements of the Group are regarded as joint ventures pursuant to the contractual rights and obligations of the joint venture agreements that provide the Group with the rights to the net assets of the joint ventures. The joint ventures are accounted for using the equity method in the consolidated financial statements. Details of the joint ventures are set out in Note 43 to the financial statements.

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22 JOINT VENTURES (CONTINUED)

22.2 Financial information of joint ventures

Set out below is the summarised financial information for joint ventures that are material to the Group, which are accounted for using the equity method.

(i) Summarised statements of financial position:

	Scottsdale Properties Pte. Ltd. RM'000	Pinnacle (Sentosa) Pte. Ltd. RM'000
2017		
Non-current:		
Non-current assets	**7,907,602**	**4,860**
Current:		
Cash and cash equivalents	**101,600**	**1,894**
Other current assets	**2,961,827**	**4,252,234**
Total current assets	**3,063,427**	**4,254,128**
Total assets	**10,971,029**	**4,258,988**
Non-current:		
Financial liabilities (excluding trade and other payables and provisions)	**6,198,616**	**1,728,992**
Other liabilities (including trade and other payables and provisions)	**38,233**	**-**
Total non-current liabilities	**6,236,849**	**1,728,992**
Current:		
Financial liabilities (excluding trade and other payables and provisions)	**3,211**	**9,034**
Other liabilities (including trade and other payables and provisions)	**476,120**	**41,793**
Total current liabilities	**479,331**	**50,827**
Total liabilities	**6,716,180**	**1,779,819**
Net assets	**4,254,849**	**2,479,169**

22 JOINT VENTURES (CONTINUED)

22.2 Financial information of joint ventures (continued)

Set out below is the summarised financial information for joint ventures that are material to the Group, which are accounted for using the equity method (continued).

(i) Summarised statements of financial position (continued):

	Scottsdale Properties Pte. Ltd. RM'000	Pinnacle (Sentosa) Pte. Ltd. RM'000
2016		
Non-current:		
Non-current assets	7,543,625	4,650
Current:		
Cash and cash equivalents	48,378	1,111
Other current assets	2,587,468	4,064,421
Total current assets	2,635,846	4,065,532
Total assets	10,179,471	4,070,182
Non-current:		
Financial liabilities (excluding trade and other payables and provisions)	4,739,292	1,667,590
Other liabilities (including trade and other payables and provisions)	36,104	-
Total non-current liabilities	4,775,396	1,667,590
Current:		
Financial liabilities (excluding trade and other payables and provisions)	1,195,155	5,068
Other liabilities (including trade and other payables and provisions)	352,008	38,128
Total current liabilities	1,547,163	43,196
Total liabilities	6,322,559	1,710,786
Net assets	3,856,912	2,359,396

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22 JOINT VENTURES (CONTINUED)

22.2 Financial information of joint ventures (continued)

Set out below is the summarised financial information for joint ventures that are material to the Group, which are accounted for using the equity method (continued).

(ii) Summarised statements of comprehensive income:

	Scottsdale Properties Pte. Ltd. RM'000	Pinnacle (Sentosa) Pte. Ltd. RM'000
2017		
Revenue	**254,827**	**68,870**
Depreciation and amortisation	**(50,921)**	**-**
Interest income	**126**	**52**
Interest expenses	**(72,229)**	**(27,762)**
(Loss)/Profit before taxation	**(52,136)**	**13,431**
Taxation	**(515)**	**-**
(Loss)/Profit/Total comprehensive (loss)/income for the financial year	**(52,651)**	**13,431**

There was no dividend paid by the joint ventures.

	Scottsdale Properties Pte. Ltd. RM'000	Pinnacle (Sentosa) Pte. Ltd. RM'000
2016		
Revenue	181,387	55,545
Depreciation and amortisation	(46,885)	(4)
Interest income	78	10
Interest expenses	(75,086)	(35,605)
Profit/(Loss) before taxation	701,766	(293,176)
Taxation	39,241	-
Profit/(Loss)/Total comprehensive income/(loss) for the financial year	741,007	(293,176)

There was no dividend paid by the joint ventures.

22 JOINT VENTURES (CONTINUED)

22.2 Financial information of joint ventures (continued)

Set out below is the summarised financial information for joint ventures that are material to the Group, which are accounted for using the equity method (continued).

(iii) Reconciliation of the summarised information presented to the carrying amounts of interest in joint ventures is set out below:

	Scottsdale Properties Pte. Ltd. RM'000	Pinnacle (Sentosa) Pte. Ltd. RM'000
2017		
Net assets:		
As at 1 July 2016	**3,856,912**	**2,359,396**
(Loss)/Profit for the financial year	**(52,651)**	**13,431**
Movement in share capital	**277,680**	**-**
Movement in other reserves	**-**	**167**
Foreign currency translation differences	**172,908**	**106,175**
As at 30 June 2017	**4,254,849**	**2,479,169**
Interest in joint ventures as at year end	**49.9%**	**65.0%**
Unquoted shares, at cost	**1,448,228**	**1,820,364**
Share of post-acquisition results and reserves	**661,059**	**(208,904)**
Total investments in joint ventures	**2,109,287**	**1,611,460**
Amounts due from joint ventures	**629,598**	**5,872**
Total interests in joint ventures	**2,738,885**	**1,617,332**

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22 JOINT VENTURES (CONTINUED)

22.2 Financial information of joint ventures (continued)

Set out below is the summarised financial information for joint ventures that are material to the Group, which are accounted for using the equity method (continued).

(iii) Reconciliation of the summarised information presented to the carrying amounts of interest in joint ventures is set out below (continued):

	Scottsdale Properties Pte. Ltd. RM'000	Pinnacle (Sentosa) Pte. Ltd. RM'000
2016		
Net assets:		
As at 1 July 2015	2,456,829	2,501,416
Profit/(Loss) for the financial year	741,007	(293,176)
Movement in share capital	482,145	-
Foreign currency translation differences	176,931	151,156
As at 30 June 2016	3,856,912	2,359,396
Interest in joint ventures as at year end	49.9%	65.0%
Unquoted shares, at cost	1,309,665	1,820,364
Share of post-acquisition results and reserves	601,051	(286,757)
Total investments in joint ventures	1,910,716	1,533,607
Amounts due from joint ventures	602,517	3,294
Total interests in joint ventures	2,513,233	1,536,901

Set out below are the summarised information of all individually immaterial joint ventures on an aggregate basis.

	2017 RM'000	2016 RM'000
Unquoted shares, at cost and share of post-acquisition results and reserves	**197,272**	220,844
Amounts due from joint ventures	**572,592**	549,540
Total interests in joint ventures	**769,864**	770,384
Share of joint ventures' profits/total comprehensive income	**16,542**	2,080

There was dividend of RM48,468,000 (2016: RM83,146,000) paid by the joint ventures during the financial year.

22 JOINT VENTURES (CONTINUED)

22.3 Amounts due from joint ventures

The amounts due from joint ventures represent outstanding amounts arising from the Group's subsidiaries' proportionate share in the advances and working capital to the joint ventures for the acquisition of land and its development projects in Singapore. The amounts due from joint ventures are unsecured, non-interest bearing except for an amount of RM572,592,000 (2016: RM549,540,000), which bears interest at 1.40% (2016: 1.20% to 1.40%) per annum and is not repayable within the next twelve (12) months.

23 DEFERRED TAXATION

	Group	
	2017 RM'000	**2016 RM'000**
At beginning of financial year	**684,796**	219,772
Recognised in the profit or loss (Note 12)	**216,371**	77,632
Addition through acquisitions of subsidiaries (Note 20.1)	**-**	387,251
Foreign currency translation differences	**14,294**	141
At end of financial year	**915,461**	684,796
Presented after appropriate offsetting as follows:		
Deferred tax liabilities	**1,021,915**	781,023
Deferred tax assets	**(106,454)**	(96,227)
	915,461	684,796

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23 DEFERRED TAXATION (CONTINUED)

The movements of deferred tax liabilities and assets during the financial year prior to offsetting are as follows:

	Group	
	2017 RM'000	**2016 RM'000**
Deferred tax liabilities		
At beginning of financial year	**781,023**	317,542
Recognised in profit or loss:		
Temporary differences on capital allowances	**9,070**	14,763
Temporary differences on fair value adjustments on business combinations	**(18,412)**	374,968
Temporary differences on fair value adjustments on investment properties	**3,873**	8,441
Temporary differences on profit from sales of development properties	**246,361**	65,309
	240,892	463,481
At end of financial year	**1,021,915**	781,023
Deferred tax assets		
At beginning of financial year	**96,227**	97,770
Recognised in profit or loss:		
Temporary differences on unutilised tax losses	**(1,720)**	999
Temporary differences on unabsorbed capital allowances	**(4,864)**	38
Unrealised profits on intercompany transactions	**16,772**	(7,667)
Other deductible temporary differences	**39**	5,087
	10,227	(1,543)
At end of financial year	**106,454**	96,227

23 DEFERRED TAXATION (CONTINUED)

The components of deferred tax liabilities and assets at the end of the reporting period comprise the tax effects of:

	Group	
	2017 RM'000	**2016 RM'000**
Deferred tax liabilities		
Temporary differences on accelerated capital allowances	**50,346**	41,276
Temporary differences on fair value adjustments on business combinations*	**403,275**	421,687
Temporary differences on fair value adjustments on investment properties	**86,936**	83,063
Temporary differences on profit from sales of development properties	**481,358**	234,997
	1,021,915	781,023
Deferred tax assets		
Unutilised tax losses	**151**	1,871
Unabsorbed capital allowances	**2,038**	6,902
Unrealised profits on intercompany transactions	**80,706**	63,934
Other deductible temporary differences	**23,559**	23,520
	106,454	96,227

* *Comprises mainly of deferred tax adjustments on temporary differences arising from land held for property development and development properties.*

The following deferred tax assets have not been recognised:

	Group	
	2017 RM'000	**2016 RM'000**
Unutilised tax losses	**21,407**	2,560

Deferred tax assets of certain subsidiaries have not been recognised in respect of these items as it is not probable that taxable profit of the subsidiaries will be available against which the deductible temporary differences can be utilised.

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24 PROPERTY DEVELOPMENT COSTS

Group	Freehold land RM'000	Long term leasehold land RM'000	Development costs RM'000	Accumulated cost charged to profit or loss RM'000	Total RM'000
2017					
At Cost					
At beginning of financial year	**1,576,532**	**386,258**	**4,582,126**	**(2,388,587)**	**4,156,329**
Costs incurred	**-**	**1,470,860**	**1,512,633**	**-**	**2,983,493**
Adjustment*	**-**	**53,957**	**1,646**	**-**	**55,603**
Transfer from land held for property development (Note 17)	**33,012**	**363,019**	**85,747**	**-**	**481,778**
Transfer to inventories	**(366,967)**	**(1,135)**	**(945,061)**	**-**	**(1,313,163)**
Foreign currency translation differences	**54,672**	**5,420**	**37,531**	**(58,640)**	**38,983**
Recognised as expense in profit or loss as part of cost of sales	**-**	**-**	**-**	**(2,388,357)**	**(2,388,357)**
Completed projects	**(1,023,393)**	**(183,995)**	**(2,182,562)**	**3,389,950**	**-**
At end of financial year	**273,856**	**2,094,384**	**3,092,060**	**(1,445,634)**	**4,014,666**
2016					
At Cost					
At beginning of financial year	1,482,671	401,594	2,615,278	(1,143,862)	3,355,681
Costs incurred	3,035	-	1,946,624	-	1,949,659
Acquisitions of subsidiaries (Note 20.1)	9,559	-	465,868	-	475,427
Transfer from land held for property development (Note 17)	37,028	11,826	81,907	-	130,761
Transfer to inventories	(22,135)	(25,849)	(351,457)	-	(399,441)
Foreign currency translation differences	73,236	(1,313)	18,639	(15,460)	75,102
Recognised as expense in profit or loss as part of cost of sales	-	-	-	(1,430,860)	(1,430,860)
Completed projects	(6,862)	-	(194,733)	201,595	-
At end of financial year	1,576,532	386,258	4,582,126	(2,388,587)	4,156,329

Included in costs incurred in property development of the Group are interest expenses charged by banks and non-controlling interests during the financial year amounting to RM190,547,000 and RM1,786,000 (2016: RM63,903,000 and RM2,302,000) respectively.

* *Relates to adjustment of land costs based on new information available from the authority during the financial year.*

Included in property development costs charged to cost of sales is carrying amount of RM295,419,000 transferred to investment properties at fair value of RM289,401,000 due to change in use.

25 INVENTORIES

	Group	
	2017 RM'000	2016 RM'000
At Cost		
Completed development properties	**1,831,094**	695,743
Raw materials and consumables	**1,069**	1,751
Others	**3,358**	2,830
	1,835,521	700,324

26 TRADE AND OTHER RECEIVABLES

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Trade receivables (Note 26.1)	**373,781**	366,392	**-**	-
Other receivables, deposits and prepayments (Note 26.2)	**359,597**	107,340	**17**	3,209
Accrued billings	**661,938**	458,820	**-**	-
Amounts due from contract customers (Note 26.3)	**257**	426	**-**	-
	1,395,573	932,978	**17**	3,209

26.1 Trade receivables

	Group	
	2017 RM'000	2016 RM'000
Trade receivables	**379,366**	369,372
Less: Accumulated impairment losses	**(5,585)**	(2,980)
	373,781	366,392

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26 TRADE AND OTHER RECEIVABLES (CONTINUED)

26.1 Trade receivables (continued)

(a) Included in trade receivables of the Group are amounts due from affiliates of RM429,000 (2016: RM2,328,000) for property project management services, provision of landscaping services and related costs provided by a subsidiary, which is unsecured, non-interest bearing and payable within the credit period in cash and cash equivalents.

(b) The normal trade credit terms granted by the Group range from 7 to 90 days (2016: 7 to 90 days) from date of invoice and progress billing. They are recognised at their original invoiced amounts, which represent their fair values on initial recognition.

(c) The reconciliation of movements in the accumulated impairment losses of trade receivables is as follows:

	Group	
	2017 RM'000	**2016 RM'000**
At beginning of financial year	**2,980**	2,670
Charge for the financial year	**2,904**	569
Written back	**(41)**	(5)
Written off	**(310)**	(254)
Foreign currency translation differences	**52**	-
At end of financial year	**5,585**	2,980

26.2 Other receivables, deposits and prepayments

	Group		Company	
	2017 RM'000	**2016 RM'000**	**2017 RM'000**	**2016 RM'000**
Other receivables	**302,845**	62,148	**12**	-
Less: Accumulated impairment losses	**(1,470)**	(1,824)	**-**	-
	301,375	60,324	**12**	-
Deposits	**30,190**	36,831	**5**	3,209
Prepayments	**28,032**	10,185	**-**	-
	359,597	107,340	**17**	3,209

Included in other receivables of the Group are receivable of RM168,171,000 (2016: RM Nil) in relation to the land acquisition in Singapore, performance guarantee receivable of RM61,012,000 (2016: RM Nil) and an amount of RM17,276,000 (2016: RM34,391,000) in relation to a government grant for the infrastructure costs of certain projects undertaken by the Group.

Included in deposits of the Group and of the Company were an amount of RM2,774,000 and RM Nil (2016: RM14,478,000 and RM3,204,000) respectively paid for new land acquisitions.

26 TRADE AND OTHER RECEIVABLES (CONTINUED)

26.2 Other receivables, deposits and prepayments (continued)

(a) The reconciliation of movements in the accumulated impairment losses of other receivables is as follows:

	Group	
	2017 RM'000	**2016 RM'000**
At beginning of financial year	**1,824**	1,439
Charges for the financial year	**135**	441
Written back	**(489)**	(52)
Written off	**-**	(4)
At end of financial year	**1,470**	1,824

26.3 Amounts due from contract customers

	Group	
	2017 RM'000	**2016 RM'000**
Aggregate costs incurred to date	**615**	27,491
Recognised profit	**59**	6,964
	674	34,455
Progress billings	**(417)**	(34,029)
Amounts due from contract customers	**257**	426

27 SHORT TERM FUNDS

	Group and Company	
	2017 RM'000	**2016 RM'000**
Investments in fixed income trust funds in Malaysia at fair value through profit or loss	**282,515**	118,812

Investments in fixed income trust funds in Malaysia represent investment in highly liquid money market funds, which are readily convertible to known amounts of cash and subject to an insignificant risk of changes in value.

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28 DEPOSITS WITH FINANCIAL INSTITUTIONS

	Group	
	2017 **RM'000**	**2016** **RM'000**
Deposits with licensed banks	**1,405,299**	692,687

Included in the Group's deposits with financial institutions are amounts of:

(i) SGD109,037,000 (2016: SGD29,515,000), equivalent to approximately RM339,682,000 (2016: RM87,993,000) held under Housing Developers (Project Account) (Amendment) Rules, 1997 in Singapore, which can only be used for property development activities.

(ii) RMB117,700,000 (2016: RMB58,000,000), equivalent to approximately RM74,493,000 (2016: RM35,114,000) held under Housing Developers (Project Account) Rules, Fujian Province, Administration of Pre-sale of Commodity Premises Regulations (Revised), in PRC, which can only be used for property development activities.

29 CASH AND BANK BALANCES

Included in the Group's cash and bank balances are amounts of:

(i) RM184,164,000 (2016: RM165,097,000) held under the Housing Development Account pursuant to Section 7A of the Housing Development (Control and Licensing) Act, 1966 in Malaysia, as amended by the Housing Developers (Housing Development Account) (Amendment) Regulation, 2002 in Malaysia, which can only be used for property development activities.

(ii) SGD31,184,000 (2016: SGD113,000), equivalent to approximately RM97,147,000 (2016: RM338,000) held under Housing Developers (Project Account) (Amendment) Rules, 1997 in Singapore, which can only be used for property development activities.

