

# PROSPECTUS



## UEM LAND HOLDINGS BERHAD

(Company No. 830144-W)

(Incorporated in Malaysia under the Companies Act, 1965)



Puteri Harbour



East Ledang



JSNAC

### LISTING OF UEM LAND HOLDINGS BERHAD ON THE MAIN BOARD OF BURSA MALAYSIA SECURITIES BERHAD

ADVISER



**CIMB Investment Bank Berhad (18417-M)**  
(A Participating Organisation of Bursa Malaysia Securities Berhad)

FOR INFORMATION CONCERNING CERTAIN RISK FACTORS WHICH YOU SHOULD CONSIDER, SEE "RISK FACTORS" IN SECTION 5 OF THIS PROSPECTUS

THIS PROSPECTUS IS ISSUED FOR INFORMATION PURPOSES ONLY. NO ISSUE OF, OFFER FOR SUBSCRIPTION OR PURCHASE OF, OR INVITATION TO SUBSCRIBE FOR OR PURCHASE SECURITIES IS OR WILL BE MADE ON THE BASIS OF THIS PROSPECTUS

This Prospectus is dated 6 November 2008



## UEM LAND HOLDINGS BERHAD

(Company No. 830144-W)

18th Floor, Menara 2, Faber Towers  
Jalan Desa Bahagia, Taman Desa  
58100 Kuala Lumpur  
Tel +603 7625 5085 Fax +603 7620 6495

Our Directors and Promoter have seen and approved this Prospectus and they collectively and individually accept full responsibility for the accuracy of the information contained in this Prospectus. They confirm, after having made all reasonable enquiries, that to the best of their knowledge and belief, there are no false or misleading statements or other facts, the omission of which would make any statement in this Prospectus false or misleading.

CIMB Investment Bank Berhad ("CIMB"), being the Adviser, acknowledges that, based on all available information, and to the best of its knowledge and belief, this Prospectus constitutes a full and true disclosure of all material facts concerning the listing of our Company on the Main Board of Bursa Malaysia Securities Berhad ("Bursa Securities") ("Listing").

At the extraordinary general meeting of UEM World Berhad ("UEM World") held on 18 August 2008, the shareholders of UEM World had given their approval for UEM World to distribute (in the form of dividend) 5 ordinary shares of RM0.50 each in our Company ("Shares") for every 4 ordinary shares of RM1.00 each in UEM World held as at the entitlement date ("DIS") and the Listing. Additionally, the existing shareholders of our Company, namely UEM World and UEM Group Berhad have also approved the Listing at the extraordinary general meeting of our Company on 9 October 2008.

The Securities Commission of Malaysia ("SC") has approved the Listing. However, this is not an indication that the SC recommends the Listing. The SC shall not be liable for any non-disclosure in this Prospectus by us. The SC takes no responsibility for the contents of this Prospectus and does not represent that it is accurate or complete. The SC shall not be liable for any loss that you may suffer as a result of your reliance on the whole or any part of the contents of this Prospectus. **YOU SHOULD RELY ON YOUR OWN EVALUATION TO ASSESS THE MERITS AND RISKS OF THE LISTING AND THE INVESTMENT IN US. IF YOU ARE IN DOUBT AS TO THE ACTION TO BE TAKEN, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISER IMMEDIATELY.**

The valuation approved or accepted by the SC shall only be utilised for the purpose of the Proposed Acquisitions (as defined herein) submitted to and approved by the SC, and shall not be construed as an endorsement by the SC on the value of the subject assets for any other purposes.

Bursa Securities has also granted its approval-in-principle for the listing of and quotation for our entire issued and paid-up Shares on the Main Board of Bursa Securities. You should not take our admission to the Official List of Bursa Securities as an indication of our merits, the merits of our Shares or the Listing.

A copy of this Prospectus has been registered with the SC. A copy of this Prospectus has also been lodged with the Registrar of Companies of Malaysia. Neither the SC nor the Registrar of Companies of Malaysia takes any responsibility for the contents of this Prospectus.

Investors are advised to note that recourse for false or misleading statements or acts made in connection with this Prospectus is directly available through Sections 248, 249 and 357 of the Capital Markets and Services Act, 2007.

The distribution of this Prospectus and the Listing are subject to the laws of Malaysia. We and our advisers are not responsible for the distribution of this Prospectus outside Malaysia. We and our advisers have not taken any action to permit an offering of our Shares based on this Prospectus or the distribution of this Prospectus outside Malaysia. This Prospectus may not be used for an offer to sell or an invitation to buy our Shares in any jurisdiction or in any circumstance. We and our advisers require you to inform yourself of and to observe such restrictions.

This Prospectus will be despatched to the shareholders of UEM World whose names appear on UEM World's Record of Depositors and/or Register of Members as at 5.00 p.m. on Thursday, 6 November 2008 ("Entitlement Date") provided that such entitled shareholders maintain an address in Malaysia as stated in UEM World's Record of Depositors and/or Register of Members as at the Entitlement Date.

Copies of this Prospectus may be obtained, subject to availability, from our Share Registrar, Symphony Share Registrars Sdn Bhd, Level 26, Menara Multi-Purpose, Capital Square, No.8, Jalan Munshi Abdullah, 50100 Kuala Lumpur, Malaysia (telephone number 603-2721 2222) and are available for download from Bursa Malaysia Berhad's website at [www.bursamalaysia.com](http://www.bursamalaysia.com).

This Prospectus is prepared and published solely for the Listing under the laws of Malaysia. We and our advisers have not authorised anyone to provide you with information that is not contained in this Prospectus.

The Shariah Advisory Council of the SC ("SAC") has classified our Shares as Shariah-compliant based on the audited consolidated financial statements of UEM Land Berhad (our wholly-owned subsidiary) for the financial year ended 31 December 2007 and the Shariah criteria adopted by the SAC. This classification remains valid from the date of issue of this Prospectus until the next Shariah compliance review is undertaken by the SAC, and the new status will be released in the updated list of Shariah-compliant securities, either on the last Friday of the month of May or November.

# TIMELINE

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We set out below the timing of events leading to our Listing as follows:

Events	Date
Announcement of the Entitlement Date .....	15 October 2008
Entitlement Date.....	5.00 p.m., 6 November 2008
Despatch of notice of transfer of DIS Shares to Entitled Shareholders .....	17 November 2008 <sup>(1)</sup>
Listing .....	18 November 2008 <sup>(2)</sup>

**Notes:**

<sup>(1)</sup> *Being the Market Day immediately preceding the date of Listing and may be subject to change if the date of Listing is other than 18 November 2008.*

<sup>(2)</sup> *Tentative date for the Listing and may be subject to change due to any unforeseen circumstances.*

As a result of the DIS, you will receive 5 Shares for every 4 existing UEM World Shares you hold as at the Entitlement Date. The Shares will be directly credited into your CDS account(s) within 2 Market Days prior to the Listing.

**You do not need to make any payment to receive the DIS Shares. You also do not need to take any action to receive the DIS Shares if your UEM World Shares are already deposited into a CDS account. If you are holding share certificates of UEM World, please refer to "Section 12.6 – Procedures for DIS" for the procedures to receive the DIS Shares.**

All terms used are defined under "Presentation of Financial and Other Information" and under "Definitions" commencing on pages (vii) and (ix) respectively.

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## PRESENTATION OF FINANCIAL AND OTHER INFORMATION

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All references to the "Company", "ULHB" and "our Company" in this Prospectus are to UEM Land Holdings Berhad (830144-W), unless the context otherwise requires. All references to "our Group" and "ULHB Group" refer to our Company and our consolidated subsidiaries and all references to "we", "us", "our" and "ourselves" refer to our Company and, save where the context otherwise requires, our subsidiaries on a consolidated basis. Unless the context otherwise requires, references to "Management" are to our Directors and key management personnel as at the date of this Prospectus, and statements in this Prospectus as to our beliefs, expectations, estimates and opinions are those of our Management.

Information relating to our developments are disclosed based on our current approved development plans and may be subject to change in the future. Any subsequent changes shall also be subjected to the relevant local authority's approval.

The acreage and square footage and other land area data in this Prospectus is based on Management's estimates and/or appraisals prepared by project development consultants and may not be independently verified. The acreage and square footage actually developed may differ from the numbers presented herein, based on various factors such as market conditions, title defects and any inability to obtain required regulatory approvals. The saleable area presented for our projects are based on Management's understanding of what constitutes the saleable area in any project.

Unless otherwise indicated, operating data in this Prospectus is given as at 30 September 2008.

In this Prospectus, references to the "Government" are to the Government of Malaysia.

Any discrepancies in the tables included herein between the amounts listed and the totals thereof are due to rounding. Words denoting the singular only shall include the plural and *vice versa* and words denoting the masculine gender shall, where applicable, include the feminine and neuter genders and *vice versa*. References to persons shall include companies and corporations.

In this Prospectus, where applicable, measurements in square meters ("**sq m**") are converted to square feet ("**sq ft**") and *vice versa* based on the conversion rate of 1 sq m = 10.7639 sq ft, measurements in acres are converted to sq ft and *vice versa* based on the conversion rate of 1 acre = 43,560 sq ft and measurements in hectares are converted to acres and *vice versa* based on the conversion rate of 1 hectare = 2.471 acres.

Our financial statements are prepared in accordance with the applicable Financial Reporting Standards in Malaysia.

All references to dates and times are references to dates and times in Malaysia.

This Prospectus includes statistical data provided by us and various third parties and cites third-party projections regarding growth and performance of the industry in which we operate. This data is taken or derived from information published by industry sources and from our internal data. In each such case, the source is given in this Prospectus, provided that where no source is given, it can be assumed that the information originated from us. We believe that the statistical data and projections cited in this Prospectus are useful in helping prospective investors understand the major trends in the industry in which we operate. However, neither we nor our advisers have independently verified these data. Neither we nor our advisers make any representation as to the correctness, accuracy or completeness of such data and accordingly prospective investors should not place undue reliance on the statistical data cited in this Prospectus. Similarly, third-party projections, cited in this Prospectus are subject to significant uncertainties that could cause actual data to differ materially from the projected figures. We give no assurances that the projected figures will be achieved, and you should not place undue reliance on the third-party projections cited in this Prospectus.

Further, certain background information on substantial shareholders contained in this Prospectus was obtained from publicly available sources, which neither we nor our advisers have verified.

The information on our website or any websites directly or indirectly linked to our website does not form part of this Prospectus.



## FORWARD-LOOKING STATEMENTS

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This Prospectus includes forward-looking statements. All statements other than statements of historical facts included in this Prospectus, including, without limitation, those regarding our financial position, business strategy, plans and objectives of our management for future operations, are forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause our actual results, our performance or achievements, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements reflect our Management's current view with respect to future events and are not a guarantee of future performance. Some of these forward-looking statements can be identified by the use of forward-looking terminology such as the words "may", "will", "would", "could", "believe", "expect", "anticipate", "intend", "estimate", "aim", "plan", "forecast" or similar expressions and include all statements that are not historical facts. Such forward-looking statements are based on numerous assumptions regarding our present and future business strategies and the environment in which our Group will operate in the future. Such forward-looking statements include, without limitation, statements relating to:

- our business strategy;
- our plans and objectives for future operations;
- demand for our properties;
- our financial position; and
- our future earnings, cash flows and liquidity.

Our actual results may differ materially from information contained in such forward-looking statements as a result of a number of factors beyond our control, including, without limitation:

- the economic, political and investment environment in Malaysia and globally; and
- government policy, legislation or regulation.

Among the factors that could cause our actual results, performance or achievements to differ materially include, but are not limited to, those discussed elsewhere in "Section 5 – Risk Factors" and "Section 7 – Business" of this Prospectus. Due to these and other uncertainties, we cannot give any assurance that the forward-looking statements made in this Prospectus will be realised. Such forward-looking statements are made only as at the date of this Prospectus. Except as required by applicable law or the Bursa Securities LR, we do not undertake to update any forward-looking statements contained in this Prospectus.

You will be deemed to have read and understood the descriptions of the assumptions and uncertainties underlying the forward-looking statements that are contained herein.

## DEFINITIONS

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The following terms in this Prospectus bear the same meanings as set out below unless the term is defined otherwise or the context requires otherwise:

Act.....	Companies Act, 1965, as amended from time to time and any re-enactment thereof
Amra Resources .....	Amra Resources Sdn Bhd (264645-T), our wholly-owned subsidiary held through UEM Land and the immediate holding company of BND
Articles.....	Articles of Association
BND.....	Bandar Nusajaya Development Sdn Bhd (252945-M), our wholly-owned subsidiary held through UEM Land and Amra Resources
BNM .....	Bank Negara Malaysia
Board.....	Board of Directors
Bursa Depository.....	Bursa Malaysia Depository Sdn Bhd (165570-W)
Bursa Securities .....	Bursa Malaysia Securities Berhad (635998-W)
Bursa Securities LR.....	Listing requirements of Bursa Securities and any amendments made thereto from time to time
Capital Repayment.....	Capital repayment to the shareholders of UEM World of all such cash proceeds to be received by UEM World from the ROS and Disposal via a capital reduction exercise under Sections 60 and 64 of the Act
CDP.....	Comprehensive Development Plan
CDS.....	Central Depository System
CIMA .....	Cement Industries of Malaysia Berhad (11986-T), a subsidiary of UEMG
CIMB .....	CIMB Investment Bank Berhad (18417-M)
CIQQ .....	Customs, Immigration and Quarantine Quarters
CJSB .....	Cahaya Jauhar Sdn Bhd (83237-T), a joint venture between UEM Land and the State Government of Johor
Crescendo.....	Crescendo Corporation Berhad (359750-D), a company listed on Bursa Securities
DAMAC .....	DAMAC Properties (Malaysia) Sdn Bhd (817769-D), a member of the DAMAC Group of Dubai
DIS .....	Dividend-in-specie of 5 DIS Shares for every 4 existing UEM World Shares held by the Entitled Shareholders
DIS Shares .....	Our Shares to be distributed (in the form of dividend) under the DIS to the Entitled Shareholders
Discovery Capital .....	Discovery Capital Management, LLC
Disposal.....	Disposal of the remaining businesses and undertakings of UEM World after the ROS and DIS (other than the cash proceeds from the ROS) to UEMG for a cash consideration of approximately RM13.9 million
EBITDA .....	Earnings before interest, taxation, depreciation and amortisation

**DEFINITIONS** (cont'd)

Entitled Shareholders .....	Shareholders of UEM World whose names appear in the Record of Depositors or Register of Members of UEM World as at 5.00 p.m. on the Entitlement Date
Entitlement Date .....	6 November 2008
EPF .....	Employees Provident Fund Board
EPS .....	Earnings per share
Faber .....	Faber Group Berhad (5067-M), a company listed on Bursa Securities
FIC .....	Foreign Investment Committee
FIC Guidelines .....	Guideline on the Acquisition of Interests, Mergers and Takeovers by Local and Foreign Interests issued by FIC and any amendments made thereto from time to time
Finwares .....	Finwares Sdn Bhd (262178-M), a wholly-owned subsidiary of UEMC
Gagasan Kencana .....	Gagasan Kencana Sdn Bhd (258406-M)
Gamuda .....	Gamuda Berhad (29579-T), a company listed on Bursa Securities
GFA .....	Gross floor area
GLA .....	Gross land area
Hartanah .....	Hartanah Lintasan Kedua Sdn Bhd (252949-W), a wholly-owned subsidiary of UEMG
Haute Property .....	Haute Property Sdn Bhd (685721-X), a joint venture between UEM Land and Limitless
HHDSB .....	Horizon Hills Development Sdn Bhd (691032-H), a joint venture between UEM Land and Gamuda
Ho Hup .....	Ho Hup Construction Company Berhad (14034-W), a company listed on Bursa Securities
IIB .....	Iskandar Investment Berhad (752101-D)
IRDA .....	Iskandar Regional Development Authority
JSNAC .....	Johor State New Administrative Centre
Khazanah .....	Khazanah Nasional Berhad (275505-K), our ultimate holding company
KPRJ .....	Kumpulan Prasarana Rakyat Johor Sdn Bhd (366236-T)
Limitless .....	Limitless Holdings Pte Ltd, a business unit of Dubai World
Listed Subsidiaries .....	Collectively, UEM Builders, Opus, Pharmaniaga and CIMA
Listing .....	Listing of our entire issued and paid-up ordinary share capital on the Main Board of Bursa Securities
LPD .....	30 September 2008, being the latest practicable date prior to the registration of this Prospectus
Mahisa .....	Mahisa Sdn Bhd (85700-M), our wholly-owned subsidiary held through UEM Land
Malaysia FRS .....	Financial Reporting Standards of Malaysia
Market Day .....	A day on which Bursa Securities is open for trading in securities

**DEFINITIONS** (cont'd)

MCRPS .....	Mandatory convertible redeemable preference shares of RM0.01 each in our Company
MITI .....	Ministry of International Trade and Industry
Newco .....	Our Company, incorporated as a public company and to hold 100% equity interest in UEM Land under the Reorganisation
NFA .....	Net floor area
NIP .....	Nusajaya Industrial Park
NLA .....	Net land area
Nusajaya Consolidated .....	Nusajaya Consolidated Sdn Bhd (347852-W), our wholly-owned subsidiary held through UEM Land
Nusajaya Development .....	Nusajaya Development Sdn Bhd (394938-M), our wholly-owned subsidiary held through UEM Land
Nusajaya Greens.....	Nusajaya Greens Sdn Bhd (348299-T), our wholly-owned subsidiary held through BND
Nusajaya Heights .....	Nusajaya Heights Sdn Bhd (314518-A), our wholly-owned subsidiary held through BND
Nusajaya Leisure.....	Nusajaya Leisure Sdn Bhd (347800-M), our wholly-owned subsidiary held through BND
Nusajaya Property Management.....	Nusajaya Property Management Sdn Bhd (328048-M), a wholly-owned subsidiary of Khazanah
Nusajaya Rise .....	Nusajaya Rise Sdn Bhd (348290-W), our wholly-owned subsidiary held through BND
Nusajaya Seaview .....	Nusajaya Seaview Sdn Bhd (329812-D), our wholly-owned subsidiary held through BND
Opus.....	Opus Group Berhad (291168-K), a subsidiary of UEMG
Panoramic.....	Panoramic Industrial Development Sdn Bhd (148382-K), a wholly-owned subsidiary of Crescendo
PBT .....	Profit before taxation
Pharmaniaga.....	Pharmaniaga Berhad (467709-M), a subsidiary of UEMG
Promoter .....	UEMG, being the promoter of the Listing
Proposed Acquisitions.....	Collectively, the Proposed Finwares Acquisition, Proposed UEMC Land Acquisition and Proposed Hartanah Land Acquisition
Proposed Finwares Acquisition.....	Proposed acquisition by UEM Land of 100% equity interest in Finwares from UEMC for a purchase consideration of RM79,796,162 to be satisfied via the issuance of 79,796,162 MCRPS at an issue price of RM1.00 per MCRPS
Proposed Hartanah Land Acquisition.....	Proposed acquisition by UEM Land of Hartanah's holding of 26.64% share of the PTD 2987 Parcel from Hartanah for a purchase consideration of RM28,971,840 to be satisfied via the issuance of 28,971,840 MCRPS at an issue price of RM1.00 per MCRPS
Proposed UEMC Land Acquisition .....	Proposed acquisition by UEM Land of the UEMC Land Parcels from UEMC for a purchase consideration of RM46,146,000 to be satisfied via the issuance of 46,146,000 MCRPS at an issue price of RM1.00 per MCRPS

**DEFINITIONS** (cont'd)

Prospectus Guidelines .....	Prospectus Guidelines on Public Offerings issued by the SC and any amendments made thereto from time to time
PTD 2987 Parcel .....	A freehold parcel of land identified as H.S.(D) 297739, Lot PTD 2987 located in Mukim Tanjung Kupang, District of Johor Bahru, Johor Darul Takzim
PUTRA .....	Projek Usahasama Transit Ringan Automatik Sdn Bhd (289668-P), our wholly-owned subsidiary held through UEM Land
Renong .....	Renong Berhad (90894-P) (now known as UEM Land)
Renong Debt Management .....	Renong Debt Management Sdn Bhd (152051-A), our 99.9%-owned subsidiary held through UEM Land
Reorganisation .....	Reorganisation, involving the incorporation of our Company as UEM World's wholly-owned subsidiary and the disposal of UEM World's and UEMG's respective equity interests in UEM Land to our Company such that both UEM World and UEMG will have the same proportionate shareholding in our Company as they have in UEM Land prior to the Reorganisation, which was completed on 4 September 2008
Reorganisation Agreement .....	Agreement dated 15 February 2008 entered into between UEM World and UEMG for the Reorganisation
Restructuring .....	Collectively, the ROS, DIS, Listing, Disposal, Capital Repayment and Share Issue
ROC .....	Renong Overseas Corporation Sdn Bhd (241099-P), our wholly-owned subsidiary held through UEM Land
ROCSA .....	Renong Overseas Corporation S.A. (Proprietary) Limited, our wholly-owned subsidiary held through ROC
ROS .....	Non-renounceable restricted offer for sale by UEM World of its shareholding in the Listed Subsidiaries to UEM World's shareholders via a Prospectus dated 16 September 2008, the offer of which was closed on 6 October 2008 and completed on 15 October 2008
Rules of Bursa Depository .....	Rules of Bursa Depository as issued under the SICDA
SAC .....	Shariah Advisory Council of the SC
SC .....	Securities Commission of Malaysia
SC Equity Guidelines .....	Guidelines on the Offering of Equity and Equity-linked Securities issued by the SC and any amendments made thereto from time to time
Second Link .....	Malaysia-Singapore Second Crossing Bridge and Highway
Setia Haruman .....	Setia Haruman Sdn Bhd (425145-U), our associate
Share Issue .....	Issuance of 2 new UEM World Shares to 2 unrelated parties at par value simultaneous with the Capital Repayment
Shares .....	Ordinary shares of RM0.50 each in our Company
SICDA .....	Securities Industry (Central Depositories) Act, 1991, as amended from time to time and any re-enactment thereof
SiLC .....	Southern Industrial and Logistics Clusters
SIRIM .....	Standard and Industrial Research Institute of Malaysia

**DEFINITIONS** (cont'd)

UEM Builders .....	UEM Builders Berhad (29354-H), a subsidiary of UEMG
UEM Land .....	UEM Land Berhad (90894-P), our direct wholly-owned subsidiary acquired pursuant to the Reorganisation
UEM Land Group .....	UEM Land and its consolidated subsidiaries
UEM World .....	UEM World Berhad (608514-U)
UEM World Shares .....	Ordinary shares of RM1.00 each in UEM World
UEMC .....	UEM Construction Sdn Bhd (147398-P), a wholly-owned subsidiary of UEM Builders
UEMC Land Parcels .....	20 parcels of freehold land located in Mukim Tanjung Kupang, District of Johor Bahru, Johor Darul Takzim, currently owned by UEMC
UEMG .....	UEM Group Berhad (6551-K), a wholly-owned subsidiary of Khazanah, which will be our immediate holding company upon completion of the DIS
UEMG Group .....	UEMG and its subsidiaries
UEML-ZRE .....	UEML-ZRE Reit Managers Sdn Bhd (formerly known as UEML-ZRE-AMP Capital Management Sdn Bhd) (711284-K), our subsidiary held through UEM Land
UM Land .....	United Malayan Land Bhd (4131-M), a company listed on Bursa Securities
US .....	United States of America
9MP .....	Ninth Malaysia Plan 2006-2010
<b>Currencies:</b>	
EUR .....	Euro
IDR .....	Indonesian Rupiah
RM and sen .....	Ringgit Malaysia and sen respectively
USD .....	United States of America Dollar
ZAR .....	South African Rand
<b>Measurements:</b>	
Ha .....	Hectare(s)
km .....	Kilometre(s)
sq ft .....	Square feet

## 1. CORPORATE DIRECTORY

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### DIRECTORS

<b>Name</b>	<b>Address</b>	<b>Occupation</b>	<b>Nationality</b>
Tan Sri Dr Ahmad Tajuddin Ali ( <i>Chairman/Non-Independent Non-Executive Director</i> )	No.11, Jalan 1/9C 43650 Bandar Baru Bangi Selangor Darul Ehsan Malaysia	Company Director	Malaysian
Wan Abdullah Wan Ibrahim ( <i>Managing Director/Chief Executive Officer</i> )	No. 31, Jalan Ubin U8/19A Bukit Jelutong 40150 Shah Alam Selangor Darul Ehsan Malaysia	Company Director	Malaysian
Dato' Ahmad Pardas Senin ( <i>Non-Independent Non-Executive Director</i> )	No. 35, Jalan Athinahapan 4 Taman Tun Dr Ismail 60000 Kuala Lumpur Malaysia	Company Director	Malaysian
Abdul Kadir bin Md Kassim ( <i>Non-Independent Non-Executive Director</i> )	No. 22, Persiaran Ara Bangsar 59100 Kuala Lumpur Malaysia	Company Director/ Advocate and Solicitor	Malaysian
Md Ali Md Dewal ( <i>Senior Independent Non-Executive Director</i> )	No. 10, Taman Hillview Jalan Ulu Klang 68000 Ampang Selangor Darul Ehsan Malaysia	Company Director	Malaysian
Oh Kim Sun ( <i>Independent Non-Executive Director</i> )	A-3-2 Sutera Tunku No. 20A, Jalan Tun Ismail 50480 Kuala Lumpur Malaysia	Company Director	Malaysian

### AUDIT COMMITTEE

<b>Name</b>	<b>Designation</b>	<b>Directorship</b>
Oh Kim Sun	Chairman	Independent Non-Executive Director
Md Ali Md Dewal	Member	Senior Independent Non-Executive Director
Abdul Kadir bin Md Kassim	Member	Non-Independent Non-Executive Director

**1. CORPORATE DIRECTORY (cont'd)**


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- COMPANY SECRETARY** : Tan Hwee Thian (MIA 1904)  
1<sup>st</sup> Floor, Bangunan MCOBA  
No. 42, Jalan Syed Putra  
50460 Kuala Lumpur  
Malaysia
- Telephone no.: 603 – 2718 6868
- Mohd Nor Azam Mohd Salleh (MAICSA 7028137)  
2<sup>nd</sup> Floor, Bangunan MCOBA  
No. 42, Jalan Syed Putra  
50460 Kuala Lumpur  
Malaysia
- Telephone no.: 603 – 2718 6868
- REGISTERED OFFICE** : 2<sup>nd</sup> Floor, Bangunan MCOBA  
No. 42, Jalan Syed Putra  
50460 Kuala Lumpur  
Malaysia
- Telephone no.: 603 – 2718 6868  
Facsimile no.: 603 – 2718 6891  
Website: [www.uemland.com](http://www.uemland.com)
- CORPORATE HEADQUARTERS** : 18<sup>th</sup> Floor, Menara 2, Faber Towers  
Jalan Desa Bahagia, Taman Desa  
58100 Kuala Lumpur  
Malaysia
- Telephone no.: 603 – 7625 5085  
Facsimile no.: 603 – 7620 6495
- BUSINESS OFFICE, SALES AND MARKETING OPERATIONS** : Nusajaya Centre  
No. 8, Ledang Heights  
79250 Nusajaya  
Johor Darul Takzim  
Malaysia
- Telephone no.: 607 – 277 3700  
Facsimile no.: 607 – 277 3701  
Website: [www.nusajayacity.com](http://www.nusajayacity.com)
- REPORTING ACCOUNTANTS AND AUDITORS OF OUR COMPANY** : Ernst & Young (AF: 0039)  
Chartered Accountants  
Level 23A, Menara Milenium  
Jalan Damanlela  
Pusat Bandar Damansara  
50490 Kuala Lumpur  
Malaysia
- Telephone no.: 603 – 7495 8000



**1. CORPORATE DIRECTORY (cont'd)**

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<b>SOLICITORS FOR THE LISTING</b>	<p>: Kadir, Andri &amp; Partners 8<sup>th</sup> Floor, Menara Safuan 80, Jalan Ampang 50450 Kuala Lumpur Malaysia</p> <p>Telephone no.: 603 – 2078 2888</p>
<b>PRINCIPAL BANKERS</b>	<p>: CIMB Bank Berhad 5<sup>th</sup> Floor, Bangunan CIMB Jalan Semantan Damansara Heights 50490 Kuala Lumpur Malaysia</p> <p>Telephone no.: 603 – 2084 8888</p> <p>Malayan Banking Berhad Menara Maybank No. 100, Jalan Tun Perak 50050 Kuala Lumpur Malaysia</p> <p>Telephone no.: 603 – 2074 7313</p>
<b>SHARE REGISTRAR</b>	<p>: Symphony Share Registrars Sdn Bhd Level 26, Menara Multi-Purpose Capital Square No. 8, Jalan Munshi Abdullah 50100 Kuala Lumpur Malaysia</p> <p>Telephone no.: 603 – 2721 2222 Facsimile no.: 603 – 2721 2530 or 603 – 2721 2531</p>
<b>ADVISER</b>	<p>: CIMB Investment Bank Berhad 5<sup>th</sup> Floor, Bangunan CIMB Jalan Semantan Damansara Heights 50490 Kuala Lumpur Malaysia</p> <p>Telephone no.: 603 – 2084 8888</p>
<b>LISTING SOUGHT</b>	<p>: Main Board of Bursa Securities</p>

## 2. INTRODUCTION

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This Prospectus is dated 6 November 2008.

We have registered a copy of this Prospectus with the SC. We have also lodged a copy of this Prospectus with the Registrar of Companies of Malaysia. Neither the SC nor the Registrar of Companies of Malaysia takes any responsibility for the contents of this Prospectus.

We have received Bursa Securities' approval-in-principle for the listing of and quotation for our entire issued and fully paid-up Shares on the Main Board of Bursa Securities. Our Shares will be admitted to the Official List of the Main Board of Bursa Securities and official quotation will commence after the receipt of confirmation from Bursa Depository that all of our Shares have been deposited with Bursa Depository and all CDS accounts of the Entitled Shareholders have been duly credited with the DIS Shares.

We have on 15 October 2008, submitted an application to Bursa Depository to prescribe our Shares as securities which are required to be deposited into the CDS pursuant to Section 14(1) of the SICDA. Therefore, we will deposit our Shares directly with Bursa Depository. All dealings in our Shares will be carried out in accordance with the SICDA, the Securities Industry (Central Depositories) (Amendment) Act, 1998, and the Rules of Bursa Depository.

Pursuant to the Bursa Securities LR, at least 25% of our issued and paid-up Shares for which listing is sought must be held by a minimum of 1,000 public shareholders holding not less than 100 Shares each. Bursa Securities may accept a percentage lower than 25% of our issued and paid-up Shares if it is satisfied that such lower percentage is sufficient for a liquid market in our Shares. In this respect, Bursa Securities had on 24 October 2008 approved for at least 22.99% of our issued and paid-up Shares for the purpose of complying with the public shareholding spread requirement in accordance with the Bursa Securities LR. Based on the Register of Substantial Shareholders of UEM World as at 30 October 2008 (being the last trading day of UEM World Shares prior to its suspension of trading), the proforma public shareholding spread of our Shares has fallen below 22.99% of our issued and paid-up Shares. Accordingly, we will appeal to Bursa Securities to accept a percentage lower than 22.99% of our issued and paid-up Shares as compliance with the public shareholding spread requirement. If we do not meet the acceptable level of public shareholding requirement for our Shares, we may not be allowed to proceed with the Listing.

We or our advisers have not authorised anyone to provide you with information that is not contained in this Prospectus. The delivery of this Prospectus shall not, under any circumstances, constitute a representation or create any implication that there has been no change in our affairs since the date of this Prospectus.

The SAC has classified our Shares as Shariah-compliant based on the audited consolidated financial statements of UEM Land for the financial year ended 31 December 2007 and the Shariah criteria adopted by the SAC. This classification remains valid from the date of issue of this Prospectus until the next Shariah compliance review is undertaken by the SAC, and the new status will be released in the updated list of Shariah-compliant securities, either on the last Friday of the month of May or November.

**YOU SHOULD RELY ON YOUR OWN EVALUATION TO ASSESS THE MERITS AND RISKS OF THE LISTING AND THE INVESTMENT IN US. IF YOU ARE IN ANY DOUBT AS TO THE ACTION TO BE TAKEN, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISER IMMEDIATELY.**

### 3. INFORMATION SUMMARY

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***This summary highlights selected information from this Prospectus and may not contain all of the information about us that may be important to you. You should read this Prospectus in its entirety. You are advised to read "Section 5 – Risk Factors" for an understanding of the risks associated with the investment in us.***

#### 3.1 Overview

Our Company is the flagship company for the real estate investment and development businesses of UEMG. UEMG is wholly-owned by Khazanah which in turn is the investment holding company of the Government.

Our Company was incorporated on 20 August 2008 pursuant to the Restructuring (see "Section 4.2 — Details of the Restructuring") which resulted in our Company becoming the holding company of the UEM Land Group. Our principal and direct wholly-owned subsidiary, UEM Land, was incorporated as a public limited company under the name of Renong in 1982. The UEM Land Group originally focused on a range of infrastructure-related businesses, including real estate investment business and acquired extensive reserves of land in Johor, known as Nusajaya, during mid-1990s. Following the acquisition of a majority interest in UEMG by Khazanah in 2001 and a group wide restructuring exercise which was completed in 2003, UEM Land decided to increase its focus on the real estate business and reposition Nusajaya as a regional city with diverse catalyst developments to create and promote economic growth and development in the area and to meet various economic activities and market demands.

Nusajaya has been identified by the Government as one of the 5 flagship zones of Iskandar Malaysia, which was conceptualised in the 9MP in March 2006 to enhance infrastructure development, foreign investment and economic growth and to transform South Johor into a new economic and development region. The 9MP is a 5-year plan currently being implemented by the Government which sets out the areas of focus for the development of the Malaysian economy from year 2006 to 2010. The development of Iskandar Malaysia will be centered around 5 economic flagship zones in South Johor, including Nusajaya, which are being developed primarily by private developers with the support of, and incentives from, the Government. See "Section 6.5 — Iskandar Malaysia".

Nusajaya spans a total land area of 23,875 acres and is currently under various stages of development. Upon substantial completion of the development, which is expected to be in 2030, Nusajaya will comprise a range of high-quality properties, including the Johor State Government and the Malaysian Federal Government offices, industrial properties, healthcare properties, universities and other commercial, residential and mixed-use properties catering to a wide range of local, regional and international demand. As at the LPD, out of 23,875 acres of total land area in Nusajaya, approximately 3,312 acres (14%) have been substantially developed by us and our strategic partners, approximately 15,237 acres (64%) were in various stages of planning and development comprising both our projects and projects being planned and/or undertaken by our strategic partners and approximately 5,326 acres (22%) are still available for future development.