(iii) RMB113,376,000 (2016: RMB59,700,000), equivalent to approximately RM71,755,000 (2016: RM36,144,000) held under Housing Developers (Project Account) Rules, Fujian Province, Administration of Pre-sale of Commodity Premises Regulations (Revised), in PRC, which can only be used for property development activities.

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30 SHARE CAPITAL

	Group and Company	
	Number of shares '000	Amount RM'000
Authorised:		
2017		
Ordinary shares with no par value		
At beginning of financial year	**50,000,000**	**50,000,000**
Abolishment of the concept of authorised share capital on 31st January 2017	**(50,000,000)**	**(50,000,000)**
At end of financial year	**-**	**-**
2016		
Ordinary shares with par value of RM1.00 each		
At beginning/end of financial year	50,000,000	50,000,000
Issued and fully paid-up:		
2017		
Ordinary shares with no par value		
At beginning of financial year	**4,423,627**	**4,423,627**
Issuance during the financial year	**1,101,629**	**1,519,027**
Cancellation of treasury shares	**(19,111)**	**-**
	5,506,145	**5,942,654**
Transfer from share premium in accordance with Section 618(2)	**-**	**12,571,579**
At end of financial year	**5,506,145**	**18,514,233**
2016		
Ordinary shares with par value of RM1.00 each		
At beginning of financial year	3,778,851	3,778,851
Issuance during the financial year	644,776	644,776
At end of financial year	4,423,627	4,423,627

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30 SHARE CAPITAL (CONTINUED)

The new Companies Act, 2016 (the "Act"), which come into operation on 31 January 2017, abolished the concept of authorised share capital and par value of share capital. Consequently, any amount standing to the credit of the share premium account of RM12,571,579,000 becomes part of the Company's share capital pursuant to the transitional provisions set out in Section 618(2) of the Act. There is no impact on the numbers of shares in issue or the relative entitlements of any of the members as a result of this transition. Notwithstanding this provision, the Company may within 24 months from the commencement of the Act, use the amount standing to the credit of its share premium account of RM12,571,579,000 for purposes as set out in Section 618(3) of the Act.

Of the total 5,506,145,000 (2016: 4,423,626,700) ordinary shares, there is no more share held as treasury shares as disclosed in Note 31.1 to the financial statements. Accordingly, the number of ordinary shares at the end of the financial year is 5,506,145,000 (2016: 4,411,215,200) ordinary shares.

During the financial year, the Company increased its issued share capital (inclusive of share premium) from RM16,995,206,000 to RM18,514,233,000 by way of issuance of 1,101,629,075 new ordinary shares for total cash proceeds of RM1,519,027,000 (net of transaction costs of RM1,221,000) pursuant to the Rights Issue.

In the previous financial year, the Company increased its issued share capital (inclusive of treasury shares) from RM3,778,850,513 to RM4,423,626,700 by way of issuance of 644,776,187 new ordinary shares at an issue price of RM2.21 each pursuant to the acquisitions of new subsidiaries as disclosed in Note 20.1 to the financial statements.

30.1 Employees' Share Option Scheme ("ESOS")

An ESOS was established on 8 May 2015 for the benefit of the eligible executives and Executive Directors of the Group.

On 23 May 2016, the Company offered a total of 33,800,000 share options at an option price of RM2.25 to the Eligible Persons (as defined below) of the Group in accordance with the By-Laws of the ESOS, out of which 33,500,000 share options were accepted by the Eligible Persons.

During the financial year, the Company issued additional 2,920,007 share options to the Eligible Persons and the option price was also adjusted to RM2.07 pursuant to the ESOS By-Laws as a result of the Rights Issue.

The salient features of the ESOS are as follows:

(a) Maximum number of shares available under the ESOS

The maximum number of new ordinary shares in the Company ("IOIPG Shares") which may be issued and allotted under the ESOS shall not exceed 10% of the issued and paid-up ordinary share capital of the Company (excluding treasury shares) at any point of time throughout the duration of the ESOS

30 SHARE CAPITAL (CONTINUED)

30.1 Employees' Share Option Scheme ("ESOS") (continued)

(b) Eligibility

Any employee (including Executive Director) of the Company and its subsidiaries ("IOIPG Group") which are incorporated and existing in Malaysia and are not dormant shall be able to participate in the ESOS, if, as at the date of offer ("Date of Offer"):

(i) the employee has attained at least 18 years of age;

(ii) the employee falls under the grade of M1 and above;

(iii) is an Executive Director of the Company who has been involved in the management of the IOIPG Group for a period of at least three (3) years of continuous service prior to and up to the Date of Offer;

(iv) the employee is confirmed in writing as a full time employee and/or has been in the employment of the IOIPG Group for a period of at least three (3) years of continuous service prior to and up to the Date of Offer, including service during the probation period;

(v) fulfills any other criteria and/or falls within such category as may be determined by the ESOS Committee from time to time; and

(vi) the specific allocation of the IOIPG shares to that Executive Directors under the ESOS has been approved by the shareholders of IOIPG at a general meeting.

The eligible Directors and eligible employees (collectively, "Eligible Person(s)")

The eligibility under ESOS does not confer upon an Eligible Person any rights over or in connection with the options or the new IOIPG Shares unless an offer has been made in writing by the ESOS Committee to the Eligible Person under the By-Law and the Eligible Person has accepted the offer in accordance with the terms of the offer and the ESOS.

(c) Basis of allotment and maximum entitlement

Subject to any adjustments which may be made under the By-Laws, the maximum number of new IOIPG Shares that may be offered and allotted to an Eligible Person shall be determined at the sole and absolute discretion of the ESOS Committee after taking into consideration among others, the Eligible Person's position, performance, length of service and seniority in IOIPG Group respectively, or such other matters that the ESOS Committee may in its discretion deem fit subject to the following conditions:

(i) the Eligible Person(s) do not participate in the deliberation or discussion in respect of their own allocation; and

(ii) the number of new IOIPG Shares allocated to any Eligible Person who, either singly or collectively through persons connected with such Eligible Person, holds 20% or more of the issued and paid-up share capital (excluding treasury shares) of the Company, does not exceed 10% of the total number of new IOIPG Shares to be issued under the ESOS.

Provided always that it is in accordance with any prevailing guidelines issued by Bursa Malaysia Securities Berhad ("Bursa Malaysia"), the Listing Requirements or any other requirements of the relevant authorities and as amended from time to time.

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30 SHARE CAPITAL (CONTINUED)

30.1 Employees' Share Option Scheme ("ESOS") (continued)

(d) Duration of the ESOS

The ESOS came into force on 8 May 2015 and shall be for a duration of five (5) years and expires on 8 May 2020.

The ESOS Committee shall have the sole discretion in determining whether the options will be granted in one (1) single grant or based on staggered granting over the duration of the ESOS.

All options granted to a grantee under the ESOS are only exercisable within the option period and all options to the extent that have not been exercised upon the expiry of the option period shall automatically lapse and become null and void and have no further effect.

(e) Exercise Price

The exercise price shall be based on the higher of the following:

(i) the five (5)-day weighted average market price of IOIPG Shares, as quoted on Bursa Malaysia, immediately preceding the Date of Offer of the option, with a discount of not more than 10%; or

(ii) the par value of IOIPG Shares of RM1.00 each.

Notwithstanding to the above, with the implementation of the Companies Act, 2016 effective from 31 January 2017, the concept of par value of share capital had been abolished. Therefore, the par value of the shares of the Company as one of the exercise price determinant is to be disregarded.

(f) Ranking of the new IOIPG Shares

The new IOIPG Shares to be allotted and issued upon any exercise of options shall upon allotment and issuance, rank pari passu in all respects with the then existing issued and paid-up IOIPG Shares, save and except that the holders of the new IOIPG Shares so allotted and issued shall not be entitled to any dividends, rights, allotments and/or any other forms of distributions that may be declared, made or paid to the shareholders of IOIPG, the entitlement date of which is prior to the date of allotment of such new IOIPG Shares and will be subject to all the provisions of the Articles of Association of the Company relating to transfer, transmission or otherwise.

(g) Retention period

The new IOIPG Shares to be allotted and issued pursuant to the exercise of the options under the ESOS will not be subject to any retention period or restriction on transfers.

(h) Termination of the ESOS

The ESOS may be terminated by the ESOS Committee at any time before the date of expiry provided that the Company makes an announcement immediately to Bursa Malaysia. The announcement shall include:

(i) the effective date of termination;

(ii) the number of options exercised or IOIPG Shares vested, if applicable; and

(iii) the reasons and justification for termination.

30 SHARE CAPITAL (CONTINUED)

30.1 Employees' Share Option Scheme ("ESOS") (continued)

(h) Termination of the ESOS (continued)

Approval or consent of the shareholders of the Company by way of a resolution in a general meeting and written consent of grantees who have yet to exercise their options and/or vest the unvested IOIPG Shares (if applicable) are not required to effect a termination of the ESOS.

The movements of the share options over the unissued ordinary shares in the Company granted under the ESOS during the financial year are as follows:

	Number of options over ordinary shares					
	Option price#	As at 1.7.2016	Additional options issued#	Exercised	Lapsed*	As at 30.6.2017
Date of offer						
23 May 2016	RM2.07	33,500,000	2,920,007	-	(600,000)	35,820,007

Notes:-
 # Adjustments to option price and share options pursuant to the ESOS By-Laws as a result of the Rights Issue.
** Due to the resignation of employees during the financial year ended 30 June 2017.*

The weighted average fair value of share options granted during the previous financial year determined using Black Scholes Model was RM0.52. The key inputs into the model were as follows:-

	Group and Company 2016
Valuation assumptions:-	
Weighted average share price at date of grant (per share)	RM2.25
Exercise price (per share)	RM2.25
Expected volatility*	29.7%
Expected share option life	4 years
Expected dividend yield per annum	2.5%
Risk–free interest rate per annum	3.7%

** The volatility measured at the standard deviation of continuously compounded share returns which is based on statistical analysis of daily share price over the last three years.*

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30 SHARE CAPITAL (CONTINUED)

30.1 Employees' Share Option Scheme ("ESOS") (continued)

Value of employee services received for issue of share options.

	Group		Company	
	2017 RM'000	**2016 RM'000**	**2017 RM'000**	**2016 RM'000**
Share-based payment expense	**-**	17,454	**-**	17,454
Capitalised as investments in subsidiaries for share-based payments allocated to the employees of the subsidiaries	**-**	-	**-**	(17,454)
Total expense recognised as share-based payments	**-**	17,454	**-**	-

31 RESERVES

	Group		Company	
	2017 RM'000	**2016 RM'000**	**2017 RM'000**	**2016 RM'000**
Share premium	**12,571,579**	12,571,579	**12,571,579**	12,571,579
Treasury shares (Note 31.1)	**-**	(24,487)	**-**	(24,487)
Foreign currency translation reserve (Note 31.2)	**1,265,686**	1,003,046	**-**	-
Cash flow hedge reserve (Note 31.3)	**(4,830)**	(11,669)	**(5,551)**	(11,669)
Share-based payment reserve (Note 31.4)	**17,141**	17,454	**17,141**	17,454
	13,849,576	13,555,923	**12,583,169**	12,552,877
Share premium transferred to share capital due to no par value regime (Note 30)	**(12,571,579)**	-	**(12,571,579)**	-
	1,277,997	13,555,923	**11,590**	12,552,877

31 RESERVES (CONTINUED)

31.1 Treasury shares

The shareholders of the Company, by an ordinary resolution passed at an Annual General Meeting held on 26 October 2015, approved the Company's plan to repurchase up to 10% of the issued and paid-up share capital of the Company ("Share Buy-Back").

The Directors of the Company are committed to enhance the value of the Company to its shareholders and believe that the Share Buy-Back can be applied in the best interests of the Company and its shareholders.

During the financial year, the Group and the Company repurchased its issued ordinary shares from the open market as follows:

			Purchase price*		
	No. of shares '000	Cost RM'000	Highest RM	Lowest RM	Average RM
2017					
At beginning of financial year	**12,411**	**24,487**	**2.24**	**1.81**	**1.97**
Purchased during the financial year					
November 2016	**2,499**	**5,769**	**2.31**	**2.31**	**2.31**
December 2016	**2,200**	**4,409**	**2.01**	**2.00**	**2.00**
May 2017	**2,000**	**4,225**	**2.11**	**2.11**	**2.11**
	6,699	**14,403**	**2.31**	**2.00**	**2.15**
Subtotal	**19,110**	**38,890**			
Cancellation of treasury shares	**(19,110)**	**(38,890)**			
At end of financial year	**-**	**-**			

			Purchase price*		
	No. of shares '000	Cost RM'000	Highest RM	Lowest RM	Average RM
2016					
At beginning of financial year	11,956	23,601	2.11	1.85	1.97
Purchased during the financial year					
July 2015	352	656	1.90	1.81	1.86
November 2015	4	9	2.14	2.14	2.14
May 2016	99	221	2.24	2.24	2.24
	455	886	2.24	1.81	1.95
At end of financial year	12,411	24,487	2.24	1.81	1.97

* *Purchase price includes stamp duties, brokerage, clearing fee and goods and services tax.*

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31 RESERVES (CONTINUED)

31.1 Treasury shares (continued)

On 30 June 2017, the Company cancelled all its accumulated 19,110,000 treasury shares with carrying amount of RM38,890,000 at an average price of RM2.04 per ordinary share.

The transactions under Share Buy-Back were financed by internally generated funds. The repurchased ordinary shares of the Company were held as treasury shares in accordance with the provision of Section 127 of the Companies Act, 2016.

31.2 Foreign currency translation reserve

The foreign currency translation reserve is used to record foreign currency exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency. It is also used to record the exchange differences arising from monetary items, which form part of the Group's net investment in foreign operations, whereby the monetary item is denominated in either the functional currency of the reporting entity or the foreign operation.

31.3 Cash flow hedge reserve

The cash flow hedge reserve represents the deferred fair value gains/(losses) relating to derivative financial instruments used to hedge certain foreign currency denominated borrowings of the Group.

Movement in the cash flow hedge reserve during the financial year is as follows:

	Group		Company	
	2017 RM'000	**2016 RM'000**	**2017 RM'000**	**2016 RM'000**
At beginning of financial year	**(11,669)**	-	**(11,669)**	-
Fair value gain/(loss) on derivatives	**25,909**	(30,806)	**25,000**	(30,806)
Reclassification to/(from) profit and loss				
- Interest rate differences	**1,815**	1,793	**2,003**	1,793
- Foreign exchange rate differences	**(20,885)**	17,344	**(20,885)**	17,344
	(19,070)	19,137	**(18,882)**	19,137
At end of financial year	**(4,830)**	(11,669)	**(5,551)**	(11,669)

31.4 Share-based payment reserve

The share options reserve represents the equity-settled share options granted to employees. This reserve is made up of the cumulative value of services received from employees recorded on the grant date of share options.

32 BORROWINGS

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Non-current liabilities				
Unsecured				
Term loans	**3,855,768**	2,672,950	**273,689**	302,465
Revolving credit	**375,000**	375,000	**375,000**	375,000
Sukuk Murabahah	**559,745**	749,632	**-**	-
	4,790,513	3,797,582	**648,689**	677,465
Current liabilities				
Unsecured				
Term loans	**7,501,462**	464,450	**50,802**	-
Revolving credit	**3,219**	-	**3,219**	-
Sukuk Murabahah	**199,312**	-	**-**	-
	7,703,993	464,450	**54,021**	-
Total borrowings	**12,494,506**	4,262,032	**702,710**	677,465

Unsecured

Borrowings of the Group include:

(a) Term loan of RM300,000,000 with fixed interest at 4.75% per annum and is repayable at the end of 3rd year from the draw down date in May 2014. The term loan has been fully repaid during the financial year.

(b) Synthetic foreign currency loan of USD150,000,000, equivalent to RM493,350,000 was drawn down in RM. The currency used for settlement of both principal and interest is also in RM, which is based on the rate of currency exchange fixed at the date of inception. The said loan bears fixed interest at 4.70% per annum and is repayable in five (5) years from draw down date in January 2014 with three (3) annual principal repayments of RM164,450,000 each commencing from December 2016.

(c) Commodity Murabahah Term Financing-I of RM700,000,000 with fixed profit rate at 5.10% per annum and is repayable in four and half (4.5) years with four (4) semi-annual repayments of RM175,000,000 each commencing thirty-six (36) months from the first draw date in October 2014.

(d) Term loan of SGD200,000,000 is bearing interest at 0.80% plus Swap Offer Rate per annum and is repayable at the end of 5th year after the date of the facility agreement in May 2016.

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32 BORROWINGS (CONTINUED)

Borrowings of the Group include (continued):

(e) Term loan of SGD250,000,000 with interest at 0.75% plus six (6) months Swap Offer Rate in arrears per annum. The loan is repayable in three (3) years with bullet repayment commencing from the draw down date in July 2015.

(f) Term loan of SGD2,830,000,000 with interest at 0.75% plus Swap Offer Rate per annum and is repayable by December 2017.

(g) Term loan of USD400,000,000 with interest at 1.22% plus LIBOR per annum. During the financial year, the Group made a total repayment amounted to USD50,000,000. The remaining outstanding borrowing is repayable in five (5) years from draw down date in December 2016. The Group also entered into an interest rate swap contract on part of the borrowing amount of USD200,000,000 out of the remaining USD350,000,000 in May 2017 as disclosed in Note 33 to the financial statements.

(h) Term loan of RM170,000,000 with interest rate at 0.75% plus Islamic cost of funds per annum and is repayable in five (5) years from draw down date in April 2017 with six (6) semi-annual principal repayments of RM28,300,000, RM28,300,000, RM28,300,000, RM28,300,000, RM28,300,000 and RM28,500,000 respectively commencing from October 2019.

(i) Commodity Murabahah Financing-i facility of USD75,669,383 with profit rate at 1.20% plus LIBOR per annum and is repayable in five (5) years with four (4) annual principal repayments of USD11,641,444, USD17,462,165, USD23,282,887 and USD23,282,887 respectively commencing twenty-four (24) months from the first transaction date in January 2016. The Group and the Company have entered into cross currency interest rate swap contract to hedge against fluctuation in exchange rate and interest rate as disclosed in Note 33 to the financial statements.

(j) Revolving credit of RM375,000,000 with fixed interest rate at 4.82% per annum and is repayable in five (5) years with three (3) annual principal repayments of RM125,000,000 each commencing thirty-six (36) months from first draw down in January 2016.

(k) Sukuk Murabahah of RM750,000,000 with fixed profit rate at 4.98% per annum and is repayable in five (5) years from draw down date in September 2014 with three (3) annual principal repayments of RM190,000,000, RM190,000,000 and RM370,000,000 respectively commencing from September 2017.

Borrowings of the Group comprise new term loans obtained during the financial year as described in notes 32 (f), (g) and (h) to the financial statements.

32. BORROWINGS (CONTINUED)

The maturity profile of term loans was as follows:

	Fixed interest rate						Floating interest rate					
Group	**< 1 year RM'000**	**1 – 2 years RM'000**	**2 – 3 years RM'000**	**3 – 4 years RM'000**	**4 – 5 years RM'000**	**> 5 years RM'000**	**< 1 year RM'000**	**1 – 2 years RM'000**	**2 – 3 years RM'000**	**3 – 4 years RM'000**	**4 – 5 years RM'000**	**Total RM'000**
2017												
Unsecured:												
Term loans denominated in:												
- Ringgit Malaysia ("RM")	522,079	514,402	-	-	-	-	1,698	-	56,345	56,345	56,090	1,206,959
- Singapore Dollar ("SGD")	-	-	-	-	-	-	6,923,837	778,825	-	623,060	-	8,325,722
- US Dollar ("USD")*	-	-	-	-	-	-	53,848	74,638	598,617	598,402	499,044	1,824,549
	522,079	514,402	-	-	-	-	6,979,383	853,463	654,962	1,277,807	555,134	11,357,230
Revolving credit denominated in:												
- RM	3,219	125,000	125,000	125,000	-	-	-	-	-	-	-	378,219
Sukuk Murabahah denominated in:												
- RM	199,312	189,887	369,858	-	-	-	-	-	-	-	-	759,057
	724,610	829,289	494,858	125,000	-	-	6,979,383	853,463	654,962	1,277,807	555,134	12,494,506

* *Included borrowings of RM324,491,000 (equivalent to USD75.6 million) and RM859,100,000 (equivalent to USD200.0 million) for which the Group has entered into a cross currency interest rate swap and an interest rate swap respectively to hedge against fluctuation in exchange rate and interest rate.*

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32. BORROWINGS (CONTINUED)

The maturity profile of term loans was as follows (continued):

	Fixed interest rate						Floating interest rate					
Group	< 1 year RM'000	1 – 2 years RM'000	2 – 3 years RM'000	3 – 4 years RM'000	4 – 5 years RM'000	> 5 years RM'000	< 1 year RM'000	1 – 2 years RM'000	2 – 3 years RM'000	3 – 4 years RM'000	4 – 5 years RM'000	Total RM'000
2016												
Unsecured:												
Term loans denominated in:												
- RM	464,450	514,450	514,450	-	-	-	-	-	-	-	-	1,493,350
- SGD	-	-	-	-	-	-	-	-	745,325	-	596,260	1,341,585
- USD*	-	-	-	-	-	-	-	46,431	69,819	93,207	93,008	302,465
	464,450	514,450	514,450	-	-	-	-	46,431	815,144	93,207	689,268	3,137,400
Revolving credit denominated in:												
- RM	-	-	125,000	125,000	125,000	-	-	-	-	-	-	375,000
Sukuk Murabahah denominated in:												
- RM	-	189,887	189,887	369,858	-	-	-	-	-	-	-	749,632
	464,450	704,337	829,337	494,858	125,000	-	-	46,431	815,144	93,207	689,268	4,262,032

* *Included borrowing of RM302,465,000 (equivalent to USD75.6 million) for which the Group has entered into a cross currency interest rate swap to hedge against fluctuation in exchange rate and interest rate.*

32. BORROWINGS (CONTINUED)

The maturity profile of term loans was as follows (continued):

	Fixed interest rate						Floating interest rate					
Company	**< 1 year RM'000**	**1 – 2 years RM'000**	**2 – 3 years RM'000**	**3 – 4 years RM'000**	**4 – 5 years RM'000**	**> 5 years RM'000**	**< 1 year RM'000**	**1 – 2 years RM'000**	**2 – 3 years RM'000**	**3 – 4 years RM'000**	**4 – 5 years RM'000**	**Total RM'000**
2017												
Unsecured:												
Term loans denominated in:												
- USD*	**-**	**-**	**-**	**-**	**-**	**-**	**50,802**	**74,638**	**99,633**	**99,418**	**-**	**324,491**
Revolving credit denominated in:												
- RM	**3,219**	**125,000**	**125,000**	**125,000**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**378,219**
	3,219	**125,000**	**125,000**	**125,000**	**-**	**-**	**50,802**	**74,638**	**99,633**	**99,418**	**-**	**702,710**

* *Refers to borrowings of RM324,491,000 (equivalent to USD75.6 million) for which the Company has entered into a cross currency interest rate swap to hedge against fluctuation in exchange rate and interest rate.*

	Fixed interest rate						Floating interest rate					
Company	**< 1 year RM'000**	**1 – 2 years RM'000**	**2 – 3 years RM'000**	**3 – 4 years RM'000**	**4 – 5 years RM'000**	**> 5 years RM'000**	**< 1 year RM'000**	**1 – 2 years RM'000**	**2 – 3 years RM'000**	**3 – 4 years RM'000**	**4 – 5 years RM'000**	**Total RM'000**
2016												
Unsecured:												
Term loans denominated in:												
- USD*	-	-	-	-	-	-	-	46,431	69,819	93,207	93,008	302,465
Revolving credit denominated in:												
- RM	-	-	125,000	125,000	125,000	-	-	-	-	-	-	375,000
	-	-	125,000	125,000	125,000	-	-	46,431	69,819	93,207	93,008	677,465

* *Refers to borrowing of RM302,465,000 (equivalent to USD75.6 million) for which the Company has entered into a cross currency interest rate swap to hedge against fluctuation in exchange rate and interest rate.*

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33 DERIVATIVE FINANCIAL ASSETS/(LIABILITIES)

The Group's and the Company's derivative financial assets/(liabilities) are as follows:-

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Derivative designated in hedging relationship				
Non-current assets				
Cross Currency Interest Rate Swaps ("CCIRS") as cash flow hedge on a USD denominated borrowing	**600**	-	**600**	-
Interest Rate Swaps ("IRS") as cash flow hedge on a USD denominated borrowing	**3,951**	-	**-**	-
	4,551	-	**600**	-
Non-current liability				
CCIRS as cash flow hedge on a USD denominated borrowing	**-**	(21,183)	**-**	(21,183)
Current liabilities				
CCIRS as cash flow hedge on a USD denominated borrowing	**(6,406)**	(9,623)	**(6,406)**	(9,623)
IRS as cash flow hedge on a USD denominated borrowing	**(3,042)**	-	**-**	-
	(9,448)	(9,623)	**(6,406)**	(9,623)

33 DERIVATIVE FINANCIAL ASSETS/(LIABILITIES) (CONTINUED)

The details of the CCIRS are set out as below:

Commencement/ Maturity date	Contract/Notional amount		Exchange rate	Interest rate
	2017 RM'000	**2016 RM'000**		
27 January 2016/ 26 January 2021	**325,000**	325,000	The Group and the Company pay RM in exchange for receiving USD at predetermined exchange rate of RM4.295/USD according to the scheduled principal and quarterly interest repayment of the USD borrowing as disclosed in Note 32(i) to the financial statements.	The Group and the Company pay a fixed interest rate of 4.78% per annum in exchange for receiving LIBOR plus a spread on the outstanding principal amount.

The details of the IRS are set out as below:

Commencement/ Maturity date	Contract/Notional amount		Interest rate
	2017 RM'000	**2016 RM'000**	
18 May 2017/ 1 December 2021	**859,100**	-	The Company pays a fixed interest rate of 2.95% per annum in exchange for receiving LIBOR plus a spread on the outstanding principal amount as disclosed in Note 32(g) to the financial statements.

The settlement dates of the CCIRS and IRS coincide with the dates on which principal and interest are payable on the underlying borrowing and settlement.

34 AMOUNTS DUE TO NON-CONTROLLING INTERESTS

The amounts due to non-controlling interests represent outstanding amounts mainly arising from the non-controlling interests' proportionate advances and working capital for the acquisition of land and its development projects in Singapore. The outstanding amounts are unsecured, bear interest at rates ranging from 1.47% to 2.85% (2016: 1.74% to 3.05%) per annum, and are not repayable within the next twelve (12) months after the reporting date.

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35 TRADE AND OTHER PAYABLES

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Non-current				
Trade payables (Note 35.1)	**25,760**	-	**-**	-
Current				
Trade payables and accruals (Note 35.1)	**921,371**	980,937	**-**	-
Other payables and accruals (Note 35.2)	**282,515**	293,480	**1,152**	6,720
Progress billings	**230,575**	244,223	**-**	-
Provisions (Note 35.3)	**48,738**	58,012	**-**	-
	1,483,199	1,576,652	**1,152**	6,720

35.1 Trade payables and accruals

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Current				
Trade payables	**424,449**	494,238	**-**	-
Accruals	**435,185**	383,354	**-**	-
Deposits	**61,737**	103,345	**-**	-
	921,371	980,937	**-**	-

The Group's non-current trade payables are in relation to deposits received from tenants, of which discounting impact is immaterial.

Included in trade payables of the Group are retention monies of RM275,649,000 (2016: RM280,393,000).

Credit terms of trade payables vary from 14 to 60 days (2016: 14 to 60 days) from the date of invoice and progress claim. The retention monies are repayable upon expiry of the defect liability period of 6 to 24 months (2016: 6 to 24 months).

35 TRADE AND OTHER PAYABLES (CONTINUED)

35.2 Other payables and accruals

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Current				
Other payables	**106,078**	85,146	**152**	-
Accruals	**176,437**	208,334	**1,000**	6,720
	282,515	293,480	**1,152**	6,720

35.3 Provision

	Group	
	2017 RM'000	2016 RM'000
As at 1 July	**58,012**	19,731
Provision during the financial year	**-**	38,281
Over provision in previous financial years	**(9,274)**	-
As at 30 June	**48,738**	58,012

The provision relates to provision for affordable housing and represents the unavoidable costs exceeding the economic benefits expected to be received by the Group in discharging the Group's obligation to develop affordable housing involuntarily based on the requirements imposed by relevant authorities.

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36 CASH AND CASH EQUIVALENTS

Cash and cash equivalents at end of financial year comprise:

	Group		Company	
	2017 RM'000	**2016 RM'000**	**2017 RM'000**	**2016 RM'000**
Short-term funds (Note 27)	**282,515**	118,812	**282,515**	118,812
Deposits with financial institutions (Note 28)	**1,405,299**	692,687	**-**	-
Cash and bank balances (Note 29)	**688,419**	1,275,486	**67,165**	38,123
	2,376,233	2,086,985	**349,680**	156,935

37 SIGNIFICANT RELATED PARTY DISCLOSURES

37.1 Identities of related parties

Parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Related parties of the Group include:

i. Progressive Holdings Sdn. Bhd ("PHSB"), the ultimate holding company. Tan Sri Lee Shin Cheng, a Director of the Company and his immediate family members are shareholders of PHSB and together they own 52.79% (2016: 51.74%) of the shares in the Company;

ii. Vertical Capacity Sdn. Bhd.; the immediate holding company;

iii. Direct and indirect subsidiaries as disclosed in Note 43 to the financial statements;

iv. Direct and indirect subsidiaries of the immediate and ultimate holding companies;

v. Associate and joint ventures as disclosed in Note 43 to the financial statements;

vi. Key management personnel which is the Directors and officers of the Company who have the authority and responsibility for planning, directing and controlling the activities of the Group and of the Company directly or indirectly; and

vii. Affiliates, companies in which the Directors who are also the substantial shareholders of the Company have substantial shareholdings interest.

37 SIGNIFICANT RELATED PARTY DISCLOSURES (CONTINUED)

37.2 Significant related party transactions

In addition to the transactions detailed elsewhere in the financial statements, the Group and the Company had undertaken the following transactions with related parties during the financial year:

	Group	
	2017 RM'000	2016 RM'000
Affiliates		
Property project management services	**2,379**	2,678
Rendering of building maintenance services	**1,338**	968
Rental income	**4,549**	2,051
Sales of palm products	**33,268**	24,787
Share of plantation management costs	**(8,622)**	(10,138)
Agency fees expense	**(9,547)**	(1,143)
Joint ventures		
Interest income	**7,837**	7,208
Property project management services	**1,985**	2,325
Dividend income	**48,468**	27,759
Former associate		
Rental income	**-**	2,533
Management fees expense	**-**	(5,930)

	Company	
	2017 RM'000	2016 RM'000
Subsidiaries		
Interest income	**16,704**	14,511
Interest expense	**(3,543)**	(168)
Management fees	**(84)**	(780)

The related party transactions described above were carried out on terms and conditions negotiated and agreed between the parties.

Information regarding outstanding balances arising from related party transactions as at 30 June 2017 are disclosed in Notes 20.2, 20.3, 22.3 and 26.1 to the financial statements.

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37 SIGNIFICANT RELATED PARTY DISCLOSURES (CONTINUED)

37.3 Key management personnel compensation

The remuneration of key management personnel during the financial year is as follows:

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Directors				
Fees	**910**	784	**910**	784
Remuneration	**38,874**	43,758	**79**	70
Share option expenses in relation to employees' share option scheme	**-**	5,471	**-**	-
Estimated monetary value of benefits-in-kind	**133**	86	**39**	40
	39,917	50,099	**1,028**	894
Officers				
Remuneration	**3,313**	-	**-**	-
Total short term employee benefits	**43,230**	50,099	**1,028**	894

38 CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that entities of the Group are able to continue as going concern while maximising the return to shareholders through the optimisation of the debt and equity mix.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. Capital of the Group comprises equity, borrowings and other liabilities. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the financial years ended 30 June 2017 and 30 June 2016.

The Group and the Company use the gearing ratio to assess the appropriateness of its debt level. The ratio is calculated as total debt divided by equity attributable to owners of the parent.

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Borrowings (Note 32)	**12,494,506**	4,262,032	**702,710**	677,465
Less: Cash and cash equivalents (Note 36)	**(2,376,233)**	(2,086,985)	**(349,680)**	(156,935)
Net debt	**10,118,273**	2,175,047	**353,030**	520,530
Equity	**18,227,961**	15,885,085	**18,751,790**	17,345,961
Gearing ratio	**0.56**	0.14	**0.02**	0.03

The Group and the Company are subject to certain externally imposed requirements in the form of loan covenants. The Group and the Company monitor gearing ratios and compliance with loan covenants based on the terms of the respective loan agreements. The Group and the Company have complied with loan covenants during the financial year.

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39 FINANCIAL INSTRUMENTS

Financial risk management objectives and policies

The Group's activities expose it to a variety of financial risks: market risk (including foreign currency risk and interest rate risk), credit risk and liquidity and cash flow risk. The Group's overall financial risk management objective is to ensure that the Group creates value for its shareholders whilst minimising potential adverse effects on the financial performance of the Group. Financial risk management is carried out through risk reviews, internal control systems, insurance programmes and adherence to Group financial risk management policies. The management regularly reviews these risks and approves the treasury policies, which covers the management of these risks.

39.1 Foreign currency risk

The Group operates internationally and is exposed to various currencies, mainly Singapore Dollar ("SGD"), US Dollar ("USD") and Renminbi ("RMB"). Foreign currency denominated assets and liabilities together with expected cash flows from committed purchases and sales give rise to foreign currency exposures.

The Group's foreign currency risk management objective is to minimise foreign currency exposure that gives rise to economic impact, both at transaction and reporting period translation levels.

39.1.1 Risk management approach

The Group maintains a natural hedge, whenever possible, by borrowing in the currency of the country, in which the property or investment is located or by borrowing in currencies that match the future revenue stream to be generated from its investments.

CCIRS is used to hedge the volatility in the cash flow attributable to variability in the foreign currency denominated borrowings from the inception to maturity of the borrowings.

Foreign currency exposures in transactional currencies other than functional currencies of the operating entities are kept to an acceptable level.

39.1.2 Foreign currency risk exposure

The Group and the Company are not exposed to significant foreign currency risk as the majority of the Group's and the Company's transactions, assets and liabilities are denominated in the functional currencies of the respective entities within the Group except for the USD borrowings and intercompany advances. For USD borrowings in a designated hedging relationship as these are effectively hedged, the foreign currency movements will not have material impact on the statement of profit or loss.

As defined by FRS 7 "Financial Instruments: Disclosure", currency risks arise on account of monetary assets and liabilities being denominated in a currency that is not the functional currency.

39 FINANCIAL INSTRUMENTS (CONTINUED)

39.1 Foreign currency risk (continued)

39.1.2 Foreign currency risk exposure (continued)

As at 30 June 2017, the Group's and the Company's net monetary (liability)/assets are as tabled below.