### 3. INFORMATION SUMMARY *(cont'd)*

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We are developing Nusajaya based on a diversified business model of:

- (i) strategic land sales, which involve us selling selected portions of our land reserves to various developers, investors, strategic partners and other participants in the real estate industry, who in turn will develop a variety of residential, commercial, industrial and mixed-use properties;
- (ii) catalyst property developments, where we develop large-scale “catalytic” projects, which upon completion, are expected to help spur economic activities and promote further development and marketing of our other projects in surrounding locations; and
- (iii) property development activities, which involve us developing residential, commercial and industrial properties in selected locations within Nusajaya for sale.

We currently have 2 main lines of business - property development and strategic land sales. Our business activities are currently focused on Nusajaya. In our property development business line, we develop our own real estate projects, undertake turnkey development contracts and also sell parcels of developed land equipped with basic infrastructure on which buildings can be constructed by our customers, whereas in our strategic land sales business line, we strategically sell undeveloped parcels of land for development to our strategic partners. In addition, we also have joint-ventures with strategic partners for development.

Our operations span across a broad range of real estate business activities, from conceptualisation, planning and design to development and marketing of our projects. Our business activities are currently focused on Nusajaya. Going forward, we also intend to expand our business into property investment activities by leasing certain of our completed retail, commercial and industrial and diversify our property development activities into strong and established local growth areas such as Klang Valley and Penang.

See “Section 7 — Business” for further information on our business.

#### 3.2 Competitive strengths

We believe that we possess several key competitive advantages as follows:

- (i) large and strategically located landbank in Nusajaya, Iskandar Malaysia – proximity to existing infrastructure of key seaports and airports, etc;
- (ii) Iskandar Malaysia – regional development and Government support;
- (iii) comprehensive development master plan for Nusajaya;
- (iv) impressive track record in project execution and strong development partners; and
- (v) experienced senior management team supported by a well-trained workforce.

See “Section 7.2 — Competitive strengths” for further information on our competitive strengths.

### 3. INFORMATION SUMMARY *(cont'd)*

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#### 3.3 Prospects and strategies

Key elements of our business strategy are as follows:

- (i) positioning of Nusajaya to cater for regional markets;
- (ii) catalyst developments as engines of growth;
- (iii) strategic partnerships to accelerate development;
- (iv) strengthening the brand name and value of "UEM Land" and "Nusajaya";
- (v) offering a diversified product portfolio;
- (vi) expansion into high growth areas outside Nusajaya;
- (vii) continue to emphasize on project planning, design, quality and appeal of our products; and
- (viii) adhere to prudent financial management to ensure sustainable growth and capital sufficiency.

See "Section 7.3 — Prospects and strategies" for further information on our Group's prospects and strategies.

#### 3.4 Financial highlights

Our Company was incorporated on 20 August 2008. As at the date of this Prospectus, there are no audited financial statements prepared in respect of our Company since the date of our incorporation. Pursuant to the Reorganisation Agreement, we acquired all the shares of UEM Land. Our Company's acquisition of UEM Land falls under business combination involving entities under common control and accordingly, merger accounting principles will be applied in the consolidation of our subsidiaries. (See "Section 4.2 — Details of the Restructuring"). Under merger accounting, the results of our Company and UEM Land Group are presented as if the combination had been effected throughout the current financial period and each of the previous financial years.

The following proforma consolidated financial information of our Company for the 3 financial years ended 31 December 2007 and 6-month period ended 30 June 2007 and 2008 have been prepared for illustrative purposes only based on the audited consolidated financial statements of UEM Land under merger accounting principles as if ULHB Group had existed for the financial years/period presented. The proforma consolidated financial statements of ULHB Group would mirror that of UEM Land Group, save for the share capital and certain reserves which shall reflect the share capital of ULHB after the completion of the Reorganisation Agreement and after incorporating the effects of merger accounting. These data should be read in conjunction with "Section 10.2 — Management's discussion and analysis of financial condition and results of operations", "Section 10.17 — Accountants' Report" and other financial and operating data which are included elsewhere in this Prospectus. You should note that the results for the 6-month period ended 30 June 2008 are not necessarily indicative of the results that we will achieve for the year ending 31 December 2008. The consolidated financial statements of UEM Land for the 3 financial years ended 31 December 2007 and the 6-month period ended 30 June 2007 and 2008 have been audited by Ernst & Young.

There has been no audit qualification on UEM Land or any of our subsidiaries' audited financial statements for all the financial years under review. Our financial statements are prepared in accordance with applicable Malaysia FRS.

## 3. INFORMATION SUMMARY (cont'd)

## 3.4.1 Proforma consolidated income statement data

	Financial year ended 31 December			6-month period ended 30 June	
	2005	2006	2007	2007	2008
	RM 000	RM 000	RM 000	RM 000	RM 000
Revenue.....	208,350	453,149	1,871,548	1,582,596	251,302
Cost of sales.....	(134,500)	(309,871)	(1,360,626)	(1,137,540)	(164,386)
Gross profit.....	73,850	143,278	510,922	445,056	86,916
EBITDA.....	22,128	136,831	459,595	442,145	69,228
Amortisation.....	-	-	(24)	-	(12)
Depreciation.....	(971)	(1,038)	(1,698)	(855)	(991)
Finance costs.....	(13,619)	(6,612)	(594)	(11)	(3,748)
PBT.....	7,538	129,181	457,279	441,279	64,477
Income tax.....	8,880	(21,197)	72,464	74,684	(33)
Profit for the year/period from continuing operations.....	16,418	107,984	529,743	515,963	64,444
Loss for the year/period from discontinued operation.....	(1,563)	(1,889)	-	-	-
Profit for the year/period.....	14,855	106,095	529,743	515,963	64,444
Attributable to:					
Equity holders of the Company.....	2,564	82,018	529,128	515,531	64,444
Minority interests.....	12,291	24,077	615	432	-
	14,855	106,095	529,743	515,963	64,444
Weighted average number of our Shares assumed in issue (000).....	1,735,109	1,735,109	2,141,456	1,849,982	2,428,177
Gross profit margin (%).....	35.45	31.62	27.30	28.12	34.59
Net profit margin (%).....	7.13	23.41	28.31	32.60	25.64
Basic EPS (sen).....	0.15	4.73	24.71	27.87	2.65

**Note:**

There were no extraordinary items included in profit for the year/period throughout the financial years/periods under review.

### 3. INFORMATION SUMMARY (cont'd)

#### 3.4.2 Proforma consolidated balance sheet data

	As at 31 December			As at 30 June
	2005 <sup>(1)</sup>	2006	2007	2008
	RM 000	RM 000	RM 000	RM 000
Non-current assets.....	2,324,558	2,405,605	1,687,034	1,579,376
Current assets.....	1,063,986	1,097,913	991,986	1,247,265
Assets of disposal group classified as held for sale.....	-	38,705	38,705	38,705
<b>Total assets</b> .....	<b>3,388,544</b>	<b>3,542,223</b>	<b>2,717,725</b>	<b>2,865,346</b>
Equity attributable to equity holders of our Company .....	71,531	150,087	1,190,370	1,254,810
Minority interests .....	632,842	559,293	451,500	451,500
<b>Total equity</b> .....	<b>704,373</b>	<b>709,380</b>	<b>1,641,870</b>	<b>1,706,310</b>
Current liabilities.....	168,763	218,434	370,542	435,450
Non-current liabilities.....	2,515,408	2,613,462	704,366	722,639
Liabilities of a disposal group classified as held for sale...	-	947	947	947
<b>Total liabilities</b> .....	<b>2,684,171</b>	<b>2,832,843</b>	<b>1,075,855</b>	<b>1,159,036</b>
<b>Total equity and liabilities</b> .....	<b>3,388,544</b>	<b>3,542,223</b>	<b>2,717,725</b>	<b>2,865,346</b>

**Note:**

<sup>(1)</sup> The proforma consolidated balance sheet as at 31 December 2005 has been adjusted to take into account the applicable Financial Reporting Standards adopted by our Group for the period ended 30 June 2008 and presentation of non-current deposits to be consistent with other periods.

#### 3.4.3 Proforma consolidated cash flows data

	Financial year ended 31 December			6-month period ended 30 June
	2005	2006	2007	2008
	RM 000	RM 000	RM 000	RM 000
Net cash generated from/(used in) operating activities.....	182,663	(87,057)	1,348,001	(12,615)
Net cash used in investing activities.....	(139,163)	(24,268)	(18,718)	(71,736)
Net cash (used in)/generated from financing activities .....	-	(8,598)	(1,365,536)	112,000
Net increase/(decrease) in cash and cash equivalents.....	43,500	(119,923)	(36,253)	27,649
Effect of foreign exchange rate changes .....	7	(169)	-	-
Cash and cash equivalents at the beginning of the year/period.....	160,895	204,402	84,310	48,057
Cash and cash equivalents at the end of the year/period.....	204,402	84,310	48,057	75,706

See "Section 10 — Financial Information" for further information on our financials.

#### 3.4.4 Dividend policy

Our Directors have considered the general principles that they currently intend to apply when recommending dividends for approval by our shareholders or when declaring any interim dividends. In considering the level of dividend payments, if any, upon recommendation by our Directors, we intend to take into account, various factors, including:

- (i) the level of our cash, marketable financial assets and level of indebtedness;
- (ii) required and expected interest expense, cash flows, our profits and return on equity and retained earnings;

### 3. INFORMATION SUMMARY *(cont'd)*

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- (iii) our expected results of operations; and
- (iv) our projected levels of property development expenditure, capital expenditure and other investment plans.

See "Section 10.16 — Dividend policy" for further information on our dividend policy.

#### 3.5 Our share capital

As at the LPD, the authorised share capital of our Company is RM2,502,000,000 consisting of 5,000,000,000 Shares and 200,000,000 MCRPS. Our issued and paid-up share capital as at the LPD is RM1,214,088,455.50 comprising 2,428,176,911 Shares.

Our Shares to be distributed under the DIS rank equal in all respects among our existing issued and fully paid-up Shares, except that the Entitled Shareholders will not be entitled to any dividends, rights, allotments and/or distributions, the entitlement date of which is before the date of crediting of the DIS Shares into the CDS account of the Entitled Shareholders.

See "Section 12 — Description of Share Capital" for further information on our share capital.

#### 3.6 Information on the DIS and Listing

The DIS entails the distribution (in the form of dividend) of 1,735,108,858 Shares (representing the entire shareholding held by UEM World in our Company of 71.46%) by UEM World in order to return to the Entitled Shareholders their proportionate share in our Company on the basis of 5 DIS Shares for every 4 existing UEM World Shares held on the Entitlement Date. The DIS will enable the shareholders of UEM World to have direct equity participation in our Company.

Following the DIS, our Company will be listed, which will involve the admission of our Company on the Official List of Bursa Securities and the listing of and quotation for the entire issued and paid-up ordinary share capital of our Company on the Main Board of Bursa Securities.

See "Section 4.2 — Details of the Restructuring" for further information on the DIS and Listing.

#### 3.7 Risk factors

You should pay particular attention to the fact that our Group, and to a large extent our activities, are governed by the legal, regulatory and business environment in Malaysia. The business of our Group is subject to a number of risks, many of which are outside our control. The risks and investment considerations set out in "Section 5 — Risk Factors" are not an exhaustive list of the challenges currently faced by our Group or that may develop in the future that may have a significant impact on the current and future performance of our Group and the trading price of our Shares.

See "Section 5 — Risk Factors" for further information.



## 4. RESTRUCTURING AND PROPOSED ACQUISITIONS

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### 4.1 Restructuring

On 15 February 2008, CIMB had, on behalf of UEM World, announced amongst others, the Reorganisation, DIS and Listing as part of the Restructuring.

The shareholders of UEM World approved amongst others, the DIS and the Listing at the extraordinary general meeting of UEM World held on 18 August 2008. Additionally, the existing shareholders of our Company, namely UEM World and UEMG, also approved the Listing at the extraordinary general meeting of our Company on 9 October 2008.

Prior to the Restructuring, our operations were carried out under the UEM Land Group. UEM Land was a subsidiary of UEM World which, in turn, was a subsidiary of UEMG.

Under the Restructuring, UEM World entered into the Reorganisation Agreement for the purpose of incorporating our Company and reorganising UEM World's and UEMG's shareholdings in UEM Land via our Company. Upon completion of the Reorganisation on 4 September 2008, our Company held the entire issued and fully paid-up ordinary share capital in UEM Land.

Also, as part of the Restructuring, UEM World will distribute (in the form of dividend) its entire shareholding in our Company of 71.46% to the Entitled Shareholders to enable them to have direct participation in the equity of our Company.

The entire issued and paid-up ordinary share capital of our Company will be listed on the Main Board of Bursa Securities under the Listing.

### 4.2 Details of the Restructuring

#### (i) ROS

The ROS involved a non-renounceable restricted offer for sale by UEM World of its shareholdings in the Listed Subsidiaries to its shareholders in proportion to their shareholdings in UEM World on a rights basis, at a price payable in full upon acceptance. The ROS was closed for acceptances and excess application on 6 October 2008 and completed on 15 October 2008 and the total cash proceeds of approximately RM1,732.6 million received under the ROS will be distributed to UEM World's shareholders under the Capital Repayment.

#### (ii) DIS

The DIS entails the distribution (in the form of dividend) of 1,735,108,858 Shares (representing the entire shareholding held by UEM World in our Company of 71.46%) by UEM World in order to return to the Entitled Shareholders their proportionate share in our Company on the basis of 5 DIS Shares for every 4 existing UEM World Shares held on the Entitlement Date. The DIS Shares will be distributed based on the historical cost of investment in our Company (as recorded in the books of UEM World as at the Entitlement Date). The DIS will enable the shareholders of UEM World to have direct equity participation in our Company.

Fractional entitlements and fractions of a share arising from the DIS will be dealt with in such manner as the Board of UEM World, in its absolute discretion, deems fit in the best interest of UEM World.

#### 4. RESTRUCTURING AND PROPOSED ACQUISITIONS *(cont'd)*

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(iii) Listing

Following the DIS, our Company will be listed, which will involve the admission of our Company on the Official List of Bursa Securities and the listing of and quotation for the entire issued and paid-up ordinary share capital of our Company on the Main Board of Bursa Securities.

(iv) Disposal

On 15 February 2008, UEM World and UEMG entered into an agreement for the disposal by UEM World of its remaining businesses and undertakings (after the ROS and excluding the cash proceeds from the ROS and investment in UEM Land) to UEMG for a total cash consideration of approximately RM13.9 million. The remaining businesses and undertakings comprise mainly, UEM World's investments in unlisted subsidiaries (excluding our Company), cash and other receivables and payables. UEM World will distribute the cash proceeds from the Disposal to UEM World's shareholders under the Capital Repayment.

(v) Capital Repayment and Share Issue

The Capital Repayment entails a capital repayment in the form of cash of approximately RM1.258 per UEM World Share held by Entitled Shareholders comprising of all such cash proceeds from the ROS of approximately RM1.248 per UEM World Share, and Disposal of RM0.01 per UEM World Share via a reduction of the entire issued and paid-up share capital of UEM World and the entire amount standing in the share premium account of UEM World under Sections 60 and 64 of the Act. Upon completion of the Capital Repayment, UEM World will be delisted from the Official List of Bursa Securities. Simultaneous with the Capital Repayment, UEM World will undertake the issuance of 2 new UEM World Shares to 2 unrelated parties at par value for cash to ensure the continued existence of UEM World as a company with share capital, whilst being dormant.

#### 4.3 Proposed Acquisitions

The Proposed Acquisitions are transactions proposed to be undertaken by UEM Land on 24 June 2008 with the objective of providing an opportunity to our Group to increase our land bank in Nusajaya. The properties proposed to be acquired with a total purchase consideration of approximately RM155 million will be satisfied via the issuance of MCRPS at a later date. As at the LPD, the Proposed Acquisitions have yet to be completed.

(i) Proposed UEMC Land Acquisition

The Proposed UEMC Land Acquisition involves the acquisition by UEM Land of the UEMC Land Parcels, measuring approximately 57.20 acres from UEMC for a total purchase consideration of RM46,146,000 which will be satisfied via the issuance of 46,146,000 MCRPS at an issue price of RM1.00 per MCRPS. UEM Land had nominated Nusajaya Leisure to be the registered owner for the UEMC Land Parcels.

(ii) Proposed Finwares Acquisition

The Proposed Finwares Acquisition involves the acquisition by UEM Land of 2 ordinary shares in Finwares, representing the entire issued and paid-up share capital of Finwares, from UEMC for a total purchase consideration of RM79,796,162 which will be satisfied via the issuance of 79,796,162 MCRPS at an issue price of RM1.00 per MCRPS. Through the Proposed Finwares Acquisition, UEM Land effectively acquires 73.36% share of the PTD 2987 Parcel, measuring approximately 261.70 acres.

#### 4. RESTRUCTURING AND PROPOSED ACQUISITIONS *(cont'd)*

##### (iii) Proposed Hartanah Land Acquisition

The Proposed Hartanah Land Acquisition involves the acquisition by UEM Land of 26.64% share of the PTD 2987 Parcel, measuring approximately 95.01 acres, from Hartanah for a total purchase consideration of RM28,971,840 which will be satisfied via the issuance of 28,971,840 MCRPS at an issue price of RM1.00 per MCRPS. UEM Land had nominated Nusajaya Leisure to be the registered owner for the said 26.64% share of the PTD 2987 Parcel.

See "Section 12.3 — MCRPS" for the salient terms of the MCRPS.