The effects to the Group's and the Company's profit before tax, had these foreign currencies denominated net monetary (liability)/assets strengthened by 10% (2016: 10%) against RM, are as follows:

	Group		Company	
	2017 RM'000	**2016 RM'000**	**2017 RM'000**	**2016 RM'000**
Net monetary (liability)/assets denominated in				
- USD	**(1,500,058)**	-	**-**	-
- SGD	**96,360**	179,228	**1,657,689**	179,228
(Decrease)/Increase in profit before tax if the currency had strengthened by 10% (2016: 10%)				
- USD	**(150,006)**	-	**-**	-
- SGD	**9,636**	17,923	**165,769**	17,923
Net exposure	**(140,370)**	17,923	**165,769**	17,923

Except as disclosed above, other foreign currency exchange risks exposures are not material and did not have any significant impact on the financial statements of the Group and of the Company at 30 June 2017, hence sensitivity analysis is not presented.

39.2 Interest rate risk

The Group's interest rate risk arises from its interest-bearing financial instruments that could impact fair value and future cash flows due to fluctuation in market interest rates.

The Group's objective on interest rate risk management is to achieve a balance in repricing risks and the optimisation of its cost of funds whilst ensuring sufficient liquidity to meet funding needs.

39.2.1 Risk management approach

The Group actively reviews its debt portfolio, taking into account the nature and requirements of its businesses as well as the current business and economic environment. This strategy allows it to achieve an optimum cost of capital whilst locking in long term funding rates for long term investments.

Funds held for liquidity purposes and temporary surpluses are placed in short term interest-bearing financial instruments.

39 FINANCIAL INSTRUMENTS (CONTINUED)

39.2 Interest rate risk (continued)

39.2.2 Interest rate risk exposure

The Group's fixed interest bearing assets are primarily cash held in Housing Development Accounts and short term deposits with financial institutions. The Group considers the risk of significant changes to interest rates on those deposits to be unlikely.

The exposure of the Group and of the Company to interest risk arises primarily from their loans and borrowings. The Group and the Company manage their interest rate exposure by monitoring a mix of fixed and floating rate borrowings. The Group and the Company also entered into a CCIRS and an IRS to hedge the floating rate interest payable on a borrowing as disclosed in Note 33 to the financial statements.

As at 30 June 2017, after taking into account the effect of the CCIRS and IRS, the borrowings and amounts due to non-controlling interests of the Group of RM9,137,158,000 (2016: RM1,341,585,000) and RM8,627,000 (2016: RM105,599,000) respectively are at floating interest rate.

As at 30 June 2017, the net amounts due from subsidiaries of the Company of RM232,853,000 (2016: RM232,853,000) are at floating interest rate.

39.2.3 Sensitivity analysis

Sensitivity analysis on interest rate is applied on floating rate financial instruments only, as the carrying amount of fixed rate financial instruments are measured at amortised cost.

A 50 basis points movement in interest rates of the borrowings and amounts due to non-controlling interests at the respective financial year would increase or decrease the additions to property development costs arising from capitalised borrowing costs of the Group by approximately RM46,009,000 (2016: RM8,792,000).

A 50 basis points movement in interest rates of the amounts due from subsidiaries at the respective financial year would increase or decrease the profit or loss of the Company by approximately RM1,164,000 (2016: RM1,164,000).

39 FINANCIAL INSTRUMENTS (CONTINUED)

39.3 Credit risk

The Group's credit risk exposure is mainly related to external counter-party credit risk on monetary financial assets and trade credits. Credit risk is managed at the business unit level, but macro group-wide policies on the granting of credit and credit control are issued and monitored centrally, such as those relating to credit risk concentration, adequacy of formal credit rating and evaluation of counter parties, credit impairment and unit level credit control performance.

The Group's objective on credit risk management is to avoid significant exposure to any individual customer or counter party and to minimise concentration of credit risk.

39.3.1 Risk management approach

Credit risk or financial loss from the failure of customers or counter parties to discharge their financial and contractual obligations from trade credits is managed through the application of credit approvals, credit limits, insurance programmes and monitoring procedures on an on-going basis. If necessary, the Group may obtain collateral from counter parties as a mean of mitigating losses in the event of default.

The Group's credit risk varies with the different classes of counter-parties as outlined below:

(i) Property

Generally, property units sold are progressively invoiced and settled by end-buyers' financiers posing minimal credit risk. Property investment entails the hospitality sub-segment for which sales are generally cash settled; and the rental property sub-segment which poses a certain degree of collection risk in correlation with the macroeconomic environment.

<u>Policies and procedures</u>

(a) Tail-end progress billings on property units sold that serve as retention sum are closely monitored and claimed upon expiry of retention period;

(b) Credit granted for corporate clients in the hospitality sub-segment are duly assessed and selectively approved with established limits;

(c) All tenants of its investment properties are subjected to deposits requirement averaging three (3) months rental; and

(d) Credit exposure is monitored on limits and aging, managed and reviewed periodically. Debtors with emerging credit problems are identified early and remedial actions are taken promptly to minimise further exposure and to restore past due status.

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39 FINANCIAL INSTRUMENTS (CONTINUED)

39.3 Credit risk (continued)

39.3.1 Risk management approach (continued)

(i) Property (continued)

Collateral and credit enhancement

In general, a combination of:

(a) Title retention and conveyance on clearance for property development;

(b) Cash deposits/advance for hospitality sub-segment; and

(c) Deposits for rental sub-segment.

(ii) Financial institutions and exchanges

The Group places its working capital and surplus funds in current account, money market, and time-deposits with banks; and in security papers and investment trusts managed by licensed institutions. Beyond the minimal deposit guarantee offered by certain sovereign nation's deposit insurance schemes, the Group is exposed to a degree of counter-parties' credit risk in times of severe economic or financial crisis.

Policies and procedures

(a) Funds are placed only with licensed financial institutions with credit rating of "A- and above"; and

(b) Funds placements are centrally monitored, and where applicable are spread out based on location need.

Collateral and credit enhancement

In general, a combination of:

(a) National deposit insurance; and

(b) Fidelity guarantee.

In general, all business units in the Group have a comprehensive policy that governs the need for formal credit rating system and evaluation on counter parties prior to any contractual arrangement that would result in credit risk exposure. Besides exposure amount, credit risk is also measured and monitored by way of credit quality segregation, past due aging analysis, and limits breach alerts. Reviews on credit impairment needs are made quarterly based on objective evidence of loss events.

39 FINANCIAL INSTRUMENTS (CONTINUED)

39.3 Credit risk (continued)

39.3.2 Credit risk exposures and concentration

Exposure to credit risk - property development

The Group does not have any significant credit risk from its property development activities as sale of development units are made to large number of property purchasers with end financing facilities from reputable end-financiers, and the ownership and rights to the properties revert to the Group in the event of default.

Exposure to credit risk - property investment

Credit risk arising from the Group's property investment sub-segment is limited as all tenants of its investment properties are subjected to deposits requirement averaging three (3) months rental.

Exposure to credit risk - cash and cash equivalents

Credit risk from cash and cash equivalents is generally low as the counter-parties involved are reputable financial institutions.

At the end of the reporting period, the maximum exposure of the Group and of the Company to credit risk is represented by the carrying amount of each class of financial assets recognised on the statement of financial position.

Credit risk concentration profile

Concentrations of credit risk with respect of trade and other receivables are limited due to the Group's large number of customers, who are dispersed over a broad spectrum of industries and businesses.

The credit risk concentration of the Group is mainly in the "receivables" class, except for accrued billings, goods and services tax, non-refundable deposits and prepayments, and this is further analysed below to reveal the credit risk concentration by geographic location and business segment.

	Property development		Property investment		Others		Total	
Group	**RM'000**	**%**	**RM'000**	**%**	**RM'000**	**%**	**RM'000**	**%**
2017								
Malaysia	**292,112**	**60**	**27,483**	**14**	**20,194**	**100**	**339,789**	**49**
Asia (excluding Malaysia)	**191,033**	**40**	**168,171**	**86**	**-**	**-**	**359,204**	**51**
	483,145	**100**	**195,654**	**100**	**20,194**	**100**	**698,993**	**100**
2016								
Malaysia	315,252	82	50,791	100	7,539	100	373,582	85
Asia (excluding Malaysia)	67,626	18	-	-	-	-	67,626	15
	382,878	100	50,791	100	7,539	100	441,208	100

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39 FINANCIAL INSTRUMENTS (CONTINUED)

39.3 Credit risk (continued)

39.3.2 Credit risk exposures and concentration (continued)

Credit risk concentration profile (continued)

The Company does not have any significant exposure to any individual customer or counterparty nor does it have any major concentration of credit risk except for amounts due from subsidiaries. The credit risks with respect of amounts due from subsidiaries are assessed to be low.

Financial assets that are neither past due nor impaired

The credit quality of trade and other receivables that are neither past due nor impaired are substantially amounts due from property purchasers with end financing facilities from reputable end-financiers and customers with good collection track record with the Group. All short term funds, deposits with financial institutions, cash and bank balances are placed with or entered into with reputable financial institutions.

Financial assets that are past due but not impaired

As at 30 June 2017, trade and other receivables of the Group of RM38,051,000 (2016: RM55,996,000) were past due but not impaired. Receivables of the Group that are past due but not impaired are mainly related to the progress billings to be settled by end-buyers' financiers. It is the Group's policy to monitor the financial standing of these receivables on an ongoing basis to ensure that the Group is exposed to minimal credit risk.

The aging analysis of these receivables is as follows:

	Group	
	2017 RM'000	**2016 RM'000**
Up to 3 months	**29,219**	37,500
More than 3 months	**8,832**	18,496
	38,051	55,996

39 FINANCIAL INSTRUMENTS (CONTINUED)

39.4 Liquidity and cash flow risk

Liquidity and cash flow risk arise when financial resources are insufficient to meet financial obligations as and when they fall due, or have to be met at excessive cost.

The Group's liquidity risk management objective is to ensure that all foreseeable funding commitments can be met as and when due in a cost-effective manner.

39.4.1 Risk management approach

The Group leverages on IOI Properties Group Berhad ("IOIPG") as the public listed parent company whereby treasury related activities are centralised and where the optimal weighted average costs of funds is managed. The Company, as a parent company plays a central liquidity management role where the Group's longer term funding requirements are managed based on business and liquidity needs, whilst the day-to-day operational liquidity needs are decentralised at the business unit level. The Group practises an arm's-length market based policy with regard to funding costs.

The Group actively manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure all operating, investing and financing needs are met. To mitigate liquidity risk, management measures and forecasts its cash commitments, monitors and maintains a level of cash and cash equivalents deemed adequate to finance the Group's operations and investment activities. In addition, the Group strives to maintain available banking facilities at a reasonable level against its overall debt position. As at 30 June 2017, the Group has undrawn banking facilities of RM38,107,000 (2016: RM31,088,000).

The Group manages its liquidity risk with a combination of the following methods:

(i) Maintain a balanced contractual maturity profile of financial assets to meet financial liabilities (particularly on near and immediate term maturity);

(ii) Maintain a diversified range of funding sources with adequate back-up facilities;

(iii) Maintain debt financing and servicing plan; and

(iv) Maintain medium to long term cash flow planning incorporating funding positions and requirements of all its subsidiaries.

As a Group policy, all business units conform to the following processes in ensuring its liquidity profiles are balanced and that all its obligations can be met when due:

(i) Perform annual cash flow budgeting and medium term cash flow planning, in which the timing of operational cash flows and its resulting surplus or deficit are reasonably determined. The aggregation of these allows for an overview of the Group's forecast cash flow and liquidity position, which in turn facilitates further consolidated cash flow planning;

(ii) Manage contingent liquidity commitment and exposures;

(iii) Monitor liquidity ratios against internal thresholds;

(iv) Manage working capital for efficient use of funds and optimise cash conversion cycle; and

(v) Manage concentration and maturity profile of both financial and non-financial liabilities.

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39 FINANCIAL INSTRUMENTS (CONTINUED)

39.4 Liquidity and cash flow risk (continued)

39.4.2 Liquidity risk exposure

The following table details the maturity profile of the Group's and the Company's financial liabilities at the end of the reporting period based on contractual undiscounted repayment obligations:

Group	Less than 1 year RM'000	1 - 2 years RM'000	2 - 3 years RM'000	3 - 4 years RM'000	More than 4 years RM'000	Total RM'000
2017						
Financial liabilities						
Trade and other payables*	**1,203,886**	**25,760**	**-**	**-**	**-**	**1,229,646**
Amounts due to non-controlling interests	**385**	**17,671**	**-**	**-**	**-**	**18,056**
Borrowings	**7,937,892**	**1,826,788**	**1,239,323**	**1,450,674**	**570,475**	**13,025,152**
Derivative financial liabilities	**9,537**	**3,120**	**(2,162)**	**(5,283)**	**(781)**	**4,431**
	9,151,700	**1,873,339**	**1,237,161**	**1,445,391**	**569,694**	**14,277,285**
2016						
Financial liabilities						
Trade and other payables*	1,274,417	-	-	-	-	1,274,417
Amounts due to non-controlling interests	2,258	116,397	-	-	-	118,655
Borrowings	616,681	867,316	1,722,259	614,666	827,722	4,648,644
Derivative financial liability	9,623	10,101	7,413	3,625	44	30,806
	1,902,979	993,814	1,729,672	618,291	827,766	6,072,522

* *Includes retention monies of RM275,649,000 (2016: RM280,393,000) which are repayable within the normal operating cycle i.e. upon expiry of the defect liability period of 6 to 24 months (2016: 6 to 24 months).*

39 FINANCIAL INSTRUMENTS (CONTINUED)

39.4 Liquidity and cash flow risk (continued)

39.4.2 Liquidity risk exposure (continued)

The following table details the maturity profile of the Group's and the Company's financial liabilities at the end of the reporting period based on contractual undiscounted repayment obligations (continued):

Company	Less than 1 year RM'000	1 - 2 years RM'000	2 - 3 years RM'000	3 - 4 years RM'000	More than 4 years RM'000	Total RM'000
2017						
Financial liabilities						
Amounts due to subsidiaries	**3,326**	**-**	**-**	**-**	**-**	**3,326**
Trade and other payables	**1,152**	**-**	**-**	**-**	**-**	**1,152**
Borrowings	**80,582**	**224,199**	**241,401**	**232,799**	**-**	**778,981**
Derivative financial liabilities	**6,474**	**3,151**	**(565)**	**(3,497)**	**-**	**5,563**
	91,534	**227,350**	**240,836**	**229,302**	**-**	**789,022**
2016						
Financial liabilities						
Amounts due to subsidiaries	-	-	-	-	-	-
Trade and other payables	6,720	-	-	-	-	6,720
Borrowings	23,651	69,724	214,566	230,463	222,524	760,928
Derivative financial liability	9,623	10,101	7,413	3,625	44	30,806
	39,994	79,825	221,979	234,088	222,568	798,454

Financial liabilities contractual maturity periods exceeding 12 months are within comfortable levels, and should be well covered by its annual free cash flow to be generated from its operations.

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39 FINANCIAL INSTRUMENTS (CONTINUED)

39.5 Fair values

(a) Methods and assumptions used to estimate fair value

The fair values of financial assets and financial liabilities are determined as follows:

(i) Financial instruments that are not carried at fair value and whose carrying amounts are a reasonable approximation of fair value.

The carrying amounts of financial assets and liabilities, such as other investments, trade and other receivables, trade and other payables and certain borrowings, are reasonable approximation of their respective fair values, either due to their short term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the end of the reporting period.

(ii) Fixed rate borrowings

The fair value of these financial instruments are estimated by discounting expected future cash flows at market incremental lending rate for similar types of borrowing at the end of each reporting period.

(b) Fair value hierarchy

Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 fair value measurements are those derived from 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).

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the end of the reporting period.

Level 3 fair value measurements are those derived from inputs for the asset or liability that are not based on observable market data (unobservable inputs).

39 FINANCIAL INSTRUMENTS (CONTINUED)

39.5 Fair values (continued)

(b) Fair value hierarchy (continued)

The following tables set out the financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statement of financial position.

	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value					
Group	**Level 1 RM'000**	**Level 2 RM'000**	**Level 3 RM'000**	**Total RM'000**	**Level 1 RM'000**	**Level 2 RM'000**	**Level 3 RM'000**	**Total RM'000**	**Total fair value RM'000**	**Carrying amount RM'000**
2017										
Financial assets										
Financial asset at fair value through profit or loss										
- Short term funds	282,515	-	-	282,515	-	-	-	-	282,515	282,515
Derivative used for hedging										
- Derivative financial assets	-	4,551	-	4,551	-	-	-	-	4,551	4,551
	282,515	4,551	-	287,066	-	-	-	-	287,066	287,066
Financial liabilities										
Other financial liabilities carried at amortised costs										
- Borrowings	-	-	-	-	-	12,422,467	-	12,422,467	12,422,467	12,494,506
- Amounts due to non-controlling interests	-	-	-	-	-	17,671	-	17,671	17,671	17,671
- Trade and other payables	-	-	-	-	-	25,760	-	25,760	25,760	25,760
Derivative used for hedging										
- Derivative financial liabilities	-	9,448	-	9,448	-	-	-	-	9,448	9,448
	-	9,448	-	9,448	-	12,465,898	-	12,465,898	12,475,346	12,547,385

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39 FINANCIAL INSTRUMENTS (CONTINUED)

39.5 Fair values (continued)

(b) Fair value hierarchy (continued)

The following tables set out the financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statement of financial position (continued).

	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value					
Group	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Total fair value RM'000	Carrying amount RM'000
2016										
Financial assets										
Financial asset at fair value through profit or loss										
- Short term funds	118,812	-	-	118,812	-	-	-	-	118,812	118,812
Financial liabilities										
Other financial liabilities carried at amortised costs										
- Borrowings	-	-	-	-	-	4,213,883	-	4,213,883	4,213,883	4,262,032
- Amounts due to non-controlling interests	-	-	-	-	-	114,408	-	114,408	114,408	114,408
Derivative used for hedging										
- Derivative financial liabilities	-	30,806	-	30,806	-	-	-	-	30,806	30,806
	-	30,806	-	30,806	-	4,328,291	-	4,328,291	4,359,097	4,407,246

39 FINANCIAL INSTRUMENTS (CONTINUED)

39.5 Fair values (continued)

(b) Fair value hierarchy (continued)

The following tables set out the financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statement of financial position (continued).

	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value					
Company	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Total fair value RM'000	Carrying amount RM'000
2017										
Financial assets										
Financial asset at fair value through profit or loss										
- Short term funds	282,515	-	-	282,515	-	-	-	-	282,515	282,515
Derivative used for hedging										
- Derivative financial asset	-	600	-	600	-	-	-	-	600	600
Loan and receivable										
- Amount due from a subsidiary	-	-	-	-	-	232,853	-	232,853	232,853	232,853
	282,515	600	-	283,115	-	232,853	-	232,853	515,968	515,968
Financial liabilities										
Other financial liabilities carried at amortised costs										
- Borrowings	-	-	-	-	-	706,530	-	706,530	706,530	702,710
Derivative used for hedging										
- Derivative financial liability	-	6,406	-	6,406	-	-	-	-	6,406	6,406
	-	6,406	-	6,406	-	706,530	-	706,530	712,936	709,116

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39 FINANCIAL INSTRUMENTS (CONTINUED)

39.5 Fair values (continued)

(b) Fair value hierarchy (continued)

The following tables set out the financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statement of financial position (continued).

	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value					
Company	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Total fair value RM'000	Carrying amount RM'000
2016										
Financial assets										
Financial asset at fair value through profit or loss										
- Short term funds	118,812	-	-	118,812	-	-	-	-	118,812	118,812
Loan and receivable										
- Amount due from a subsidiary	-	-	-	-	-	232,853	-	232,853	232,853	232,853
	118,812	-	-	118,812	-	232,853	-	232,853	351,665	351,665
Financial liabilities										
Other financial liabilities carried at amortised costs										
- Borrowings	-	-	-	-	-	671,222	-	671,222	671,222	677,465
Derivative used for hedging										
- Derivative financial liability	-	30,806	-	30,806	-	-	-	-	30,806	30,806
	-	30,806	-	30,806	-	671,222	-	671,222	702,028	708,271

39 FINANCIAL INSTRUMENTS (CONTINUED)

39.6 Classification of financial instruments

The financial assets and liabilities are classified into the following categories after initial recognition for the purpose of subsequent measurement:

Financial assets	Derivative used for hedging RM'000	Loans and receivables RM'000	Fair value through profit or loss RM'000	Total RM'000
Group				
2017				
Trade and other receivables, net of accrued billings, goods and services tax, non-refundable deposits and prepayments	**-**	**698,993**	**-**	**698,993**
Other investments	**-**	**6,329**	**-**	**6,329**
Short term funds	**-**	**-**	**282,515**	**282,515**
Deposits with financial institutions	**-**	**1,405,299**	**-**	**1,405,299**
Cash and bank balances	**-**	**688,419**	**-**	**688,419**
Derivative financial asset	**4,551**	**-**	**-**	**4,551**
	4,551	**2,799,040**	**282,515**	**3,086,106**
2016				
Trade and other receivables, net of accrued billings, goods and services tax, non-refundable deposits and prepayments	-	441,208	-	441,208
Short term funds	-	-	118,812	118,812
Deposits with financial institutions	-	692,687	-	692,687
Cash and bank balances	-	1,275,486	-	1,275,486
	-	2,409,381	118,812	2,528,193

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39 FINANCIAL INSTRUMENTS (CONTINUED)

39.6 Classification of financial instruments (continued)

The financial assets and liabilities are classified into the following categories after initial recognition for the purpose of subsequent measurement (continued):

Financial assets	Derivative used for hedging RM'000	Loans and receivables RM'000	Fair value through profit or loss RM'000	Total RM'000
Company				
2017				
Trade and other receivables, net of goods and services tax, non-refundable deposits and prepayments	**-**	**17**	**-**	**17**
Amounts due from subsidiaries	**-**	**1,159,346**	**-**	**1,159,346**
Short term funds	**-**	**-**	**282,515**	**282,515**
Cash and bank balances	**-**	**67,165**	**-**	**67,165**
Derivative financial asset	**600**	**-**	**-**	**600**
	600	**1,226,528**	**282,515**	**1,509,643**
2016				
Trade and other receivables, net of goods and services tax, non-refundable deposits and prepayments	-	5	-	5
Amounts due from subsidiaries	-	546,361	-	546,361
Short term funds	-	-	118,812	118,812
Cash and bank balances	-	38,123	-	38,123
	-	584,489	118,812	703,301

39 FINANCIAL INSTRUMENTS (CONTINUED)

39.6 Classification of financial instruments (continued)

The financial assets and liabilities are classified into the following categories after initial recognition for the purpose of subsequent measurement (continued):

Financial liabilities	Derivative used for hedging RM'000	Other financial liabilities at amortised costs RM'000	Total RM'000
Group			
2017			
Borrowings	**-**	**12,494,506**	**12,494,506**
Trade and other payables*	**-**	**1,226,547**	**1,226,547**
Amounts due to non-controlling interests	**-**	**17,671**	**17,671**
Derivative financial liabilities	**9,448**	**-**	**9,448**
	9,448	**13,738,724**	**13,748,172**
2016			
Borrowings	-	4,262,032	4,262,032
Trade and other payables*	-	1,271,252	1,271,252
Amounts due to non-controlling interests	-	114,408	114,408
Derivative financial liabilities	30,806	-	30,806
	30,806	5,647,692	5,678,498
Company			
2017			
Borrowings	**-**	**702,710**	**702,710**
Trade and other payables*	**-**	**1,152**	**1,152**
Amounts due to a subsidiary	**-**	**3,326**	**3,326**
Derivative financial liability	**6,406**	**-**	**6,406**
	6,406	**707,188**	**713,594**
2016			
Borrowings	-	677,465	677,465
Trade and other payables*	-	6,720	6,720
Amount due to a subsidiary	-	-	-
Derivative financial liability	30,806	-	30,806
	30,806	684,185	714,991

* *Excludes progress billings, provisions and goods and services tax.*

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40 COMMITMENTS

40.1 Capital commitments

	Group	
	2017 RM'000	**2016 RM'000**
Authorised capital expenditure not provided for in the financial statements		
- Contracted		
Additions of land held for property development	**81,359**	121,359
Additions of property, plant and equipment	**18,086**	70,331
Additions of investment properties	**270,019**	63,636
- Not contracted		
Additions of property, plant and equipment	**413,287**	443,888
Additions of investment properties	**395,567**	593,708

40.2 Operating lease commitments

40.2.1 The Group as lessee

The Group entered into a non-cancellable operating lease agreement for lease of office space from a joint venture company for a lease period of five (5) years and lease of office equipment for a lease period of between one (1) to three (3) years.

The future aggregate minimum lease payments under non-cancellable operating lease contracted for as at end of the reporting period but not recognised as liabilities are as follows:

	Group	
	2017 RM'000	**2016 RM'000**
Not later than one (1) year	**1,204**	131
Later than one (1) year and not later than five (5) years	**2,688**	153
	3,892	284

40 COMMITMENTS (CONTINUED)

40.2 Operating lease commitments (continued)

40.2.2 The Group as lessor

The Group entered into non-cancellable operating lease agreements on its investment properties and unsold properties. These leases have remaining non-cancellable lease terms of between one (1) to twenty (20) years.

The future minimum lease payments receivable under non-cancellable operating leases contracted for as at end of reporting period but not recognised as receivables are as follows:

	Group	
	2017 RM'000	**2016 RM'000**
Not later than one (1) year	184,549	194,101
Later than one (1) year and not later than five (5) years	167,065	144,848
Later than five (5) years	39,479	57,223
	391,093	396,172

41 SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

(a) Acquisition of land by Fortune Growers Sdn. Bhd. ("FGSB")

On 12 July 2016, the Company acquired the entire issued and paid-up ordinary share in FGSB for RM2. On 8 August 2016, FGSB has entered into a Sale and Purchase Agreement with Poh Ann Enterprise Sdn. Bhd. to acquire 14 parcels of freehold land in Kuala Langat, Negeri Selangor with an area of approximately 323 acres for a total consideration of RM140,605,102. The land acquisition has been completed on 24 February 2017.

(b) Acquisition of land by IOI (Xiamen) Properties Co. Ltd. ("IOIXPCL")

On 26 August 2016, IOIXPCL successfully tendered for a parcel of leasehold land in Xiamen, Fujian Province of the People's Republic of China measuring approximately 25,079.73 square metres for a total tender sum of RMB2.324 billion (approximately RM1.40 billion) from the Xiamen Bureau of Land Resources and Real Estate Management. During the third quarter of the financial year, IOIXPCL has transferred the land to Xiamen Palm Kaiyue Real Estate Development Co Ltd ("XPK"). XPK was incorporated on 22 November 2016 under the laws of the People's Republic of China.

(c) Land acquisition by Wealthy Link Pte. Ltd. ("WLPL") of a parcel of leasehold land at Central Boulevard in the Republic of Singapore

On 11 November 2016, WLPL successfully acquired a parcel of leasehold land measuring approximately 10,868.70 square metres (1.09 hectares) for a tender consideration of SGD2,568,686,688 (approximately RM7.77 billion) from the Urban Redevelopment Authority, acting as agent for and on behalf of the Government of the Republic of Singapore. The site is located on a prime Central Business District land within Marina Bay in the Republic of Singapore. The development will feature two office towers and a retail podium.

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41 SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR (CONTINUED)

(d) Shareholders' Agreement with MJR Investment Pte. Ltd. ("MJRI")

On 25 January 2017, Pine Properties Sdn. Bhd. ("PPSB"), a 99.9% owned subsidiary of the Company disposed 45% of its existing equity stake in PINE MJR Development Sdn. Bhd. ("PINE MJR") to MJRI. PINE MJR will be a special purpose entity which is 55% owned by PPSB and 45% owned by MJRI for the purpose of developing a freehold land located at Pekan Bukit Bisa, District of Sepang, Selangor Darul Ehsan, measuring 9.652 acres in area, into condominiums.

(e) Rights issue at an issue price of RM1.38 per rights share

On 28 March 2017, the Company had completed the listing of 1,101,629,075 rights share on the Main Market of Bursa Malaysia Securities Berhad, at an issue price of RM1.38 per rights share on the basis of one (1) rights share for every four (4) existing IOIPG shares. The proceeds from the rights issue of approximately RM1.52 billion had been fully utilised to repay part of the borrowings obtained to fund the parcel of leasehold land at Central Boulevard in the Republic of Singapore.

(f) Memorandum of Agreement ("MOA") between the Company and Hong Kong Land International Holdings Limited ("HKL") in relation to a proposed joint-venture in the proportion of 67% and 33% respectively

On 12 June 2017, the Company, via its wholly-owned subsidiary, WLPL had entered into an MOA with HKL to jointly develop and manage two office towers and a retail podium on a prime Central Business District land located within Marina Bay in the Republic of Singapore. IOIPG and HKL's share of consideration will be approximately SGD1.90 billion (RM5.92 billion) and SGD0.93 billion (RM2.90 billion) As at the date of this report, the MOA is still subject to certain regulatory and other approvals.

42 SEGMENTAL INFORMATION

The Group has four (4) reportable operating segments that are organised and managed separately according to the nature of products and services, specific expertise and technological requirements, which require different business and marketing strategies. The reportable segments are summarised as follows:

Property development	Development of residential, commercial and industrial properties
Property investment	Investments in shopping mall, office complex and other properties
Leisure & hospitality	Management and operation of hotels, resorts and golf course
Other operations	Project and building services management, landscape services and other operations which are not sizeable to be reported separately

The Group's chief operating decision maker monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which, in certain aspects as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements. Group financing (including interest expense) and income taxes are managed on a group basis and are not allocated to operating segments.

The transactions between segments are carried out on terms and conditions negotiated and agreed between the parties.

42 SEGMENTAL INFORMATION (CONTINUED)

Segment assets exclude current tax assets, deferred tax assets, derivative financial assets and assets used primarily for corporate purposes such as goodwill on consolidation, short term funds and deposits with financial institutions net of deposits held under Housing Developers (Project Accounts) in Singapore and PRC.

Segment liabilities exclude current tax liabilities, deferred tax liabilities, borrowings and derivative financial liabilities that are managed under centralised treasury function.

Details are provided in the reconciliations from segment assets and liabilities to the Group position.

	Property development RM'000	Property investment RM'000	Leisure & hospitality RM'000	Other operations RM'000	Elimination RM'000	Total RM'000
2017						
Revenue						
External	**3,714,204**	**302,119**	**161,796**	**7,242**	**-**	**4,185,361**
Inter-segment	**61,137**	**1,799**	**595**	**126,116**	**(189,647)**	**-**
Total revenue	**3,775,341**	**303,918**	**162,391**	**133,358**	**(189,647)**	**4,185,361**
Results						
Segment operating profit	**1,179,487**	**126,482**	**15,393**	**4,896**	**-**	**1,326,258**
Fair value gain on investment properties	**-**	**56,231**	**-**	**-**	**-**	**56,231**
Share of results of an associate	**3,264**	**-**	**-**	**-**	**-**	**3,264**
Share of results of joint ventures	**14,841**	**44,765**	**(60,607)**	**-**	**-**	**(1,001)**
Segment results	**1,197,592**	**227,478**	**(45,214)**	**4,896**	**-**	**1,384,752**

Included in the Group's share of results of joint ventures are fair value gain on investment properties, net of deferred taxation of RM Nil (2016: RM421,899,000) and impairment loss on the completed development properties in Singapore of RM Nil (2016: RM186,505,000).

NOTES TO THE FINANCIAL STATEMENTS

- 30 JUNE 2017

42 SEGMENTAL INFORMATION (CONTINUED)

	Property development RM'000	Property investment RM'000	Leisure & hospitality RM'000	Other operations RM'000	Total RM'000
2017					
Assets					
Operating assets	**13,001,773**	**13,057,200**	**853,287**	**8,080**	**26,920,340**
Investments in an associate	**94,115**	**-**	**-**	**-**	**94,115**
Interests in joint ventures	**3,133,788**	**1,455,321**	**536,972**	**-**	**5,126,081**
Segment assets	**16,229,676**	**14,512,521**	**1,390,259**	**8,080**	**32,140,536**
Liabilities					
Segment liabilities	**1,238,553**	**225,387**	**60,000**	**2,690**	**1,526,630**
Other information					
Capital expenditure	**8,469**	**8,719,172**	**95,294**	**9**	**8,822,944**
Depreciation and amortisation	**3,587**	**10,015**	**23,029**	**73**	**36,704**
Non-cash items other than depreciation and amortisation	**31,206**	**46,739**	**157**	**-**	**78,102**

	Property development RM'000	Property investment RM'000	Leisure & hospitality RM'000	Other operations RM'000	Elimination RM'000	Total RM'000
2016						
Revenue						
External	2,613,666	271,872	131,816	7,586	-	3,024,940
Inter-segment	139,047	2,038	812	130,287	(272,184)	-
Total revenue	2,752,713	273,910	132,628	137,873	(272,184)	3,024,940
Results						
Segment operating profit	909,134	141,361	18,221	4,937	-	1,073,653
Gain on bargain purchase for the acquisitions of subsidiaries	71,091	-	-	-	-	71,091
Fair value gain on investment properties	-	145,405	-	-	-	145,405
Share of results of an associate	(4,046)	-	-	240	-	(3,806)
Share of results of joint ventures	(191,485)	448,887	(76,124)	-	-	181,278
Segment results	784,694	735,653	(57,903)	5,177	-	1,467,621

42 SEGMENTAL INFORMATION (CONTINUED)

	Property development RM'000	Property investment RM'000	Leisure & hospitality RM'000	Other operations RM'000	Total RM'000
2016					
Assets					
Operating assets	11,652,894	4,561,176	811,020	5,797	17,030,887
Investments in an associate	90,851	-	-	-	90,851
Interests in joint ventures	2,965,055	1,377,005	478,458	-	4,820,518
Segment assets	14,708,800	5,938,181	1,289,478	5,797	21,942,256
Liabilities					
Segment liabilities	1,422,776	223,549	42,163	2,572	1,691,060
Other information					
Capital expenditure	12,023	46,491	48,464	5	106,983
Depreciation and amortisation	4,933	12,021	20,581	81	37,616
Non-cash items other than depreciation and amortisation	1,005	772	240	110	2,127

Reconciliation of reportable segment revenue, profit or loss, assets and liabilities to the Group's corresponding amounts are as follows:

	Group	
	2017 RM'000	2016 RM'000
Profit or loss		
Segment results	**1,384,752**	1,467,621
Interest income	**51,873**	57,078
Profit before taxation	**1,436,625**	1,524,699
Taxation	**(468,799)**	(424,440)
Profit for the financial year	**967,826**	1,100,259
Assets		
Segment assets	**32,140,536**	21,942,256
Unallocated corporate assets	**1,487,206**	868,085
Total assets	**33,627,742**	22,810,341
Liabilities		
Segment liabilities	**1,526,630**	1,691,060
Unallocated corporate liabilities	**13,612,536**	5,103,442
Total liabilities	**15,139,166**	6,794,502

NOTES TO THE FINANCIAL STATEMENTS
- 30 JUNE 2017

42 SEGMENTAL INFORMATION (CONTINUED)

Geographical segments

The Group's major businesses operate in the following principal geographical areas:

Malaysia	Development of residential, commercial and industrial properties Investments in shopping mall, office building and other properties Management and operation of golf course, project management, landscape services and other operations
Singapore	Development of residential and commercial properties Investment in retail, hotel and office building
PRC	Development of residential properties Investments in shopping mall, hotel, office building and other properties

	Malaysia RM'000	Singapore RM'000	PRC RM'000	Total RM'000
2017				
Revenue from external customers by location of customers	**1,955,517**	**1,742,275**	**487,569**	**4,185,361**
Non-current assets^	**9,873,719**	**13,416,082**	**496,052**	**23,785,853**
Capital expenditure by location of assets	**440,155**	**8,332,870**	**49,919**	**8,822,944**
2016				
Revenue from external customers by location of customers	1,742,029	474,569	808,342	3,024,940
Non-current assets^	9,253,443	4,801,048	699,541	14,754,032
Capital expenditure by location of assets	88,298	1,653	17,032	106,983

^ *Excluding financial instruments, deferred tax assets and goodwill on consolidation.*

There is no single external customer from which the revenue generated exceeded 10% of the Group's revenue.