Resulting from the Proposed UEMC Land Acquisition and Proposed Finwares Acquisition, UEM Builders will undertake a non-renounceable restricted offer for sale of all of the rights to the allotment of the MCRPS to be received by UEMC under the Proposed UEMC Land Acquisition and Proposed Finwares Acquisition to the entitled shareholders of UEM Builders (on a date to be determined and announced later) in proportion to their shareholdings in UEM Builders on a rights basis, at an offer price of RM1.00 per MCRPS, being the issue price of the MCRPS, payable in full upon acceptance.

#### 4.4 Approvals and conditions

##### 4.4.1 Restructuring

The Restructuring has been approved by the following authorities:

<b>Authority</b>	<b>Date of approval</b>
(i) SC	26 June 2008
(ii) SC (under the FIC Guidelines)	26 June 2008
(iii) MITI	12 May 2008

The conditions imposed by the authorities and the status of the compliance with these conditions are as follows:

##### (i) SC's letter dated 26 June 2008:

<b>Conditions</b>	<b>Status of compliance</b>
(a) UEMG should not sell, transfer or assign its 51% shareholdings in UEM Land/Newco for 6 months from the date of admission of UEM Land/Newco to Bursa Securities;	Noted.

#### 4. RESTRUCTURING AND PROPOSED ACQUISITIONS (cont'd)

Conditions		Status of compliance
(b)	Full disclosure should be made in the listing prospectus of UEM Land/Newco with regard to the following:	
(aa)	the tax status of UEM Land, particularly the additional tax expense of RM37.64 million imposed by the Inland Revenue Board and its impact (if any) on the financial position of UEM Land;	Met as set out in Sections 10.12 and 10.15.
(bb)	the nature and extent of existing and potential conflict of interest between UEM Land and its interested persons and steps taken/to be taken to mitigate such conflicts; and	Met as set out in Sections 9.2 and 9.3.
(cc)	details of all material litigations involving UEM Land and the financial obligation that may arise from these litigations;	Met as set out in Sections 10.12 and 10.14.
(c)	The directors of UEM Land/Newco should submit to the SC their respective declarations as specified under Chapter 3 of the SC Equity Guidelines prior to the issuance of the listing prospectus;	Met.
(d)	CIMB, UEM World and UEM Land/Newco should fully comply with the relevant requirements of the SC Equity Guidelines in implementing the Restructuring; and	Met in respect of the Reorganisation and ROS and to be met in respect of other proposals under the Restructuring.
(e)	CIMB, UEM World and UEM Land/Newco should inform the SC of the completion of the Restructuring.	To be met.
(ii)	MITI's letter dated 12 May 2008:	
Conditions		Status of compliance
(a)	Approval being obtained from the SC; and	Met.
(b)	Compliance with the FIC Guidelines.	Met.
(iii)	The SC has, via its letter dated 29 September 2008, approved our request for waivers from complying with certain requirements of the Prospectus Guidelines as follows:	
Reference to the Prospectus Guidelines	Details of the waivers	
Paragraph 6.06	Relief sought from disclosing the total market capitalisation of the ULHB Group upon listing	
Paragraph 8.08	<p><b>Information on subsidiaries and associated companies</b></p> <p>Relief sought from disclosing the following information in respect of all the subsidiaries and associated companies of the ULHB Group (save for the key operating subsidiaries):</p> <p>(a) registration number of corporation, date of commencement of business, whether private or public;</p> <p>(b) history;</p> <p>(c) principal activities and products/services;</p>	

#### 4. RESTRUCTURING AND PROPOSED ACQUISITIONS (cont'd)

Reference to the Prospectus Guidelines	Details of the waivers
	(d) substantial shareholders;
	(e) changes in issued and paid-up capital since the date of incorporation, including the date of allotment, number of shares allotted, consideration given and cumulative issued and paid-up capital, details of outstanding warrants, options, convertible securities and uncalled capital; and
	(f) subsidiary or associated corporations.
Paragraph 9.01	<b>Information on substantial shareholders</b>  In respect of Khazanah and Discovery Capital, relief sought from disclosing directorships and substantial shareholdings in all other public corporations for the past 2 years.
Paragraph 11.03	In respect of Khazanah and Discovery Capital, relief sought from disclosing the details of directors' and substantial shareholders' direct and indirect interests in other businesses and corporations carrying on a similar trade as the corporation or any other corporation in the group.

#### 4.4.2 Proposed Acquisitions

The Proposed Acquisitions have been approved by the following authorities:

Authority	Date of approval
(i) SC	29 August 2008
(ii) SC (under the FIC Guidelines)	29 August 2008
(iii) SC (under the Guideline on the Acquisition of Properties by Local and Foreign Interests issued by FIC)	29 August 2008

The conditions imposed by the SC and the status of the compliance with these conditions are as follows:

Conditions	Status of compliance
(i) UEM Land should ensure that the encumbrances registered or endorsed on the document of title in respect of the PTD 2987 Parcel have been uplifted prior to the completion of the Proposed Finwares Acquisition and Proposed Hartanah Land Acquisition. UEM Land should submit to the SC a confirmation letter together with the relevant supporting documents on the upliftment;	To be met.
(ii) CIMB and UEM Land or Newco should fully comply with the relevant requirements of the SC Equity Guidelines in implementing the Proposed Acquisitions; and	To be met.
(iii) CIMB and UEM Land or Newco should inform the SC upon completion of the Proposed Acquisitions.	To be met.

## 5. RISK FACTORS

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*You should carefully consider all the information in this Prospectus, including the risks described below. Unless specified or quantified in the relevant risk factors below, we are not in a position to quantify the financial or other implication of any of the risks described in this section. The legal, regulatory and business environment in Malaysia may be different in some material aspects from that which prevails in other countries. The risks described below are not an exhaustive list of the challenges currently faced by our Group or that may develop in the future that may have a significant impact on the current and future performance of our Group. Additional risks and uncertainties not presently known to us, or which are currently deemed to be immaterial, may arise or may become material in the future.*

*If any of the risks described below actually occur, these could have a material adverse effect on our business prospects, financial condition and results of operations and on the trading price of our Shares. You are advised to inform yourselves of the risks associated with investing in securities of Malaysian companies generally, and Malaysian property development companies in particular.*

### 5.1 Risks relating to our business

#### (i) Our business is dependent on the performance of the real estate market in Malaysia

All of our existing property development projects are located in Malaysia, and the success of our business therefore heavily depends on the continued growth of the real estate market in Malaysia, particularly in Iskandar Malaysia and the surrounding Asia Pacific region. Our financial condition, results of operations and profitability may be materially and adversely affected by any adverse development in the supply of or demand for property, property prices or government actions in Malaysia and neighbouring countries.

Real estate projects take a substantial amount of time to develop and we could incur losses if we have to sell our projects during weaker economic conditions. The property industry is cyclical in nature. The property industry is significantly affected by changes in economic conditions, demographic trends, employment and income levels and interest rates, among other factors. In addition, policies and measures which may be introduced by the Government, for example in relation to the availability of exemptions for non-Malaysian citizens from obtaining FIC's approval to invest in or own property in Malaysia, may lead to changes in market conditions, including price instability and an imbalance between supply of, and demand for, properties in Malaysia. We cannot assure you that significant declines will not take place in the property market in Malaysia in the future and that our projects will not be materially and adversely affected by such declines.

Acknowledging the fact that our Group is operating in an ever-changing business environment, we always keep abreast with the latest development in the industry and provide diversified product portfolio ranging from developed land parcels, industrial properties, commercial and office properties, and various categories of residential products to cater for different market segments.

Nevertheless, these factors could negatively affect the demand for and valuation of our projects under development and our planned projects, which could have a material adverse effect on our business, financial condition and results of operations.

**5. RISK FACTORS (cont'd)**

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**(ii) Our business is not geographically diversified**

Almost all of our projects and land reserves are located in Nusajaya, one of the flagship zones within Iskandar Malaysia. The level of interest by investors and purchasers in Nusajaya depends on, amongst other factors, the pace of development of our projects and investors' perception of the success of Nusajaya. Changes in perception on the commitment and support of the Government and changes in the Government's policy and actual implementation of initiatives in Iskandar Malaysia may have a material adverse impact on our business. To mitigate this risk, we continuously evaluate potential acquisitions of strategic land parcels outside of Nusajaya, in strong and well established local growth areas such as Klang Valley and Penang to expand and diversify our land bank and property development activities.

If investors, developers, end-users and other participants in the real estate industry lose interest in Nusajaya's integrated township, or Nusajaya's development pace does not meet expectations of these participants, or there is a downturn in the real estate industry, we may experience more pronounced effects on the financial condition and results of operations than if we had further diversified our investments across different geographical locations.

**(iii) Our development activities require substantial capital investments and may require us to seek external financing which may not be available on terms favourable to us or at all**

We may be required to seek external financing to fund working capital or capital expenditures to support the growth of our business. Our ability to arrange for external financing and the cost of such financing are dependent on numerous factors, including general economic and capital market conditions, interest rates, credit availability from banks or other lenders, investors confidence in us, the success of our businesses, provisions of tax and securities laws that may be applicable to our efforts to raise capital, any restrictions imposed by the Government and political, social and economic conditions in Malaysia. To address this risk, we undertake prudent financial management and conduct detailed forward planning in order to address our funding requirements and secure external financing where necessary, ahead of execution of development activities.

There can be no assurance that the necessary financing will be available in amounts or on terms acceptable to us, or at all. In that event, the progress of our projects could be hampered, which could have a material adverse effect on our business, financial condition and results of operations.

**(iv) Our property development projects may not be completed according to schedule, or at all, and may not generate the levels of expected revenue or contemplated investment returns**

Our current plans and projections for our on-going property development projects, which we intend to develop in multiple phases over several years, are subject to changes and delays in response to, among other factors, reduced demand and adverse market outlook. Additionally, our development activities are subject to the risk of delays in obtaining required approvals, non-availability of raw materials, increases in construction costs, natural disasters and reliance on third-party contractors, as well as the risk of decreased market demand during the development of a project. There can be no assurance as to whether or when existing and planned projects will be successfully completed.

## 5. RISK FACTORS *(cont'd)*

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Property developments typically require substantial property development costs during the construction phase and can take many months before cash proceeds are generated, particularly when our projects are not fully pre-sold. The time taken and the costs involved in completing construction may increase substantially due to many factors, including shortages of construction materials, equipment or labour, adverse weather conditions, natural disasters, labour disputes, disputes with sub-contractors, accidents, difficulties in obtaining necessary governmental approvals, changes in governmental priorities and their infrastructure spending plans and other unforeseen circumstances. In addition, our projects may pose significant challenges and demands on our managerial and financial resources. Any of these circumstances could give rise to construction delays and/or cost overruns. Construction delays may result in the loss of revenues and increased costs. In addition, the failure to complete construction according to specifications may result in liabilities, reduced efficiency and lower financial returns. See "Section 5.1(v) — The performance of third-party sub-contractors we engage can affect our business, reputation, financial condition and results of operations".

In addition, the sales and the value of a property development project may be adversely affected by a number of factors, including but not limited to the international, regional and local economic climate, local real estate conditions, perceptions of property buyers, businesses, retailers or shoppers in terms of the convenience and attractiveness of the projects, competition from other available properties, changes in market rates for comparable sales and increased business and operating costs. See "Section 5.2(i) — There are general risks associated with the real estate business". Further, since some of the large-scale catalyst projects in Nusajaya are also being developed by other developers such as IIB, our developments, business and results of operations could be materially and adversely affected if these developers do not succeed in developing their projects as expected.

Our Group seeks to mitigate this risk through, amongst others, efficient project management, continued collaboration with reputable and competent domestic and international consultants and engaging reputable and competent third party contractors for our development activities.

Nevertheless, if any of the risks described above materialises, our returns on investment may be lower than originally expected and our financial performance may be materially and adversely affected.

**(v) The performance of third-party sub-contractors we engage can affect our business, reputation, financial condition and results of operations**

We engage third-party sub-contractors to provide us with various services in connection with our developments, including construction, land clearing, earthworks, piling and foundation, building and property fitting-out work and landscaping works. Since we outsource all of our construction work to third-party sub-contractors, we rely on these sub-contractors to complete our projects according to the agreed completion schedule of our projects. Furthermore, there is a risk that major contractors may experience financial or other difficulties, which may affect their ability to carry out construction works, thus delaying the completion of development projects or resulting in additional costs to us.

Our Group seeks to mitigate this risk through, amongst others, efficient project management and close monitoring of progress of construction work. Overall, we have a good track record of timely completion of projects with minimal disruption in construction works.

There can also be no assurance that the services rendered by the third-party sub-contractors will always be satisfactory or match our targeted quality levels. All of these factors could have a material adverse effect on our business, reputation, financial condition and results of operations.



**5. RISK FACTORS (cont'd)**

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**(vi) We are subject to increases in operating and other expenses**

Fluctuating costs is an inherent risk in the property development industry. Our operations are subject to increases in expenses due to a number of factors including, but not limited to, the following:

- increase in construction, repair and maintenance costs, in particular cost of materials such as cement and steel;
- change in property tax assessments and other statutory charges;
- change in statutory laws, regulations or government policies which increase the cost of compliance with such laws, regulations or policies;
- increase in sub-contracted service costs;
- increase in labour costs;
- increase in marketing and sales costs;
- increase in the rate of inflation; and
- adverse changes in interest rates and debt service costs.

Any increase in operating expenses may affect our profit margin where the selling prices of our properties are fixed. Even if we are able to increase the selling prices of our development properties, demand for our properties may in turn be adversely affected. Furthermore, if costs of raw materials escalate after sale of the properties to the customer, we are unable to factor such increase in our selling prices and if, for any reason, suppliers of these raw materials reduce, curtail, delay or discontinue their delivery of such materials for our projects in the quantities our sub-contractors need and at the prices that are competitive, our ability to meet our material requirements for our projects could be impaired, our construction schedules could be disrupted and our business and results of operations could be materially and adversely affected.

To mitigate this risk, we conduct detailed planning and feasibility studies and evaluation of costs prior to the inception of any new development phases or projects.

There can be no assurance that any change in the cost of development projects will not have a material impact on our performance.

In addition, an increase in interest rates in Malaysia may negatively impact the demand for our properties, as buyers find it more difficult to qualify for and secure financing. Any downturn in the economy or in consumer confidence may therefore result in reduced demand for our properties and slower commercial and industrial development, which could materially and adversely affect our business, financial condition and results of operations.

## 5. RISK FACTORS *(cont'd)*

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### (vii) **We are subject to risks in relation to our pre-sold properties**

We generally finance our residential and industrial developments partly through pre-sales prior to completion, in line with industry practice, and also finance our developments through progressive payment plans based on the proportion of construction completed. In the event of a failure, or delay beyond the contractually specified period in the delivery of our pre-sold properties to purchasers, we may be liable for potential losses that purchasers may suffer as a result, including payment of liquidated damages. Our financial resources may be insufficient to do so. Any restriction on our ability to pre-sell our properties would extend the time period required for recovery of our capital outlay and would result in us needing to seek alternative means to finance the various stages of our property development. There is no assurance that we will not experience significant delays in completion or delivery. This, in turn, could have an adverse effect on our business, cash flow, results of operations and financial condition.

To address this risk, we will actively manage our sales and pre-sales to ensure adequate cash flow for our ongoing capital requirements. We will remain disciplined in our capital commitments and where necessary, seek bridging financing opportunities.

### (viii) **The performance of key strategic partners for the development of Nusajaya can affect our business, prospects, financial condition and results of operations**

One of our strategies is to leverage on the experience and customer base of, and successful project developments by, our strategic partners in the development of Nusajaya. We have executed agreements with, amongst others, Limitless, Crescendo (through its subsidiary, Panoramic), DAMAC and Gamuda for the development of various projects in Nusajaya. If any of our strategic partners discontinues its arrangement with us, is unable to provide expected expertise, does not successfully complete its developments, or competes with us for business opportunities that are attractive to us, this may have an impact on the success of our strategic partnership and we may not be able to find a substitute for such strategic partner immediately or at all. As a result, existing or planned projects may not be completed, which could have a negative impact on Nusajaya and adversely affect our business, prospects, financial condition and results of operations.

To address this risk, we have made a conscious effort to only pursue and secure strategic partnerships with reputable local and foreign partners after due consideration of their expertise, track record and financial strength.

### (ix) **Increasing competition in the Malaysian property market, in particular the South Johor area, may adversely affect our profitability**

The anticipated transformation of South Johor into a high growth economic area through the introduction of Iskandar Malaysia has attracted many property developers to undertake development activities in Iskandar Malaysia and we expect competition in South Johor to increase, in particular in the mid-market and up-market residential area. As at the LPD, we faced competition from at least 13 other property developers with development projects within Iskandar Malaysia, including S P Setia Berhad and IOI Properties Berhad.

The number of property developers in the Iskandar Malaysia area coupled with any oversupply of properties will intensify the level of competition faced by us. This may impact selling prices of properties whereby certain property developers may mark down the prices of their products in view of the increased competition. There can be no assurance that buyers will prefer to purchase properties from our development, instead of our competitors', and this could have a material adverse effect on our business, financial condition and result of operations.

To mitigate this risk, we distinguish ourselves from our competitors by ensuring that our property products are well planned, designed, marketed, undergo stringent quality control and are delivered on time to our customers. In addition, we constantly review our development and marketing strategies in response to the economic conditions and market demands.

## 5. RISK FACTORS *(cont'd)*

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### (x) **Our business is significantly dependent on our Directors, managers and key employees**

Our success is significantly dependent on the efforts, abilities and continued performance of our Directors, managers and key employees. The loss of any of these Directors, managers and key employees could have a material adverse effect on our Company. To mitigate this risk, we strive to continue attracting and retaining qualified and experienced personnel to support our business operations and leverage on UEMG's strong brand name and expertise in human resources development. We also have in place, a succession plan by which we periodically identify potential successors for our key management, including potential candidates within our Group, UEMG Group as well as outside the UEMG Group.