43 LIST OF SUBSIDIARIES, ASSOCIATE AND JOINT VENTURES

The subsidiaries, associate and joint ventures incorporated in Malaysia except otherwise stated, are as follows:

	Effective Group Interest		
	2017	2016	
Name of Company	%	%	Principal Activities
Direct Subsidiaries			
Bukit Kelang Development Sdn. Bhd.	**100.0**	100.0	Property development and cultivation of plantation produce
Fortune Growers Sdn. Bhd.	**100.0**	-	Property development and cultivation of plantation produce
IOIPG Capital Sdn. Bhd.	**100.0**	100.0	Provision of treasury management services
IOI City Mall Sdn. Bhd.	**100.0**	100.0	Property investment, property management and investment holding
IOI Consolidated (Singapore) Pte. Ltd.* *(Incorporated in Singapore)*	**100.0**	100.0	Investment holding
IOI Properties Berhad	**99.9**	99.8	Property investment, property development and investment holding
IOI Properties Capital (L) Berhad *(Incorporated in Labuan)*	**100.0**	100.0	Provision of treasury management services
IOI Properties Empire Sdn. Bhd.	**100.0**	100.0	Property development and property investment
IOIP Capital Management Sdn. Bhd.	**100.0**	100.0	Provision of treasury management services
Mayang Development Sdn. Bhd.	**100.0**	100.0	Property investment, property development and investment holding
Nice Skyline Sdn. Bhd.	**99.9**	99.9	Property development, investment holding and cultivation of plantation produce
Nusa Properties Sdn. Bhd.	**100.0**	100.0	Property development and property investment
Palmex Industries Sdn. Bhd.	**100.0**	100.0	Property development and investment holding
PMX Bina Sdn. Bhd.	**100.0**	100.0	General contractor
Progressive View Pte. Ltd. *(Incorporated in Singapore)*	**100.0**	-	Property development
Resort Villa Development Sdn. Bhd.	**100.0**	100.0	Property investment and hotel and hospitality services
Resort Villa Golf Course Berhad	**100.0**	100.0	Management of a golf club
Resort Villa Golf Course Development Sdn. Bhd.	**100.0**	100.0	Hotel and hospitality services
Wealthy Link Pte. Ltd. *(Incorporated in Singapore)*	**100.0**	-	Investment holding
Emerald Property Services Sdn. Bhd.	**100.0**	100.0	Provision of management services
Dynamism Investments Limited* *(Incorporated in Hong Kong)*	**100.0**	100.0	Investment holding

NOTES TO THE FINANCIAL STATEMENTS
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43 LIST OF SUBSIDIARIES, ASSOCIATE AND JOINT VENTURES (CONTINUED)

The subsidiaries, associate and joint ventures incorporated in Malaysia except otherwise stated, are as follows (continued):

Name of Company	Effective Group Interest 2017 %	2016 %	Principal Activities
Direct Subsidiaries (continued)			
Vital Initiative Limited* *(Incorporated in Hong Kong)*	**100.0**	100.0	Investment holding
Strategy Assets (L) Limited** *(Incorporated in Labuan)*	**100.0**	100.0	Investment holding
Subsidiaries of IOI Properties Berhad			
Cahaya Kota Development Sdn. Bhd.	**99.9**	99.8	Property development, property investment and investment holding
Commercial Wings Sdn. Bhd.	**99.9**	99.8	Property investment
Dynamic Management Sdn. Bhd.	**99.9**	99.8	Property development, investment holding and provision of management services
Flora Development Sdn. Bhd.	**99.9**	99.8	Property development and property investment
Flora Horizon Sdn. Bhd.	**99.9**	99.8	Property development and cultivation of plantation produce
Future Link Properties Pte. Ltd.* *(Incorporated in Singapore)*	**99.9**	99.8	Investment holding
Hartawan Development Sdn. Bhd.	**99.9**	99.8	Property development and cultivation of plantation produce
IOI Harbour Front Sdn. Bhd.	**99.9**	99.8	Property development and property investment
IOI Landscape Services Sdn. Bhd.	**99.9**	99.8	Landscape services, sale of ornamental plants and turfing grass
IOI Land Singapore Pte. Ltd.* *(Incorporated in Singapore)*	**99.9**	99.8	Investment holding
IOI Lavender Sdn. Bhd.	**99.9**	99.8	Property development and property investment
IOI Medini Sdn. Bhd.	**99.9**	99.8	Property development and property investment
IOI Medini Management Sdn. Bhd.	**99.9**	99.8	Provision of management services
IOI Mulberry Sdn. Bhd.	**99.9**	99.8	Property development and property investment
IOI PFCC Hotel Sdn. Bhd.	**99.9**	99.8	Hotel and hospitality services
IOI Prima Property Sdn. Bhd.	**99.9**	99.8	Property development and property investment
IOI Properties (Singapore) Pte. Ltd.* *(Incorporated in Singapore)*	**99.9**	99.8	Property investment and investment holding
Jutawan Development Sdn. Bhd.	**79.9**	79.8	Property development and property investment

43 LIST OF SUBSIDIARIES, ASSOCIATE AND JOINT VENTURES (CONTINUED)

The subsidiaries, associate and joint ventures incorporated in Malaysia except otherwise stated, are as follows (continued):

	Effective Group Interest		
	2017	2016	
Name of Company	%	%	Principal Activities
Subsidiaries of IOI Properties Berhad (continued)			
Knowledge Vision Sdn. Bhd.	**99.9**	99.8	Property development and property investment
Kumpulan Mayang Sdn. Bhd. *(In members' voluntary winding-up)*	**99.9**	99.8	Property development
Multi Wealth (Singapore) Pte. Ltd.* *(Incorporated in Singapore)*	**99.9**	99.8	Investment holding
Palmy Max Limited* *(Incorporated in Hong Kong)*	**99.9**	99.8	Investment holding
Paska Development Sdn. Bhd.	**99.9**	99.8	Property development and property investment
Pilihan Teraju Sdn. Bhd.	**99.9**	99.8	Property development and property investment
Pine Properties Sdn. Bhd.	**99.9**	99.8	Property development and property investment
Property Skyline Sdn. Bhd.	**99.9**	99.8	Provision of management services and investment holding
Speed Modulation Sdn. Bhd.	**99.9**	99.8	Property investment
Subsidiaries of IOI City Holdings Sdn. Bhd.			
IOI City Hotel Sdn. Bhd.	**100.0**	100.0	Hotel and hospitality services
IOI City Park Sdn. Bhd.	**100.0**	100.0	Car park operator and provision of car park management services
IOI City Tower One Sdn. Bhd.	**100.0**	100.0	Property management and property investment
IOI City Tower Two Sdn. Bhd.	**100.0**	100.0	Property management and property investment
Subsidiary of Mayang Development Sdn. Bhd.			
Mayang Construction Sdn. Bhd.^	**100.0**	100.0	General contractor
Subsidiaries of Cahaya Kota Development Sdn. Bhd.			
IOI Building Services Sdn. Bhd.	**99.9**	99.8	Building maintenance services
Lush Development Sdn. Bhd.	**99.9**	99.8	Property development and property investment
Riang Takzim Sdn. Bhd.	**99.9**	99.8	Investment holding
Tanda Bestari Development Sdn. Bhd.	**99.9**	99.8	Property development and property investment

NOTES TO THE FINANCIAL STATEMENTS
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43 LIST OF SUBSIDIARIES, ASSOCIATE AND JOINT VENTURES (CONTINUED)

The subsidiaries, associate and joint ventures incorporated in Malaysia except otherwise stated, are as follows (continued):

	Effective Group Interest		
	2017	2016	
Name of Company	%	%	Principal Activities
Subsidiaries of Dynamic Management Sdn. Bhd.			
Legend Advance Sdn. Bhd.	**69.9**	69.9	Property development and property investment
Paksi Teguh Sdn. Bhd.	**99.9**	99.8	General contractor
Pilihan Megah Sdn. Bhd.	**99.9**	99.8	Property development, property investment and provision of management services
Subsidiary of IOI City Mall Sdn. Bhd.			
IOI City Holdings Sdn. Bhd.	**100.0**	100.0	Investment holding and property investment
Subsidiary of Multi Wealth (Singapore) Pte. Ltd.			
Clementi Development Pte. Ltd.* *(Incorporated in Singapore)*	**87.9**	87.8	Property development
Subsidiaries of Property Skyline Sdn. Bhd.			
Nice Frontier Sdn. Bhd.	**99.9**	99.8	Property development, property investment and cultivation of plantation produce
Property Village Berhad	**99.9**	99.8	Property development, golf club and recreational services and investment holding
Trilink Pyramid Sdn. Bhd.	**99.9**	99.8	Property development
Wealthy Growth Sdn. Bhd.	**99.9**	99.8	Property development
Subsidiary of Property Village Berhad			
Baycrest Sdn. Bhd.	**99.9**	99.8	General contractor
Subsidiaries of Palmy Max Limited			
IOI (Xiamen) Properties Co. Ltd.# *(Incorporated in the People's Republic of China)*	**99.9**	99.8	Property development, property investment and hotel and hospitality services
Prime Joy Investments Limited* *(Incorporated in Hong Kong)*	**99.9**	99.8	Investment holding

43 LIST OF SUBSIDIARIES, ASSOCIATE AND JOINT VENTURES (CONTINUED)

The subsidiaries, associate and joint ventures incorporated in Malaysia except otherwise stated, are as follows (continued):

	Effective Group Interest		
	2017	2016	
Name of Company	%	%	Principal Activities
Subsidiary of Prime Joy Investments Limited			
Xiamen Double Prosperous Real Estate Development Co. Ltd.# *(Incorporated in the People's Republic of China)*	**99.9**	99.8	Property development and property management services
Subsidiary of IOI (Xiamen) Properties Co. Ltd.			
Xiamen Palm City Management Services Co. Ltd.# *(Incorporated in the People's Republic of China)*	**99.9**	99.8	Provision of management services
Xiamen Palm Kaiyue Real Estate Development Co. Ltd.# *(Incorporated in the People's Republic of China)*	**99.9**	-	Property development, property management and car park management
Subsidiary of Pine Properties Sdn. Bhd.			
PINE MJR Development Sdn. Bhd.	**54.9**	-	Property development
Subsidiary of Nice Skyline Sdn. Bhd.			
Jurang Teguh Sdn. Bhd. *(In members' voluntary winding-up)*	**99.9**	99.9	General contractor
Associate of IOI Properties Berhad			
Continental Estates Sdn. Bhd.#	**32.0**	31.9	Property development and cultivation of plantation produce
Joint Venture of IOI Consolidated (Singapore) Pte. Ltd.			
Scottsdale Properties Pte. Ltd.# *(Incorporated in Singapore)*	**49.9**	49.9	Investment holding

NOTES TO THE FINANCIAL STATEMENTS
- 30 JUNE 2017

43 LIST OF SUBSIDIARIES, ASSOCIATE AND JOINT VENTURES (CONTINUED)

The subsidiaries, associate and joint ventures incorporated in Malaysia except otherwise stated, are as follows (continued):

	Effective Group Interest		
	2017	2016	
Name of Company	%	%	**Principal Activities**
Joint Venture of IOI Land Singapore Pte. Ltd.			
Seaview (Sentosa) Pte. Ltd.# *(Incorporated in Singapore)*	**49.9**	49.9	Property development
Joint Venture of IOI Properties Berhad			
PJ Midtown Development Sdn. Bhd.	**49.9**	49.9	Property development
Joint Venture of IOI Properties (Singapore) Pte. Ltd.			
Pinnacle (Sentosa) Pte. Ltd.# *(Incorporated in Singapore)*	**64.9**	64.9	Property development
Joint Venture of Multi Wealth (Singapore) Pte. Ltd.			
Mergui Development Pte. Ltd.# *(Incorporated in Singapore)*	**59.9**	59.9	Property development

\# *Audited by a firm other than member firm of PricewaterhouseCoopers International Limited and PricewaterhouseCoopers, Malaysia*
* *Audited by member firm of PricewaterhouseCoopers International Limited which is a separate and independent legal entity from PricewaterhouseCoopers, Malaysia*
^ *In the process of striking off pursuant to Section 550 of the Companies Act, 2016*
** *Struck off pursuant to Section 151(4) of the Labuan Companies Act 1990*

44 AUTHORISATION FOR ISSUE

The financial statements of the Group and of the Company for the financial year ended 30 June 2017 were authorised for issue by the Board of Directors on 15 September 2017.

45 SUPPLEMENTARY INFORMATION ON REALISED AND UNREALISED PROFITS OR LOSSES

The retained earnings as at the end of the reporting period are analysed as follows:

	Group		Company	
	2017 RM'000	**2016 RM'000**	**2017 RM'000**	**2016 RM'000**
Total retained earnings of the Company and its subsidiaries				
Realised	**5,691,893**	4,878,241	**224,214**	367,298
Unrealised	**1,150,576**	1,387,827	**1,753**	2,159
	6,842,469	6,266,068	**225,967**	369,457
Total share of retained earnings/(accumulated losses) from an associate				
Realised	**8,003**	4,739	**-**	-
Unrealised	**(313)**	(313)	**-**	-
	7,690	4,426	**-**	-
Total share of (accumulated losses)/retained earnings from joint ventures				
Realised	**(500,547)**	(451,025)	**-**	-
Unrealised	**526,271**	526,218	**-**	-
	25,724	75,193	**-**	-
	6,875,883	6,345,687	**225,967**	369,457

STATEMENT BY DIRECTORS

PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT, 2016

In the opinion of the Directors, the financial statements set out on pages 200 to 323 have been drawn up in accordance with Financial Reporting Standards and the provisions of the Companies Act, 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2017 and of their financial performance and cash flows of the Group and of the Company for the financial year then ended.

In the opinion of the Directors, the information set out in Note 45 to the financial statements on page 324 has been compiled in accordance with the 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, issued by the Malaysian Institute of Accountants, and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors.

TAN SRI DATO' LEE SHIN CHENG
Director

LEE YEOW SENG
Director

Putrajaya
15 September 2017

STATUTORY DECLARATION

PURSUANT TO SECTION 251(1) OF THE COMPANIES ACT, 2016

I, Lau Sui Hing Betty, being the officer primarily responsible for the financial management of IOI Properties Group Berhad, do solemnly and sincerely declare that the financial statements set out on pages 200 to 323 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared)
by the abovenamed)
at Puchong, Selangor Darul Ehsan)
this 15 September 2017)

Before me

NG SAY JIN
COMMISSIONER FOR OATHS
No. B195

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF IOI PROPERTIES GROUP BERHAD

(Incorporated in Malaysia)

(Company No. 1035807-A)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our opinion

In our opinion, the financial statements of IOI Properties Group Berhad ("the Company") and its subsidiaries ("the Group") give a true and fair view of the financial position of the Group and of the Company as at 30 June 2017, and of their financial performance and their cash flows for the year then ended in accordance with Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

What we have audited

We have audited the financial statements of the Group and of the Company, which comprise the statements of financial position as at 30 June 2017 of the Group and of the Company, and the statements of profit or loss, statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 200 to 323.

Basis for opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the "Auditors' responsibilities for the audit of the financial statements" section of our report.

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

Independence and other ethical responsibilities

We are independent of the Group and of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Our audit approach

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements of Group and the Company. In particular, we considered where the Directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the Group and of the Company, the accounting processes and controls, and the industry in which the Group and the Company operate.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF IOI PROPERTIES GROUP BERHAD
(Incorporated in Malaysia)
(Company No. 1035807-A)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters	How our audit addressed the key audit matters
1. Revenue recognition from property development activities Total revenue recognised for the Group on sale of development properties amounted to RM3,678.7 million for financial year ended 30 June 2017. The Group recognises property development revenue in consolidated statement of profit or loss by using the stage of completion method. The stage of completion is measured by reference to the property development costs incurred up to the end of the reporting period as a percentage of total estimated costs for the property development. Property development projects are long term. We focused on this area as significant judgement is required in: • Determining extent of property development costs incurred to date; • Determining estimated total property development costs to completion; and • Determining the common costs allocation to the project phases from the total budgeted common costs attributable to the respective property development projects. *Refer to Note 5.1 (Significant Accounting Estimates and Judgements – Revenue Recognition from Property Development Activities), Note 6.8 (Significant Accounting Policies – Property Development Activities), Note 7 (Revenue) and Note 24 (Property Development Costs)*	We have performed the following procedures in relation to revenue recognition in property development activities: • Assessed the reasonableness of sample of estimated total property development costs on the property development projects by comparing to contracts, quotations from contractors and cost estimates from quantity surveyors for newly launched projects; • Assessed sample of revision of estimated total property development costs to supporting documentations such as quotation from contractors and variation orders received and approved by management for ongoing projects; • Assessed the reasonableness of allocation of total budgeted common costs to the project phases by comparing to the approved master layout plan; • Evaluated variances between actual costs incurred and budgeted property development costs to assess whether the total estimated costs to completion has been properly updated; • Tested samples of costs incurred to date to supporting documentations such as contractor's claim certificates or suppliers invoices. Where costs have not been billed or certified, assessed adequacy of management's accruals of such costs by reviewing subsequent contractors' claims certificates, supplier invoices or approved architect's certificates; and • Recomputed stage-of-completion by computing the proportion of property development costs incurred for work performed to date to the estimated total property development costs. Based on our work done, we did not identify any material exceptions.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF IOI PROPERTIES GROUP BERHAD
(Incorporated in Malaysia)
(Company No. 1035807-A)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Key audit matters (continued)

Key audit matters	How our audit addressed the key audit matters
2. Fair value of investment properties As at 30 June 2017, the Group's investment properties, which are carried at fair value, amounted to RM12,804.1 million. The valuations of the Group's investment properties were performed by independent external valuers. We focused on this area due to complexities in determining the fair value of the investment properties, which involved significant judgements in estimating the underlying assumptions to be applied. *Refer to Note 5.4 (Significant Accounting Estimates and Judgements – Fair Value of Investment Properties), Note 6.3 (Significant Accounting Policies – Investment Properties) and Note 18 (Investment Properties)*	**External valuations** We discussed the valuation methodologies and assumptions used in the valuation with the independent external valuers. We have assessed the independent external valuers' competency, capabilities and objectivity by checking the valuers' qualification and their registration to the respective boards of each country. **Valuation techniques** *Completed properties* We noted that the valuations of the Group's completed investment properties were primarily based on Investment Method and Comparison Method. We carried out procedures to assess the inputs underpinning the valuation of the properties by: • Discussing with valuers to understand the basis of adjustments made to transacted price per square foot of comparable peers by considering factors related to each property's individual characteristics such as location, accessibility to the location, size, tenure and time factor. *Properties under construction* For properties under construction, the fair values were determined based on Residual Method where we have carried out procedures to: • Test the data inputs that determine the estimated fair value of the properties on completion; • Agree the construction cost to complete to the approved budget of the properties where relevant; and • Assess the reasonableness of the discount rate by comparing to comparable peers. We have also assessed the sensitivity analysis prepared by management on the yields, price per square foot, discount rates and occupancy rates underpinning the valuation. Based on the above procedures performed, we did not identify any material exceptions.

There are no key audit matters in relation to the financial statements of the Company.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF IOI PROPERTIES GROUP BERHAD
(Incorporated in Malaysia)
(Company No. 1035807-A)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Information other than the financial statements and auditors' report thereon
The Directors of the Company are responsible for the other information. The other information comprises the Directors' Report and contents in the 2017 Annual Report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the financial statements
The Directors of the Company are responsible for the preparation of the financial statements of the Group and of the Company that give a true and fair view in accordance with Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements
Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF IOI PROPERTIES GROUP BERHAD
(Incorporated in Malaysia)
(Company No. 1035807-A)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Auditors' responsibilities for the audit of the financial statements (continued)
As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

(a) Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

(b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.

(c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

(d) Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

(e) Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

(f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF IOI PROPERTIES GROUP BERHAD
(Incorporated in Malaysia)
(Company No. 1035807-A)

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 43 to the following statements.

OTHER REPORTING RESPONSIBILITIES

The supplementary information set out in Note 45 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The Directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

OTHER MATTERS

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

PRICEWATERHOUSECOOPERS
AF: 1146
Chartered Accountants

SHIRLEY GOH
01778/08/2018 J
Chartered Accountant

Kuala Lumpur
15 September 2017

GROUP'S MATERIAL PROPERTIES

DEVELOPMENT PROPERTIES

Location	Tenure	Remaining land area (Acres)	Usage	Year of Acquisition	Carrying Amount as at 30 June 2017 RM'000
MALAYSIA					
Klang Valley					
Bandar Puchong Jaya, Puchong Various parcels of land in Puchong Jaya Petaling Selangor Darul Ehsan	Freehold	8	On-going mix development	1989 and 1990	291,341
Bandar Puteri, Puchong Various parcels of land in Puchong, Petaling Selangor Darul Ehsan	Freehold	153	On-going mix development	1990	290,426
IOI Resort City, Putrajaya Various parcels of land in Dengkil, Sepang Selangor Darul Ehsan	Freehold	58	On-going condominium development and future development land	1990 and 1994	190,002
IOI Resort City, Putrajaya Various parcels of land in Dengkil, Sepang Selangor Darul Ehsan	Freehold and leasehold expiring between 2019 to 2113	285	On-going mix development and future development land	2016	1,937,476
16 Sierra, Puchong South Various parcels of land in Dengkil, Sepang Selangor Darul Ehsan	Leasehold expiring 2091	186	On-going mix development and future development land	2001 and 2002	433,170
Warisan Puteri @ Sepang Various parcels of land in Mukim of Dengkil Selangor Darul Ehsan	Freehold	128	On-going mix development	2012	226,189
Bandar Puteri Bangi Various parcels of land in Beranang Mukim of Ulu Langat Selangor Darul Ehsan	Freehold	221	On-going mix development	2013	722,869
Various parcels of land in Daerah Kuala Langat, Selangor Darul Ehsan	Freehold	323	future development land	2017	146,807
Negeri Sembilan Darul Khusus					
Bandar IOI, Bahau Various parcels of land in Mukim of Rompin, Jempol Negeri Sembilan Darul Khusus	Freehold	788	On-going mix development and future development land	1990	161,989

GROUP'S MATERIAL PROPERTIES

DEVELOPMENT PROPERTIES (CONTINUED)

Location	Tenure	Remaining land area (Acres)	Usage	Year of Acquisition	Carrying Amount as at 30 June 2017 RM'000
MALAYSIA (Continued)					
Johor Darul Takzim					
Bandar Putra Kulai Various parcels of land in Senai Kulai, Johor Bahru Johor Darul Takzim	Freehold	3,556	On-going mix development and future development land	1988 and 2012	297,191
i-Synergy Various parcels of land in Senai, Kulai Johor Bahru Johor Darul Takzim	Freehold	482	On-going commercial development	2015	217,869
Taman Kempas Utama Various parcels of land in Tebrau Johor Bahru Johor Darul Takzim	Freehold	48	On-going mix development	2006	298,500
Various parcels of land in Plentong Johor Darul Takzim	Freehold	10	On-going mix development	2011	177,590
Various parcels of land in Nusa Jaya, Johor Johor Darul Takzim	Leasehold expiring 2137	7	Future development land	2013	159,813
Various parcels of land in Mukim of Pulai Johor Darul Takzim	Freehold	16	Future development land	2013	194,292
Various parcels of land in Mukim Sungai Segamat Mukim Pagoh, District of Segamat Johor Darul Takzim	Freehold	1,254	Future development land	2014	224,124
A parcel of Land Kulai Jaya Johor Darul Takzim	Freehold	467	Future development land	2014	147,508
OVERSEAS					
The People's Republic of China IOI Palm City Jimei Main Road Jimei New Town Zone 11-12, Jimei District Xiamen, Fujian Province	Leasehold expiring 2082	14	On-going mix development	2012	510,243
A parcel of Land Xiang An District, 13-15 Xiang An New Town, Xiamen, Fujian Province	Leasehold expiring 2087	6	Future development land	2017	1,541,010

GROUP'S MATERIAL PROPERTIES

INVESTMENT PROPERTIES

Location	Tenure	Net Lettable Area ('000 sq ft) (Approximately)	Usage	Age of building (year)	Carrying Amount as at 30 June 2017 RM'000
RETAIL					
IOI City Mall Lebuh IRC IOI Resort City 62502 Putrajaya	Freehold	1,451	4-storey shopping mall together with car park	2	1,442,728^
IOI Mall Bandar Puchong Jaya Puchong Selangor Darul Ehsan	Freehold	615	3-storey shopping mall together with car park	20	376,000
IOI Mall (new wing) Bandar Puchong Jaya Puchong Selangor Darul Ehsan	Freehold	241	4-storey shopping mall together with car park	8	211,000
PURPOSE-BUILT OFFICE BUILDING					
Puchong Financial Corporate Centre ("PFFC") Tower 1 and 2 Bandar Puteri Puchong Selangor Darul Ehsan	Freehold	379	2 blocks of purpose-built office building together with two levels of basement car park	8	160,600
PFCC Tower 4 and 5 Bandar Puteri Puchong Selangor Darul Ehsan	Freehold	507	2 blocks of purpose-built office building together with three levels of basement car park	3	236,300
IOI City Tower 1 and Tower 2 Lebuh IRC IOI Resort City Putrajaya	Freehold	966	2 blocks of purpose-built office building together with car park	2	434,184
One IOI Square and Two IOI Square IOI Resort City Putrajaya	Freehold	441	2 blocks of purpose-built office building together with two levels of basement car park	14	208,600

GROUP'S MATERIAL PROPERTIES

Location	Tenure	Remaining land area (Acres)	Usage	Year of Acquisition	Carrying Amount as at 30 June 2017 RM'000
OTHERS					
Bungalow (Beverly Row) IOI Resort City 62505 Putrajaya	Freehold	268	37 units of residential bungalow	12-20	130,000
IOI Palm City Development Xinglin Bay Road and Jimei Main Road Jimei New Town Zone 11-12 Jimei District, Xiamen Fujian province The People's Republic of China	40 to 50 years lease hold	*	Integrated mixed development including shopping mall and purpose-built office building	*	412,018
Conezion IOI Resort City Putrajaya	Freehold	*	Stratified shop and office lots with car park	*	279,000
Central Boulevard within Marina Bay area, Opposite Telok Ayer Market, Singapore	99 years leasehold	*	Integrated mixed development including office towers and retail podium	*	8,314,931
Part of Lot 7 within Mukim Of Dengkil District of Sepang Selangor Darul Ehsan	Freehold	-	A parcel of commercial land	N/A	435,003

The revaluation of the above properties was in the financial year ended 30 June 2017 or adopted as at the said date.

* *The investment properties are currently under construction.*
^ *Included purpose-built carpark which classified as property, plant and equipment with carrying amount of RM282,728,000.*

GROUP'S MATERIAL PROPERTIES

LEISURE AND HOSPITALITY PROPERTIES

Location	Tenure	Land area (Acres)	Built-up Area ('000 sq. ft.)	Usage	Age of building (Year)	Carrying Amount as at 30.06.17 RM'000
MALAYSIA						
Selangor Darul Ehsan						
Palm Garden Hotel IOI Resort City Putrajaya	Freehold	3	140	151-room hotel	24	45,353
Putrajaya Marriott Hotel IOI Resort City Putrajaya	Freehold	16 (part of)	1,521	488-room hotel	14	153,884
IOI Palm Garden Golf Club IOI Resort City Putrajaya	Freehold	146	171	18-hole golf course and club house	5	202,893
Four Points by Sheraton Puchong Bandar Puteri Puchong Selangor Darul Ehsan	Freehold	8 (part of)	242	249-room hotel	2	112,725
Le Méridien Putrajaya Lebuh IRC IOI Resort City Putrajaya	Freehold	37 (part of)	326	353-room hotel	1	208,781
OVERSEAS						
The People's Republic of China						
IOI Palm City Hotel Jimei District Xiamen, Fujian Province	40 years leasehold	7 (part of)	*	280-room hotel	*	71,855

* *The hotel is currently under construction*

SHAREHOLDERS' INFORMATION

AS AT 30 AUGUST 2017

Type of shares	:	Ordinary shares
Voting rights	:	One vote per shareholder on a show of hands One vote per ordinary share on a poll
Number of shareholders	:	23,940

ANALYSIS OF SHAREHOLDINGS

Size of holdings	No. of holders	Total holdings	%
1 - 99	1,304	39,946	0.00
100 - 1,000	6,115	3,518,122	0.06
1,001 - 10,000	12,278	46,681,671	0.85
10,001 - 100,000	3,493	93,006,682	1.69
100,001 - 275,307,267	745	2,480,853,913	45.06
275,307,268 and above	5	2,882,045,041	52.34
Total	**23,940**	**5,506,145,375**	**100.00**

LIST OF TOP 30 SHAREHOLDERS
(without aggregating securities from different securities accounts belonging to the same person)

	Name	No. of shares held	%
1.	Vertical Capacity Sdn Bhd	1,305,970,200	23.72
2.	Vertical Capacity Sdn Bhd	550,799,800	10.00
3.	Summervest Sdn Bhd	468,157,000	8.50
4.	RHB Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Vertical Capacity Sdn Bhd*	280,000,000	5.09
5.	Vertical Capacity Sdn Bhd	277,118,041	5.03
6.	Citigroup Nominees (Tempatan) Sdn Bhd *Employees Provident Fund Board*	241,253,343	4.38
7.	AmanahRaya Trustees Berhad *Amanah Saham Bumiputera*	209,708,835	3.81
8.	HSBC Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Vertical Capacity Sdn Bhd*	203,290,700	3.69
9.	Cartaban Nominees (Asing) Sdn Bhd *Exempt Authorised Nominee for Bank J. Safra Sarasin Ltd, Singapore Branch*	112,807,800	2.05
10.	AnnHow Holdings Sdn Bhd	102,338,400	1.86
11.	HSBC Nominees (Asing) Sdn Bhd *Exempt Authorised Nominee for Morgan Stanley & Co. LLC*	102,104,600	1.86
12.	Malaysia Nominees (Tempatan) Sendirian Berhad *Pledged Securities Account for Vertical Capacity Sdn Bhd*	91,000,000	1.65
13.	AMSEC Nominees (Tempatan) Sdn Bhd *Pledged Securities Account – Ambank Islamic Berhad for Vertical Capacity Sdn Bhd*	87,808,100	1.60
14.	Cartaban Nominees (Asing) Sdn Bhd *Exempt Authorised Nominee for State Street Bank & Trust Company*	59,540,619	1.08
15.	HLB Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Vertical Capacity Sdn Bhd*	52,247,700	0.95
16.	Lai Ming Chun @ Lai Poh Lin	50,005,600	0.91
17.	Tan Sri Dato' Lee Shin Cheng	49,546,600	0.90

SHAREHOLDERS' INFORMATION

LIST OF TOP 30 SHAREHOLDERS (CONTINUED)
(without aggregating securities from different securities accounts belonging to the same person)

	Name	No. of shares held	%
18.	HSBC Nominees (Asing) Sdn Bhd *BBH and Co Boston for Vanguard Emerging Markets Stock Index Fund*	43,656,100	0.79
19.	AmanahRaya Trustees Berhad *Amanah Saham Malaysia*	36,073,100	0.66
20.	Citigroup Nominees (Asing) Sdn Bhd *Exempt Authorised Nominee for UBS AG Singapore*	29,999,931	0.54
21.	Citigroup Nominees (Tempatan) Sdn Bhd *Employees Provident Fund Board*	28,052,300	0.51
22.	Cartaban Nominees (Tempatan) Sdn Bhd *PAMB for Prulink Equity Fund*	25,759,528	0.47
23.	HSBC Nominees (Asing) Sdn Bhd *JPMCB NA for Vanguard Total International Stock Index Fund*	25,107,255	0.46
24.	AmanahRaya Trustees Berhad *Amanah Saham 1Malaysia*	23,846,100	0.43
25.	Cartaban Nominees (Asing) Sdn Bhd *GIC Private Limited for Government of Singapore*	22,809,075	0.41
26.	CIMSEC Nominees (Tempatan) Sdn Bhd *CIMB Bank for Rickoh Holdings Sdn Bhd*	21,119,999	0.38
27.	Malaysia Nominees (Tempatan) Sendirian Berhad *Great Eastern Life Assurance (Malaysia) Berhad*	20,749,356	0.38
28.	HLB Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Datuk Dr Tan Kim Heung*	20,480,700	0.37
29.	AmanahRaya Trustees Berhad *Amanah Saham Wawasan 2020*	18,475,375	0.34
30.	Citigroup Nominees (Asing) Sdn Bhd *Exempt Authorised Nominee for Citibank New York*	18,347,750	0.33
	Total	**4,578,173,907**	**83.15**

SHAREHOLDERS' INFORMATION

SUBSTANTIAL SHAREHOLDERS

(Based on the Register of Substantial Shareholders)

	No. of ordinary shares held			
Name of shareholders	Direct	%	Indirect	%
Tan Sri Dato' Lee Shin Cheng	49,546,600	0.90	*3,325,546,941	60.40
Puan Sri Datin Hoong May Kuan	-	-	**3,375,093,541	61.30
Dato' Lee Yeow Chor	6,387,500	0.12	***2,848,234,541	51.73
Lee Yeow Seng	2,767,900	0.05	***2,848,234,541	51.73
Vertical Capacity Sdn Bhd	2,848,234,541	51.73	-	-
Progressive Holdings Sdn Bhd	-	-	#2,848,234,541	51.73
Summervest Sdn Bhd	468,157,000	8.50	-	-

* *Deemed interested by virtue of his interest in Progressive Holdings Sdn Bhd ("PH"), which in turn holds 100% equity interest in Vertical Capacity Sdn Bhd ("VC"), and shares held by his sons, Dato' Lee Yeow Chor and Lee Yeow Seng and his interest in Summervest Sdn Bhd pursuant to Section 8 of the Companies Act, 2016 (the "Act").*

** *Deemed interested by virtue of her interest and the interests of her spouse, Tan Sri Dato' Lee Shin Cheng and her sons, Dato' Lee Yeow Chor and Lee Yeow Seng in PH, which in turn holds 100% equity interest in VC and shares held by Tan Sri Dato' Lee Shin Cheng, Dato' Lee Yeow Chor, Lee Yeow Seng and shares held by Summervest Sdn Bhd pursuant to Section 8 of the Act.*