There can be no assurance that such individuals will continue to be employed by us or that we will be able to attract and retain qualified personnel in the future.

### (xi) **We are subject to risks associated with debt financing**

We are subject to risks normally associated with debt financing. Our level of debt and the limitations imposed on us by our current or future loan arrangements could have significant adverse consequences, including, but not limited to, the following:

- our cash flows may be insufficient to meet our required principal and interest payments;
- payments of principal and interest on borrowings may leave us with insufficient cash resources to fund our operations or make new strategic acquisitions;
- we may be unable to borrow additional funds as needed or on favorable terms;
- we may be unable to refinance our indebtedness at maturity or the refinancing terms may be less favorable than the terms of the original indebtedness;
- fluctuations in market interest rates may adversely affect the cost of our borrowings, since the interest rates on certain of our borrowings may be subject to changes based on the base lending rate of the respective financial institutions, could be renegotiated on a periodic basis and may not be covered by interest rate hedge agreements;
- we may be subject to certain restrictive covenants, which may limit or otherwise adversely affect our operations, such as our ability to incur additional indebtedness, acquire properties, make certain other investments or make capital expenditures; and
- we may also be subject to certain affirmative covenants, which may require us to set aside funds for maintenance or repayment of security deposits;

Any failure by us to service our indebtedness, maintain the required security interests or otherwise perform our obligations under financing agreements could lead to a termination of one or more of our credit facilities, trigger cross default provisions, penalties and acceleration of amounts due under such facilities, which may adversely affect our business, financial condition and results of operations.

## 5. RISK FACTORS *(cont'd)*

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### (xii) We may suffer material losses in excess of insurance coverage

We maintain comprehensive property and liability insurance policies with coverage features and insured limits on terms that are standard in the real estate industry. Market forces beyond our control may nonetheless limit the scope of insurance coverage that we can obtain and our ability to obtain coverage at reasonable rates. Certain types of losses, generally of a catastrophic nature, such as natural disasters, terrorist acts, the outbreak of severe acute respiratory syndrome ("SARS"), or any losses as a result thereof, may be uninsurable or too expensive to justify obtaining insurance. As a result, we may not be successful in obtaining insurance without increases in cost or decreases in coverage levels. In addition, in the event of a substantial loss, the insurance coverage it carries may not be sufficient to pay the full market value or replacement cost of our lost investment. Accordingly, we could lose some or all of the capital we have invested in a property, as well as the anticipated future revenue from the property, and we could remain obligated for guarantees, debt, or other financial obligations related to the property.

Moreover, our insurance policies and terms of coverage are subject to renewals and negotiations and there is no assurance as to the nature and extent of coverage that will be available on reasonable terms acceptable to us in the future. Any material increase in insurance rates or decrease in available coverage in the future will adversely affect our business and financial condition.

## 5.2 Risks relating to our industry

### (i) There are general risks associated with the real estate business

The real estate business is generally subject to various risks, including:

- adverse changes in national or economic conditions;
- adverse changes in real estate market prices;
- the financial conditions of buyers and sellers of properties;
- oversupply of properties or a reduction in demand for properties;
- changes in availability of debt financing;
- changes in interest rates and other operating expenses;
- changes in environmental laws and regulations, zoning laws and other governmental rules and fiscal policies;
- environmental claims arising in respect of real estate acquired with undisclosed or unknown environmental problems;
- changes in inflation;
- changes in the relative popularity of property types and locations leading to an oversupply of space or a reduction in tenant demand for a particular type of property in a given market;
- insufficiency of insurance coverage;
- illiquidity of real estate investments;
- risks and operating problems arising out of the presence of certain construction materials;

## 5. RISK FACTORS *(cont'd)*

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- safety and security concerns; and
- acts of God, uninsurable losses and other factors.

Any of these factors may cause fluctuations in the value of and the ability for us to sell, our properties, causing a negative effect on our net profit and net cashflow, and could have a material adverse effect on our business, financial condition and results of operations.

### (ii) Real estate investments are relatively illiquid

Because real estate investments are relatively illiquid, our ability to vary our portfolio promptly in response to economic, financial, real estate market or other conditions will be limited. Accordingly, we may be unable to liquidate our assets on short notice, or may be forced to give a substantial reduction in the price that may otherwise be sought for such assets, to ensure a quick sale.

Additionally, the proceeds from the sale of any properties we determine to sell may depend on many factors that are presently unknown, including the operating history, tax treatment of real estate investments, demographic trends in the area and availability of financing. There is a risk that we will not realise any significant or continuous appreciation on our investments. The foregoing and any other factor or event that would impede our ability to respond to adverse changes in the performance of our investments could have an adverse effect on our financial condition and results of operations.

### (iii) The uncertain environment in the real estate industry and global economic condition may impact our financial condition

The real estate industry has been adversely affected by several events occurring over the last several years, including the global economic downturn and the Asian financial crisis. In addition, the current economic slowdown, particularly in wake of the recent sub-prime losses and liquidity-related issues in global financial systems, including the failure of certain US financial institutions such as Lehman Brothers and Bear Stearns, may materially and adversely affect the real estate industry. Accordingly, our financial condition could be materially and adversely affected if the economic recovery of various industries, including the real estate industry stalls or is reversed.

## 5.3 Risks relating to our Shares

### (i) No assurance that our substantial shareholder, UEMG will continue to own a significant amount of our Shares and will not conflict with our business goals and objectives or with those of our other shareholders

Our substantial shareholder, UEMG which effectively owns 1,867,991,587 Shares representing 76.93% of our issued Shares as at the LPD will continue to own directly at least 1,867,991,587 Shares representing 76.93% of our Shares upon completion of the DIS. UEMG is currently a wholly-owned subsidiary of Khazanah. There can be no assurance that UEMG will not dispose any of its interest in our Company. Further, there can be no assurance that Khazanah will not dispose any of its interest in UEMG.

We have 2,428,176,911 issued and paid-up Shares, of which at least 1,867,991,587 Shares or 76.93%, will be held by UEMG following the DIS. In accordance with one of the conditions imposed by the SC in relation to the Listing (see "Section 4.4 — Approvals and conditions"), UEMG should not sell, transfer or assign its 51% shareholdings in our Company for a period of 6 months from the date of admission of our Company to Bursa Securities.

**5. RISK FACTORS (cont'd)**

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By virtue of UEMG's large direct shareholding in our Company upon completion of the DIS, Khazanah and UEMG will have the ability to exercise control over our business and affairs, including the ability to elect directors, deter or delay a future takeover or change of control of our Company and approve most actions that require the approval of shareholders. No assurance can be given that UEMG's objectives as shareholder will not conflict with our business goals and objectives or with those of our other shareholders.

**(ii) We may not be able to pay dividends to our shareholders**

We conduct all of our operations through our subsidiaries and associates. Accordingly, an important source of our income, and consequently an important factor in our ability to pay dividends on our Shares, are the dividends and other distributions received from our subsidiaries and associates. These companies' ability to pay dividends and make other distributions may depend on their subsidiaries' and associates' earnings and cash flows and are subject to the laws and regulations (including tax laws) in Malaysia and any restrictive loan covenants applicable to them. In the event of a subsidiary's liquidation, there may not be sufficient assets for us to recoup our investment.

Our ability to pay dividends will depend on our future financial performance which, in turn, depends on the successful implementation of our strategies, general economic conditions, demand and selling prices for our products and other factors specific to our industry or specific projects, many of which are beyond our control. For a description of our dividend policy, see "Section 10.16 — Dividend policy".

**(iii) Market and economic conditions may affect the market price and demand for our Shares**

Movements in domestic and international securities markets, economic conditions, foreign exchange rates and interest rates may affect the market price and demand for our Shares. As our Shares are quoted in RM on Bursa Securities, dividends, if any, in respect of our Shares will be paid in RM. Fluctuations in the exchange rate between RM and other currencies (including the USD) will affect, amongst other things, the foreign currency value of the proceeds which a shareholder would receive upon sale in Malaysia of our Shares and the foreign currency value of dividend distributions.

The sale or possible sale of a substantial number of our Shares by any of our shareholders in the public market following the Listing could adversely affect the price of our Shares.

**(iv) Our Shares are currently not publicly traded and the Listing may not result in an active or liquid market for our Shares**

There is currently no public trading of our Shares in Malaysia or outside Malaysia. There can be no assurance as to the liquidity of any market that may develop for our Shares, the ability of shareholders to sell their Shares or the prices at which shareholders would be able to sell their Shares. While the SC has approved the Listing and Bursa Securities has given its approval-in-principle for the listing of and quotation for the entire issued and paid-up capital on the Main Board of Bursa Securities, there can be no assurance that our Shares will be accepted for listing and trading on the anticipated date. Even if our Shares are accepted for listing and trading on the Main Board of Bursa Securities and our intention is to remain listed, there is no guarantee of the continued listing of our Shares.

## 5. RISK FACTORS *(cont'd)*

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### (v) **There may be a delay or failure in trading of the Shares**

The occurrence of certain events may cause a delay in or cancellation of the listing of our Shares on the Main Board of Bursa Securities. An example of such event is our Company being unable to meet the public spread requirement as determined by Bursa Securities where at least 25% or a percentage lower than 25% (subject to approval being obtained from Bursa Securities) of our issued and paid-up Shares for which listing is sought must be held by a minimum of 1,000 public shareholders holding not less than 100 Shares each. In this respect, Bursa Securities had on 24 October 2008 approved for at least 22.99% of our issued and paid-up Shares for the purpose of complying with the public shareholding spread requirement in accordance with the Bursa Securities LR. Based on the Register of Substantial Shareholders of UEM World as at 30 October 2008 (being the last trading day of UEM World Shares prior to its suspension of trading), the proforma public shareholding spread of our Shares has fallen below 22.99% of our issued and paid-up Shares. Accordingly, we will appeal to Bursa Securities to accept a percentage lower than 22.99% of our issued and paid-up Shares as compliance with the public shareholding spread requirement. If we do not meet the acceptable level of public shareholding requirement for our Shares, we may not be allowed to proceed with the Listing.

### 5.4 **Other risks**

#### (i) **Political, economic and social developments in Malaysia may adversely affect our business**

In Malaysia's general election held on 8 March 2008, the Barisan Nasional ("BN") coalition secured 62% of the seats in the Dewan Rakyat of the Malaysian Parliament, slightly short of the two-thirds majority required for any changes to the Federal Constitution of Malaysia to be passed. For the first time, the opposition party formed the State Government in 5 of Malaysia's 13 states. The relative reduction of control by the Malaysian Federal Government, and subsequent events after the election, has resulted in political uncertainty and might result in an increase in uncertainty as to Government policy, social instability and may affect general economic conditions in Malaysia, which could adversely affect our business if, for example, there are unforeseen regulatory changes or changes in the Government's policy in Iskandar Malaysia. In addition, any adverse market sentiment could negatively impact the price of our Shares.

Other political and economic uncertainties include but are not limited to the risks of war, terrorism, riots, expropriation, nationalism, changes in interest rates, foreign exchange rates, methods of taxation and import duties and restrictions. Any change in Government policy, changes to senior positions within the Government and in Parliament, or any political instability in Malaysia or other countries that may arise from these changes may have a material adverse effect on our business.

#### (ii) **Epidemic diseases in Asia and elsewhere may adversely affect our operations**

Several countries in Asia have suffered from outbreaks of communicable diseases like SARS in 2003 and avian flu in the recent years. A new and prolonged outbreak of such diseases may have a material adverse effect on our business, financial condition and results of operations. Although the long-term effect of such diseases cannot currently be predicted, previous occurrences of SARS and avian flu had an adverse effect on the economies of those countries in which they were prevalent. In the case of avian flu, should the virus mutate and lead to human-to-human transmission of the disease, the consequence for our business could be severe.

## 5. RISK FACTORS *(cont'd)*

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Demand for our land and properties may be affected by, among other things, the strength or weakness of the Malaysian economy as well as the economies of other Asian countries. An infectious disease outbreak in Malaysia or other parts of Asia could have a significant impact on the Malaysian economy as well as the economies of other Asian countries, as the case may be, which may have a material adverse effect on our business, financial condition and results of operations. An epidemic or outbreak could also require quarantine and other safeguard measures resulting in temporary closures or work stoppages at our main office and branches, which may also have a material adverse effect on our business, financial condition and results of operations.

### (iii) **Compulsory acquisition by the State Government**

Pursuant to the provisions of the Land Acquisition Act, 1960, the State Authority has the power to acquire any land, whether in whole or in part, which is needed:

- for any public purpose;
- by any person or corporation for any purpose which in the opinion of the State Authority is beneficial to the economic development of Malaysia or any part thereof or to the public generally or any class of the public; or
- for the purpose of mining or for residential, agricultural, commercial, industrial or recreational purposes or any combination of such purposes.

The amount of compensation assessed to be awarded pursuant to any compulsory land acquisition is based on the following considerations:

- the market value as determined in accordance with section 1 of the First Schedule of the Land Acquisition Act, 1960;
- any increase, which shall be deducted from the total compensation, in the value of the other land of the person interested likely to accrue from the use to which the land acquired will be put;
- the damage, if any, sustained or likely to be sustained by the person interested at the time the land administrator takes possession of the land, by reason of the acquisition injuriously affecting his other property, whether movable or immovable, in any other manner;
- if, in consequence of the acquisition, the person interested is or will be compelled to change his residence or place of business, the reasonable expenses, if any, incidental to such change; and
- where only part of the land is to be acquired, any undertaking by the State Authority, or by the Government, person or corporation on whose behalf the land is to be acquired, for the construction or erection of roads, drains, walls, fences or other facilities benefiting any part of the land left unacquired provided that the undertaking is clear and enforceable.

In the event of such compulsory acquisition, the amount of such compensation awarded may be less than the open market price of the properties and less than the purchase consideration of the properties which was paid by our Group. However, pursuant to the Land Acquisition Act, 1960, we have the rights to appeal against the quantum of compensation awarded.



**5. RISK FACTORS (cont'd)**

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**(iv) Compliance with, and changes in, safety, health and environmental laws and regulations may adversely affect our business, prospects, financial condition and results of operations**

We and third parties upon whom we depend expect to be or continue to be subject to extensive safety, health and environmental laws and regulations and various immigration, labour, workplace and related laws and regulations.

The scope and extent of any new safety, health and environmental laws and regulations, including their effect on our operations, cannot be predicted. The costs and management time required to comply with these requirements could be significant. The measures we implement in order to comply with these laws and regulations may not be deemed sufficient by governmental authorities and our compliance costs may significantly exceed our estimates. If we fail to meet safety, health and environmental requirements, we may also be subject to fines and penalties by governmental authorities, as well as civil proceedings by environmental groups and other individuals that could limit or halt our construction or operations. Penalties imposed by regulatory authorities on us or third parties upon whom we depend may also disrupt our business and operations.

There can be no assurance that we will not become involved in future litigation or other proceedings or be held responsible in any such future litigation or proceedings relating to safety, health and environmental matters in the future, the costs of which could be material. Clean-up and remediation costs, as well as damages, payment of fines or other penalties for non-compliance, other liabilities and related litigation, could adversely affect our business, prospects, financial condition and results of operations.

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## 6. INDUSTRY OVERVIEW

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We are principally involved in property development in Nusajaya. Therefore, the prospects of our Group can be mainly linked with the growth of the following:

- (i) Malaysian economy; and
- (ii) Property market.

### 6.1 Description of industry

The property market in Malaysia comprises of several sub-sectors, namely the residential, commercial, agricultural, industrial and development land. The total value of transactions recorded in 2007 was RM77.14 billion.

*(Source: Property Market Report 2007 issued by the Valuation and Property Services Department, Ministry of Finance, Malaysia ("JPPH"))*

### 6.2 Overview of property market in Johor

Johor state's property market performance in 2007 was encouraging. There were 41,198 transactions recorded worth RM8.45 billion against 38,134 transactions worth RM6.94 billion recorded in 2006. The volume and value of transactions rebounded from 6.4% and 11.7% contractions in 2006 respectively to an 8.0% and 21.8% growths. The residential property sub-sector drove the overall market, with 58.2% contribution to the total transactions. The agricultural sub-sector stood second with 25.7% market share. The commercial, development land and industrial property sub-sectors contributed another 9.4%, 4.2% and 2.6% respectively to the total market volume.

Market activity movements of the residential, commercial, industrial and development land property sub-sectors regained from last year's contractions to register growths of 4.4% to 35.4%. The agriculture sub-sector strengthened further with 9.2% increase after experiencing an 8.9% increase in 2006. In term of value, similar patterns were witnessed.

The softening of price and rental levels in the residential sub-sector still persisted, particularly in Johor Bahru.

The primary market saw the launching of 9,037 housing units, which was slightly lower than 9,706 units recorded in 2006. The overall sales performance was low at 34.1% but improved from 30.3% registered in 2006. Two to three storey terraced houses formed the majority of the new launches, accounting for 36.1% of the total. Johor Bahru District contained most of these new units (7,071 units) and managed to obtain an overall take-up rate of 35.8%.

The residential overhang situation in the state improved during the year. As at year-end, the residential overhang stood at 6,941 units worth RM1.19 billion. The figures were lower than 8,215 units worth RM1.43 billion recorded in 2006. The unsold under construction units declined by 13.8% to record 11,466 units (2006: 13,308 units). However, the unsold not constructed units increased slightly by 5.4% to 5,637 units. Two to three storey terraced houses formed the bulk of these overhang and unsold units.