*** *Deemed interested by virtue of his interest in PH, which in turn holds 100% equity interest in VC pursuant to Section 8 of the Act.*

Deemed interested by virtue of its interest in VC, the wholly-owned subsidiary pursuant to Section 8 of the Act.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Fifth Annual General Meeting ("**Fifth AGM**") of the Company will be held at Putrajaya Ballroom I (Level 3), Putrajaya Marriott Hotel, IOI Resort City, 62502 Sepang Utara, Malaysia on Friday, 27 October 2017 at 10:00 am for the following purposes:-

AGENDA

1 To receive the Audited Financial Statements for the financial year ended 30 June 2017 and the Reports of the Directors and Auditors thereon. **Please refer to Note A**

2 To re-elect the following Directors retiring by rotation pursuant to Article 87 of the Company's Constitution.

(i) Dato' Lee Yeow Chor **Resolution 1**
(ii) Lee Yeow Seng **Resolution 2**

(Please refer to Note B)

3 To re-elect Lee Yoke Har, a Director retiring pursuant to Article 93 of the Company's Constitution. **Resolution 3**

(Please refer to Note B)

4 To re-appoint the following Directors who were re-appointed at the Fourth AGM held on 26 October 2016 to hold office until this AGM pursuant to Section 129(6) of the then Companies Act, 1965 which the provision has since been repealed, shall continue to remain as the Executive Chairman and the Independent Non-Executive Director, respectively:

(i) Tan Sri Dato' Lee Shin Cheng **Resolution 4**
(ii) Datuk Tan Kim Leong @ Tan Chong Min **Resolution 5**

(Please refer to Note B)

5 To consider and if thought fit, to pass the following Resolution:

"THAT the payment of Directors' fees (inclusive of Board Committees' fees) of RM1,095,000 for the financial year ending 30 June 2018 payable quarterly in arrears after each month of completed service of the Directors during the financial year be and is hereby approved." **Resolution 6**

(Please refer to Note C)

6 To approve the payment of Directors' benefits (other than Directors' fees) of up to RM300,000 for the period from 31 January 2017 until the next AGM. **Resolution 7**

(Please refer to Note C)

7 To re-appoint Messrs PricewaterhouseCoopers, the retiring auditors for the financial year ending 30 June 2018 and to authorise the Audit Committee to fix their remuneration. **Resolution 8**

(Please refer to Note D)

8 As special business, to consider and if thought fit, to pass the following Resolutions:

8.1 **Authority to Directors to allot and issue shares pursuant to Section 76 of the Companies Act, 2016**

"THAT pursuant to Section 76 of the Companies Act 2016, the Directors be and are hereby authorised with full powers to allot and issue shares in the Company from time to time and upon such terms and conditions and for such purposes as they may deem fit subject always to the approval of the relevant authorities being obtained for such issue and provided that the aggregate number of shares to be issued pursuant to this resolution does not exceed ten percent (10%) of the issued share capital for the time being of the Company and that such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company and that the Directors be and are also empowered to obtain the approval from Bursa Malaysia Securities Berhad for the listing of and quotation for the additional shares so issued." **Resolution 9**

NOTICE OF ANNUAL GENERAL MEETING

8.2 **Proposed Renewal of Existing Share Buy-Back Authority**

"THAT subject to compliance with applicable laws, regulations and the approval of all relevant authorities, approval be and is hereby given to the Company to utilise up to the aggregate of the Company's latest audited retained earnings, to purchase, from time to time during the validity of the approval and authority under this resolution, such number of ordinary shares in the Company as may be determined by the Directors of the Company from time to time through Bursa Malaysia Securities Berhad ("**Bursa Securities**") upon such terms and conditions as the Directors may deem fit and expedient in the interest of the Company provided that the aggregate number of shares to be purchased and/or held by the Company pursuant to this resolution does not exceed ten percent (10%) of the issued share capital of the Company at the time of purchase ("**Proposed Purchase**");

THAT at the discretion of the Directors of the Company, the shares of the Company to be purchased are to be cancelled and/or retained as treasury shares and distributed as dividends or resold on Bursa Securities;

THAT the Directors of the Company be and are hereby empowered generally to do all acts and things to give effect to the Proposed Purchase with full powers to assent to any condition, modification, revaluation, variation and/or amendment (if any) as may be imposed by the relevant authorities and/or do all such acts and things as the Directors may deem fit and expedient in the best interest of the Company;

AND THAT such authority shall commence immediately upon passing of this resolution until:

(i) the conclusion of the next Annual General Meeting of the Company at which time the authority shall lapse unless by ordinary resolution passed at a general meeting, the authority is renewed either unconditionally or subject to conditions;

(ii) the expiration of the period within which the next Annual General Meeting after that date is required by law to be held; or

(iii) revoked or varied by ordinary resolution of the shareholders of the Company in a general meeting,

whichever is the earlier but not so as to prejudice the completion of purchase(s) by the Company before the aforesaid expiry date and, in any event, in accordance with the provisions of the Main Market Listing Requirements of Bursa Securities or any other relevant authorities." **Resolution 10**

9 To transact any other business of which due notice shall have been given in accordance with the Companies Act 2016 and the Company's Constitution.

By Order of the Board,

Tan Sin Yee
Secretary (MAICSA 7060514)

Putrajaya
29 September 2017

NOTICE OF ANNUAL GENERAL MEETING

Notes

1 All the above resolutions are proposed as ordinary resolutions. For any of the ordinary resolutions listed above to be passed at the AGM, more than half the votes cast must be in favour of the resolutions.

Voting on all resolutions to be proposed at the AGM will be by way of a poll. The Board believes a poll is more representative of shareholders' voting intentions because shareholders' votes are counted according to the number of shares held.

2 A shareholder may appoint any person to be his proxy and there shall be no restriction as to the qualification of the proxy.

3 An instrument appointing a proxy must be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under seal or under the hand of an officer or attorney duly authorised.

4 Subject to Note 5 below, a shareholder shall not be entitled to appoint more than two (2) proxies to attend and vote at the same meeting. If a shareholder appoints two (2) proxies to attend at the same meeting, the instrument of proxy must specify the proportion of his shareholdings to be represented by each proxy and only (1) of those proxies is entitled to vote on show of hands.

5 Where a shareholder of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities 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. An exempt authorised nominee refers to an authorised nominee defined under the Securities Industry (Central Depositories) Act 1991 ("SICDA") which is exempted from compliance with the provisions of Section 25A(1) of the SICDA.

6 An instrument appointing a proxy may specify the manner in which the proxy is to vote in respect of a particular resolution and, where an instrument of proxy so provides, the proxy is not entitled to vote on the resolution except as specified in the instrument.

7 An instrument appointing a proxy must be deposited at Boardroom Corporate Services (KL) Sdn Bhd, Lot 6.05, Level 6, KPMG Tower, 8 First Avenue, Bandar Utama, 47800 Petaling Jaya, Selangor Darul Ehsan not less than 48 hours before the time for holding the Fifth AGM or any adjournment thereof.

8 Any corporation which is a shareholder can appoint one or more corporate representatives who may exercise on its behalf all of its power as a shareholder in accordance with the Companies Act 2016.

9 Only shareholders whose names appear in the Record of Depositors and Register of Members as at **19 October 2017** shall be eligible to attend the AGM or appoint proxy to attend and vote on his behalf.

10 By submitting the proxy form, the shareholder accepts and agrees to the collection, use and disclosure of the shareholder's personal data by the Company (or its agents or service providers) for the purpose of preparation and compilation of documents relating to the AGM (including any adjournment thereof).

11 **Note A – To receive Audited Financial Statements for the financial year ended 30 June 2017**

This Agenda item is meant for discussion only as under the provision of Section 340(1) of the Companies Act 2016, the audited financial statements do not require a formal approval of the shareholders. Hence, this resolution will not put forward for voting.

The 2017 Annual Report (which includes the Financial Report, the Directors' Report and the Independent Auditors' Report) will be presented to the meeting. Shareholders can access a copy of the 2017 Annual Report at IOI Properties Group Berhad ("IOIPG")'s website, www.ioiproperties.com.my.

The Chairman will give shareholders an opportunity to ask questions about, and make comments on, the financial statements and reports and IOIPG's performance.

Shareholders will also be given an opportunity to ask the representative(s) of IOIPG's auditors, Messrs PricewaterhouseCoopers, questions relevant to audit matters, including the Auditors' Report.

NOTICE OF ANNUAL GENERAL MEETING

12 **Note B – To re-elect Directors/ To re-appoint Directors**

i. Re-election of Directors

Dato' Lee Yeow Chor, Lee Yeow Seng and Lee Yoke Har, who shall retire in accordance with Articles 87 and 93 of the Company's Constitution respectively, are standing for re-election as Directors of the Company and being eligible, have offered themselves for re-election at the Fifth AGM.

The Company's Constitution states that at each AGM of the Company, one-third (1/3) of the Directors or if their number is not three (3) or a multiple of three (3), then the number nearest one-third (1/3) must retire from office, provided always that all Directors shall retire from office once at least in each three (3) years, but shall eligible for re-election and it further states that a Director appointed by the Board shall hold office until the conclusion of the next AGM of the Company and shall be eligible for re-election.

ii. Re-appointment of Director

With reference to Ordinary Resolutions 4 and 5, Tan Sri Dato' Lee Shin Cheng and Datuk Tan Kim Leong @ Tan Chong Min were re-appointed as Directors at the Fourth AGM to hold office until the conclusion of the Fifth AGM under Section 129(6) of the then Companies Act 1965, which the provision has since been repealed. If passed, the Ordinary Resolutions 4 and 5 will authorise the continuation of the Directors in office from the date of the Fifth AGM and they shall be subject to retirement by rotation from office once at least in each three (3) years thereafter.

Each of the Directors standing for re-election/ re-appointment has undergone a performance evaluation and has demonstrated that he/she remains committed to the role and continues to be an effective and valuable member of the Board. The Board has also conducted assessment on the independence of the Independent Director who is seeking for re-appointment and is satisfied that the Independent Director has complied with the independence criteria applied by the Company and continue to bring independent and objective judgement to the Board deliberation.

The Board comprises eight (8) Directors, consisting of an Executive Chairman, two (2) Executive Directors and five (5) Non-Executive Directors, whose experience and expertise are derived from a range of industries and sectors providing an invaluable perspective on the Group's business. Profile details for each Director, including their career history, competencies and experience can be found from pages 124 to 133 of the 2017 Annual Report.

13 **Note C – To approve Directors' Fees and benefits payable**

The Governance, Nominating and Remuneration Committee and the Board have reviewed the Directors' fees after taking into account fee levels and trends for similar positions in the market and time commitment required from the Directors. The payment of Directors' fees for the financial year ending 30 June 2018 shall payable quarterly in arrears after each month of completed service of the Directors during the financial year.

The Directors' benefits (other than Directors' fees and Board Committees' fees) comprise attendance allowances and other benefits such as insurance coverage, retirement farewell gift and other claimable benefits. In determining the estimated total amount of Directors' benefits, the Board has considered various factors, among others, the estimated number of meetings for the Board and its Committees and estimated proportionate paid and payable insurance premium.

14 **Note D – To re-appoint auditors**

The Company's Auditors must offer themselves for re-appointment at each AGM at which Audited Financial Statements are presented. The performance and effectiveness of the Auditors has been evaluated by the Audit Committee, which included an assessment of the Auditors' independence and objectivity, which has recommended to the Board that Messrs PricewaterhouseCoopers ("PwC") be re-appointed and its remuneration be determined by the Audit Committee. The representatives of PwC will be present at the Fifth AGM.

NOTICE OF ANNUAL GENERAL MEETING

15 **Explanatory Notes on Special Businesses**

i Authority to Directors to allot and issue shares pursuant to Section 76 of the Companies Act 2016 (the "Act")

Ordinary Resolution 9 is to seek a renewal of the general mandate which was approved at the Fourth AGM of the Company held on 26 October 2016 and which will lapse at the conclusion of the forthcoming AGM to be held on 27 October 2017.

The general mandate, if approved, will provide flexibility to the Company for any possible fund raising activities, including but not limited to placing of shares for the purpose of funding future investment project(s) and acquisition(s) and for strategic reasons. In order to eliminate any delay and costs in convening a general meeting to specifically approve such issuance of shares, it is considered appropriate that the Directors be empowered, as proposed under the Ordinary Resolution 9, to allot and issue shares in the Company up to an amount not exceeding in total ten percent (10%) of the issued share capital of the Company for the time being. This authority, unless revoked or varied at a general meeting, will expire at the conclusion of the next AGM of the Company.

The Company did not issue any new shares pursuant to Section 132D of the then Companies Act 1965 (now equivalent Section 76 of the Act) under the general mandate which was approved at the Fourth AGM of the Company.

The Directors currently have no intention of issuing new shares, or of granting rights to subscribe for or to convert any security into shares, except in connection with the Company's employees' share option scheme.

ii Proposed Renewal of Existing Share Buy-Back Authority

Ordinary Resolution 10 is to seek a renewal of the authority granted at the Fourth AGM of the Company held on 26 October 2016 and which will lapse at the conclusion of the forthcoming AGM to be held on 27 October 2017. The resolution authorises the Company to make market purchases of its own ordinary shares as permitted by the Companies Act 2016.

The Board seeks authority to purchase up to ten percent (10%) of the Company's issued share capital (excluding any treasury shares), should market conditions and price justify such action.

The Directors only intend to use this authority to make such purchases if to do so could be expected to lead to an increase in net asset value per share for the remaining shareholders and would be in the best interests of the Company generally, having due regard to appropriate gearing levels, alternative investment opportunities and the overall financial position of the Company.

Any purchases of ordinary shares would be by means of market purchases through the Bursa Malaysia Securities Berhad. Any shares purchased under this authority may either be cancelled or held as treasury shares by the Company. Treasury shares may subsequently be cancelled or sold for cash. The Company had on 30 June 2017 cancelled all its 19,110,400 treasury shares.

Please refer to explanatory information in the Share Buy-Back Statement dated 29 September 2017.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

Pursuant to Paragraph 8.27(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad

(i) Details of individuals who are standing for election as Directors (excluding Directors standing for a re-election)

No individual is seeking election as a Director at the forthcoming Fifth Annual General Meeting of the Company.

(ii) Directors standing for re-election/ re-appointment

(a) The Directors retiring by rotation and standing for re-election pursuant to Article 87 of the Constitution of the Company are as follows:-

- Dato’ Lee Yeow Chor
- Lee Yeow Seng

(b) Lee Yoke Har will be retiring and standing for re-election pursuant to Article 93 of the Constitution of the Company.

(c) The Directors seeking for re-appointment are as follows:-

- Tan Sri Dato’ Lee Shin Cheng
- Datuk Tan Kim Leong @ Tan Chong Min

The profiles of the above-named Directors are set out in the section entitled “Profile of Directors” on pages 124 to 131 of the Annual Report.

Their shareholdings in the Company and its related corporations are set out in the section entitled “Statement of Directors’ Interests” on page 184 of the Annual Report.

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PROXY FORM

IOI PROPERTIES

I/We ....
(Please use block letters)

NRIC / Co. No. .... Mobile Phone No. ....

of ....

being a member(s) of **IOI Properties Group Berhad**, hereby appoint ....

NRIC No. ....

of ....

....

and/or failing him, the Chairman of the Meeting as my/our proxy to vote for me/us on my/our behalf at the **Fifth Annual General Meeting** ("AGM") of the Company to be held at Putrajaya Ballroom I (Level 3), **Putrajaya Marriott Hotel, IOI Resort City, 62502 Sepang Utara, Malaysia on Friday, 27 October 2017 at 10.00 a.m.** or any adjournment thereof.

The proportion of my/our holding to be represented by my/our proxy/proxies are as follows:

First proxy "A" : %
Second proxy "B" : %
100%

No. of Shares Held : ______________________

CDS A/C No. : ______________________

My/our proxy/proxies shall vote as follows:

(Please indicate with an "X" or "√" in the space provided as to how you wish your votes to be cast. If you do not do so, the proxy/proxies will vote, or abstain from voting on the resolutions as he/they may think fit)

No.	Resolutions	First Proxy "A" For	First Proxy "A" Against	Second Proxy "B" For	Second Proxy "B" Against
1.	To re-elect Dato' Lee Yeow Chor as a Director				
2.	To re-elect Lee Yeow Seng as a Director				
3.	To re-elect Lee Yoke Har as a Director				
4.	To re-appoint Tan Sri Dato' Lee Shin Cheng as a Director				
5.	To re-appoint Datuk Tan Kim Leong @ Tan Chong Min as a Director				
6.	To approve Directors' fees (inclusive of Board Committees' fees) for the financial year ending 30 June 2018 payable quarterly in arrears				
7.	To approve the payment of Directors' benefits for the period from 31 January 2017 until the next AGM				
8.	To re-appoint Messrs PricewaterhouseCoopers as Auditors and to authorise the Audit Committee to fix their remuneration				
9.	To authorise the Directors to allot and issue shares pursuant to Section 76 of the Companies Act 2016				
10.	To approve the proposed renewal of existing share buy-back authority				

Dated this _______________ day of _________________ 2017

____
Signature of Shareholder/Common Seal

** Delete if inapplicable.*

Notes:

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Personal Data Privacy
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The Administration and Polling Agent

IOI PROPERTIES GROUP BERHAD
Boardroom Corporate Services (KL) Sdn Bhd
Lot 6.05, Level 6, KPMG Tower
8 First Avenue, Bandar Utama
47800 Petaling Jaya
Selangor Darul Ehsan

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IOI PROPERTIES

IOI PROPERTIES GROUP BERHAD
(1035807-A)

Two IOI Square, IOI Resort City,
62502 Putrajaya, Malaysia.

www.ioiproperties.com.my