The leisure sub-sector softened in 2007 after 3 consecutive years of encouraging performance. The overall occupancy rate of the 3 to 5 star hotels stood at 57.90% which were lower than those recorded in 2004 (64.1%), 2005 (65.7%) and 2006 (69.0%). The sub-sector saw the entrance of 2 new hotels in the year, namely the Cinta Ayu (Pulai Spring Resort) and the Muar Traders Hotel. These hotels offer 180 and 66 rooms respectively to the market.

## 6. INDUSTRY OVERVIEW *(cont'd)*

The construction activities were lethargic in the residential and shops sub-sectors. In tandem with the lukewarm reception noted in the primary market, the residential sub-sector recorded reductions of completions, starts and new planned supply. As for shops, the rising numbers of overhangs and unsold shops in the market were signals for the players to be careful on the number of completions, starts and new planned supply.

In Johor, rentals were stable with movements noted mainly in Johor Bahru District. Single storey terraced houses recorded decreases between 2.7% and 15.0% in Johor Bahru. Taman Megah Ria experienced the highest decrease of 15.0% with rental between RM400 and RM450 from RM500 per month obtained in 2006. Double storey terraced houses on the other hand, experienced mixed movements. Taman Nusa Perintis recorded the highest increase at 15.0% to obtain rental at RM600 per month, followed by Taman Sri Putri at 14.0% increase with a monthly rental of RM800. On the contrary, similar units in Bandar Baru Permas Jaya recorded the highest reduction at 11.0% with rental value ranging from RM500 to RM800 per month.

High-rise residential units were largely stable except the decreases recorded in Sri Impian, Larkin Perdana and Aster Court. Sri Impian and Larkin Perdana experienced a 21.0% drop whilst Aster Court noted a 3.0% decrease. Notwithstanding this, Straits View Condominium in Bandar Baru Permas Jaya maintained its highest rental level between RM2,000 and RM5,300 per month. Average gross yield for terraced units was between 3.0% and 6.0% whilst condominium/apartment earning a gross yield from 3.5% to 10.9%. Polo Park in Taman Iskandar, Straits View Condominium and Indah Samudra Condominium earned the highest yield in the state at 10.9%, 10.7% and 10.5% respectively.

*(Source: Property Market Report 2007 issued by JPPH)*

### 6.3 Past and present performance

Under the 9MP, the Government had estimated that the requirement for new houses to be approximately 709,400 units, of which nearly 24% will be located in Selangor and Kuala Lumpur. Of the total new housing requirements under the 9MP, approximately 62% are medium and high-end housing. Despite the supportive Government policies and measures such as the new infrastructure and housing projects initiated under the 9MP, the Malaysian property market moderated in 2006, which registered 269,600 transactions worth RM58.58 billion. However, the Malaysian property market picked up in 2007 with a total of RM77.14 billion worth of transactions recorded, an increase of 25.2% against 2006. In addition, transaction volume recorded a 9.0% increase against 2006. The increase in market activities were broad-based spearheaded by development land sub-sector at 21.2%, whilst in terms of transaction volume, commercial property sub-sector recorded the highest expansion at 41.9%.

*(Sources: 9MP, Property Market Report 2007 issued by JPPH and JPPH's website at [www.jpph.com.my](http://www.jpph.com.my))*

### 6.4 Growth prospects

The Malaysian economy has been on a steady growth path averaging about 6% in the recent 3 years. In 2007, the economy expanded by 6.3% and has continued to register a strong growth in the first half of 2008. This stronger growth has been achieved despite the more challenging external environment and increased uncertainties in the international financial markets.

One of the important contributing factor has been the successful transformation of the Malaysian economy in this recent decade which has resulted in a more balanced and diversified growth, in which the services and agriculture sectors have become increasingly more important drivers of growth. In addition, domestic demand has a more significant role in driving the growth.

## 6. INDUSTRY OVERVIEW *(cont'd)*

However, the rising international prices of energy and commodities have confronted economies globally with rising costs and intensifying inflationary pressures. This has prompted several emerging economies to restructure their fuel subsidies in an effort to create more efficient economies and to achieve more sustainable fiscal positions. This has been followed by the consequent adjustments in consumer prices as the gap between international market prices and domestic prices narrow. In Malaysia, petrol prices were adjusted by 40.6% while diesel prices by 63.3%. This adjustment would be reflected in the consumer price inflation in June, which is expected to exceed 6%. Beginning 1 July, electricity tariffs have also been raised by up to 18% for households and an average of 26% for some commercial and industry users. While domestic inflation is expected to remain elevated for the remaining part of this year and early next year, it is expected to moderate in the second half of 2009.

*(Source: Keynote address by Governor Tan Sri Dato' Sri Dr. Zeti Akhtar Aziz at the Banking Industry Seminar – Enhancing SME's awareness on access to financing on 9 July 2008 at www.bnm.gov.my)*

Taking into consideration the downside risks of the global economy, the Government had proposed various measures in the 2008 Budget aiming to sustain the country's economy growth and in particular, the property industry.

In order to remain competitive, strengthening the public service delivery system is inevitable. In this regard, the participation of the private sector in Special Taskforce to Facilitate Business to propose various measures to expedite the transfer of property as well as the participation of the private sector in the implementation of the Certificate of Completion and Compliance system is expected to bring forward positive impact to the local property industry.

Besides, various steps were proposed by the Government to stimulate the property sector. Besides the exemption order of real property gains tax, the Government further proposes a 50% stamp duty exemption on documents of transfer be given for the purchase of one house of not more than RM250,000 per unit. This measure will reduce the cost purchasing a house by up to RM2,000 and is expected to reduce the overall costs of acquisition of houses. This in turn will enhance the further demand for housing.

Realising that housing loan repayment is a major financial commitment for most households, the Government will allow the EPF contributors to make monthly withdrawals from the balance in Account 2 to ease the financial burden of house buyers. The scheme will be effective from 1 January 2008 and is for the financing of one house.

Aspiring to achieve a balanced regional development in the country, the economic corridor development will be intensified. Beginning with Iskandar Malaysia and the Northern Corridor Economic Region, the East Coast Economic Region as well as the Sabah Corridor and the Sarawak Corridor has been launched to spearhead developments in the related states. The Iskandar Regional Development Authority Act, 2007 was gazetted, paving the way for the speedy implementation of projects that will transform the region into a logistics and tourism hub.

The Government will inject RM4.3 billion to fund several critical infrastructure projects to enhance the attractiveness of the region to private investors. These include security, highways, roads, river improvement and sewerage projects.

All these efforts initiated by the Government aiming to stimulate the national economy on the whole will surely bring direct or indirect benefits to the property sector in particular. Therefore, the various sub-sectors of the property market are expected to stay competitive and grow steadily in the coming year.

*(Source: Property Market Report 2007 issued by JPPH)*

## 6. INDUSTRY OVERVIEW *(cont'd)*

To encourage home ownership among civil servants, the Government will improve the terms for staff housing loans, as follows:

- (i) extend the tenure of new housing loans from 25 years to 30 years;
- (ii) provide housing loan facility for renovation works on houses not purchased through Government housing loan; and
- (iii) extend the housing loan insurance panel to all eligible insurance companies. At present, the panel is limited to 5 insurance companies.

At present, buyers of low cost houses are given full stamp duty exemption on all instruments, including loan agreements. For the purchase of medium cost houses of up to RM250,000, a 50% stamp duty exemption is given only on the instrument of transfer. To further reduce the cost of buying medium cost houses, the Government proposes the 50% stamp duty exemption be extended to loan agreements.

In the 2008 Budget, the Prime Minister of Malaysia, Datuk Seri Abdullah Ahmad Badawi had announced the Housing Credit Guarantee Scheme ("SJKP") to assist those without fixed income to own affordable houses. Under the Scheme, borrowers can obtain housing loans from Bank Simpanan Nasional and Bank Islam Malaysia Berhad to purchase low and medium cost houses. A fund of RM50 million was set up for this purpose. To date, nearly 500 applications valued at RM20 million have been approved. Beginning July 2008, the Government has rolled out the scheme to all local financial institutions. The fund size will be increased to RM100 million, enabling SJKP to guarantee loans amounting to RM2 billion. About 40,000 borrowers will benefit from this facility.

The Government remains committed towards corridor development initiatives to ensure more regionally balanced socio-economic development of the nation. The intention is to provide more investment, employment and entrepreneurial opportunities in the various regions. Thus far, all the 5 economic corridors have been launched and initiatives, as outlined in the respective Development Masterplans, are beginning to be implemented. The 5 economic corridors includes Iskandar Malaysia. In the Midterm Review of the 9MP, an additional ceiling of RM10 billion has been allocated for the development expenditure of the corridors, of which RM6 billion is provided in the 2009 Budget.

To further strengthen private investment in Iskandar Malaysia, an additional allocation of RM300 million is provided under the Strategic Investment Fund. The Strategic Investment Fund is to finance the implementation of private-public partnership projects, in the areas of public transportation, healthcare services, education and creative industries. These are priority socio-economic areas, where Government will support the project viability, but with the private sector bearing the project risks. In healthcare, for example, instead of the Government constructing and operating hospitals, the provision of such public services can be partly met through the Government procuring such services from private sector providers.

Iskandar Malaysia will develop an integrated public transportation system, initially focusing on enhancing bus services by working together with existing bus operators. In the area of healthcare, a centre of excellence for postgraduate teaching and research will be established in partnership with private sector hospitals. Iskandar Malaysia will also set up and operate not-for-profit schools, initially on a pilot basis. These schools will have a mixed intake of Government and privately funded students. In addition, a creative cluster will be developed in Iskandar Malaysia, with funds channelled towards enhancing the capabilities of local creative talent.

*(Source: 2009 Budget Speech by Datuk Seri Abdullah Ahmad Badawi)*

**6. INDUSTRY OVERVIEW** *(cont'd)*

**6.5 Iskandar Malaysia**

**6.5.1 Overview**

Iskandar Malaysia is one of the key engines of growth identified under the 9MP for the development of the Malaysian economy. The 9MP is a 5-year plan for the period 2006 to 2010 currently being implemented by the Government to spearhead the growth of the Malaysian economy.

Iskandar Malaysia is one of 5 investment areas designated by the Government to spur the growth of the Malaysian economy, the other areas being the Northern Corridor Economic Region, the East Coast Economic Region, the Sarawak Corridor of Renewable Energy and the Sabah Development Corridor, which have been launched. Iskandar Malaysia will provide a range of fiscal and other incentives to facilitate the growth of the Malaysian economy and attract foreign direct investment.

*(Sources: Iskandar Malaysia's website at www.idr.com.my, Khazanah's website at www.khazanah.com.my, 2009 Budget Speech by Datuk Seri Abdullah Ahmad Badawi, 9MP and Sarawak Corridor of Renewable Energy's website at www.sarawakscore.com.my)*

The targets and anticipated benefits set out in the CDP for Iskandar Malaysia include the following:

<b>Iskandar Malaysia</b>	<b>2005</b>	<b>Projected (2025)</b>
Population size .....	1.4 million	3.0 million
Gross domestic product (Purchasing power parity) in USD million .....	20.0	93.3
Gross domestic product per capita (Purchasing power parity) in USD .....	14,790	31,100
Labor force .....	0.62 million	1.46 million
Employment .....	0.61 million	1.43 million
Unemployment .....	3.0-4.0%	1.8%

*(Source: CDP for South Johor Economic Region 2006-2025)*

Located in the State of Johor, Iskandar Malaysia:

- lies at the heart of the Southeast Asia at the southern tip of Peninsular Malaysia within minutes from Singapore;
- is strategically located at the crossroads of East-West trade lanes;
- lies mid-way between the booming economies of China and India; and
- is only a 4 to 8 hours flight from leading as well as fast-growing Asian cities such as Bangalore, Bahrain, Delhi, Dubai, Hong Kong, Hanoi, Ho Chi Minh, Shanghai and Taipei. It is also within reach of a global market of some 800 million people.

Iskandar Malaysia is readily accessible by air with an international airport in Johore and a mere hour's drive away from Singapore Changi Airport. By road, Kuala Lumpur, Malaysia's capital city, is an approximately 4-hour drive away on excellent highways. Access is also available via rail using Malaysia's comprehensive railway network and by sea, as Iskandar Malaysia is flanked by 3 major ports – Pasir Gudang Port, Port of Tanjung Pelepas and Tanjung Langsat Port.

*(Source: Iskandar Malaysia's website at www.idr.com.my)*

6. INDUSTRY OVERVIEW (cont'd)

6.5.2 Iskandar Malaysia flagship zones

Iskandar Malaysia comprises the following 5 flagship zones.

- (i) Zone A — Johor Bahru;
- (ii) Zone B — Nusajaya;
- (iii) Zone C — Western Gate Development;
- (iv) Zone D — Eastern Gate Development; and
- (v) Zone E — Senai-Skudai.



(Source: CDP for South Johor Economic Region 2006-2025)

The development of industries in Iskandar Malaysia has been strategically planned within the above 5 flagship zones. Consistent with its long-term commitment to develop Iskandar Malaysia, the Government has allocated approximately RM4 billion under the 9MP to build the infrastructure for the region such as new highways, sewerage systems and river cleaning.

(Source: Iskandar Malaysia's website at [www.idr.com.my](http://www.idr.com.my) and Khazanah's website at [www.khazanah.com.my](http://www.khazanah.com.my))

## 6. INDUSTRY OVERVIEW *(cont'd)*

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### 6.5.3 Development of Iskandar Malaysia

The Iskandar Malaysia is a plan by the Government to transform South Johor into a premier economic growth area. The Government intends to convert Iskandar Malaysia to become Southern Peninsular Malaysia's most developed region, where living, entertainment, environment and business seamlessly converge within a vibrant metropolis.

The development of Iskandar Malaysia is based on 4 essential components as follows:

- (i) Formulation of a Master Business Plan, i.e. the CDP;
- (ii) Establishment of a strong regulatory authority, i.e. the IRDA which will plan and facilitate approvals through a one-stop centre and address social development;
- (iii) Establishment of a Super Developer, i.e. IIB which will spearhead catalyst developments in Iskandar Malaysia; and
- (iv) Packaged incentives to promote catalyst initiatives.

Certain catalyst initiatives identified in support of the CDP which, amongst others, include the following:

- Waterfront development;
- International destination resort;
- International mixed commercial and residential development;
- Leisure and tourism development; and
- Education and healthcare-based developments.

The future scenario for Iskandar Malaysia includes:

- (i) A well developed, internationally and internally integrated, strong and efficient logistic system giving it a high level of national and international accessibility and internal mobility;
- (ii) A strong base for vertically and horizontally integrated dynamic manufacturing and service clusters. With well developed external linkages to major regional and global development nodes; and
- (iii) A sizeable foreign residents (about 12-15%) with high skills and income would render viable the various international class social and educational, health, recreational and other facilities that are necessary for an international class 'life style' which is vital to attract and retain the inflow of international investment and highly skilled managerial and professional workforce.

*(Source: Iskandar Malaysia's website at [www.idr.com.my](http://www.idr.com.my))*

As at 31 May 2008, RM36.1 billion of investments have been committed for Iskandar Malaysia in 19 months, representing approximately 77% of the targeted investments of RM47 billion for the period 2006 to 2010.

*(Source: Khazanah's media statement dated 13 June 2008)*



## 6. INDUSTRY OVERVIEW *(cont'd)*

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### 6.5.4 IRDA

IRDA is a federal statutory body established under the Iskandar Regional Development Authority Act, 2007. It is a single authority or single reference point for promotions, approvals, implementations and regulations, aspires to carry best practices benchmarked against world standards. It is responsible for acting as a one-stop center to co-ordinate and facilitate the development of Iskandar Malaysia. IRDA is the only agency that reflects a joint-commitment from Federal Government and state governments. The Prime Minister of Malaysia and the Menteri Besar of Johor act as co-chairmen of IRDA.

IRDA's key functions are:

#### (i) Planning

- Establish national policies, direction and strategies for Iskandar Malaysia
- Integrate the planning policies and strategies of the Federal Government, State Government of Johore and local authorities applicable or relevant to Iskandar Malaysia
- Identify and recommend new policies, laws and actions to enhance the competitiveness of Iskandar Malaysia

#### (ii) Promotion

- Promote and stimulate Iskandar Malaysia as a trade, investment and logistics centre, duty free area and tourist destination
- Promote private sector investment in the targeted sectors
- Facilitate and undertake economic, physical and social development in Iskandar Malaysia

#### (iii) Process

- Act as a principal coordinating agent on behalf of relevant Government agencies in relation to receiving, processing and expediting the requisite approvals – "One-stop Centre"
- Render administrative services and assistance to facilitate the requisite approvals in connection to matters within Iskandar Malaysia

*(Source: Iskandar Malaysia's website at [www.idr.com.my](http://www.idr.com.my))*

## 6. INDUSTRY OVERVIEW *(cont'd)*

### 6.5.5 Incentives in Iskandar Malaysia

To spearhead the development of concentrated hubs within Iskandar Malaysia, certain zones within the flagship zones in Iskandar Malaysia which require investments of several billion RM in gross development value will be granted special incentives.

Such special incentives are categorised into different incentives for different category of companies such as fiscal incentives for Iskandar Malaysia-status companies, approved developers, approved development managers ("**Approved Companies**") and non-fiscal incentives for Approved Companies. Among the fiscal incentives granted are exemptions from income tax in respect of certain specified income generated within the Iskandar Malaysia and exemption from withholding tax on payments for services and royalties to non-residents for a specified period. Non-fiscal incentives are such as exemption from the FIC rules, flexibilities under the foreign exchange administration rules as follows:

- (i) make and receive payments in foreign currency with residents;
- (ii) borrow any amount of foreign currency from licensed onshore banks and non-residents;
- (iii) invest any amount in foreign currency assets onshore and offshore; and
- (iv) retain export proceeds offshore, and unrestricted employment of foreign knowledge workers.

The said incentives identified are currently limited to Medini. Medini is spread over approximately 96,000,000 sq ft and an approved GFA of 188,000,000 sq ft, located within Nusajaya and between JSNAC and the Second Link to Singapore. Medini will kick-start Iskandar Malaysia, with a comprehensive development comprising of leisure, residential, financial and high-end industrial components.

*(Source: Iskandar Malaysia's website at [www.idr.com.my](http://www.idr.com.my))*

### 6.6 Industry players and competition

The property development market in Malaysia, while fragmented, is highly competitive. We face growing competition from large national, regional as well as international property development companies. The principal competitive factors influencing the property development sector generally and in Nusajaya include the size and location of the land bank, product type, product mix, the quality and workmanship of the projects, the location of the properties, the marketing strategies, pricing scheme adopted by the developers, and the timing of the launch of the property projects.

There are no official statistics and reports on the number of players in the property development business in Malaysia. Notwithstanding the foregoing, the large number of property development companies listed on Bursa Securities provides an indication of the number of players in the property development market in Malaysia. As at the LPD, there are more than 80 property development companies listed on the Main Board of Bursa Securities. In addition, there are also many other non-listed property development companies in Malaysia.

As at the LPD, we faced competition from at least 13 other property developers with development projects within Iskandar Malaysia, including S P Setia Berhad and IOI Properties Berhad.

## 6. INDUSTRY OVERVIEW (cont'd)

The table below sets out the top 10 largest property development companies by market capitalisation as at the LPD that are listed on the Main Board of Bursa Securities and their respective annual revenue reported in their respective audited financial statements for the latest financial year ended 2007 of the respective companies.

<b>Company</b>	<b>Revenue</b>
	<b>RM 000</b>
S P Setia Berhad .....	1,153,803
Sunway City Bhd .....	1,142,566
IOI Properties Berhad .....	704,878
IGB Corporation Bhd .....	673,931
Bandar Raya Developments Bhd .....	663,695
Naim Cendera Holdings Berhad .....	646,024
Mah Sing Group Berhad .....	573,365
Sunrise Bhd .....	558,098
Guocoland Malaysia Bhd .....	145,984
Selangor Properties Berhad .....	34,427

In addition, there are numerous property developers which have development projects within Iskandar Malaysia. Some of these property developers and their projects are set out below.

<b>Property developer</b>	<b>Name of project</b>
HHDSB	Horizon Hills
Crescendo	Taman Perindustrian Nusa Cemerlang, Bandar Cemerlang, Taman Dato' Chellam, Desa Cemerlang dan Taman Perindustrian Desa Cemerlang
IIB	International Destination Resort, Medini, Educity and Kota Selat Tebrau
Boustead Holdings Berhad	Mutiara Rini
IOI Properties Berhad	Taman Lagenda Putra Kulai and Bandar Putra
Mah Sing Group Berhad	Sri Pulai Perdana, Austin Perdana and Sierra Perdana
S P Setia Berhad	Setia Eco Garden, Bukit Indah, Setia Indah and Setia Tropika
UM Land	Seri Austin and Seri Alam
Malaysia Pacific Corporation Berhad	Lake Hill Resort Nusa Damai
Central Malaysia Properties Sdn Bhd	Lido Boulevard
Danga Bay Holdings Sdn Bhd	Danga Bay
Johor Corporation Berhad	Taman Perindustrian Sedenak, Taman Teknologi Johor, Bandar Tiram, Bandar Dato Onn, Taman Bukit Dahlia, Kawasan Perindustrian Pasir Gudang, Kompleks Perindustrian Tanjung Langsat, Pelabuhan Tanjung Langsat
MMC Corporation Berhad	Tanjung Bin, Port City, Port of Tanjung Pelepas, Johor Port, Senai International Airport

(Source: Iskandar Malaysia's website at [www.idr.com.my](http://www.idr.com.my))

## 6. INDUSTRY OVERVIEW *(cont'd)*

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### 6.7 Barriers to entry and competition

The barriers to entry into the property development sector are generally low. Hence, there are many players in the market, making the sector a highly competitive industry. The success of a market player in this sector is largely dependent on the size and location of its landbanks, the product type or mix, the development concept, the product quality and the reputation of the developer.

Although the barriers to entry to enter into the property development industry are low, it takes years of experience and large financial commitments to become a successful property developer. In addition, the nature of the property development business which requires upfront large capital outlay and the return which will only materialise at a later date makes the industry a risky business to be involved in. As such, due to the requirements and nature of the business, the property market is saturated with no player dominating the entire property sector.

### 6.8 Demand/Supply conditions

The residential sub-sector remained as the driver of the property market, registering RM36.49 billion worth of transactions in 2007. The residential sub-sector remained the leading market contributor accounting for 64.5% and 47.3% of the transaction volume and value respectively. The primary market was encouraging to record higher newly launched units as well as improved sales performance. There were 52,664 new housing units offered for sale of which 23,749 units were taken up, achieving an average sales performance of 45.1%, which is better than 40.6% recorded in 2006. Along with the improved primary market, the number of residential property overhang in the country decreased for the first time since 2002 to 23,866 units. This is a 6.9% drop from 25,645 units recorded in 2006. Likewise, overhang value decreased by 8.8% from RM4.18 billion in 2006 to RM3.82 billion. On the supply side, construction development of residential properties was more cautious with reductions in starts and new building plan approvals albeit an increase in completions. The number of completed units increased by 4.2% from 171,448 units in 2006 to 178,608 units in 2007.

Further, the average prices of all property sub-sectors were on an upward trend with commercial property sub-sector having the highest increase of 30.7%. Residential property followed at 13.4%, industrial at 6.4% and agricultural at 4.7%. The Malaysian Annual All House Price Index in 2007 was 124.0 points, up by 4.8% from 118.3 points in 2006. In line with this, the price of the "average" house increased but at a slightly lower rate of 2.2% from RM170,158 in Q4 2006 to RM173,998 per unit in Q4 2007. By states, Kuala Lumpur had the highest price level in the country at RM393,211, followed by Selangor (RM253,225) and Sabah (RM236,804).

*(Source: Property Market Report 2007 issued by JPPH)*

**6. INDUSTRY OVERVIEW** *(cont'd)*

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**6.9 Relevant laws and regulations governing the property sector**

The property development sector is governed by, amongst others, the Malaysian Construction Industry Development Board Act, 1994, the Housing Development (Control and Licensing) Act 1966 (Revised 1973), the Housing Development (Control and Licensing) Regulations 1989, the Housing Development (Housing Development Account) Regulations 1991, the Strata Titles Act 1985 and the Building and Common Property (Maintenance and Management) Act 2007. These Acts are designed for regulating the industry by means of providing consultancy, quality accreditation, research and development, promoting usage of high technology as well as manpower training services.

The government regulations and controls in the property development industry are principally in the broad sense to achieve the aspirations of the New Economic Policy of equitable distribution of income and the ownership of homes by the population in general through provision of affordable housing as well as to control and protect individual consumers by setting the minimum standard to the property development industry.

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## 7. BUSINESS

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### 7.1 Overview

Our Company is the flagship company for the real estate investment and development businesses of UEMG. UEMG is wholly-owned by Khazanah which in turn is the investment holding company of the Government.

Our Company was incorporated on 20 August 2008 pursuant to the Restructuring which resulted in our Company becoming the holding company of the UEM Land Group. Our principal and direct wholly-owned subsidiary, UEM Land, was incorporated as a public limited company under the name of Renong in 1982. The UEM Land Group originally focused on a range of infrastructure-related businesses, including real estate investment business and acquired extensive reserves of land in Johor, known as Nusajaya, during mid-1990s. Following the acquisition of a majority interest in UEMG by Khazanah in 2001 and a group wide restructuring exercise which was completed in 2003, UEM Land decided to increase its focus on the real estate business and reposition Nusajaya as a regional city with diverse catalyst developments to create and promote economic growth and development in the area and to meet various economic activities and market demands.

Nusajaya has been identified by the Government as one of the 5 flagship zones of Iskandar Malaysia, which was conceptualised in the 9MP in March 2006 to enhance infrastructure development, foreign investment and economic growth and to transform South Johor into a new economic and development region. The 9MP is a 5-year plan currently being implemented by the Government which sets out the areas of focus for the development of the Malaysian economy from year 2006 to 2010. The development of Iskandar Malaysia will be centered around 5 economic flagship zones in South Johor, including Nusajaya, which are being developed primarily by private developers with the support of and incentives from, the Government. See "Section 6.5 — Iskandar Malaysia".

Nusajaya spans a total land area of 23,875 acres and is currently under various stages of development. Upon substantial completion of the development, which is expected to be in 2030, Nusajaya will comprise a range of high-quality properties, including the Johor State Government and the Malaysian Federal Government offices, industrial properties, healthcare properties, universities and other commercial, residential and mixed-use properties catering to a wide range of local, regional and international demand. As at the LPD, out of 23,875 acres of total land area in Nusajaya, approximately 3,312 acres (14%) have been substantially developed by us and our strategic partners, approximately 15,237 acres (64%) were in various stages of planning and development comprising both our projects and projects being planned and/or undertaken by our strategic partners and approximately 5,326 acres (22%) are still available for future development.

We are developing Nusajaya based on a diversified business model as follows:

- (i) strategic land sales, which involve us selling selected portions of our land reserves to various developers, investors, strategic partners and other participants in the real estate industry, who in turn will develop a variety of residential, commercial, industrial and mixed-use properties;
- (ii) catalyst property developments, where we develop large-scale "catalytic" projects, which upon completion, are expected to help spur economic activities and promote further development and marketing of our other projects in surrounding locations; and
- (iii) property development activities, which involve us developing residential, commercial and industrial properties in selected locations within Nusajaya for sale.

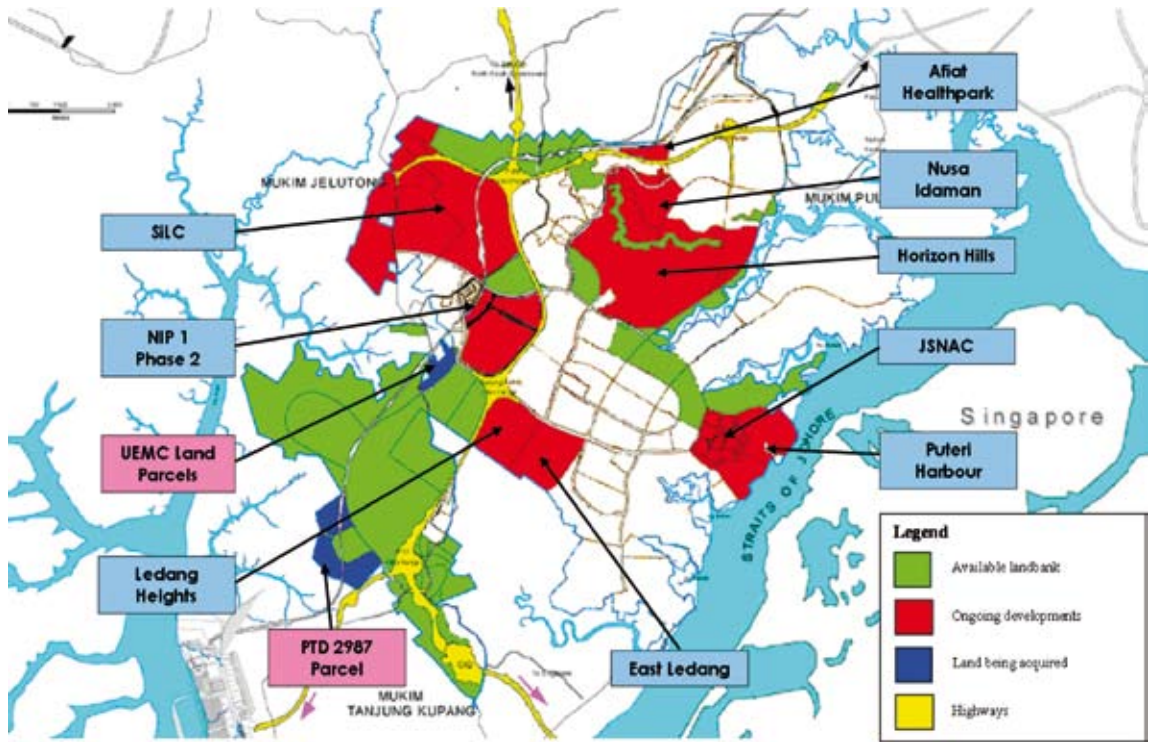
7. BUSINESS (cont'd)

We currently have 2 main lines of business – property development and strategic land sales. Our business activities are currently focused on Nusajaya. In our property development business line, we develop our own real estate projects, undertake turnkey development contracts and also sell parcels of developed land equipped with basic infrastructure on which buildings can be constructed by our customers, whereas in our strategic land sales business line, we strategically sell undeveloped parcels of land for development to our strategic partners. In addition, we also have joint-ventures with strategic partners for development.

Our operations span across a broad range of real estate business activities, from conceptualisation, planning and design to development and marketing of our projects. Going forward, we also intend to expand our business into property investment activities by leasing certain of our completed retail, commercial and industrial and diversify our property development activities in strong and well established local growth areas such as Klang Valley and Penang.

For the year ended 31 December 2007, our revenue and total profit amounted to RM1,871.5 million and RM529.7 million, respectively, compared to revenue and total profit of RM453.1 million and RM106.1 million, respectively, for the year ended 31 December 2006. For the 6-month period ended 30 June 2008, our revenue and total profit amounted to RM251.3 million and RM64.4 million, respectively, compared to revenue and total profit of RM1,582.6 million and RM516.0 million, respectively, for the 6-month period ended 30 June 2007.

The following map shows the locations of our existing projects and land reserves in Nusajaya.



## 7. BUSINESS (cont'd)

### 7.2 Competitive strengths

We believe that we possess several key competitive advantages that place us in a strong position to take advantage of the opportunities we see in our industry.

(i) **Large and strategically located landbank in Nusajaya, Iskandar Malaysia – proximity to existing infrastructure of key seaports and airports, etc**

As at the LPD, we owned land reserves of approximately 9,564 acres in Nusajaya (including projects currently under development). With Nusajaya being one of the 5 flagship zones of Iskandar Malaysia, we believe we will be able to benefit from the development of Iskandar Malaysia into a major regional economic hub.

We believe Nusajaya is ideal as a new economic growth centre due to its strategic location within Johor and its close proximity to Singapore. It has direct access to existing infrastructure and is linked by a comprehensive network of roads and expressways to cargo hubs, 2 major international airports and 5 seaports. Nusajaya's accessibility will be further enhanced by the proposed Johor Bahru-Nusajaya Coastal Highway which will substantially reduced the distance and the travelling time between Nusajaya and Johor Bahru city centre. With easy access to Singapore, coupled with substantially lower property prices overall, we believe Nusajaya is well positioned to attract investors and end-users demand from Singapore as well as countries within the Asia-Pacific region.

As at the LPD, after excluding land allocated for UEM Land's ongoing development projects, we have a balance of approximately 5,326 acres of land in Nusajaya for development. We expect this remaining land bank to be sufficient to meet our development needs in the medium to long-term.

(ii) **Iskandar Malaysia – regional development and Government support**

The Iskandar Malaysia initiative was launched by the Government in 2006 with the aim of transforming South Johor into a new economic and development region. Consistent with its long-term commitment to develop Iskandar Malaysia, the Government has allocated approximately RM4 billion under the 9MP to build the hard infrastructure for the region such as new highways, sewerage systems and river cleaning, as well as soft infrastructure such as in the RM330 million allocation to enhance security (*Source: Khazanah's website at [www.khazanah.com.my](http://www.khazanah.com.my)*). In the midterm review of the 9MP, an additional ceiling of RM10 billion was allocated for the development expenditure of 5 economic corridors in Malaysia, including Iskandar Malaysia (*Source: 2009 Budget Speech by Datuk Seri Abdullah Ahmad Badawi*).

The Government has also established a special authority, IRDA to promote, stimulate and facilitate all economic developments in Iskandar Malaysia and to act as a one-stop centre for approvals, trade, investment and development in the region.

Further, Nusajaya has been identified as one of the 5 flagship zones for Iskandar Malaysia and we believe that the investment climate created by Iskandar Malaysia initiative will provide the ideal environment for us to capitalise on our landbank in Nusajaya and encourage investment and development from domestic and international investors.

Nusajaya will be a major growth centre where the Nusajaya Central Planning Area has been identified as the city centre of Iskandar Malaysia. Nusajaya will also be the focus area for new investment in Iskandar Malaysia.



## 7. BUSINESS (cont'd)

### (iii) Comprehensive development master plan for Nusajaya

We have in place a comprehensive development master plan for Nusajaya, which was approved by the Johor State Government in 2003 and which governs the overall development of Nusajaya. The development master plan identifies the desired development components for Nusajaya and emphasises a balanced mix of developments as follows:

- JSNAC - a centralised government precinct that will house the Johor State Government, more than 30 Federal Government agencies and provide easy access to, and facilitate dealings with, government machinery. Phase 1 of JSNAC, which comprises the State Government Offices is almost completed and approximately 2,200 Johor State Government staff are expected to move in by the end of 2008;
- Puteri Harbour – an integrated and comprehensive waterfront and marina development comprising over 688 acres and offering waterfront living, dining, entertainment, commercial retail, arts and culture;
- SiLC – thematic industrial park covering an area of 1,300 acres and a catalyst to provide employment opportunities and encouraging other supporting economic activities;
- International Destination Resort – a complete holiday destination resort including theme parks, water parks, 5-star hotels, resorts, prime real estate, golf courses, upmarket retail centres, restaurant districts and marinas;
- EduCity and Medical Hub – to provide education and medical services within easy reach of Nusajaya's residents as well as regionally; and
- Signature residences – a variety of residential precincts offering various residential products from affordable housing for lower income groups to high-end residential properties for upmarket demand.

We believe our development master plan will allow Nusajaya to position itself as a new integrated city and differentiate it from other competing developments in the region, with an emphasis on intelligent city management system, safety and security, communications networks and sustainable living.

### (iv) Impressive track record in project execution and strong development partners

UEMG is a Malaysian conglomerate and government-linked company with investments in public listed entities and operates in diverse fields, both within and outside of Malaysia. The UEMG Group's field of expertise includes expressway operations, engineering and construction, property development, healthcare, environmental services and information and communication technology. We believe that the UEMG Group has a wide area of expertise that we can capitalise on in the development of Nusajaya.

Since 2006, we have made significant progress in transforming our development concepts for Nusajaya into reality, particularly for JSNAC where the Johor State Government departments are expected to relocate and commence operations from their new offices in Nusajaya by the end of 2008 and for Puteri Harbour where the public marina, marina clubhouse, inner lagoon and outer lagoon is rapidly taking shape. By early 2009, the first boat is expected to be able to sail in from the Straits of Johor and dock at the public marina at the inner lagoon.

## 7. BUSINESS (cont'd)

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We have also been successful in attracting international developers, such as Limitless and DAMAC to participate as our strategic partners in Nusajaya and we believe that such partnerships will play a key role in realising our vision to transform Nusajaya into a regional city.

### (v) Experienced senior management team supported by a well-trained workforce

Our senior management team has significant experience in the property development sector with considerable strategic planning and business management capabilities. Their expertise cover a wide range of skills including project conceptualisation and product planning, project and construction management, sales and marketing, human capital management, accounting, finance and business development.

We endeavour to recruit and train employees in a variety of skills and techniques with the aim of retaining these staff to become long-term and effective management in the future.

### 7.3 Prospects and strategies

Key elements of our business strategy are as follows:

#### (i) Positioning of Nusajaya to cater for regional markets

We are positioning Nusajaya to cater to both the local and regional markets. Nusajaya's development components, such as Puteri Harbour, Horizon Hills and East Ledang, are designed to attract not only Malaysian buyers but also foreign investors, including investors from other Asian and Middle Eastern countries. We believe that the broader positioning will allow Nusajaya's performance to be less dependent on the local Malaysia and Johor economy.

#### (ii) Catalyst developments as engines of growth

To further spur the development of Nusajaya, we have put in place several catalyst developments into Nusajaya, such as the JSNAC, Puteri Harbour and SiLC. These catalyst developments are the key drivers to create the economic activities and employment opportunities that are necessary for the sustained growth of Nusajaya.

#### (iii) Strategic partnerships to accelerate development

We have made a conscious effort to pursue and secure strategic partnerships with reputable local and foreign partners. We believe these partnerships can help us accelerate the pace of developments to create an immediate development mass in Nusajaya. At the same time, these partnerships also allow us to tap into new expertise, market reach and financial resources of our strategic partners.

#### (iv) Strengthening the brand name and value of "UEM Land" and "Nusajaya"

We are pursuing various strategic marketing initiatives to establish the Nusajaya and UEM Land brands in the marketplace. These include participation in road shows, seminars and exhibitions, the most notable marketing exercise being participation in the Dubai and Singapore Cityscape exhibitions in 2007 and 2008. We have also embarked on a steady stream of advertorials in well-established regional publications, and continuous press releases and media interviews to update the media and general public on Nusajaya.

## 7. BUSINESS (cont'd)

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### (v) Offering a diversified product portfolio

In Nusajaya, we offer a diversified product portfolio ranging from developed land parcels, industrial properties, commercial and office properties, and various categories of residential products to cater to different market segments. We also undertake property development and turnkey development contracts, especially for institutional clients such as the Johor State Government for JSNAC. This diversified income stream reduces our dependency on any single market segment and helps mitigate the risks associated with being located in a single geographic location.

### (vi) Expansion into high growth areas outside Nusajaya

We are continuously evaluating potential acquisitions of strategic land parcels outside of Nusajaya in strong and well established local growth areas such as Klang Valley and Penang to expand and diversify our land bank and property development activities. Key considerations involved in identifying potential land parcels include the availability of infrastructure for immediate development, strong demand and higher purchasing power as these would allow faster turnaround time for property development activities and enable us to tap into new markets in the near term.

### (vii) Continue to emphasize on project planning, design, quality and appeal of our products

We will continue to collaborate with reputable domestic and international consultants in our pursuit of product innovation and professional designs. Our goal is to benchmark our products against world-class development standards through enhanced international co-operation. We also emphasize on advanced planning to ensure continuous availability of our products. We will continue to implement strict quality control to monitor our product quality and workmanship throughout the development process. We will continue to target middle to higher-end customer segments and intend to replicate our success stories in new markets through on-going product innovations.

### (viii) Adhere to prudent financial management to ensure sustainable growth and capital sufficiency

We will continue to closely monitor our capital and cash positions and carefully manage such key measures as construction costs and cash flows. Our current gearing ratio of 0.4 times as at the LPD positions us well to fund our on-going development projects. We will continue to co-operate with strategic partners to develop properties on a selective basis to take advantage of our partners' resources and skills. We will actively manage our sales and pre-sales to ensure adequate cash flow for our ongoing capital requirements. We will remain disciplined in our capital commitments and seek long-term financing opportunities.

We expect our Group to benefit from the positive outlook and development of Iskandar Malaysia, an anticipated high growth economic area. As Nusajaya is one of the flagship zones in Iskandar Malaysia, we believe that we will be able to capitalise on the growth potential of Iskandar Malaysia.

## 7. BUSINESS (cont'd)

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### 7.4 History

Our Company was incorporated in Malaysia under the Act on 20 August 2008 under the Reorganisation for the purpose of acquiring UEM Land. On 4 September 2008, the Reorganisation was completed and we became the holding company of UEM Land owning 100% of the issued and paid-up ordinary shares in UEM Land.

Our principal subsidiary, UEM Land, was incorporated as a public limited company in Malaysia under the Act on 7 October 1982 under the name of Renong. It changed its name to UEM Land Sdn Bhd on 27 December 2003. In the late 1980s and the early 1990s, Renong, together with United Engineers (Malaysia) Berhad (*now known as UEMG*), evolved to become the flagship company of the Renong-UEMG Group. Renong-UEMG Group, a Malaysian conglomerate of companies, conducted a wide range of businesses, including engineering and construction, environment and healthcare and real estate investment.

Renong, through a subsidiary called Prolink Development Sdn Bhd (*now known as BND*), acquired extensive reserves of land in Johor during mid-1990s pursuant to a development agreement with the Government of Johor as part of the overall privatisation proposal and the concession secured by the Renong-UEMG Group for the construction of the Second Link.

Our real estate business activities in Nusajaya were initially limited to the development of residential estates comprising Taman Nusa Perintis 1, the CIQQ and Ledang Heights Bungalow Park before the advent of the Asian financial crisis in 1997 which adversely affected the Renong-UEMG Group and subsequently led to the takeover of UEMG by Khazanah.

Following the acquisition of a majority interest in UEMG by Khazanah in 2001 and a group wide restructuring exercise which was completed in 2003: (i) Renong was delisted from the Malaysian Stock Exchange and its listing status was transferred to UEM World, (ii) Renong was renamed UEM Land, (iii) UEM World became UEM Land's holding company and acquired certain core businesses of UEMG and (iv) UEMG became UEM World's immediate holding company. Post-restructuring, UEM Land led the real estate business of the UEMG Group and increased its focus on the development of land reserves in Johor.

We undertook a comprehensive review of the development master plan for Nusajaya and prepared a revised development master plan, which was approved by the Johor State Government in 2003. This repositioned Nusajaya as a regional city with diverse catalyst developments to create and promote economic growth and development in the area and to meet various market demands.

**7. BUSINESS (cont'd)**

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Since 2004, and particularly after the identification of Nusajaya as one of the 5 flagship zones of Iskandar Malaysia by the Government, we have increased the pace of development in Nusajaya by establishing strategic partnerships and entering into property development transactions with national and international investors, developers and other participants in the real estate industry, including:

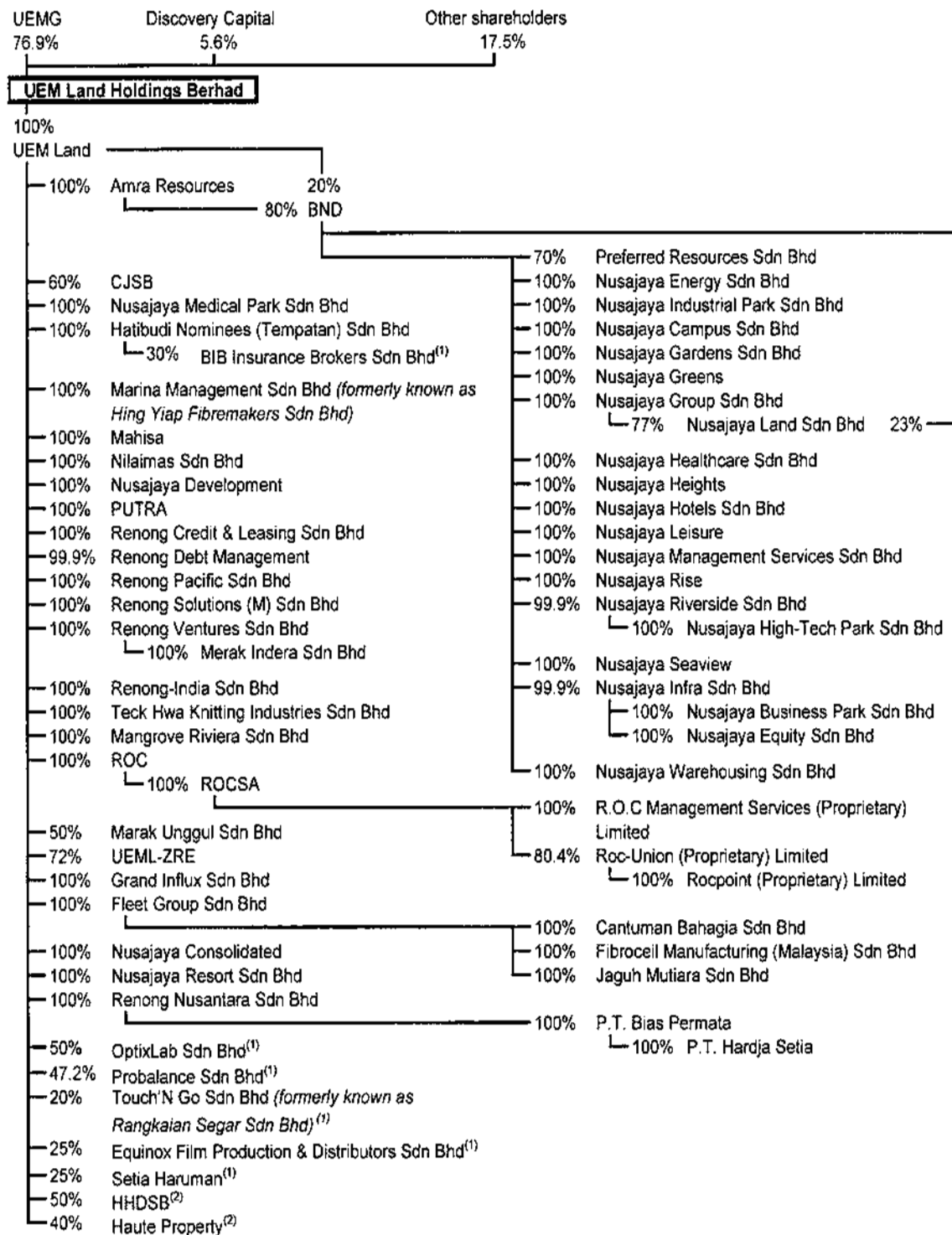
- (i) Crescendo, a listed Malaysian property developer with experience in industrial development, for the development of the Nusa Cemerlang Industrial Park;
- (ii) Gamuda, a listed Malaysian property and construction group, for the development of Horizon Hills, which is a 1,200-acre mixed residential development centered around a 18-hole signature golf course and clubhouse;
- (iii) Limitless, for the development of the Residential North precinct of Puteri Harbour, our waterfront development, into an exclusive residential enclave;
- (iv) DAMAC, for the development of part of the Commercial South and private marina precincts of Puteri Harbour; and
- (v) UM Land, a listed Malaysian property developer with significant property development experience to expedite the development of part of the Commercial South and Crescent precincts of Puteri Harbour, into mixed development.

In 2007, we sold approximately 4,500 acres of land to Khazanah as part of a degearing exercise to reduce our borrowings and to benefit from Khazanah's direct participation in the development of Nusajaya, particularly for the development of catalyst projects such as the EduCity, Medical Hub and the International Destination Resort, which would have otherwise required long gestation periods and large initial capital investments from us.

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7. BUSINESS (cont'd)

In 2008, pursuant to the Restructuring, we became the holding company of the UEM Land Group. See "Section 4.2 — Details of the Restructuring". The chart below illustrates our corporate structure after the completion of the DIS (based on UEM World's shareholding structure as at the LPD):



Notes:

(1) Associates.

(2) Joint ventures.

## 7. BUSINESS (cont'd)

### 7.5 Land reserves

As at the LPD, we owned the following land reserves:

- (i) freehold land of approximately 9,564 acres in Nusajaya;
- (ii) freehold land of approximately 2.02 acres located within the proximity of Nusajaya; and
- (iii) leasehold land of approximately 1,571 acres located in Jawa Barat, Indonesia.

### 7.6 Operations

Our operations span across a wide range of real estate business and development activities, from conceptualisation, planning and design to development and marketing of our projects. We currently have 2 main lines of business - property development and strategic land sales. Going forward, we also intend to expand our business into property investment by leasing our completed retail, commercial and industrial and diversify our property development activities in strong and well established local growth areas such as Klang Valley and Penang.

#### 7.6.1 Property development

Our property development activities include the following:

- (i) **Direct developments.** We undertake the development of residential, commercial and industrial property projects.
- (ii) **Turnkey developments contracts.** We undertake the development of real estate projects on a turnkey basis, which involves a wide range of development activities from the conceptualisation, planning, designing, construction and marketing of the projects. As at the LPD, our turnkey development activities are focused on the development in Phase 1 of JSNAC.
- (iii) **Sale of developed land parcels.** We sell parcels of developed land equipped with basic infrastructure on which buildings can be constructed by our customers.

As at the LPD, we had 8 property development projects in Nusajaya at various stages of development. In developing our properties, we focus on, amongst others, the strategic and economic impact of the project (particularly for our catalyst development projects), project location, existing and projected demographic growth, competition for and from other developments, the quality of our construction and infrastructure, innovative design, and opportunities for future expansion and integration.

Set forth below is a brief description of our on-going and completed projects.

#### (A) On-going Property Development Projects

As at the LPD, we had 8 projects under development in Nusajaya, including JSNAC, an industrial zone and a health park. As our projects typically comprise multiple-phase developments which are generally spread over 5 to 8 years in the case of residential projects and over 10 to 15 years in the case of large-scale, mixed developments, each project may include different phases that are at various stages of completion.

## 7. BUSINESS (cont'd)

Our existing projects under development at Nusajaya comprise the following:

- (i) JSNAC;
- (ii) Puteri Harbour;
- (iii) SiLC;
- (iv) East Ledang;
- (v) Horizon Hills;
- (vi) Ledang Heights;
- (vii) Nusa Idaman; and
- (viii) Afiat Healthpark.

Further details of our existing projects under development at Nusajaya are set forth below:

### (i) JSNAC

**Project Description:** JSNAC is being developed by CJSB which is a 60:40 joint venture company between us and the Johor State Government. We are developing JSNAC on approximately 320 acres of land in Nusajaya. Upon completion of development, JSNAC will comprise the State Legislative Assembly Building, the Chief Minister and State Secretary Office Complex and integrated office and residential complexes for the Johor State and Malaysian Federal Governments.

**Status:** We are developing JSNAC in 3 phases, each on a different development model.

Phase 1 includes the following components:

- (i) The Johor State Legislative Assembly Building;
- (ii) Chief Minister and State Secretary Office Complex;
- (iii) Ceremonial Plaza; and
- (iv) 2 clusters of State Government Office Complex.

We commenced the development of Phase 1 at the end of 2004 and expect to complete Phase 1 in the last quarter of 2008. For Phase 1, we are acting as the turnkey developer and responsible for the overall design, construction and delivery of all the development components to the Johor State Government. Phase 1 is fully funded by the Johor State Government with progressive payments being made based on construction progress.

In Phase 2A, we plan to construct a mosque and in Phase 2B, we plan to construct the Johor State Government staff housing. We intend to develop Phase 2A on a turnkey basis with direct funding provided by the Johor State Government. Phase 2B will be on a build-lease-manage-transfer ("BLMT") basis where we will procure the funding to complete the project and upon completion, we will lease the buildings to the Johor State Government for a period of 30 years. Upon expiry of the lease term, we intend to transfer the ownership in buildings to the Johor State Government. We expect to complete Phase 2 in 2012.